

CITY OF SHAWNEE  
SHAWNEE, OKLAHOMA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT  
FOR FISCAL YEAR ENDED  
JUNE 30, 2016

**CITY OF SHAWNEE, OKLAHOMA**

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

**For the Fiscal Year Ended  
June 30, 2016**

Prepared by:  
Department of Finance

Cynthia R Sementelli  
Finance Director

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# **Introductory Section**





**Office of the City Manager**

December 18, 2016

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

In accordance with the State Statutes and the Charter of the City of Shawnee, Oklahoma, we are pleased to present the 2015-2016 Comprehensive Annual Finance Report (CAFR) to the City Commission and the citizens of Shawnee and report on the status of the City’s financial position and results of operations for the past fiscal year. The report has been prepared in compliance with all 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 its 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 assumes 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 of Shawnee 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 sufficient reliable information for the preparation of the City of Shawnee’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Shawnee comprehensive framework of internal controls has been designed to provide reasonable assurance that the financials will be free from misstatement. To the best of our knowledge and beliefs, this financial report is complete and reliable in all material respects.

Management’s Discussion and Analysis within required by GASB for the City of Shawnee includes summarized financial information about the City, an analysis of the past year’s operation 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 external auditor’s letter expressing an opinion as to the accuracy and fairness of the presentation, the audited financial statements and supporting schedules and notes. The combined and individual fund statements present financial data of each of the separate funds of the City. Schedules 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 located in Pottawatomie County 35 east of Oklahoma City. The City was incorporated in 1894 and encumbers 56 square miles. The City of Shawnee is a full-service municipality and

operates under a Commission- Manager form of government. The City is divided into 6 wards, and each ward is represented by a City Commissioner who is elected at-large in addition to an independently elected Mayor.

The City of Shawnee provides many municipal services for the health and well-being of its citizens which include police and fire, 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 Statue 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 of Shawnee'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 requires City Commission approval and must be filed with the Office of the State Auditor and Inspector. 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 and the Shawnee Airport Authority, as well as all funds of the City.

## GOVERNMENTAL STRUCTURE

The City of Shawnee operates as a Council/Manager form of government. The governing body of the city consist of a mayor, who shall be elected from the City at large; and six (6) other commissioners. The City Commission also serves as trustees of the Shawnee Municipal Authority and the Shawnee Airport Authority. The Mayor and Commissioners appoint the City Manager, who is the chief executive officer of the City, they also appoint the City Treasurer and the Judge for Municipal Court and the City Attorney. Shawnee, originally incorporated in 1894 and is located on Interstate 40 with a population of just over 31,000 in Pottawatomie County Oklahoma. Shawnee's retail base continues to expand along the I-40 corridor with several new hotels, restaurants and retail establishments underway or planned.

## ECONOMIC CONDITION AND OUTLOOK

The City's top priority is to provide the highest level of public services possible with available funding. Like most other Oklahoma municipalities, long-term municipal finance is a concern. A broad analysis of the current and future expenditure needs of the City must be considered when appropriating revenues and building unreserved fund balances.

The City is very dependent on sales and use tax to fund all general government operations. Approximately 65% of the City's General Fund revenues are provided by sales and use tax; which is slightly up from last year. Intergovernmental Revenue was 9.46% of the general fund revenue which consists of grants and revenue from other governmental agencies. Intergovernmental Revenue is slightly down from fiscal year 2015 due to the completion of the various grants. Sales Tax and Use Tax are directly affected by the state of the local economy and their use is often restricted by voter approval. With the current oil and gas crisis in Oklahoma, the City feels very fortunate to have a stable environment. The City has to be diligent on watching the trends since Sales and Use Tax is a very volatile revenue source from a budgeting perspective. Further, over the past 10 years, the City's sales tax has not kept up with the cost of salaries, goods and services.

Sales and use tax collected by the City during fiscal year 2015-2016 increased 4.8% or \$907,857 from the previous fiscal year. Current fiscal year sales tax collections received through November 2016 are down \$34,647 or .46% over last year. City staff believes that the decrease is contributed by the unstable unemployment situation within the oil and gas industry. We have been very lucky to remain stable because the State of Oklahoma has seen a dramatic decrease. We contribute this to the growth in the northern (I-40) retail corridor with the opening of retail shops at the Shawnee Marketplace. All spaces in Phase I have been sold and tenants are open for business. There is a tax rebate incentive in place with the developer of the Shawnee Marketplace and during fiscal year 2015-2016, the City paid the Developer over \$450,000. The City also continues its proactive education of residents, contractors, and retailers that sales taxes are collected at the point of delivery. The City during this fiscal year continued a sales tax campaign called "SHOP SHAWNEE" designed to educate the community and highlight where their tax dollars go. We are also engaging partners like the Shawnee Economic Development Foundation and the Greater Shawnee Chamber of Commerce to help in the education process. Recent discussion of a long-term Capital Improvement Plan and some more immediate needs has led staff and Commissioners to realize that if the City of Shawnee is going to be able to continue to provide the level of customer service our citizens desire, retail sales tax attraction and economic development need to be top priorities.

As staff continues to identify possible reductions, the following critical needs within the City of Shawnee will remain in the Fiscal Year 2016-2017 budget:

- Ensure the City's self-insured Workers Compensation Fund is adequately funded.
- Ensure adequate appropriation for accrued compensated absences is maintained and allocated to the departments as needed.
- Ensure that minimum budgetary fund balances are maintained as per Commission Resolution number 6409

In accordance with Oklahoma Statute Titles 11 Section 17-211 and 68 Section 3017, and City Commission action with the adoption of Resolution 6512 June 6, 2016, the City strives to maintain a minimum unassigned fund balance totaling 30% for budgeted expenditures as a reserve for revenue shortfalls, unanticipated expenditures, and to meet daily cash flow requirements.

The City's fiscal year 2016-2017 budget estimates General Fund revenues of \$21,933,470. The City did not use fund balance to balance the budget this year. In July 2013, the City transitioned to a new pension choice plan which has saved the City on pension cost and has allowed us to increase the City's contribution towards health insurance for the third year in a row. About 4 years ago the City did a salary compensation study and we have been unable to adjust it until this current fiscal year 2016-2017 when the commission approved a 2% across the board raise for non-union employees.

## MAJOR INITIATIVES

As of June 30, 2013 the City has fulfilled their obligation to the Oklahoma Department of Transportation for Kickapoo Street. The total for the project was \$11 million with \$4 million coming from the City and the remaining from the Oklahoma Department of Transportation. As of June 30, 2016 the project was complete and the City has entered into a contract with the Oklahoma Department of Transportation to continue Kickapoo improvements to Farrall Street. This will be a \$14 million dollar project whereby the Oklahoma Department of Transportation will pay for all roadway construction costs. According to the contract the City will only be responsible for the waterline and the easement costs.

During fiscal year 2015-2016 Shawnee Splash had its first full session, which was a huge success. The City offered swimming lesson and with the generosity of the Avedis Foundation we were able to offer swim lesson free to families that needed assistance and dollar days. For the season, we had over 34,900 attendees with an average attendance of 392 per day.

We completed the splash pad at Boy Scout Park and that also has been a huge success. During fiscal year 2015-2016 the restrooms were renovated and this park was completed. During fiscal year 2014-2015 we had a master plan done for the City's park network with recommendation on how to improve our park system. We are currently working on implementing the suggested plan and will be working with a landscape architect in 2017.

The City expended over \$383,000 on Community Development Block Grant (CDBG) housing rehabilitation and emergency construction for eligible citizens.

The City continues to support economic development, civic and cultural activities, tourism, and other community needs through community contracts with service providers. Through these community service contracts the City helps to fund quality of life events, such as the Senior Center, transportation and community events such as the Christmas Parade, 4th of July Celebrations, Trail Days and Boo on Bell. While not as apparent as solid waste or police and fire services, this financial support provides needed services to City residents and enhances our City's overall quality of life.

During fiscal year 2015-2016, the City supported the Shawnee Civic and Cultural Development Authority (Expo Center) with over \$500,000 from the general fund for the employees, \$50,000 from the economic development fund and \$136,000 for capital improvements. With the capital money the Expo was able to replace the light poles in the arena and purchase a utility vehicle and golf cart. During fiscal year 2016-2017 the expo conference center will be getting a complete renovation with new tile, carpet, HVAC, upgrades to the kitchen because of a partnership the City has entered into with the county and the Avedis Foundation. This is an exciting time for the EXPO Center as renovations are expected to be completed in time for the 25th Anniversary of the International Finals Youth Rodeo (IFYR)

The City provided \$231,000 in financial support through a contract with the Shawnee Economic Development Foundation for services provided by that entity. The City passed through \$500,000 in hotel/motel surcharges to the Visit Shawnee Inc., whose programs increase tourism in the City and promote the community. This is lower compared to recent years, as motel/hotel occupancy has been lower since a major pipeline project was completed.

The City supported the multi-county library system by paying \$74,000 for utilities and janitorial services for the City-owned building. The City provided \$100,000 for management of the Senior Citizens Center and paid the YMCA \$36,000 to manage the Community Center.

Back in 2012, SMA contracted with Smith, Roberts, Baldischwiler, LLC to develop a Master Plan which resulted in the development of a Capital Improvement Plan for the water supply, water treatment, collections systems, and wastewater treatment facilities. During fiscal year 2016-2017 we will be going out for Engineering for filter media replacement, new headworks, back wash tank and digester rehab projects.

During fiscal year 2015-2016 SMA continued with annual pipe bursting of sewer line and water lines, rehabbing clarifiers and screw pumps, purchased new equipment such a backup generator, a skid steer, and completed a building at the lake that was destroyed during the 2013 tornadoes.

The Downtown Streetscape Project is nearing completion. Construction on Phase 1 started January 19, 2016 which incorporated Beard Street to Bell Street and was completed July 15, 2016. Phase II began July 18, 2016 which will be Beard to Oklahoma Street is anticipated to be completed in January 2017. The full scope of work includes 5 blocks of new streets, sidewalks, storm sewer, street signalization, lighting and landscaping. This was funded by the TIF district, an ODOT grant and Street funds provided by the 3rd Penny.

The City of Shawnee also began a new branding campaign this year, with a tagline of, "Shawnee Great Things on the Horizon." This is very exciting and has been also incorporated by the Chamber of Commerce and Visit Shawnee Inc. The City will be implementing the new logos and taglines throughout its operations and will be implementing a complimentary wayfinding program.

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Associations of the United State 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, 2015. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accounting principles 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's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of the Comprehensive Annual Financial Report was made possible by the dedication service of the Staff of the Accounting Division. They have our sincere appreciation of the contributions made in the preparation of this report. Appreciation is also expressed to 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,

Justin Erickson  
City Manager

Cynthia S. Arnold  
Finance Director

**City of Shawnee, Oklahoma**

**List of Principal Officials**

**June 30, 2016**

**Mayor and City Commission**

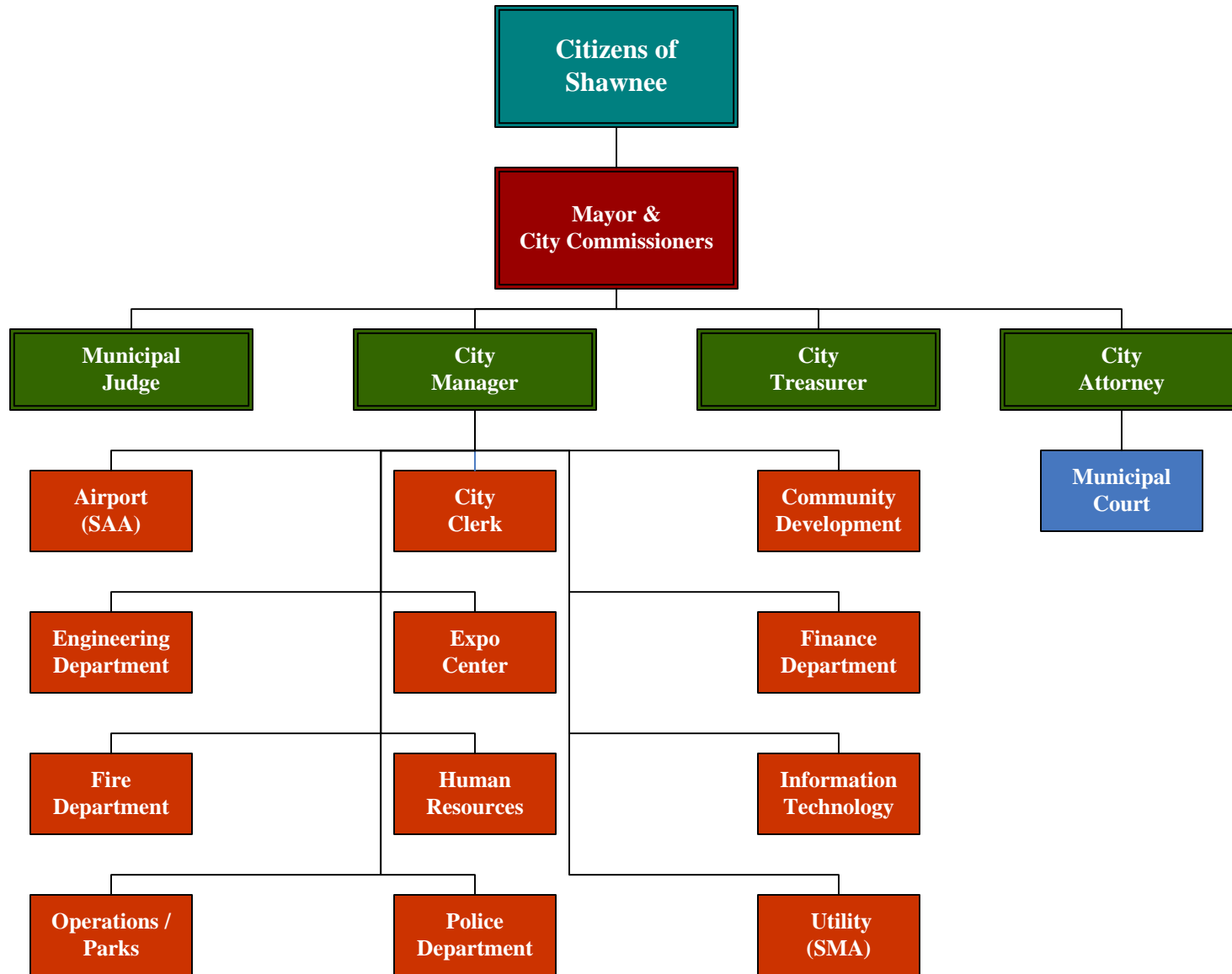
Wes Mainord	Mayor
James Harrod	Commissioner
Keith Hall	Commissioner
Lesa Shaw	Commissioner
Michael Dykstra	Commissioner
Linda Agee	Commissioner

**Administration**

Justin Erickson	City Manager
Cynthia R Arnold	Treasurer
Stephen Nolen	Chief Informational Officer
Phyliss Loftis	City Clerk
Mason Wilson	Police Chief
Michael D Tischer	Interim Fire Chief
Tamera Johnson	Human Resource Director
Justin Debruin	Community Development Director/ Planning Director
John Krywicki	City Engineer
James Bryce	Director of Operations
Steve Nelms	Utility Director
Chris Dunlap	Expo Center Director

# City of Shawnee Administrative Organizational Chart

Updated January 23, 2013





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

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**June 30, 2015**

Executive Director/CEO



# **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, 2016, 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, 2016, 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 supplemental 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 16, 2016, 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 16, 2016

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, 2016. 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 decreased by \$52,451 or .01% from the prior year and the assets and deferred outflows of the City continued to exceed its liabilities and deferred inflows at June 30, 2016, by \$77.4 million (net position).
- Of the \$77.4 million in net position, \$83.3 million is the net investment in capital assets. Another \$12.6 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 \$17.4 million and unrestricted net position of the business-type activities is a deficit of \$1.2 million. The deficits in large part are caused by the implementation of GASB Statements 68 and 71 related to employer pension accounting.
- At June 30, 2016, the City's governmental funds reported total combined ending fund balances of \$13.5 million. Of this amount, \$10.0 million is restricted by outside sources and enabling legislation, and \$.3 million is assigned to projects by management, leaving \$3.0 million as unassigned fund balance.
- At June 30, 2016, enterprise funds reported \$41.8 million of net position. Of this amount, (\$1.2) million is unrestricted (a deficit), \$40.4 million is the net investment in capital assets, and \$2.6 million is restricted for debt service.

### **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) 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 (on pages 22 and 23, respectively) 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 Development 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.

*Fiduciary funds* – When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, these activities are reported as fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance operations.

### **Notes to the Financial Statements**

The Notes to the Financial Statements on pages 31-72 provide additional information that is essential to gain understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

The City has included other information (OI), on pages 1-5, the letter of transmittal and the 10-year statistical tables beginning on page 103. The Required Supplementary Information (RSI) section, starting on page 73, 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, 2016. Also reported here is the City’s Defined Benefit Pension Plan Funding Schedules at June 30, 2016, and actuarial information related to the City’s Other Postemployment Benefits (OPEB) and the city’s cost sharing pension plans schedules.

Other Supplementary Information (SI) is provided on pages 83-102. Other Supplementary Information contains combining schedules on general fund and combining statements and schedules of other governmental funds.

### THE CITY AS A WHOLE

For the year ended June 30, 2016, net position for the governmental activities and business-type activities decreased \$52,451. The results indicate the City's, financial condition decreased slightly from the prior year.

Following is a summary of net position for the City of Shawnee as of June 30, 2016 and June 30, 2015:

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Current assets	\$ 17,047	\$ 19,265	-12%	\$ 4,625	\$ 6,217	-26%	\$ 21,672	\$ 25,482	-15%
Capital assets, net	46,515	45,520	2%	56,168	57,412	-2%	102,683	102,932	0%
<b>Total assets</b>	<u>63,562</u>	<u>64,785</u>	-2%	<u>60,793</u>	<u>63,629</u>	-4%	<u>124,355</u>	<u>128,414</u>	-3%
<b>Deferred outflows</b>	<u>1,887</u>	<u>1,603</u>	18%	<u>795</u>	<u>789</u>	1%	<u>2,682</u>	<u>2,392</u>	12%
Current liabilities	4,811	4,462	8%	3,979	4,295	-7%	8,790	8,757	0%
Non-current liabilities	22,893	21,887	5%	15,326	17,076	-10%	38,219	38,963	-2%
<b>Total liabilities</b>	<u>27,704</u>	<u>26,349</u>	5%	<u>19,305</u>	<u>21,371</u>	-10%	<u>47,009</u>	<u>47,720</u>	-1%
<b>Deferred in flows</b>	<u>2,198</u>	<u>4,878</u>	-55%	<u>439</u>	<u>765</u>	-43%	<u>2,637</u>	<u>5,643</u>	-53%
Net position									
Net investment capital assets	42,925	41,393	4%	40,439	40,268	0%	83,364	81,661	2%
Restricted	9,982	9,509	5%	2,578	2,611	-1%	12,560	12,120	4%
Unrestricted (deficit)	(17,360)	(15,741)	-10%	(1,173)	(597)	97%	(18,533)	(16,338)	-13%
<b>Total net position</b>	<u>\$ 35,547</u>	<u>\$ 35,161</u>	1%	<u>\$ 41,844</u>	<u>\$ 42,282</u>	-1%	<u>\$ 77,391</u>	<u>\$ 77,443</u>	0%

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 \$83.3 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, \$12.6 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 \$17.4 million, or a 10% decrease from the prior year, primarily due to an increase in non-current liabilities due to the pension liability and claims payable and net investment in capital assets. The business-type activities has a deficit unrestricted net position of \$1.2 million due to an increase in operating expenses and depreciation expense. The airport function had capital grants received in the current year for taxiway improvements.

**Changes in Net Position:**

Table 2 summarizes the City's changes in net position for fiscal year 2014-2015 compared to fiscal year 2015-2016.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
<b>Revenues</b>									
Charges for service	\$ 1,448	\$ 1,191	22%	\$ 13,570	\$ 13,440	1%	\$ 15,018	\$ 14,631	3%
Operating grants and contributions	3,001	2,885	4%	5	7	-29%	3,006	2,892	4%
Capital grants and contributions	743	1,039	-28%	794	71	1018%	1,537	1,110	38%
Taxes	21,930	21,189	3%	-	-	-	21,930	21,189	3%
Intergovernmental revenue	330	322	2%	-	-	-	330	322	2%
Investment income	66	53	25%	36	56	-36%	102	109	-6%
Miscellaneous	244	179	36%	4	71	-94%	248	250	-1%
<b>Total revenues</b>	<b>27,762</b>	<b>26,858</b>	<b>3%</b>	<b>14,409</b>	<b>13,645</b>	<b>6%</b>	<b>42,171</b>	<b>40,503</b>	<b>4%</b>
<b>Expenses</b>									
General government	4,508	3,457	30%	-	-	-	4,508	3,457	30%
Public safety	15,415	14,496	6%	-	-	-	15,415	14,496	6%
Streets	4,408	3,233	36%	-	-	-	4,408	3,233	36%
Culture and recreation	2,333	1,595	46%	-	-	-	2,333	1,595	46%
Community development	602	613	-2%	-	-	-	602	613	-2%
Economic development	1,348	1,236	9%	-	-	-	1,348	1,236	9%
Interest	150	64	134%	-	-	-	150	64	134%
Water	-	-	-	5,909	5,307	11%	5,909	5,307	11%
Wastewater	-	-	-	3,485	3,004	16%	3,485	3,004	16%
Sanitation	-	-	-	1,619	1,520	7%	1,619	1,520	7%
Administration	-	-	-	636	562	13%	636	562	13%
Airport	-	-	-	1,670	1,462	14%	1,670	1,462	14%
Lake	-	-	-	140	112	25%	140	112	25%
<b>Total expenses</b>	<b>28,764</b>	<b>24,694</b>	<b>16%</b>	<b>13,459</b>	<b>11,967</b>	<b>12%</b>	<b>42,223</b>	<b>36,661</b>	<b>15%</b>
Excess (deficiency) before transfers	(1,002)	2,164	-146%	950	1,678	-43%	(52)	3,842	-101%
Transfers	1,388	1,494	-7%	(1,388)	(1,494)	-7%	-	-	
<b>Change in net position</b>	<b>386</b>	<b>3,658</b>	<b>-89%</b>	<b>(438)</b>	<b>184</b>	<b>-338%</b>	<b>(52)</b>	<b>3,842</b>	<b>-101%</b>
<b>Beginning net position</b>	<b>35,161</b>	<b>31,503</b>	<b>12%</b>	<b>42,282</b>	<b>42,098</b>	<b>0%</b>	<b>77,443</b>	<b>73,601</b>	<b>5%</b>
<b>Ending net position</b>	<b>\$ 35,547</b>	<b>\$ 35,161</b>	<b>1%</b>	<b>\$ 41,844</b>	<b>\$ 42,282</b>	<b>-1%</b>	<b>\$ 77,391</b>	<b>\$ 77,443</b>	<b>0%</b>

**Governmental Activities**

The City's governmental activities (as shown in Table 2 above) increased net position by \$.4 million representing a 1.1% increase in net position. The increase is due to a slight increase in tax revenues.

Fiscal year 2015-2016 tax revenues totaled \$21.9 million compared to \$21.2 million in fiscal year 2014-2015 as the local economy began to show a slight improvement due to an increase in retail space. Sales and use tax and franchise taxes were up slightly over the previous year.

Capital grants and contributions decreased 28% from the prior year, as the City completed several grant funded projects.

Operating expenses increased in the street department as the City began focusing on street improvements and the culture and recreation with the opening of the aquatic facility.



### Business-type Activities

The business-type activities' decrease in net position of approximately \$.4 million represents a 1.0% decrease from the change in net position of the prior year.

Capital grants increased due to grants for airport projects.

Lake operational cost increased due to an increase in lake activity.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2016	2015		2016	2015	
	General government	\$ 4,508		\$ 3,457	30%	
Public safety	15,415	14,496	6%	(12,196)	(11,842)	3%
Streets	4,409	3,233	36%	(3,852)	(2,229)	73%
Culture, parks and recreation	2,333	1,595	46%	(2,094)	(1,227)	71%
Community development	601	613	-2%	(143)	(157)	-9%
Economic development	1,348	1,236	9%	(1,323)	(1,210)	9%
Interest on long-term debt	150	64	134%	(150)	(64)	134%
<b>Total</b>	<u>\$ 28,764</u>	<u>\$ 24,694</u>	16%	<u>\$ (23,571)</u>	<u>\$ (19,643)</u>	20%

Tables 3 and 4 summarize the total cost of providing services from governmental activities and business-type activities for fiscal years 2016 and 2015. Total costs of services provided by governmental activities totaled \$28.8 and \$24.6 million for fiscal years 2016 and 2015, respectively.

Total costs of services provided by business-type activities totaled \$13.5 million for fiscal year 2016 and \$12.0 million for fiscal year 2015.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2016	2015		2016	2015	
	Water	\$ 5,909		\$ 5,307	11%	
Wastewater	3,485	3,004	16%	336	886	-62%
Sanitation	1,619	1,520	7%	612	667	-8%
Administration	636	562	13%	(636)	(557)	14%
Airport	1,670	1,462	14%	(310)	(891)	-65%
Lake	140	112	25%	26	26	0%
<b>Total</b>	<u>\$ 13,459</u>	<u>\$11,967</u>	12%	<u>\$ 910</u>	<u>\$ 1,550</u>	-41%

### A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$15.7 million. The enterprise funds reported combined net position of \$42.3 million. The fund balance constraints and net position restrictions are listed below:

**Governmental Funds:**

**Fund Balance:**

Nonspendable	\$155,289
Restricted	10,044,854
Assigned	<u>326,388</u>
Total governmental fund balance constraints	<u>\$13,570,687</u>

**Proprietary Funds:**

**Net Position Restrictions:**

Debt service	<u>\$2,578,084</u>
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**Other Fund Highlights Include:**

- For the year ended June 30, 2016, the General Fund's total fund balance decreased by \$1,078,378 or 17.18%.
- General fund fire department total expenditures include \$1,180,480, while police department total expenditures include \$399,512 for pension payments made on behalf of the City by the State. The total amount of \$1,579,992 has been included as both revenue and expenditures of the City for the year ended June 30, 2016.
- The Street Improvement Fund's total fund balance increased by \$.8 million due to sales tax collections exceeding street improvement expenditures in the current year.
- The Capital Improvement Fund's total fund balance decreased by \$1.5 million as the City used debt proceeds on hand to complete projects.
- The Shawnee Municipal Authority reported a net income of \$1,854,624 before contributed capital, transfers in, and transfers out.

**General Fund Budgetary Highlights**

Fiscal year 2016 General Fund revenues of \$19.3 million were \$62,935 above budgeted revenues. This resulted intergovernmental revenues exceeding projections.

Fiscal year 2016 General Fund expenditures were 5.97% above budgeted expenditures.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2016, the City had \$102.6 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 \$.5 million from last year.

Below are details regarding the change in the City's capital assets for the year ending June 30, 2016.<sup>1</sup>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>Restated, 2015</u>	<u>2016</u>	<u>Restated, 2015</u>
	Land	\$ 2,262	\$ 2,262	\$ 1,482	\$ 1,482	3,744
Buildings	6,198	6,394	7,090	7,580	13,288	13,974
Machinery, furniture and equipment	9,680	4,819	3,502	3,113	13,182	7,932
Infrastructure	22,504	22,234	31,124	31,908	53,628	54,142
Water rights	-	-	12,968	12,968	12,968	12,968
Construction in progress	5,871	9,811	2	361	5,873	10,172
<b>Totals</b>	<b>\$ 46,515</b>	<b>\$ 45,520</b>	<b>\$ 56,168</b>	<b>\$ 57,412</b>	<b>\$ 102,683</b>	<b>\$ 102,932</b>

This year's more significant capital asset additions include various water, wastewater and street improvement projects as well as upgrades to various city buildings, improvements to the runways and taxiways at the airport. The most significant addition related renovations at the police department, completion of the aquatic complex, construction of a splash pad, and the mainstreet street project.

### Debt Administration

At year-end, the City had \$25.4 million in long-term debt outstanding, which represents a \$3.0 million decrease from the prior year. These debts are further detailed below as follows:<sup>2</sup>

**TABLE 6  
Long-Term Debt  
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accrued absences	\$ 2,173	\$ 2,067	\$ 283	\$ 267	\$ 2,456	\$ 2,334
Notes payable	2,115	2,736	15,365	17,718	17,480	20,454
Claims and judgments payable	3,971	3,833	-	-	3,971	3,833
Capital leases	1,474	1,745	-	-	1,474	1,745
<b>Totals</b>	<b>\$ 9,733</b>	<b>\$ 10,381</b>	<b>\$ 15,648</b>	<b>\$ 17,985</b>	<b>\$ 25,381</b>	<b>\$ 28,366</b>

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

<sup>2</sup> 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 been stable last year. Overall, the State of Oklahoma has seen a decrease in revenue due to the oil and gas industry. The City has been fortunate to see some growth thanks to all the new development. However, large swings in weighted monthly revenues have stabilized. As such, although our main revenue source is not growing very significantly, we are pleased to report a stabilization of our largest revenue and confident it will continue. Unemployment remains very low in Pottawatomie County and the City of Shawnee compared to other parts of the state. Recruitment of retail leakage needs to remain top priority for the City.

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

- Assistant City Manager
- Public Information Officer
- Employees to start recreation programs
- Purchasing
- Miscellaneous other positions to improve customer and internal service

Total FY 2016-2017 General Fund revenues are estimated at \$22 million, including \$2.3 million in transfers from other funds. As noted above however, sales tax and use tax collections, representing approximately 65% percent of the total General Fund revenues, are slightly below what was budgeted for through November 2016.

Total FY 2016-2017 Municipal Authority Utility Revenues are projected at \$14.3 million with \$2.3 million budgeted for engineering services for upgrades to the North and Southside treatment plants. We are anticipating that all engineering will be completed during this fiscal year with construction starting during fiscal year 17-18. We will continue with our annual pipe bursting and water looping per the Master plan.

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. The new development is now partially completed with two phases. Phase 1 is mostly complete and 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 also anticipated to generate \$750,000 in new sales tax per year. Under the terms of the agreement the developer is rebated back some of the new sales tax generated for a set period of years.

We also anticipate additional growth this year with a new development at Harrison and 45<sup>th</sup> Street which will include a large service station, four restaurants and two new hotels off the I-40 corridor. We anticipate a starting date of January 1, 2017.

## **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, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit Civic &amp; Cultural Development Authority</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,350,074	\$ 2,596,018	\$ 6,946,092	\$ 52,737
Investments	6,114,843	2,645,284	8,760,127	-
Interest receivable	1,787	-	1,787	-
Accounts receivable, net of allowance	589,786	1,775,146	2,364,932	15,428
Notes receivable, net of allowance	694,061	-	694,061	-
Internal balances	2,412,534	(2,412,534)	-	-
Due from other governmental agencies	2,617,028	-	2,617,028	-
Inventories	-	20,018	20,018	-
Prepaid items	266,854	796	267,650	-
Capital assets:				
Land, construction in progress, and water rights	8,132,506	14,451,374	22,583,880	-
Other capital assets, net of depreciation	38,382,157	41,716,294	80,098,451	4,257,955
Total Assets	<u>63,561,630</u>	<u>60,792,396</u>	<u>124,354,026</u>	<u>4,326,120</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amount on refunding	-	462,382	462,382	-
Deferred amounts related to pensions	1,887,186	332,795	2,219,981	-
	<u>1,887,186</u>	<u>795,177</u>	<u>2,682,363</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	2,212,415	511,894	2,724,309	33,897
Accrued interest payable	53,204	132,227	185,431	-
Due to depositors	-	1,152,724	1,152,724	28,341
Due to bondholders	18,884	-	18,884	-
Due to primary government	-	-	-	-
Unearned revenue	657,242	-	657,242	-
Long-term liabilities				
Due within one year	1,868,889	2,181,810	4,050,699	9,531
Due in more than one year	22,893,080	15,326,153	38,219,233	18,132
Total liabilities	<u>27,703,714</u>	<u>19,304,808</u>	<u>47,008,522</u>	<u>89,901</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	2,198,090	438,790	2,636,880	-
<b>NET POSITION</b>				
Net investment in capital assets	42,924,896	40,438,633	83,363,529	4,230,292
Restricted for:				
Debt service	112,213	2,578,084	2,690,297	1,704
Public safety	137,251	-	137,251	-
Capital projects	8,813,042	-	8,813,042	-
Economic development	644,796	-	644,796	-
Other	275,019	-	275,019	-
Unrestricted (deficit)	(17,360,205)	(1,172,742)	(18,532,947)	4,223
Total net position	<u>\$ 35,547,012</u>	<u>\$ 41,843,975</u>	<u>\$ 77,390,987</u>	<u>\$ 4,236,219</u>

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

**City of Shawnee, Oklahoma  
Statement of Activities  
Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Civic & Cultural Development Authority
<b>Primary government</b>								
Governmental Activities								
General government	\$ 4,508,182	\$ 250,162	\$ 445,091	\$ -	\$ (3,812,929)	\$ -	\$ (3,812,929)	\$ -
Public safety	15,415,142	820,025	1,899,332	499,436	(12,196,349)	-	(12,196,349)	-
Streets	4,407,895	24,076	287,735	243,599	(3,852,485)	-	(3,852,485)	-
Culture and recreation	2,332,624	236,330	1,836	-	(2,094,458)	-	(2,094,458)	-
Community development	601,559	91,740	366,702	-	(143,117)	-	(143,117)	-
Economic development	1,348,482	25,321	-	-	(1,323,161)	-	(1,323,161)	-
Interest on long-term debt	149,622	-	-	-	(149,622)	-	(149,622)	-
Total governmental activities	<u>28,763,506</u>	<u>1,447,654</u>	<u>3,000,696</u>	<u>743,035</u>	<u>(23,572,121)</u>	<u>-</u>	<u>(23,572,121)</u>	<u>-</u>
Business-type activities:								
Water	5,908,722	6,790,882	-	-	-	882,160	882,160	-
Wastewater	3,484,922	3,821,499	-	-	-	336,577	336,577	-
Sanitation	1,618,679	2,230,252	-	-	-	611,573	611,573	-
Administration	636,112	-	-	-	-	(636,112)	(636,112)	-
Airport	1,670,545	560,835	5,300	794,229	-	(310,181)	(310,181)	-
Lake	140,039	166,069	-	-	-	26,030	26,030	-
Total business-type activities	<u>13,459,019</u>	<u>13,569,537</u>	<u>5,300</u>	<u>794,229</u>	<u>-</u>	<u>910,047</u>	<u>910,047</u>	<u>-</u>
Total primary government	<u>\$ 42,222,525</u>	<u>\$ 15,017,191</u>	<u>\$ 3,005,996</u>	<u>\$ 1,537,264</u>	<u>\$ (23,572,121)</u>	<u>910,047</u>	<u>(22,662,074)</u>	
<b>Component Unit</b>								
Civic & Cultural Development	<u>\$ 2,080,625</u>	<u>\$ 1,153,031</u>	<u>\$ 692,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(234,837)</u>
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					19,530,708	-	19,530,708	-
Franchise taxes and public service taxes					1,543,454	-	1,543,454	-
Hotel/motel taxes					496,772	-	496,772	-
Property tax					74,882	-	74,882	-
Payment in lieu of taxes					27,323	-	27,323	-
Other					256,678	-	256,678	-
Intergovernmental revenue not restricted to specific programs					330,468	-	330,468	-
Unrestricted investment earnings					65,921	36,055	101,976	96
Miscellaneous					244,153	3,209	247,362	-
Transfers					1,387,780	(1,387,780)	-	-
Total general revenues and transfers					<u>23,958,139</u>	<u>(1,348,516)</u>	<u>22,609,623</u>	<u>96</u>
Change in net position					386,018	(438,469)	(52,451)	(234,741)
Net position - beginning					35,160,994	42,282,444	77,443,438	4,470,960
Net position - ending					<u>\$ 35,547,012</u>	<u>\$ 41,843,975</u>	<u>\$ 77,390,987</u>	<u>\$ 4,236,219</u>

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

**City of Shawnee, Oklahoma**  
**Balance Sheet – Governmental Funds**  
**June 30, 2016**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,455,610	\$ 592,081	\$ 676,352	\$ 1,507,531	\$ 4,231,574
Investments	1,175,497	1,088,319	3,851,027	-	6,114,843
Interest receivable	1,191	231	261	104	1,787
Receivable from other governments	138,187	-	10,422	30,697	179,306
Due from other funds	1,953,766	65,000	4,520,885	4,023	6,543,674
Taxes receivable, net	1,824,603	289,334	326,668	181,861	2,622,466
Court fines receivable, net	202,293	-	-	-	202,293
Other receivables	157,535	-	-	739,275	896,810
Prepaid items	106,313	-	-	48,976	155,289
Total assets	<u>\$ 7,014,995</u>	<u>\$ 2,034,965</u>	<u>\$ 9,385,615</u>	<u>\$ 2,512,467</u>	<u>\$ 20,948,042</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 745,098	\$ 77,878	\$ 650,240	\$ 85,752	\$ 1,558,968
Accrued payroll payable	649,067	-	-	-	649,067
Due to other funds	318,207	3,587,048	-	566,980	4,472,235
Due to bondholders	18,884	-	-	-	18,884
Unearned revenue	-	-	-	657,242	657,242
Total liabilities	<u>1,731,256</u>	<u>3,664,926</u>	<u>650,240</u>	<u>1,309,974</u>	<u>7,356,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	<u>83,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,602</u>
Fund balances:					
Nonspendable	106,313	-	-	48,976	155,289
Restricted	-	-	8,735,375	1,246,836	9,982,211
Assigned	326,388	-	-	-	326,388
Unassigned (deficit)	4,767,436	(1,629,961)	-	(93,319)	3,044,156
Total fund balances	<u>5,200,137</u>	<u>(1,629,961)</u>	<u>8,735,375</u>	<u>1,202,493</u>	<u>13,508,044</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,014,995</u>	<u>\$ 2,034,965</u>	<u>\$ 9,385,615</u>	<u>\$ 2,512,467</u>	<u>\$ 20,948,042</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, 2016**

Total fund balance, governmental funds	\$	13,508,044
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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.		46,514,663
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Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.		83,602
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Certain other long-term assets and deferred outflows are not available to pay current period expenditures and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Pension related deferred outflows		1,887,186
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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		(53,204)
Net pension liability		(13,417,960)
Pension related deferred inflows		(2,198,090)
Net OPEB obligation		(1,610,215)
Accrued compensated absences		(2,172,679)
Note payable		(2,115,422)
Capital lease payable		(1,474,345)

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		(3,404,568)
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Net Position of Governmental Activities in the Statement of Net Position	\$	35,547,012
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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, 2016**

	General Fund	Capital Improvement Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 15,132,388	\$ 2,322,071	\$ 2,617,162	\$ 2,118,608	\$ 22,190,229
Intergovernmental	2,687,041	-	188,201	315,063	3,190,305
Licenses and permits	211,820	-	-	2,825	214,645
Charges for services	455,758	-	-	750	456,508
Fees and fines	762,759	-	-	20,967	783,726
Investment earnings	21,208	6,860	37,052	801	65,921
Miscellaneous	273,106	584,333	55,398	137,104	1,049,941
Total revenues	<u>19,544,080</u>	<u>2,913,264</u>	<u>2,897,813</u>	<u>2,596,118</u>	<u>27,951,275</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,647,130	-	-	-	3,647,130
Engineering	443,180	-	-	-	443,180
Equipment and building maintenance	505,625	-	-	-	505,625
Police	6,541,982	-	-	16,431	6,558,413
Fire	6,439,770	-	-	-	6,439,770
Municipal court	576,918	-	-	-	576,918
Emergency management	345,722	-	-	-	345,722
Streets	1,238,463	-	-	404,750	1,643,213
Parks and recreation	1,065,825	-	-	409	1,066,234
Culture and recreation	185,034	-	-	-	185,034
Animal control/E911	957,397	-	-	203,841	1,161,238
Cemetery	209,430	-	-	-	209,430
Library	86,566	-	-	-	86,566
Economic development	544,190	-	-	1,049,777	1,593,967
Capital Outlay	36,607	2,783,208	3,196,144	33,471	6,049,430
Debt Service:					
Principal	-	620,844	-	-	620,844
Interest and other charges	-	430,316	-	-	430,316
Total expenditures	<u>22,823,839</u>	<u>3,834,368</u>	<u>3,196,144</u>	<u>1,708,679</u>	<u>31,563,030</u>
Excess (deficiency) of revenues over expenditures	<u>(3,279,759)</u>	<u>(921,104)</u>	<u>(298,331)</u>	<u>887,439</u>	<u>(3,611,755)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,363,786	104,765	1,175,000	57,640	3,701,191
Transfers out	<u>(162,405)</u>	<u>(712,220)</u>	<u>(100,000)</u>	<u>(1,338,786)</u>	<u>(2,313,411)</u>
Total other financing sources and uses	<u>2,201,381</u>	<u>(607,455)</u>	<u>1,075,000</u>	<u>(1,281,146)</u>	<u>1,387,780</u>
Net change in fund balances	(1,078,378)	(1,528,559)	776,669	(393,707)	(2,223,975)
Fund balances - beginning	6,278,515	(101,402)	7,958,706	1,596,200	15,732,019
Fund balances - ending	<u>\$ 5,200,137</u>	<u>\$ (1,629,961)</u>	<u>\$ 8,735,375</u>	<u>\$ 1,202,493</u>	<u>\$ 13,508,044</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, 2016**

Net change in fund balances - total governmental funds: \$ (2,223,975)

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	5,142,321
Depreciation expense	(3,874,156)
Book value of disposed capital assets	(273,656)

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.

1,315,190

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

Change in deferred revenue	(62,937)
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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	(105,458)
Increase in net OPEB obligation	(157,767)
Principal paid on long-term debt	891,418

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	10,120
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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	(275,082)
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Change in net position of governmental activities	\$ 386,018
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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, 2016**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Shawnee Municipal Authority</u>	<u>Shawnee Airport Authority</u>	<u>Total</u>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 92,010	\$ 276,827	\$ 368,837	\$ 118,500
Investments	1,144,904	-	1,144,904	-
Restricted:				
Cash and cash equivalents	2,227,181	-	2,227,181	-
Due from other funds	116,561	-	116,561	556,177
Accounts receivable, net	1,765,411	7,621	1,773,032	-
Assessments receivable	2,114	-	2,114	-
Inventories	-	20,018	20,018	-
Prepaid expenses	796	-	796	111,565
Total current assets	<u>5,348,977</u>	<u>304,466</u>	<u>5,653,443</u>	<u>786,242</u>
Non-current assets:				
Restricted:				
Investments	1,500,380	-	1,500,380	-
Capital assets:				
Land, construction in progress, and water rights	13,901,013	550,361	14,451,374	-
Other capital assets, net of accumulated depreciation	34,475,414	7,240,880	41,716,294	-
Total non-current assets	<u>49,876,807</u>	<u>7,791,241</u>	<u>57,668,048</u>	<u>-</u>
Total assets	<u>55,225,784</u>	<u>8,095,707</u>	<u>63,321,491</u>	<u>786,242</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts on refunding	462,382	-	462,382	-
Deferred amounts related to pensions	332,795	-	332,795	-
Total deferred outflows of resources	<u>795,177</u>	<u>-</u>	<u>795,177</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	233,609	26,038	259,647	4,380
Salaries payable	230,187	22,060	252,247	-
Accrued interest payable	132,227	-	132,227	-
Due to other funds	1,911,637	617,458	2,529,095	215,082
Deposits subject to refund	1,152,724	-	1,152,724	-
Compensated absences	53,898	2,670	56,568	-
Claims and judgments	-	-	-	625,564
Notes payable	2,125,242	-	2,125,242	-
Total current liabilities	<u>5,839,524</u>	<u>668,226</u>	<u>6,507,750</u>	<u>845,026</u>
Non-current liabilities:				
Compensated absences, net of current portion	215,594	10,682	226,276	-
Claims and judgments, net of current portion	-	-	-	3,345,784
Net pension liability	618,263	-	618,263	-
Net OPEB obligation	411,939	-	411,939	-
Notes payable, net of current portion	14,069,675	-	14,069,675	-
Total non-current liabilities	<u>15,315,471</u>	<u>10,682</u>	<u>15,326,153</u>	<u>3,345,784</u>
Total liabilities	<u>21,154,995</u>	<u>678,908</u>	<u>21,833,903</u>	<u>4,190,810</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	398,145	40,645	438,790	-
<b>NET POSITION</b>				
Net investment in capital assets	32,647,392	7,791,241	40,438,633	-
Restricted for debt service	2,578,084	-	2,578,084	-
Unrestricted (deficit)	(757,655)	(415,087)	(1,172,742)	(3,404,568)
Total net position	<u>\$ 34,467,821</u>	<u>\$ 7,376,154</u>	<u>\$ 41,843,975</u>	<u>\$ (3,404,568)</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, 2016**

	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Fund
<b>REVENUES</b>				
Water	\$ 6,479,476	\$ -	\$ 6,479,476	\$ -
Sewer	3,680,438	-	3,680,438	-
Sanitation	2,181,827	-	2,181,827	-
Rents and royalties	107,909	271,851	379,760	-
Fuel sales	-	267,109	267,109	-
Miscellaneous	500,892	21,875	522,767	650,000
Total operating revenues	<u>12,950,542</u>	<u>560,835</u>	<u>13,511,377</u>	<u>650,000</u>
<b>OPERATING EXPENSES</b>				
General government	640,211	-	640,211	-
Lake	101,948	-	101,948	-
Water	3,720,464	-	3,720,464	-
Wastewater	1,976,320	-	1,976,320	-
Sanitation	1,283,705	-	1,283,705	-
Line maintenance	365,993	-	365,993	-
Airport	-	531,476	531,476	-
Claims expense	-	-	-	958,866
Depreciation	3,007,277	998,897	4,006,174	-
Total operating expenses	<u>11,095,918</u>	<u>1,530,373</u>	<u>12,626,291</u>	<u>958,866</u>
Operating income (loss)	<u>1,854,624</u>	<u>(969,538)</u>	<u>885,086</u>	<u>(308,866)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	36,055	-	36,055	-
Miscellaneous revenue	61,369	5,300	66,669	33,784
Gain (loss) on capital asset disposal	(5,166)	(140,172)	(145,338)	-
Debt issuance cost	(85,150)	-	(85,150)	-
Interest expense	(602,240)	-	(602,240)	-
Total non-operating revenue (expenses)	<u>(595,132)</u>	<u>(134,872)</u>	<u>(730,004)</u>	<u>33,784</u>
Income (loss) before contributions and transfers	<u>1,259,492</u>	<u>(1,104,410)</u>	<u>155,082</u>	<u>(275,082)</u>
Capital grants and contributions	-	794,229	794,229	-
Transfers in	712,220	-	712,220	-
Transfers out	(2,100,000)	-	(2,100,000)	-
Change in net position	<u>(128,288)</u>	<u>(310,181)</u>	<u>(438,469)</u>	<u>(275,082)</u>
Total net position - beginning	34,596,109	7,686,335	42,282,444	(3,129,486)
Total net position - ending	<u>\$ 34,467,821</u>	<u>\$ 7,376,154</u>	<u>\$ 41,843,975</u>	<u>\$ (3,404,568)</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, 2016**

	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 12,932,673	\$ 576,970	\$ 13,509,643	\$ 683,784
Payments to employees	(3,346,077)	(155,935)	(3,502,012)	
Payments to suppliers	(4,811,229)	(341,621)	(5,152,850)	(349,771)
Claims and judgments paid	-	-	-	(601,024)
Receipts of customer meter deposits	357,300	-	357,300	-
Refunds of customer meter deposits	(252,129)	-	(252,129)	-
Interfund receipts	1,272,334	30,209	1,302,543	215,082
<b>Net cash provided by (used in) operating activities</b>	<b>6,152,872</b>	<b>109,623</b>	<b>6,262,495</b>	<b>(51,929)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	712,220	-	712,220	-
Transfers to other funds	(2,100,000)	-	(2,100,000)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,387,780)</b>	<b>-</b>	<b>(1,387,780)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Sale (Purchase) of capital assets	(2,003,278)	(627,641)	(2,630,919)	-
Proceeds of capital grants	-	518,019	518,019	-
Proceeds from debt	5,410,000	-	5,410,000	-
Note issuance cost paid	(85,150)	-	(85,150)	-
Principal paid on debt	(7,763,248)	-	(7,763,248)	-
Interest and fiscal agent fees paid on debt	(654,987)	-	(654,987)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(5,096,663)</b>	<b>(109,622)</b>	<b>(5,206,285)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(304,839)	-	(304,839)	-
Interest and dividends	36,055	-	36,055	-
<b>Net cash provided by (used in) investing activities</b>	<b>(268,784)</b>	<b>-</b>	<b>(268,784)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(600,355)</b>	<b>1</b>	<b>(600,354)</b>	<b>(51,929)</b>
<b>Balances - beginning of year</b>	<b>2,919,546</b>	<b>276,826</b>	<b>3,196,372</b>	<b>170,429</b>
<b>Balances - end of year</b>	<b>\$ 2,319,191</b>	<b>\$ 276,827</b>	<b>\$ 2,596,018</b>	<b>\$ 118,500</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 92,010	\$ 276,827	\$ 368,837	\$ 118,500
Restricted cash and cash equivalents - current	2,227,181	-	2,227,181	-
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 2,319,191</b>	<b>\$ 276,827</b>	<b>\$ 2,596,018</b>	<b>\$ 118,500</b>
<b>Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:</b>				
Operating income (loss)	\$ 1,854,624	\$ (969,538)	\$ 885,086	\$ (308,866)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	3,007,277	998,897	4,006,174	-
Miscellaneous revenue	61,369	5,300	66,669	33,784
Change in assets and liabilities:				
Due from other funds	899,371	-	899,371	-
Due to other funds	372,963	30,209	403,172	215,082
Accounts receivable	(79,238)	10,835	(68,403)	-
Inventory	-	10,617	10,617	-
Prepaid items	50,902	1,044	51,946	(111,565)
Prepaid outflows related to pension	(129,276)	11,369	(117,907)	-
Accounts payable	(196,676)	16,723	(179,953)	(18,910)
Accrued payroll payable	82,854	5,405	88,259	-
Deposits subject to refund	105,171	-	105,171	-
Claims and judgments liability	-	-	-	138,546
Pension liability	360,711	(14,388)	346,323	-
Other post employment benefits	76,338	-	76,338	-
Accrued compensated absences	12,752	2,973	15,725	-
Deferred inflows related to pension	(326,270)	177	(326,093)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,152,872</b>	<b>\$ 109,623</b>	<b>\$ 6,262,495</b>	<b>\$ (51,929)</b>
<b>Noncash activities:</b>				
Assets contributed by others	\$ -	\$ 276,210	\$ 276,210	\$ -
	\$ -	\$ 276,210	\$ 276,210	\$ -

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

**City of Shawnee, Oklahoma**  
**Statement of Net Position – Fiduciary Fund**  
**As of June 30, 2016**

	<u>Agency Fund</u> <u>URM/DEPCA</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,868
Total assets	<u>\$ 6,868</u>
<b>LIABILITIES</b>	
URM/DEPCA payable	\$ 6,868
	<u>\$ 6,868</u>

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.

**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 Development 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. 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.



NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

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The SCCDA issued separate 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, 2015 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.

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

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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 reports an Agency Fund. Agency Funds are custodial in nature (i.e. assets equal liabilities) and do not involve the measurement of changes in net position. 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 the sales tax. For reporting purposes the General Fund includes the activities of the following accounts: Revolving Oil and Gas account, Spay and Neuter account, Library account, Aquatic Center account, Senior Citizens account, and Sister Cities account.
- The street improvement fund accounts for the construction or major reconstruction of street projects. The funds major funding source is sales tax.
- The capital improvement fund accounts for the purchase of capital equipment and construction of facilities funded with sales tax.

**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.
- 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.
- The 1994 Street improvement project fund accounts for general obligation bond proceeds designated for the construction of specific street projects.

**The City maintains one fiduciary fund:**

- The IRS Section 125 Unreimbursed Medical/Dependent and Childcare Agency Fund (URM/DEPCA) holds funds related to employee withholding for medical expenditures not covered by insurance and for dependent care.

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, liabilities, deferred inflows, and equity**

**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 security 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 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, and grants 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 material 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 balance sheet 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**

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

**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 \$2,500 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 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 an inflow of resources (revenues) until that time. The government reports deferred inflows related to pension accounting for the net difference between projected and actual earnings on pension plan investments and the change in proportion.

## 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.

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**

### ***1. Sales Tax***

The City levies a three-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 and restricted for capital improvements
- .4375 recorded in the Street Improvement Fund and restricted for street improvements
- .0500 recorded in the Economic Development Fund and restricted for economic development
- .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

### ***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, 2016, 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:



**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

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 \$1,480,000 and \$2,365,000 of Series 2011A and 2011B Sales Tax Revenue Notes and \$3,040,000 of Series 2013 Sales Tax Revenue Note. 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 2017 and 2020, respectively. The total principal and interest payable for the remainder of the life of these notes is \$2,658,609. Pledged sales taxes received in the current year were \$3,986,923. Debt service payments of \$1,313,305 for the current fiscal year were 32.9 % of pledged sales taxes.

Utility Revenues Pledge - The City has also pledged future gross water and wastewater revenues to repay \$1,073,279 of 1997A Series OWRB Notes Payable, \$7,780,000 of 2010A OWRB notes Payable, \$1,485,000 of 2010 OWRB Notes Payable, \$12,070,000 of 2013 OWRB Notes Payable and \$5,410,00 of 2016 Municipal Authority Revenue Note. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2026, 2016, 2031, 2022, and 2031 respectively. The total principal and interest payable for the remainder of the life of these notes is \$17,672,103. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$2,383,708 which was 23.5% of pledged utility revenues of \$10,159,914.

*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.

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

**III. Detailed notes on all funds**

**A. Deposits and investments** – The City held the following deposits/investments at June 30, 2016:

**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	\$ 1,778,748	n/a	\$ 1,778,748	\$ -	\$ -
Time deposits	7,259,746	n/a	-	884,979	6,374,767
Money market mutual fund	5,457,496	AAAm	-	5,457,496	-
Money market mutual fund	24,649	not available	-	24,649	-
FNMA	1,189,153	AAA	-	1,189,153	-
Sub-total	15,709,792		<u>\$ 1,778,748</u>	<u>\$ 7,556,277</u>	<u>\$ 6,374,767</u>
Cash on hand	3,295				
Total Investments and Deposits	<u>\$ 15,713,087</u>				
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	\$ 6,946,092				
Investments	8,760,127				
Agency fund cash and cash equivalents	6,868				
	<u>\$ 15,713,087</u>				

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the fiscal year ended June 30, 2016, which among other things, established a fair value hierarchy. 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, 2016: Money Market Mutual Funds of \$5,482,145 and FNMA of \$1,189,153 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, 2016 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, 2016**

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*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, 2015. The \$52,737 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.

**B. Receivables**

Receivables as of June 30, 2016, for the City of Shawnee’s governmental funds, including the applicable allowances for uncollectible accounts are as follows:

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental Activities:</b>			
Taxes	\$ 2,571,272	\$ -	\$ 2,571,272
Due from other governments	178,884	-	178,884
Court fines	2,022,929	(1,820,636)	202,293
Other	948,426	-	948,426
Total Governmental Activities	\$ 5,721,511	\$ (1,820,636)	\$ 3,900,875
 <b>Reconciliation to Statement of Net Position:</b>			
Accounts receivable, net			\$ 589,786
Due from other governmental agencies			2,617,028
Notes receivable, net			694,061
Total			\$ 3,900,875
 <b>Business-Type Activities:</b>			
Utilities	\$ 3,062,631	\$ (1,287,485)	\$ 1,775,146

**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>	<u>Current Cash and Cash Equivalents</u>	<u>Noncurrent Investments</u>	<u>Total</u>
Due to Depositors	\$ 977,724	\$ -	\$ 977,724
<b>Trustee Accounts:</b>			
OWRB 2013 Debt Service Account	1,189,153	-	1,189,153
OWRB 2010 Debt Service Account	19,809	-	19,809
SMA 2016 Construction Account	39,526	-	39,526
SMA 2016 Debt Service Account	969	-	969
OWRB 2013 Debt Service Reserve	-	1,500,380	1,500,380
Total Restrictd Assets	\$ 2,227,181	\$ 1,500,380	\$ 3,727,561

**D. Capital Assets**

The following is a summary of changes in capital assets during fiscal year 2016 for the primary government:

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
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**PRIMARY GOVERNMENT:**

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,261,793	\$ -	\$ -	\$ 2,261,793
Construction in progress	9,811,149	1,846,298	5,786,734	5,870,713
Total capital assets not being depreciated	<u>12,072,942</u>	<u>1,846,298</u>	<u>5,786,734</u>	<u>8,132,506</u>
Other capital assets:				
Buildings	14,509,317	839,667	634,724	14,714,260
Machinery, furniture and equipment	16,466,835	6,479,903	1,140,555	21,806,183
Infrastructure	46,826,984	1,763,181	-	48,590,165
Total other capital assets at historical cost	<u>77,803,136</u>	<u>9,082,751</u>	<u>1,775,279</u>	<u>85,110,608</u>
Less accumulated depreciation for:				
Buildings	8,114,864	824,112	422,348	8,516,628
Machinery, furniture and equipment	11,648,024	1,557,796	1,079,276	12,126,544
Infrastructure	24,593,035	1,492,244	-	26,085,279
Total accumulated depreciation	<u>44,355,923</u>	<u>3,874,152</u>	<u>1,501,624</u>	<u>46,728,451</u>
Other capital assets, net	<u>33,447,213</u>	<u>5,208,599</u>	<u>273,655</u>	<u>38,382,157</u>
Governmental activities capital assets, net	<u>\$ 45,520,155</u>	<u>\$ 7,054,897</u>	<u>\$ 6,060,389</u>	<u>\$ 46,514,663</u>

	Balance at July 1, 2015	Additions	Disposals	Balance at June 30, 2016
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,481,715	\$ -	\$ -	\$ 1,481,715
Water rights	12,967,959	-	-	12,967,959
Construction in progress	361,262	395,627	755,189	1,700
Total capital assets not being depreciated	<u>14,810,936</u>	<u>395,627</u>	<u>755,189</u>	<u>14,451,374</u>
Other capital assets:				
Buildings	19,062,229	675,900	291,404	19,446,725
Machinery, furniture and equipment	7,513,583	1,116,177	119,854	8,509,906
Utility property	59,413,086	1,380,798	4,622	60,789,262
Total other capital assets at historical cost	<u>85,988,898</u>	<u>3,172,875</u>	<u>415,880</u>	<u>88,745,893</u>
Less accumulated depreciation for:				
Buildings	11,482,023	1,035,298	160,166	12,357,155
Machinery, furniture and equipment	4,401,018	672,982	66,378	5,007,622
Utility property	27,504,742	2,297,894	137,814	29,664,822
Total accumulated depreciation	<u>43,387,783</u>	<u>4,006,174</u>	<u>364,358</u>	<u>47,029,599</u>
Other capital assets, net	<u>42,601,115</u>	<u>(833,299)</u>	<u>51,522</u>	<u>41,716,294</u>
Business-type activities capital assets, net	<u>\$ 57,412,051</u>	<u>\$ (437,672)</u>	<u>\$ 806,711</u>	<u>\$ 56,167,668</u>

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

**Governmental Activities:**

General government	\$ 152,669
Culture and recreation	876,635
Community development	35,653
Public safety	1,059,113
Public works	1,750,082
	<u>\$ 3,874,152</u>

**Business-Type Activities:**

Water	\$ 1,075,873
Wastewater	1,508,602
Sanitation	354,979
Administration	31,528
Lake	36,295
Airport	998,897
	<u>\$ 4,006,174</u>

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

**COMPONENT UNIT:**

<b>Shawnee Civic and Cultural Development Authority:</b>	<b>Balance, January 1, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance, December 31, 2015</b>
Capital assets, being depreciated:				
Buildings and improvements	\$ 10,372,056	\$ 79,508	\$ -	\$ 10,451,564
Equipment	758,178	6,305	-	764,483
Total capital assets, being depreciated	<u>11,130,234</u>	<u>85,813</u>	<u>-</u>	<u>11,216,047</u>
Less accumulated depreciation	<u>(6,664,382)</u>	<u>(293,710)</u>	<u>-</u>	<u>(6,958,092)</u>
Governmental activities capital assets, net	<u>\$ 4,465,852</u>	<u>\$ (207,897)</u>	<u>\$ -</u>	<u>\$ 4,257,955</u>

**E. Long-term debt**

Long-term liabilities of the City of Shawnee as of June 30, 2016, are summarized as follows:

**Governmental activities**

Sales Tax Revenue Notes:

\$1,480,000 2011A Sales Tax Revenue Note, to a financial institution, dated December 15, 2011, payable semi-annually each June and December, interest at 1.55%, through December 1, 2016. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. Debt is divided between governmental and business type activities with 65% governmental and 35% business type. \$ 100,422

\$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. 2,015,000

Total sales tax revenue notes payable \$ 2,115,422

Current portion \$ 530,422

Noncurrent portion 1,585,000

\$ 2,115,422

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 \$ 1,474,344

Current portion \$ 278,367

Noncurrent portion 1,195,977

\$ 1,474,344

NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

Accrued compensated absences. The general fund typically has been used to liquidate this liability.	<u>\$ 2,172,680</u>
Current portion	\$ 434,536
Noncurrent portion	<u>1,738,144</u>
	<u>\$ 2,172,680</u>

Claims and judgments payable. The general fund typically has been used to liquidate this liability.	<u>\$ 3,971,348</u>
Current portion	\$ 625,564
Noncurrent portion	<u>3,345,784</u>
	<u>\$ 3,971,348</u>

**Business-type Activities**

Notes payable:

\$12,070,000 Series 2013A OWRB FAP Loan dated April 1, 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 \$	8,650,000
\$1,073,279 1997A SFR Promissory Note to Oklahoma Water Resources Board, dated September, 2, 1997, payable in annual installments to \$57,000, with no interest and a 0.05% administrative fee. The Shawnee Municipal Authority typically has been used to liquidate this liability.	28,244
\$5,410,000 2010 Municipal Authority Revenue Note, dated June 6, 2016, payable in semiannual installments of \$155,000 to \$215,000,, Interest at 2.35%, final maturity April 2031. The Shawnee Municipal Authority typically pays this liability.	5,410,000
\$1,485,000 2010A Promissory Note to Oklahoma Water Resources Board, dated October 14, 2010, payable in semiannual installments of approximately \$63,120, Interest at 2.76%. The Shawnee Municipal Authority typically pays this liability.	961,897



NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

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\$1,480,000 2011A Sales Tax Revenue Note, to a financial institution, dated December 15, 2011, payable semi-annually each June and December, interest at 1.55%, through December 1, 2016. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. Debt is divided between governmental and business type activities with 65% governmental and 35% business type. 54,578

\$2,365,000 2011B Sales Tax Revenue Note, to a financial institution, dated December 15, 2011, payable semi-annually each June and December, interest at 2.45%, through December 1, 2016. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. 260,000

Total notes payable before bond premium	\$ 15,364,719
Bond premium	<u>830,199</u>
Total notes payable	<u><u>\$ 16,194,918</u></u>

Current portion	\$ 2,125,242
Noncurrent portion	<u>14,069,676</u>
	<u><u>\$ 16,194,918</u></u>

Accrued compensated absences. The Shawnee Municipal and Airport Authorities typically have been used to liquidate this liability. \$ 282,843

Current portion	\$ 56,568
Noncurrent portion	<u>226,275</u>
	<u><u>\$ 282,843</u></u>

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

Long-term liability transactions for the year ended June 30, 2016 and changes therein were as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital lease payable	\$ 1,744,918	\$ -	\$ 270,574	\$ 1,474,344	\$ 278,367
Notes payable	2,736,266	-	620,844	2,115,422	530,422
Claims and judgments	3,832,802	958,866	820,320	3,971,348	625,564
Accrued compensated absences	2,067,221	105,459	-	2,172,680	434,536
Total Governmental Activities	<u>\$ 10,381,207</u>	<u>\$ 1,064,325</u>	<u>\$ 1,711,738</u>	<u>\$ 9,733,794</u>	<u>\$ 1,868,889</u>
				Add: OPEB obligation	1,610,215
				Add: Net Pension liability	13,417,960
					<u>\$ 24,761,969</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 17,717,967	\$ 5,410,000	\$ 7,763,248	\$ 15,364,719	\$ 2,125,242
Accrued compensated absences	267,119	15,724	-	282,843	56,568
Total Business-Type Activities	<u>\$ 17,985,086</u>	<u>\$ 5,425,724</u>	<u>\$ 7,763,248</u>	<u>\$ 15,647,562</u>	<u>\$ 2,181,810</u>
				Add: Net OPEB obligation	411,939
				Add: Net Pension liability	618,263
				Add: Unamortized premium	830,199
					<u>\$ 17,507,963</u>
Total Long-Term Debt	<u>\$ 28,366,293</u>	<u>\$ 6,490,049</u>	<u>\$ 9,474,986</u>	<u>\$ 42,269,932</u>	<u>\$ 4,050,699</u>

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

Fiscal Year Ending June 30	Governmental Activities			
	Notes Payable		Capital Lease	
	Principal	Interest	Principal	Interest
2017	\$ 530,422	\$ 47,133	\$ 278,367	\$ 42,461
2018	440,000	35,843	286,383	34,444
2019	450,000	25,090	294,631	26,196
2020	460,000	14,094	303,117	17,711
2021	235,000	2,855	311,846	8,981
	<u>\$ 2,115,422</u>	<u>\$ 125,015</u>	<u>\$ 1,474,344</u>	<u>\$ 129,793</u>

Fiscal Year Ending June 30	Business-Type Activities	
	Notes Payable	
	Principal	Interest
2017	\$ 2,125,242	\$ 452,879
2018	1,463,897	427,568
2019	1,500,416	413,901
2020	1,551,918	336,162
2021	1,603,582	277,946
2022-2026	4,718,577	560,008
2027-2031	2,401,087	157,181
	<u>\$ 15,364,719</u>	<u>\$ 2,625,645</u>

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

**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.

**F. Interfund receivables, payables, and transfers**

The composition of interfund balances as of June 30, 2016 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	\$ 42,710	\$ -	\$ -	\$ -	\$ 2,114	\$ 273,383	\$ 318,207
Capital Improvement Fund	-	-	3,583,025	4,023	-	-	3,587,048
Nonmajor Governmental Funds	440,094	-	12,439	-	114,447	-	566,980
Enterprise Funds	1,255,880	65,000	925,421	-	-	282,794	2,529,095
Internal Service Funds	215,082	-	-	-	-	-	215,082
<b>Total Due From</b>	<b>\$ 1,953,766</b>	<b>\$ 65,000</b>	<b>\$ 4,520,885</b>	<b>\$ 4,023</b>	<b>\$ 116,561</b>	<b>\$ 556,177</b>	<b>\$ 7,216,412</b>

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General	SMA	\$ 1,253,766	Construction projects
General	Library Fund	44,824	Negative pooled cash
General	Worker's Comp Fund	215,082	Negative pooled cash
General	E911	21,315	Negative pooled cash
Worker's Comp Fund	General	273,383	Self insurance funding
Worker's Comp Fund	SMA	282,794	Self insurance funding
General	Street and Alley	113,258	Negative pooled cash
General	CDBG & Home Grants Fund	305,521	Negative pooled cash
SMA	Hotel/Motel Fund	114,447	Posting correction
SMA	General	2,114	Posting correction
Gifts and Contributions	Capital Improvement	4,023	Posting correction
Street Improvement Fund	Capital Improvement	3,583,025	Negative pooled cash
Street Improvement Fund	Shawnee Airport Authority	552,458	Negative pooled cash
Street Improvement Fund	SMA	372,963	Negative pooled cash
Street Improvement Fund	CDBG & Home Grants Fund	12,439	Negative pooled cash
Capital Improvement Fund	Shawnee Airport Authority	65,000	Federal grant match on future projects
		<u>\$ 7,216,412</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due to</u>	<u>Net Interfund Balances</u>
Governmental Funds	\$ 6,543,674	\$ 4,472,235	\$ 2,071,439
Proprietary Funds	116,561	2,529,095	(2,412,534)
Internal Service Funds	556,177	215,082	341,095
	<u>\$ 7,216,412</u>	<u>\$ 7,216,412</u>	<u>\$ -</u>

Transfers for the year ended June 30, 2016, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total Transfer</u>
	<u>General Fund</u>	<u>Major -CIF</u>	<u>Major -Street</u>	<u>Nonmajor</u>	<u>Enterprise</u>	
General Fund	\$ -	\$ 104,765	\$ -	\$ 57,640	\$ -	\$ 162,405
Street Improvement Fund	100,000	-	-	-	-	100,000
Capital Improvement Fund	-	-	-	-	712,220	712,220
Nonmajor Governmental Funds	763,786	-	575,000	-	-	1,338,786
Enterprise Funds	1,500,000	-	600,000	-	-	2,100,000
Total Transfer In	<u>\$ 2,363,786</u>	<u>\$ 104,765</u>	<u>\$ 1,175,000</u>	<u>\$ 57,640</u>	<u>\$ 712,220</u>	<u>\$ 4,413,411</u>

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

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:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
SMA	General	\$ 1,250,000	Operating subsidy
Police Tax Fund	General	373,768	Restricted sales tax transfer
Fire Tax Fund	General	373,768	Restricted sales tax transfer
Street Improvement Fund	General	100,000	Engineering services for capital projects
SMA	General	250,000	Debt service
TIF	Street Improvement	575,000	Capital cost
Capital Improvement Fund	SMA	712,220	Debt service
SMA	Street Improvement	600,000	Capital cost
General	Street and Alley	57,640	Operating subsidy
General	Capital Improvement Fund	104,765	Capital cost
Economic Development Fund	General Fund - Sister Cities	16,250	Sister Cities program support
Total		<u>\$ 4,413,411</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 3,701,191	\$ (2,313,411)	\$ 1,387,780
Proprietary Funds	712,220	(2,100,000)	(1,387,780)
	<u>\$ 4,413,411</u>	<u>\$ (4,413,411)</u>	<u>\$ -</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:

NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

Fund	Restricted By	Amount
<b>Governmental Activities:</b>		
Tax Increment Financing Fund	Enabling legislation	\$ 75,462
		<u>75,462</u>
Cemetery Fund	Statutory requirements	180,619
E911 Fund	Statutory requirements	25,799
Drug Forfeiture Fund	Statutory requirements	12,897
		<u>219,315</u>
CDBG Fund	External sources	250,281
Gifts and Contributions	External sources	94,400
Police Sales Tax Fund	External sources	49,220
Fire Sales Tax Fund	External sources	49,335
Hotel/Motel Fund	External sources	131,308
Economic Development Fund	External sources	187,745
94 Street Improvement Fund	External sources	77,667
Street Improvement Fund	External sources	8,735,375
Debt Service Fund	External sources	112,213
		<u>9,687,544</u>
Total Governmental Restricted		<u>\$ 9,982,321</u>
<i>Reconciliation to Statement of Net Position:</i>		
Restricted for:		
Debt service		\$ 112,213
Public Safety		137,251
Capital projects		8,813,042
Economic development		644,796
Other		275,019
Total Governmental Restricted		<u>\$ 9,982,321</u>
<b>Business Type Activies:</b>		
Debt Service Reserves	Enabling legislation	\$ 2,578,084

*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.

**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

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

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance:					
Nonspendable:					
Prepaid items	\$ 106,313	\$ -	\$ -	\$ 48,976	\$ 155,289
	<u>106,313</u>	<u>-</u>	<u>-</u>	<u>48,976</u>	<u>155,289</u>
Restricted for:					
Street improvements	-	8,735,375	-	77,667	8,813,042
Fire operations	-	-	-	49,335	49,335
Police operations	-	-	-	49,220	49,220
Debt service	-	-	-	240,879	240,879
Culture and rec programs	-	-	-	94,400	94,400
Cemetery improvements	-	-	-	180,619	180,619
Police - drug programs	-	-	-	12,897	12,897
Economic development	-	-	-	541,819	541,819
Sub-total restricted	<u>-</u>	<u>8,735,375</u>	<u>-</u>	<u>1,246,836</u>	<u>9,982,211</u>
Assigned for:					
Community development	283,229	-	-	-	283,229
Senior citizens programs	21,147	-	-	-	21,147
Animal shelter	22,012	-	-	-	22,012
Sub-total assigned	<u>326,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,388</u>
Unassigned (deficit)	4,767,436	-	(1,629,961)	(93,319)	3,044,156
<b>TOTAL FUND BALANCE</b>	<u>\$ 5,200,137</u>	<u>\$ 8,735,375</u>	<u>\$ (1,629,961)</u>	<u>\$ 1,202,493</u>	<u>\$ 13,508,044</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	\$740,734
Street Improvement Fund	\$2,110,610

## H. Postemployment Healthcare Plan

*Plan Description.* The City sponsors Medical, Rx, Dental, Vision and Life insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. 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. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rests with the City Council. Benefits are paid from general operating assets of the City.

*Funding Policy.* The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the third party insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the actuarially expected City contribution in the form of net age adjustment was \$190,000 to the Plan. Plan members receiving benefits contributed \$334,000 of the total premiums, through their payment of the full carrier determined premium in fiscal 2016.

NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended June 30, 2016:

Normal cost	\$ 242,730
Amortization of Actuarial Accrued Liability (AAL)	<u>194,689</u>
Annual Required Contribution (with Interest)	437,419
Interest on Net OPEB Obligation	54,141
Adjustment to the ARC	<u>(67,462)</u>
Annual OPEB cost (expense)	424,098
Employer Contributions of FY 16	(190,000)
Net OPEB obligation—beginning of year	<u>1,788,056</u>
Net OPEB obligation—end of year	<u><u>\$2,022,154</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$333,228	23.1%	\$256,228
6/30/10	\$333,228	26.7%	\$500,456
6/30/11	\$349,530	25.2%	\$761,986
6/30/12	\$349,530	25.2%	\$1,023,518
6/30/13	\$385,718	32.1%	\$1,285,236
6/30/14	\$385,718	32.1%	\$1,546,953
6/30/15	\$424,100	43.2%	\$1,788,056
6/30/16	\$424,098	44.8%	\$2,022,154

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$4.31 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.9 million, and the ratio of the UAAL to the covered payroll was 33.5 percent. Because the plan is a substantive plan there are no plan assets.

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



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

In the July 1, 2014, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years. Inflation rate assumed is 3%. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2014, was thirty years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

**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, 2014 to June 30, 2016, are as follows:

**CLAIMS LIABILITY ANALYSIS**

Claims liability, June 30, 2014	3,832,802
Claims and changes in estimates	647,289
Claims payments	(647,289)
Claims liability, June 30, 2015	3,832,802
Claims and changes in estimates	739,570
Claims payments	(601,024)
Claims liability, June 30, 2016	\$ 3,971,348

## **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.

### ***Sales Tax Rebate Agreement***

The City has entered into an agreement with the developer of the Shawnee Marketplace, a retail development, for an economic development incentive in the form of a sales tax rebate. The development will have approximately 125,000 square feet of retail space. Under the terms of the agreement, the City agrees to provide the developer, in the form of a rebate, an amount not to exceed \$3,750,000 in sales tax generated from the Project. The rebate will be provided based upon 2% of taxable sales generated from the project for six years, then 1.5% of sales for an additional three year for a total of nine years with a maximum of \$3,750,000, whichever comes first. The City only has to rebate the sales tax generated. The developer is not entitled to a rebate on occupants that relocated from another location within the city limits to the development. As of June 30, 2016, the project was complete and fully leased. The City paid the developer \$489,128 during fiscal year 2016.

## **C. 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.

### **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](http://www.ok.gov/OPPRS).

***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 Oklahoma Firefighters Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of

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employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 \$446,667. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$399,512 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 \$405,206. 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, 2016, the City reported a liability of \$46,554 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was 1.1417%.

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For the year ended June 30, 2016, the City recognized pension expense of \$182,837. At June 30, 2016, 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	\$ -	\$ 257,425
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments		179,137
Changes in proportion and differences between City contributions and proportionate share of contributions	48,542	8,879
City contributions subsequent to the measurement date	<u>446,667</u>	<u>-</u>
Total	<u>\$ 495,209</u>	<u>\$ 445,441</u>

The \$446,667 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, 2017. 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:

	2017	\$	(181,929)
	2018		(181,929)
	2019		(181,929)
	2020		161,937
	2021		(13,049)
Thereafter			-
		<u>\$</u>	<u>(396,899)</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%	
Salary increases:	4.5% to 17% average, including inflation	
Investment rate of return:	7.5% net of pension plan investment expense	
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.	
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.	

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Disabled pensioners: RP-2000 Blue Collar Healthy Combined  
table with age set forward 4 years with fully generational  
improvement using Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private Equity	5.80%
Commodities	2.96%

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, 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 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:

**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](http://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](http://www.ok.gov/fprs).

**Summary of Significant Account 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 Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Benefits provided** - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

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-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-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 \$480,428. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,180,480 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

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contributions on an accrual basis of \$1,048,192. 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, 2016, the City reported a liability of \$12,194,345 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was 1.14888%.

For the year ended June 30, 2016, the City recognized pension expense of \$1,084,809. At June 30, 2016, 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	\$ -	\$ -
Changes of assumptions	240,922	-
Net difference between projected and actual earnings on pension plan investments		909,001
Changes in proportion and differences between City contributions and proportionate share of contributions	266,000	6,037
City contributions subsequent to the measurement date	480,428	-
Total	<u>\$ 987,350</u>	<u>\$ 915,038</u>

The \$480,428 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, 2016. 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:

2017	\$ (233,119)
2018	(233,119)
2019	(233,119)
2020	213,979
2021	61,392
Thereafter	15,870
	<u>\$ (408,116)</u>

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**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2015, 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%	5.13%
Domestic equity	37%	8.02%
International equity	20%	9.94%
Real estate	10%	7.47%
Other assets	13%	6.25%

**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	\$ 15,833,067	\$ 12,194,345	\$ 9,142,516



**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](http://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](http://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.

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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 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, 2016, employees were required to contribute 4.25% of annual compensation while the City contributed 16.73%, the actuarially required contribution rate. Contributions to the Plan for the year ended June 30, 2016, for employees and employer were \$156,285 and \$617,158, respectively. For the year ended June 30, 2016, the City’s covered payroll was \$3,677,301. 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, 2015
Actuarial Cost Method	Entry age normal
Rate of return on investments and Discount Rate	7.75% 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: 215 Year 2: 140 Year 3: 95 Year 4: 65 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, 7.5% 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

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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.

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, 2015 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%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>3.00%</u>
Long-term expected return			<u>7.75%</u>

**Changes in Net Pension Liability** – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2015 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, 2015 and the City's report ending date of June 30, 2016, 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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YEAR ENDED JUNE 30, 2016**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances Beginning of Year</b>	<u>\$ 36,240,187</u>	<u>\$ 35,368,685</u>	<u>\$ 871,502</u>
<b>Changes for the Year:</b>			
Service cost	477,546	-	477,546
Interest expense	2,733,100	-	2,733,100
Benefit changes	-	-	-
Experience losses (gains) -	(543,326)	-	(543,326)
Changes of assumptions	-	-	-
Contributions--City	-	714,030	(714,030)
Contributions--members	-	167,474	(167,474)
Net investment income	-	974,198	(974,198)
Benefits paid	(1,985,814)	(1,985,814)	-
Plan administrative expenses	-	(72,769)	72,769
Benefit changes due to plan amendments	39,435	-	39,435
Change in deferred contributions made subsequent to the measurement date	-	-	-
<b>Net Changes</b>	<u>720,941</u>	<u>(202,881)</u>	<u>923,822</u>
<b>Balances End of Year</b>	<u>\$ 36,961,128</u>	<u>\$ 35,165,804</u>	<u>\$ 1,795,324</u>

***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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability (Asset)	\$ 6,271,483	\$ 1,795,324	\$ (1,929,176)

The City reported \$342,726 in pension expense of the year ended June 30, 2016. At June 30, 2016, 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	\$ -	\$ -
Changes of assumptions	-	402,568
Net difference between projected and actual earnings on pension plan investments		753,572
Changes in proportion and differences between City contributions and proportionate share of contributions	\$ 120,261	\$ 120,261
City contributions subsequent to the measurement date	617,161	-
Total	<u>\$ 737,422</u>	<u>\$ 1,276,401</u>

NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

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The \$617,161 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, 2016. 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 December 31:**

2017	\$	(482,355)
2018		(482,355)
2019		(462,649)
2020		271,217
2021		<u>2</u>
	\$	<u>(1,156,140)</u>

**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, 2016, for employees who were hired prior to July 1, 2013 and employer were \$99,055 and \$203,832, respectively on covered wages of \$2,331,898. Contributions for employees hired after July 1, 2013 and employer were \$89,390 and \$63,099, respectively on covered wages of \$2,102,952.

**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

NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016

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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, 2016, for employees and employer were \$53,803 and \$63,483, on covered wages of \$1,269,656.

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 July 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, 2016, were not made until July 2016 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, 2016, employees contributed \$4,225 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 plan through ICMA which is totally employee funded. The ICMA Plan participants contributed \$1,575 for the year ended June 30, 2016. Separately audited financial statements are not available.

**D. Non-compliance**

Oklahoma state statutes prohibits the creation of deficit fund balance. At June 30, 2016, the following funds had a deficit fund balance:

Capital Improvement	\$1,629,961
Street and Alley	89,392
Worker’s Compensation	3,404,568

**E. New Accounting Pronouncements**

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the 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:

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – GASB No. 73 was issued in June 2015 and establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - GASB No. 74 was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No. 75 was issued in June 2015, and addresses accounting and financial reporting or OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position, although it may be material.

GASB Statement No. 77, *Tax Abatement Disclosures* - GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* - GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The statement does not affect the City's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – GASB 79 was issued in December 2015, and addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. At this time, the impact to the City is unknown.



**NOTES TO FINANCIAL STATEMENTS  
CITY OF SHAWNEE, OKLAHOMA  
YEAR ENDED JUNE 30, 2016**

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GASB Statement No. 80, *Blending Requirements for Certain Component Units* – An Amendment of GASB Statement No. 14 – GASB 80 was issued in January 2016, and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. At this time, the impact to the City is unknown.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this time, the impact to the City is unknown.

**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, 2016**

	<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>
<b>REVENUES</b>				
Taxes	\$ 16,100,557	\$ 16,100,557	\$ 15,132,388	\$ (968,169)
Licenses and permits	226,000	226,000	202,570	(23,430)
Intergovernmental	1,776,500	1,776,500	2,687,041	910,541
Charges for services	240,000	240,300	256,921	16,621
Fees and fines	728,000	728,000	760,254	32,254
Investment earnings	24,500	24,500	21,208	(3,292)
Miscellaneous	137,503	137,203	235,613	98,410
Total revenues	19,233,060	19,233,060	19,295,995	62,935
<b>EXPENDITURES</b>				
Departmental:				
<i>General Government:</i>				
City manager	456,393	456,393	941,803	(485,410)
City attorney	272,873	272,873	305,728	(32,855)
Human resources	413,578	413,578	396,860	16,718
City clerk	324,674	324,674	292,912	31,762
Accounting	526,703	526,703	550,258	(23,555)
Municipal court	556,771	556,771	576,918	(20,147)
Information services	473,561	473,561	479,757	(6,196)
Engineering	478,547	478,547	443,180	35,367
Equipment services	399,137	399,137	400,600	(1,463)
Building maintenance	81,901	81,901	105,107	(23,206)
Total General Government	3,984,138	3,984,138	4,493,123	(508,985)
<i>Public Safety:</i>				
Police administration	576,409	576,409	552,202	24,207
Police operations	4,946,835	4,946,835	5,273,134	(326,299)
Disptach	671,798	671,798	688,885	(17,087)
Criminal investigations	702,256	702,256	733,252	(30,996)
Animal Control	295,656	295,656	269,779	25,877
Code Compliance	846,982	846,982	679,730	167,252
Fire suppression	4,935,728	4,935,728	5,376,193	(440,465)
Fire prevention	627,504	627,504	578,970	48,534
Emergency Management	425,377	425,377	645,999	(220,622)
Fire Training	193,615	193,615	184,330	9,285
L.E.P.C	5,500	5,500	759	4,741
Total Public Safety	14,227,660	14,227,660	14,983,233	(755,573)
<i>Street:</i>				
Street	1,001,853	1,001,853	941,519	60,334
Traffic control	314,092	314,092	296,944	17,148
Total Street	1,315,945	1,315,945	1,238,463	77,482
<i>Culture and Recreation:</i>				
Expo Operations	486,193	486,193	530,792	(44,599)
Municipal auditorium	26,142	26,142	18,995	7,147
Senior citizens	96,233	96,233	119,964	(23,731)
Community center	43,900	43,900	44,665	(765)
Cemetery	207,579	207,579	209,430	(1,851)
Parks	794,257	794,257	807,081	(12,824)
Total Culture and Recreation	1,654,304	1,654,304	1,730,927	(76,623)
Total Expenditures	21,182,047	21,182,047	22,445,746	(1,263,699)
Excess (deficiency) of revenues over expenditures	(1,948,987)	(1,948,987)	(3,149,751)	(1,200,764)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,354,378	2,354,378	2,347,536	(6,842)
Transfers out	(296,667)	(331,371)	(162,405)	168,966
Interaccount transfer out	(74,000)	(74,000.00)	(74,000)	-
Total other financing sources and uses	1,983,711	1,949,007	2,111,131	162,124
Net change in fund balances	34,724	20	(1,038,620)	(1,038,640)
Fund balances - beginning	7,510,123	7,510,123	5,962,855	(1,547,268)
Fund balances - ending	\$ 7,544,847	\$ 7,510,143	\$ 4,924,235	\$ (2,585,908)

**CITY OF SHAWNEE, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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	\$485,389
City attorney	32,855
Accounting	23,555
Municipal court	20,147
Information services	6,196
Equipment services	1,463
Building maintenance	23,206
Police operations	326,299
Dispatch	17,087
Criminal investigation	30,996
Fire suppression	440,465
Emergency management	220,622
Expo operations	44,599
Senior citizens	23,731
Community center	765
Cemetery	1,851
Parks	12,824

**CITY OF SHAWNEE, OKLAHOMA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(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:

	General Fund
Total revenue - budgetary basis	\$ 21,643,531
Total expenses - budgetary basis	(22,682,151)
Change in fund balance - budgetary basis	(1,038,620)
Add change in fund balance of accounts combined for reporting purposes:	
Revolving Oil and Gas account	9,250
Spay and Neuter account	1,080
Aquatic center	(22,414)
Library account	(29,116)
Sister Cities	1,442
Change in fund balance - GAAP basis	\$ (1,078,378)

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, 2016**

**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>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	1.0829%	1.1417%
City's proportionate share of the net pension liability (asset)	\$ (364,603)	\$ 46,554
City's covered-employee payroll	\$3,199,606	\$ 3,407,053
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.40%	1.37%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%

**Notes to Schedule:**

Only two 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, 2016**

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

	<u>2014</u>	<u>2015</u>
Statutorially required contribution	\$ 414,687	\$ 446,667
Contributions in relation to the statutorially required contribution	<u>414,687</u>	<u>446,667</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,199,606	\$3,407,053
Contributions as a percentage of covered-employee payroll	12.96%	13.11%

**Notes to Schedule:**

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

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

	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability	1.121621%	1.148883%
City's proportionate share of the net pension liability	\$ 11,534,169	\$ 12,194,345
City's covered-employee payroll	\$ 3,140,982	\$ 3,431,628
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	367%	355%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only two 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, 2016**

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

	<u>2014</u>	<u>2015</u>
Statutorially required contribution	\$ 439,463	\$ 480,428
Contributions in relation to the statutorially required contribution	<u>439,463</u>	<u>480,428</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,140,982	\$ 3,431,628
Contributions as a percentage of covered-employee payroll	13.99%	14.00%

**Notes to Schedule:**

Only two 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, 2016**

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

	<u>2014</u>	<u>2015</u>
<b>Total pension liability</b>		
Service cost	\$ 527,985	\$ 477,546
Interest	2,818,812	2,733,100
Changes of benefit terms	(1,902,290)	39,435
Differences between expected and actual experience	-	(543,326)
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(2,057,807)</u>	<u>(1,985,814)</u>
<b>Net change in total pension liability</b>	(613,300)	720,941
<b>Total pension liability - beginning</b>	<u>36,853,488</u>	<u>36,240,187</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 36,240,188</u>	<u>\$ 36,961,128</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 842,919	\$ 714,030
Contributions - member	139,787	167,474
Net investment income	5,094,596	974,198
Benefit payments, including refunds of member contributions	(2,057,807)	(1,985,814)
Administrative expense	(131,982)	(72,769)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<u>3,887,513</u>	<u>(202,881)</u>
<b>Plan fiduciary net position - beginning</b>	<u>31,481,172</u>	<u>35,368,684</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 35,368,685</u>	<u>\$ 35,165,803</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 871,503</u>	<u>\$ 1,795,325</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	97.60%	95.14%
<b>Covered employee payroll</b>	\$ 3,765,863	\$ 3,723,501
<b>Net pension liability as a percentage of covered- employee payroll</b>	23.14%	48.22%

**Notes to Schedule:**

Only two 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, 2016**

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

	2015	2016
Actuarially determined contribution	\$ 688,665	\$ 617,158
Contributions in relation to the actuarially determined contribution	688,665	617,158
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 3,800,578	\$ 3,677,301
Contributions as a percentage of covered-employee payroll	18.12%	16.78%

**Notes to Schedule:**

1. Only two fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2015
3. Actuarially determined contribution rate is calculated as of July 1, 2015  
July 2014 through June 15 contributions were at a rate of 16.73%.
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 - 28 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, 2016**

The funded status and funding progress of the City’s defined benefit OPEB plan for four of the most recent actuarial valuations is as follows:

	July 1, 2008	July 1, 2010	July 1, 2012	July 1, 2014
Actuarial accrued liability - AAL (a)	\$3,519,267	\$3,480,146	\$3,905,813	\$4,313,412
Actuarial value of plan assets (b)	-	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	3,519,267	3,480,146	3,905,813	4,313,412
Funded ratio (b)/(a)	-	-	-	-
Covered payroll (c)	9,812,016	10,020,000	10,446,900	12,893,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	35.9%	34.7%	37.4%	33.5%

## **SUPPLEMENTARY INFORMATION**

**City of Shawnee, Oklahoma**  
**Combining Balance Sheet – General Fund Accounts**  
**June 30, 2016**

	General Fund	Revolving Oil & Gas	Spray and Neuter	Aquatic Center	Library	Senior Citizens	Sister Cities	Total General Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,085,200	\$ 273,979	\$ 22,037	\$ 53,055	\$ -	\$ 21,147	\$ 192	\$ 1,455,610
Investments	1,175,497	-	-	-	-	-	-	1,175,497
Interest receivable	1,191	-	-	-	-	-	-	1,191
Receivable from other governments	138,187	-	-	-	-	-	-	138,187
Due from other funds	1,953,766	-	-	-	-	-	-	1,953,766
Taxes receivable, net	1,824,603	-	-	-	-	-	-	1,824,603
Court fines receivable, net	202,293	-	-	-	-	-	-	202,293
Other receivables	148,285	9,250	-	-	-	-	-	157,535
Prepaid items	106,313	-	-	-	-	-	-	106,313
Total assets	<u>6,635,335</u>	<u>283,229</u>	<u>22,037</u>	<u>53,055</u>	<u>-</u>	<u>21,147</u>	<u>192</u>	<u>7,014,995</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	686,164	-	25	54,399	4,510	-	-	745,098
Accrued payroll payable	649,067	-	-	-	-	-	-	649,067
Due to other funds	273,383	-	-	-	44,824	-	-	318,207
Due to bondholders	18,884	-	-	-	-	-	-	18,884
Total liabilities	<u>1,627,498</u>	<u>-</u>	<u>25</u>	<u>54,399</u>	<u>49,334</u>	<u>-</u>	<u>-</u>	<u>1,731,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred revenue	83,602	-	-	-	-	-	-	83,602
<b>Fund balances:</b>								
Nonspendable	106,313	-	-	-	-	-	-	106,313
Assigned	-	283,229	22,012	-	-	21,147	-	326,388
Unassigned (deficit)	4,817,922	-	-	(1,344)	(49,334)	-	192	4,767,436
Total fund balances	<u>4,924,235</u>	<u>283,229</u>	<u>22,012</u>	<u>(1,344)</u>	<u>(49,334)</u>	<u>21,147</u>	<u>192</u>	<u>5,200,137</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,635,335</u>	<u>\$ 283,229</u>	<u>\$ 22,037</u>	<u>\$ 53,055</u>	<u>\$ -</u>	<u>\$ 21,147</u>	<u>\$ 192</u>	<u>\$ 7,014,995</u>

**City of Shawnee, Oklahoma**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts**  
**Year Ended June 30, 2016**

	General Fund	Revolving Oil & Gas	Spray and Neuter	Aquatic Center	Library	Senior Citizens	Sister Cities	Total General Fund
<b>REVENUES</b>								
Taxes	\$ 15,132,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,132,388
Intergovernmental	2,687,041	-	-	-	-	-	-	2,687,041
Licenses and permits	202,570	9,250	-	-	-	-	-	211,820
Charges for services	256,921	-	-	198,837	-	-	-	455,758
Fees and fines	760,254	-	2,505	-	-	-	-	762,759
Investment earnings	21,208	-	-	-	-	-	-	21,208
Miscellaneous	235,613	-	-	37,493	-	-	-	273,106
Total revenues	<u>19,295,995</u>	<u>9,250</u>	<u>2,505</u>	<u>236,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,544,080</u>
<b>EXPENDITURES</b>								
Current:								
General government	3,647,130	-	-	-	-	-	-	3,647,130
Engineering	443,180	-	-	-	-	-	-	443,180
Equipment and building maintenance	505,625	-	-	-	-	-	-	505,625
Police	6,541,982	-	-	-	-	-	-	6,541,982
Fire	6,439,770	-	-	-	-	-	-	6,439,770
Municipal court	576,918	-	-	-	-	-	-	576,918
Emergency management	345,722	-	-	-	-	-	-	345,722
Streets	1,238,463	-	-	-	-	-	-	1,238,463
Parks and recreation	807,081	-	-	258,744	-	-	-	1,065,825
Culture and recreation	185,034	-	-	-	-	-	-	185,034
Animal control/E911	955,972	-	1,425	-	-	-	-	957,397
Cemetery	209,430	-	-	-	-	-	-	209,430
Library	-	-	-	-	86,566	-	-	86,566
Economic development	529,382	-	-	-	-	-	14,808	544,190
Capital Outlay	20,057	-	-	-	16,550	-	-	36,607
Total expenditures	<u>22,445,746</u>	<u>-</u>	<u>1,425</u>	<u>258,744</u>	<u>103,116</u>	<u>-</u>	<u>14,808</u>	<u>22,823,839</u>
Excess (deficiency) of revenues over expenditures	<u>(3,149,751)</u>	<u>9,250</u>	<u>1,080</u>	<u>(22,414)</u>	<u>(103,116)</u>	<u>-</u>	<u>(14,808)</u>	<u>(3,279,759)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in - interaccount	-	-	-	-	74,000	-	-	74,000
Transfers out - interaccount	(74,000)	-	-	-	-	-	-	(74,000)
Transfers in	2,347,536	-	-	-	-	-	16,250	2,363,786
Transfers out	(162,405)	-	-	-	-	-	-	(162,405)
Total other financing sources and uses	<u>2,111,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,000</u>	<u>-</u>	<u>16,250</u>	<u>2,201,381</u>
Net change in fund balances	(1,038,620)	9,250	1,080	(22,414)	(29,116)	-	1,442	(1,078,378)
Fund balances - beginning	5,962,855	273,979	20,932	21,070	(20,218)	21,147	(1,250)	6,278,515
Fund balances - ending	<u>\$ 4,924,235</u>	<u>\$ 283,229</u>	<u>\$ 22,012</u>	<u>\$ (1,344)</u>	<u>\$ (49,334)</u>	<u>\$ 21,147</u>	<u>\$ 192</u>	<u>\$ 5,200,137</u>

**City of Shawnee, Oklahoma**  
**Budget versus Actual – General Fund Accounts**  
**Year Ended June 30, 2016**

	Revolving Oil & Gas Fund				Spay and Neuter 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)
<b>REVENUES</b>								
Licenses and permits	\$ 11,500	\$ 9,950	\$ 9,250	\$ (700)	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	6,000	6,000	2,505	(3,495)
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>11,500</u>	<u>9,950</u>	<u>9,250</u>	<u>(700)</u>	<u>6,000</u>	<u>6,000</u>	<u>2,505</u>	<u>(3,495)</u>
<b>EXPENDITURES</b>								
Departmental:								
Animal Control	-	-	-	-	4,500	4,500	1,425	3,075
Economic Development	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Parks and Recreation	10,250	9,250	-	9,250	-	-	-	-
Senior Citizens	-	-	-	-	-	-	-	-
<i>Total Expenditures</i>	<u>10,250</u>	<u>9,250</u>	<u>-</u>	<u>9,250</u>	<u>4,500</u>	<u>4,500</u>	<u>1,425</u>	<u>3,075</u>
Total Expenditures	<u>10,250</u>	<u>9,250</u>	<u>-</u>	<u>9,250</u>	<u>4,500</u>	<u>4,500</u>	<u>1,425</u>	<u>3,075</u>
Excess (deficiency) of revenues over expenditures	<u>1,250</u>	<u>700</u>	<u>9,250</u>	<u>8,550</u>	<u>1,500</u>	<u>1,500</u>	<u>1,080</u>	<u>(420)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
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	1,250	700	9,250	8,550	1,500	1,500	1,080	(420)
Fund balances - beginning	266,279	266,279	273,979	7,700	20,676	20,676	20,932	256
Fund balances - ending	<u>\$ 267,529</u>	<u>\$ 266,979</u>	<u>\$ 283,229</u>	<u>\$ 16,250</u>	<u>\$ 22,176</u>	<u>\$ 22,176</u>	<u>\$ 22,012</u>	<u>\$ (164)</u>

(continued)

**City of Shawnee, Oklahoma**  
**Budget versus Actual – General Fund Accounts**  
**Year Ended June 30, 2016**

	Library Fund				Aquatic Center			
	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		
<b>REVENUES</b>								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	136,926	136,926	198,837	61,911
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	37,493	37,493
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,926</u>	<u>136,926</u>	<u>236,330</u>	<u>99,404</u>
<b>EXPENDITURES</b>								
Departmental:								
Animal Control	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Library	74,000	79,700	103,116	(23,416)	-	-	-	-
Parks and Recreation	-	-	-	-	136,926	136,926	258,744	(121,818)
Senior Citizens	-	-	-	-	-	-	-	-
Total Expenditures	<u>74,000</u>	<u>79,700</u>	<u>103,116</u>	<u>(23,416)</u>	<u>136,926</u>	<u>136,926</u>	<u>258,744</u>	<u>(121,818)</u>
Total Expenditures	<u>74,000</u>	<u>79,700</u>	<u>103,116</u>	<u>(23,416)</u>	<u>136,926</u>	<u>136,926</u>	<u>258,744</u>	<u>(121,818)</u>
Excess (deficiency) of revenues over expenditures	<u>(74,000)</u>	<u>(79,700)</u>	<u>(103,116)</u>	<u>(23,416)</u>	<u>-</u>	<u>-</u>	<u>(22,414)</u>	<u>(22,414)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	74,000	74,000	74,000	-	-	-	-	-
Total other financing sources and uses	<u>74,000</u>	<u>74,000</u>	<u>74,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(5,700)	(29,116)	(23,416)	-	-	(22,414)	(22,414)
Fund balances - beginning	-	-	(20,218)	(20,218)	-	-	21,070	21,070
Fund balances - ending	<u>\$ -</u>	<u>\$ (5,700)</u>	<u>\$ (49,334)</u>	<u>\$ (43,634)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,344)</u>	<u>\$ (1,344)</u>

(continued)



**City of Shawnee, Oklahoma**  
**Budget versus Actual – General Fund Accounts**  
**Year Ended June 30, 2016**

	<u>Sister Cities Fund</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>		
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>(16,000)</u>
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>(16,000)</u>
<b>EXPENDITURES</b>				
Departmental:				
Animal Control	-	-	-	-
Economic Development	31,000	14,808	14,808	-
Library	-	-	-	-
Parks and Recreation	-	-	-	-
Senior Citizens	-	-	-	-
<i>Total Expenditures</i>	<u>31,000</u>	<u>14,808</u>	<u>14,808</u>	<u>-</u>
Total Expenditures	<u>31,000</u>	<u>14,808</u>	<u>14,808</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>1,192</u>	<u>(14,808)</u>	<u>(16,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>15,000</u>	<u>16,250</u>	<u>16,250</u>	<u>-</u>
Total other financing sources and uses	<u>15,000</u>	<u>16,250</u>	<u>16,250</u>	<u>-</u>
Net change in fund balances	-	17,442	1,442	(16,000)
Fund balances - beginning	<u>(1,250)</u>	<u>(1,250)</u>	<u>(1,250)</u>	<u>-</u>
Fund balances - ending	<u>\$ (1,250)</u>	<u>\$ 16,192</u>	<u>\$ 192</u>	<u>\$ (16,000)</u>

**City of Shawnee, Oklahoma**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2016**

	<u>Street and Alley Fund</u>	<u>E-911 Fund</u>	<u>Economic Development Fund</u>	<u>Hotel/Motel Fund</u>	<u>Police Sales Tax Fund</u>	<u>Fire Sales Tax Fund</u>	<u>CDBG/Home Grants Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 150,382	\$ 239,949	\$ 2,516	\$ 2,631	\$ 512,952
Interest receivable	-	-	30	-	37	37	-
Receivable from other governments	-	-	-	-	-	-	30,697
Due from other funds	-	-	-	-	-	-	-
Taxes receivable, net	-	-	37,333	51,194	46,667	46,667	-
Other receivables	23,866	18,010	-	-	-	-	694,061
Prepaid expenditures	-	29,726	19,250	-	-	-	-
Total assets	<u>23,866</u>	<u>47,736</u>	<u>206,995</u>	<u>291,143</u>	<u>49,220</u>	<u>49,335</u>	<u>1,237,710</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	-	622	19,250	45,388	-	-	20,492
Due to other funds	113,258	21,315	-	114,447	-	-	317,960
Unearned revenue	-	-	-	-	-	-	657,242
Total liabilities	<u>113,258</u>	<u>21,937</u>	<u>19,250</u>	<u>159,835</u>	<u>-</u>	<u>-</u>	<u>995,694</u>
Fund balances:							
Nonspendable	-	29,726	19,250	-	-	-	-
Restricted	-	-	168,495	131,308	49,220	49,335	242,016
Unassigned (deficit)	(89,392)	(3,927)	-	-	-	-	-
Total fund balances	<u>(89,392)</u>	<u>25,799</u>	<u>187,745</u>	<u>131,308</u>	<u>49,220</u>	<u>49,335</u>	<u>242,016</u>
Total liabilities and fund balances	<u>\$ 23,866</u>	<u>\$ 47,736</u>	<u>\$ 206,995</u>	<u>\$ 291,143</u>	<u>\$ 49,220</u>	<u>\$ 49,335</u>	<u>\$ 1,237,710</u>

(continued)

**City of Shawnee, Oklahoma**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2016**

	<b>Cemetery Care Fund</b>	<b>Gifts and Contribution Fund</b>	<b>Tax Increment Financing Fund</b>	<b>Drug Forfeiture Fund</b>	<b>1994 Street Improvement Fund</b>	<b>Debt Service Fund</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 180,619	\$ 90,377	\$ 73,161	\$ 12,897	\$ 77,667	\$ 164,380	\$ 1,507,531
Interest receivable	-	-	-	-	-	-	104
Receivable from other governments	-	-	-	-	-	-	30,697
Due from other funds	-	4,023	-	-	-	-	4,023
Taxes receivable, net	-	-	-	-	-	-	181,861
Other receivables	-	-	2,301	-	-	1,037	739,275
Prepaid expenditures	-	-	-	-	-	-	48,976
Total assets	<u>180,619</u>	<u>94,400</u>	<u>75,462</u>	<u>12,897</u>	<u>77,667</u>	<u>165,417</u>	<u>2,512,467</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	-	-	-	-	-	-	85,752
Due to other funds	-	-	-	-	-	-	566,980
Unearned revenue	-	-	-	-	-	-	657,242
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,309,974</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	48,976
Restricted	180,619	94,400	75,462	12,897	77,667	165,417	1,246,836
Unassigned (deficit)	-	-	-	-	-	-	(93,319)
Total fund balances	<u>180,619</u>	<u>94,400</u>	<u>75,462</u>	<u>12,897</u>	<u>77,667</u>	<u>165,417</u>	<u>1,202,493</u>
Total liabilities and fund balances	<u>\$ 180,619</u>	<u>\$ 94,400</u>	<u>\$ 75,462</u>	<u>\$ 12,897</u>	<u>\$ 77,667</u>	<u>\$ 165,417</u>	<u>\$ 2,512,467</u>

**City of Shawnee, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds**  
**Year Ended June 30, 2016**

	<u>Street and Alley Fund</u>	<u>E-911 Fund</u>	<u>Economic Development Fund</u>	<u>Hotel/Motel Fund</u>	<u>Police Sales Tax Fund</u>	<u>Fire Sales Tax Fund</u>	<u>CDBG/Home Grants Funds</u>
<b>REVENUES</b>							
Taxes	\$ 287,735	\$ 212,358	\$ 299,111	\$ 496,772	\$ 373,875	\$ 373,875	\$ -
Fees and fines	-	-	-	-	-	-	-
Licenses and permits	2,825	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	315,063
Charges for services	-	-	-	-	-	-	-
Investment earnings	1	1	228	-	285	285	-
Miscellaneous	6,360	-	-	-	-	-	99,853
Total revenues	<u>296,921</u>	<u>212,359</u>	<u>299,339</u>	<u>496,772</u>	<u>374,160</u>	<u>374,160</u>	<u>414,916</u>
<b>EXPENDITURES</b>							
Current:							
Police	-	-	-	-	-	-	-
Streets	404,750	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Animal Control/E911	-	203,841	-	-	-	-	-
Economic development	-	-	281,000	421,729	-	-	347,048
Capital Outlay	-	33,471	-	-	-	-	-
Total Expenditures	<u>404,750</u>	<u>237,312</u>	<u>281,000</u>	<u>421,729</u>	<u>-</u>	<u>-</u>	<u>347,048</u>
Excess (deficiency) of revenues over expenditures	<u>(107,829)</u>	<u>(24,953)</u>	<u>18,339</u>	<u>75,043</u>	<u>374,160</u>	<u>374,160</u>	<u>67,868</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	57,640	-	-	-	-	-	-
Transfers out	-	-	(16,250)	-	(373,768)	(373,768)	-
Total other financing sources and uses	<u>57,640</u>	<u>-</u>	<u>(16,250)</u>	<u>-</u>	<u>(373,768)</u>	<u>(373,768)</u>	<u>-</u>
Net change in fund balances	(50,189)	(24,953)	2,089	75,043	392	392	67,868
Fund balances - beginning	(39,203)	50,752	185,656	56,265	48,828	48,943	174,148
Fund balances - ending	<u>\$ (89,392)</u>	<u>\$ 25,799</u>	<u>\$ 187,745</u>	<u>\$ 131,308</u>	<u>\$ 49,220</u>	<u>\$ 49,335</u>	<u>\$ 242,016</u>

(continued)

**City of Shawnee, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds**  
**Year Ended June 30, 2016**

	Cemetery Care Fund	Gifts and Contribution Fund	Tax Increment Financing Fund	Drug Forfeiture Fund	1994 Street Improvement Fund	Debt Service Fund	Total Other Governmental Funds
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ 74,882	\$ -	\$ -	\$ -	\$ 2,118,608
Fees and fines	-	-	-	20,967	-	-	20,967
Licenses and permits	-	-	-	-	-	-	2,825
Intergovernmental	-	-	-	-	-	-	315,063
Charges for services	750	-	-	-	-	-	750
Investment earnings	-	1	-	-	-	-	801
Miscellaneous	1,907	1,661	-	-	-	27,323	137,104
Total revenues	<u>2,657</u>	<u>1,662</u>	<u>74,882</u>	<u>20,967</u>	<u>-</u>	<u>27,323</u>	<u>2,596,118</u>
<b>EXPENDITURES</b>							
Current:							
Police	-	-	-	16,431	-	-	16,431
Streets	-	-	-	-	-	-	404,750
Parks and recreation	-	409	-	-	-	-	409
Animal Control/E911	-	-	-	-	-	-	203,841
Economic development	-	-	-	-	-	-	1,049,777
Capital Outlay	-	-	-	-	-	-	33,471
Total Expenditures	<u>-</u>	<u>409</u>	<u>-</u>	<u>16,431</u>	<u>-</u>	<u>-</u>	<u>1,708,679</u>
Excess (deficiency) of revenues over expenditures	<u>2,657</u>	<u>1,253</u>	<u>74,882</u>	<u>4,536</u>	<u>-</u>	<u>27,323</u>	<u>887,439</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	57,640
Transfers out	-	-	(575,000)	-	-	-	(1,338,786)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(575,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,281,146)</u>
Net change in fund balances	2,657	1,253	(500,118)	4,536	-	27,323	(393,707)
Fund balances - beginning	177,962	93,147	575,580	8,361	77,667	138,094	1,596,200
Fund balances - ending	<u>\$ 180,619</u>	<u>\$ 94,400</u>	<u>\$ 75,462</u>	<u>\$ 12,897</u>	<u>\$ 77,667</u>	<u>\$ 165,417</u>	<u>\$ 1,202,493</u>

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	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)
<b>REVENUES</b>								
Taxes	\$ 300,000	\$ 300,000	\$ 287,735	\$ (12,265)	\$ 225,000	\$ 225,000	\$ 212,358	\$ (12,642)
Licenses and permits	1,000	1,000	2,825	1,825	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	1	1	-	-	1	1
Miscellaneous	6,360	6,360	6,360	-	-	-	-	-
Total revenues	<u>307,360</u>	<u>307,360</u>	<u>296,921</u>	<u>(10,439)</u>	<u>225,000</u>	<u>225,000</u>	<u>212,359</u>	<u>(12,641)</u>
<b>EXPENDITURES</b>								
Departmental:								
Streets	350,000	365,000	404,750	(39,750)	-	-	-	-
Animal Control/911	-	-	-	-	234,000	225,000	203,841	21,159
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capial outlay	-	-	-	-	-	-	33,471	(33,471)
Total Expenditures	<u>350,000</u>	<u>365,000</u>	<u>404,750</u>	<u>(39,750)</u>	<u>234,000</u>	<u>225,000</u>	<u>237,312</u>	<u>(12,312)</u>
Total Expenditures	<u>350,000</u>	<u>365,000</u>	<u>404,750</u>	<u>(39,750)</u>	<u>234,000</u>	<u>225,000</u>	<u>237,312</u>	<u>(12,312)</u>
Excess (deficiency) of revenues over expenditures	<u>(42,640)</u>	<u>(57,640)</u>	<u>(107,829)</u>	<u>(50,189)</u>	<u>(9,000)</u>	<u>-</u>	<u>(24,953)</u>	<u>(24,953)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	57,640	54,640	57,640	3,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>57,640</u>	<u>54,640</u>	<u>57,640</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15,000	(3,000)	(50,189)	(47,189)	(9,000)	-	(24,953)	(24,953)
Fund balances - beginning	-	-	(39,203)	(39,203)	255,635	255,635	50,752	(204,883)
Fund balances - ending	<u>\$ 15,000</u>	<u>\$ (3,000)</u>	<u>\$ (89,392)</u>	<u>\$ (86,392)</u>	<u>\$ 246,635</u>	<u>\$ 255,635</u>	<u>\$ 25,799</u>	<u>\$ (229,836)</u>

(continued)

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	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)
<b>REVENUES</b>								
Taxes	\$ 321,912	\$ 321,912	\$ 299,111	\$ (22,801)	\$ 550,000	\$ 500,000	\$ 496,772	\$ (3,228)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	275	275	228	(47)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>322,187</u>	<u>322,187</u>	<u>299,339</u>	<u>(22,848)</u>	<u>550,000</u>	<u>500,000</u>	<u>496,772</u>	<u>(3,228)</u>
<b>EXPENDITURES</b>								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	281,000	281,000	281,000	-	565,704	498,000	421,729	76,271
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outaly	-	-	-	-	-	-	-	-
Total Expenditures	<u>281,000</u>	<u>281,000</u>	<u>281,000</u>	<u>-</u>	<u>565,704</u>	<u>498,000</u>	<u>421,729</u>	<u>76,271</u>
Total Expenditures	<u>281,000</u>	<u>281,000</u>	<u>281,000</u>	<u>-</u>	<u>565,704</u>	<u>498,000</u>	<u>421,729</u>	<u>76,271</u>
Excess (deficiency) of revenues over expenditures	<u>41,187</u>	<u>41,187</u>	<u>18,339</u>	<u>(22,848)</u>	<u>(15,704)</u>	<u>2,000</u>	<u>75,043</u>	<u>73,043</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(15,000)	(15,000)	(16,250)	(1,250)	-	-	-	-
Total other financing sources and uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(16,250)</u>	<u>(1,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,187	26,187	2,089	(24,098)	(15,704)	2,000	75,043	73,043
Fund balances - beginning	216,869	216,869	185,656	(31,213)	41,095	41,095	56,265	15,170
Fund balances - ending	<u>\$ 243,056</u>	<u>\$ 243,056</u>	<u>\$ 187,745</u>	<u>\$ (55,311)</u>	<u>\$ 25,391</u>	<u>\$ 43,095</u>	<u>\$ 131,308</u>	<u>\$ 88,213</u>

(continued)

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	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)
<b>REVENUES</b>								
Taxes	\$ 360,098	\$ 377,188	\$ 373,875	\$ (3,313)	\$ 360,098	\$ 377,188	\$ 378,875	\$ 1,687
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	300	225	285	60	300	225	285	60
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>360,398</u>	<u>377,413</u>	<u>374,160</u>	<u>(3,253)</u>	<u>360,398</u>	<u>377,413</u>	<u>379,160</u>	<u>1,747</u>
<b>EXPENDITURES</b>								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>360,398</u>	<u>377,413</u>	<u>374,160</u>	<u>(3,253)</u>	<u>360,398</u>	<u>377,413</u>	<u>379,160</u>	<u>1,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(360,098)	(373,768)	(373,768)	-	(360,098)	(377,188)	(373,768)	3,420
Total other financing sources and uses	<u>(360,098)</u>	<u>(373,768)</u>	<u>(373,768)</u>	<u>-</u>	<u>(360,098)</u>	<u>(377,188)</u>	<u>(373,768)</u>	<u>3,420</u>
Net change in fund balances	300	3,645	392	(3,253)	300	225	5,392	5,167
Fund balances - beginning	47,871	47,874	48,828	954	47,871	47,871	48,934	1,063
Fund balances - ending	<u>\$ 48,171</u>	<u>\$ 51,519</u>	<u>\$ 49,220</u>	<u>\$ (2,299)</u>	<u>\$ 48,171</u>	<u>\$ 48,096</u>	<u>\$ 54,326</u>	<u>\$ 6,230</u>

(continued)



**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	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)
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	249,000	315,063	66,063	-	-	-	-
Charges for services	-	-	-	-	-	-	750	750
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	51,000	108,118	57,118	-	-	1,907	1,907
Total revenues	-	300,000	423,181	123,181	-	-	2,657	2,657
<b>EXPENDITURES</b>								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	630,240	347,048	283,192	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	630,240	347,048	283,192	-	-	-	-
Total Expenditures	-	630,240	347,048	283,192	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	(330,240)	76,133	406,373	-	-	2,657	2,657
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	(330,240)	76,133	406,373	-	-	2,657	2,657
Fund balances - beginning	-	174,148	174,148	-	-	-	177,962	177,962
Fund balances - ending	\$ -	\$ (156,092)	\$ 250,281	\$ 406,373	\$ -	\$ -	\$ 180,619	\$ 180,619

(continued)

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	Gifts and Contribution Fund				Tax Increment Financing 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)
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 74,882	\$ 24,882
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	1	1	-	-	-	-
Miscellaneous	-	-	1,661	1,661	-	-	-	-
Total revenues	-	-	1,662	1,662	50,000	50,000	74,882	24,882
<b>EXPENDITURES</b>								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	409	(409)	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	409	(409)	-	-	-	-
Total Expenditures	-	-	409	(409)	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	1,253	1,253	50,000	50,000	74,882	24,882
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(500)	-	(575,000)	(575,000)
Total other financing sources and uses	-	-	-	-	(500)	-	(575,000)	(575,000)
Net change in fund balances	-	-	1,253	1,253	49,500	50,000	(500,118)	(550,118)
Fund balances - beginning	93,147		93,147	93,147	568,679	568,679	575,580	6,901
Fund balances - ending	\$ 93,147	\$ -	\$ 94,400	\$ 94,400	\$ 618,179	\$ 618,679	\$ 75,462	\$ (543,217)

(continued)

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	Drug Forfeiture Fund				1994 Street Improvement 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)
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	20,967	20,967	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	-	-	20,967	20,967	-	-	-	-
<b>EXPENDITURES</b>								
Departmental:								
Police	-	-	16,431	(16,431)	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	16,431	(16,431)	-	-	-	-
Total Expenditures	-	-	16,431	(16,431)	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	4,536	4,536	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	4,536	4,536	-	-	-	-
Fund balances - beginning	8,308	8,308	8,361	53			77,667	77,667
Fund balances - ending	\$ 8,308	\$ 8,308	\$ 12,897	\$ 4,589	\$ -	\$ -	\$ 77,667	\$ 77,667

(continued)

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Nonmajor Funds**  
**Year Ended June 30, 2016**

	<b>Debt Service Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fees and fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	26,830	-	27,323	27,323
Total revenues	<u>26,830</u>	<u>-</u>	<u>27,323</u>	<u>27,323</u>
<b>EXPENDITURES</b>				
Departmental:				
Streets	-	-	-	-
Animal Control/911	-	-	-	-
Economic Development	-	-	-	-
Cemetery	-	-	-	-
Park and Recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>26,830</u>	<u>-</u>	<u>27,323</u>	<u>27,323</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,830	-	27,323	27,323
Fund balances - beginning	103,094	103,094	138,094	35,000
Fund balances - ending	<u>\$ 129,924</u>	<u>\$ 103,094</u>	<u>\$ 165,417</u>	<u>\$ 62,323</u>

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Major Capital Project Fund – Street Improvement**  
**Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>	<u>Variance with Final</u> <u>Budget - Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 2,613,736	\$ 2,613,736	\$ 2,617,162	\$ 3,426
Intergovernmental	-	-	188,201	188,201
Investment earnings	20,000	20,000	37,052	17,052
Miscellaneous	-	-	55,398	55,398
Total revenues	<u>2,633,736</u>	<u>2,633,736</u>	<u>2,897,813</u>	<u>264,077</u>
<b>EXPENDITURES</b>				
Departmental:				
Streets	<u>8,724,816</u>	<u>8,424,816</u>	<u>3,133,501</u>	<u>5,291,315</u>
<i>Total Streets</i>	<u>8,724,816</u>	<u>8,424,816</u>	<u>3,133,501</u>	<u>5,291,315</u>
Total Expenditures	<u>8,724,816</u>	<u>8,424,816</u>	<u>3,133,501</u>	<u>5,291,315</u>
Excess (deficiency) of revenues over expenditures	<u>(6,091,080)</u>	<u>(5,791,080)</u>	<u>(235,688)</u>	<u>5,555,392</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	600,000	600,000	1,175,000	575,000
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total other financing sources and uses	<u>500,000</u>	<u>600,000</u>	<u>1,075,000</u>	<u>475,000</u>
Net change in fund balances	(5,591,080)	(5,191,080)	839,312	6,030,392
Fund balances - beginning	<u>7,609,752</u>	<u>7,609,752</u>	<u>7,958,706</u>	<u>348,954</u>
Fund balances - ending	<u>\$ 2,018,672</u>	<u>\$ 2,418,672</u>	<u>\$ 8,798,018</u>	<u>\$ 6,379,346</u>

**City of Shawnee, Oklahoma**  
**Budget versus Actual – Major Capital Project Fund – Capital Improvement Fund**  
**Year Ended June 30, 2016**

	<b>Capital Improvement Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 2,404,928	\$ 2,404,928	\$ 2,322,071	\$ (82,857)
Intergovernmental	120,000	120,000	-	(120,000)
Investment earnings	-	-	6,860	6,860
Miscellaneous	-	-	584,333	584,333
Total revenues	<u>2,524,928</u>	<u>2,524,928</u>	<u>2,913,264</u>	<u>388,336</u>
<b>EXPENDITURES</b>				
Departmental:				
Capital outlay	2,623,438	2,636,438	2,783,208	(146,770)
Debt service	1,482,246	1,482,246	1,051,160	431,086
Total Expenditures	<u>4,105,684</u>	<u>4,118,684</u>	<u>3,834,368</u>	<u>284,316</u>
Total Expenditures	<u>4,105,684</u>	<u>4,118,684</u>	<u>3,834,368</u>	<u>284,316</u>
Excess (deficiency) of revenues over expenditures	<u>(1,580,756)</u>	<u>(1,593,756)</u>	<u>(921,104)</u>	<u>672,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	150,000	104,765	(45,235)
Transfers out	-	-	(712,220)	(712,220)
Total other financing sources and uses	<u>150,000</u>	<u>150,000</u>	<u>(607,455)</u>	<u>(757,455)</u>
Net change in fund balances	(1,430,756)	(1,443,756)	(1,528,559)	(84,803)
Fund balances - beginning	1,579,317	1,579,317	(101,402)	(1,680,719)
Fund balances - ending	<u>\$ 148,561</u>	<u>\$ 135,561</u>	<u>\$ (1,629,961)</u>	<u>\$ (1,765,522)</u>

**City of Shawnee, Oklahoma**  
**Statement of Changes in Assets and Liabilities – Agency Fund**  
**Year Ended June 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,868	-	-	\$ 6,868
Total assets	<u>\$ 6,868</u>	<u>-</u>	<u>-</u>	<u>\$ 6,868</u>
<b>LIABILITIES</b>				
URM/DEPCA payable	\$ 6,868	\$ -	\$ -	\$ 6,868
	<u>\$ 6,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,868</u>

**Statistical Section**



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

Description	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 42,924,896	\$ 41,393,436	\$ 38,706,710	\$ 37,074,018	\$ 33,531,495	\$ 30,219,139	\$ 30,006,703	\$ 28,019,561	\$ 24,404,593	\$ 22,902,851
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	8,813,042	8,036,373	7,580,368	5,962,728	-	-	7,248,866	8,296,269	10,172,082	8,486,974
Debt Service	112,213	74,769	140,460	136,426	-	-	86,965	59,850	137,961	135,131
Economic Development	644,796	969,384	946,696	890,628	-	-	-	-	-	-
Public Safety	137,251	156,884	656,521	548,047	-	-	-	-	-	-
Other purposes	275,019	271,109	267,367	280,788	-	-	957,074	959,671	838,005	76,062
Unrestricted	(17,360,205)	(15,740,961)	(16,816,708)	90,410	197,163	(1,390,170)	(1,672,770)	(567,612)	(755,666)	178,637
<b>Total Governmental Activities Net Position</b>	<b>35,547,012</b>	<b>35,160,994</b>	<b>31,481,414</b>	<b>44,983,045</b>	<b>44,144,715</b>	<b>38,725,585</b>	<b>36,626,838</b>	<b>36,767,739</b>	<b>34,796,975</b>	<b>31,779,655</b>
<b>Business-type Activities:</b>										
Net investment in capital assets	40,438,633	40,268,422	38,355,889	37,685,878	32,822,876	32,163,853	27,294,813	26,879,194	25,863,941	24,677,973
Restricted for:										
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	2,578,084	2,611,396	2,533,205	1,380,561	1,814,511	2,586,909	2,874,901	2,575,814	2,312,744	2,609,423
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	(1,172,742)	(597,374)	1,209,339	4,365,448	6,039,429	2,390,406	1,851,460	1,184,219	1,248,946	1,556,562
<b>Total Business-type Activities Net Position</b>	<b>41,843,975</b>	<b>42,282,444</b>	<b>42,098,433</b>	<b>43,431,887</b>	<b>40,676,816</b>	<b>37,141,168</b>	<b>32,021,174</b>	<b>30,639,227</b>	<b>29,425,631</b>	<b>28,843,958</b>
<b>Primary Government:</b>										
Net investment in capital assets	83,363,529	81,661,858	77,062,599	74,759,896	66,354,371	62,382,992	57,301,516	54,898,755	50,268,534	47,580,824
Restricted for:										
Statutory requirements	-	-	-	-	594,505	480,406	-	-	-	-
Enabling legislation	-	-	-	-	360,270	286,025	-	-	-	-
External Contracts	-	-	-	-	9,461,282	9,130,185	-	-	-	-
Capital Projects	8,813,042	8,036,373	7,580,368	5,962,728	-	-	7,248,866	8,296,269	10,172,082	8,486,974
Debt Service	2,690,297	2,686,165	2,673,665	1,516,987	1,814,511	2,586,909	2,961,866	2,635,664	2,450,705	2,744,554
Economic Development	644,796	969,384	946,696	890,628	-	-	-	-	-	-
Public Safety	137,251	156,884	656,521	548,047	-	-	-	-	-	-
Other purposes	275,019	271,109	267,367	280,788	-	-	957,074	959,671	838,005	76,062
Unrestricted	(18,532,947)	(16,338,335)	(15,607,369)	4,455,858	6,236,592	1,000,236	178,690	616,607	493,280	1,735,199
<b>Total Primary Government Net Position</b>	<b>\$ 77,390,987</b>	<b>\$ 77,443,438</b>	<b>\$ 73,579,847</b>	<b>\$ 88,414,932</b>	<b>\$ 84,821,531</b>	<b>\$ 75,866,753</b>	<b>\$ 68,648,012</b>	<b>\$ 67,406,966</b>	<b>\$ 64,222,606</b>	<b>\$ 60,623,613</b>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
<i>Governmental Activities:</i>										
General Government	\$4,508,182	\$3,456,722	\$2,988,475	\$3,524,112	\$2,379,373	\$4,101,214	\$3,944,670	\$2,846,689	\$3,439,459	\$4,636,044
Public Safety	15,415,142	14,474,658	13,751,434	14,449,249	13,248,594	12,671,815	12,634,067	12,650,222	12,853,792	8,965,391
Streets	4,407,895	3,233,282	3,469,889	3,386,963	3,164,310	2,902,751	3,124,990	3,313,461	2,842,429	1,729,075
Culture and Recreations	2,482,246	1,658,533	1,348,343	1,083,872	1,053,726	847,807	902,767	851,578	883,415	1,213,762
Culture and Recreations - payment to component unit	-	-	-	-	-	5,752	-	4,655	599,194	-
Community Development	601,559	613,123	702,356	667,112	639,533	1,027,018	1,021,716	570,858	749,538	848,097
Economic Development	1,348,482	1,235,834	1,287,972	1,401,717	1,165,368	1,072,505	997,909	1,474,623	592,707	513,047
Interest on long-term debt	-	-	-	-	-	-	218	7,839	16,720	25,093
Total governmental activities expenses	\$28,763,506	\$24,672,152	\$23,548,469	\$24,513,025	\$21,650,904	\$22,628,862	\$22,626,337	\$21,719,925	\$21,977,254	\$17,930,509
<i>Business-type activities:</i>										
Water operations	5,903,556	5,307,131	5,829,372	6,034,550	4,992,323	4,196,550	4,015,398	3,989,454	4,030,444	2,562,623
Wastewater operations	3,486,831	3,003,781	2,724,937	2,877,353	2,458,992	2,274,826	2,329,742	2,142,363	2,165,325	1,429,083
Sanitation operations	1,618,679	1,520,472	2,018,186	1,649,687	1,535,752	1,382,686	1,301,567	1,433,801	1,358,474	1,094,920
Administration	634,203	561,772	529,636	585,602	557,451	499,820	436,992	297,960	288,680	2,728,252
Airport	1,670,545	1,462,400	1,521,292	1,417,058	1,024,896	692,458	626,785	785,268	799,978	452,740
Lake	145,205	111,992	473,574	250,495	105,398	60,293	51,677	53,066	62,568	-
Total business-type activities expenses	13,459,019	11,967,548	13,096,997	12,814,745	10,674,812	9,106,633	8,762,161	8,701,912	8,705,469	8,267,618
Total primary government expenses	42,222,525	36,639,700	36,645,466	37,327,770	32,325,716	31,735,495	31,388,498	30,421,837	30,682,723	26,198,127
<b>Program Revenues</b>										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
General Government	250,162	177,550	163,616	346,213	189,754	171,081	158,563	189,940	209,397	341,940
Public Safety	820,025	810,266	743,581	887,155	767,900	631,702	583,013	545,105	581,769	599,235
Streets	24,076	36,360	37,373	1,470	1,175	1,400	1,050	1,775	1,425	-
Culture and Recreations	236,330	42,010	43,338	-	-	67,115	61,411	62,802	50,894	-
Community Development	91,740	99,121	96,825	89,084	57,516	233,204	189,168	2,708	13,062	-
Economic Development	25,321	26,167	27,367	29,446	35,362	26,438	26,438	27,208	26,438	358,729
Operating Grants and Contributions	3,000,696	2,884,772	3,801,276	2,380,524	2,272,136	2,181,109	2,199,222	2,299,687	2,741,741	907,372
Capital Grants and Contributions	743,035	1,039,321	860,593	50,417	278,920	121,431	202,322	211,941	1,488,846	153,661
Total governmental activities program revenues	5,191,385	5,115,567	5,773,969	3,784,309	3,602,763	3,433,480	3,421,187	3,341,166	5,113,572	2,360,937
<i>Business-type Activities:</i>										
Water operations	6,790,882	6,726,479	7,047,846	7,916,456	7,432,629	5,835,562	4,644,827	4,477,762	4,046,028	3,951,642
Wastewater operations	3,821,499	3,889,446	3,952,233	3,957,896	3,810,280	3,676,708	3,078,392	2,469,053	2,310,330	2,254,804
Sanitation operations	2,230,252	2,187,365	1,926,114	1,795,760	1,795,949	1,762,621	1,716,919	1,614,641	1,458,525	1,158,968
Airport	560,835	498,744	583,745	476,369	432,636	400,047	410,536	638,903	452,481	439,609
Lake	166,069	138,350	92,583	99,756	405,545	-	-	-	-	-
Operating Grants and Contributions	5,300	6,600	7,124	10,180	-	-	-	-	36,359	-
Capital Grants and Contributions	794,229	71,041	396,650	1,955,289	2,991,512	2,616,146	80,939	517,403	415,515	-
Total business-type activities program revenues	14,369,066	13,518,025	14,006,295	16,211,706	16,868,551	14,291,084	9,931,613	9,717,762	8,719,238	7,805,023
Total primary government program revenues	19,560,451	18,633,592	19,780,264	19,996,015	20,471,314	17,724,564	13,352,800	13,058,928	13,832,810	10,165,960

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Net (Expenses) Revenues</b>										
<i>Governmental Activities</i>	(\$23,572,121)	(\$19,556,585)	(\$17,774,500)	(\$20,728,716)	(\$18,048,141)	(\$19,195,382)	(\$19,205,150)	(\$18,378,759)	(\$16,863,682)	(\$15,569,572)
<i>Business-type Activities</i>	910,047	1,550,477	909,298	3,396,961	6,193,739	5,184,451	1,169,452	1,015,850	13,769	(462,595)
<b>Total Primary Government Net (Expenses)</b>	<b>(22,662,074)</b>	<b>(18,006,108)</b>	<b>(16,865,202)</b>	<b>(17,331,755)</b>	<b>(11,854,402)</b>	<b>(14,010,931)</b>	<b>(18,035,698)</b>	<b>(17,362,909)</b>	<b>(16,849,913)</b>	<b>(16,032,167)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<i>Governmental Activities:</i>										
Taxes:										
Sales and Use taxes	19,530,708	18,622,852	18,346,711	18,013,946	17,414,169	17,069,349	16,089,350	16,697,240	16,386,142	15,239,586
Franchise and public service taxes	1,543,454	1,698,127	1,626,635	1,601,416	1,676,956	1,600,612	1,597,577	1,637,161	1,505,547	1,515,091
Hotel/motel taxes	496,772	505,637	578,275	561,558	472,590	404,690	362,134	376,992	416,212	-
Property taxes	74,882	56,623	54,312	104,734	74,309	10,884	59,523	72,782	198,557	-
Payment in lieu of taxes	27,323	26,830	23,687	24,062	1,054	24,494	26,892	26,544	21,924	-
Intergovernmental revenue	587,146	600,384	580,595	630,035	599,819	580,115	430,593	438,485	444,782	702,728
Investment Income	65,921	52,749	55,541	41,157	107,032	98,567	136,762	275,010	543,683	565,917
Miscellaneous	244,153	179,409	351,461	341,444	238,110	1,063,067	255,067	268,718	377,960	344,333
Transfers - Internal Activity	1,387,780	1,493,554	1,023,788	248,694	2,883,232	442,351	106,351	169,788	(116,253)	(584,309)
<b>Total Governmental Activities</b>	<b>23,958,139</b>	<b>23,236,165</b>	<b>22,641,005</b>	<b>21,567,046</b>	<b>23,467,271</b>	<b>21,294,129</b>	<b>19,064,249</b>	<b>19,962,720</b>	<b>19,778,554</b>	<b>17,783,346</b>
<i>Business-type Activities:</i>										
Investment Income	36,055	56,418	57,785	45,302	59,279	72,965	84,007	160,629	187,924	234,806
Miscellaneous	3,209	70,670	591,569	14,361	165,862	304,929	234,839	206,905	237,407	818,938
Transfers - Internal Activity	(1,387,780)	(1,493,554)	(1,023,788)	(248,694)	(2,883,232)	(442,351)	(106,351)	(169,788)	116,253	34,309
<b>Total Business-type Activities</b>	<b>(1,348,516)</b>	<b>(1,366,466)</b>	<b>(374,434)</b>	<b>(189,031)</b>	<b>(2,658,091)</b>	<b>(64,457)</b>	<b>212,495</b>	<b>197,746</b>	<b>541,584</b>	<b>1,088,053</b>
<b>Total Primary Government</b>	<b>22,609,623</b>	<b>21,869,699</b>	<b>22,266,571</b>	<b>21,378,015</b>	<b>20,809,180</b>	<b>21,229,672</b>	<b>19,276,744</b>	<b>20,160,466</b>	<b>20,320,138</b>	<b>18,871,399</b>
<b>Change in Net Position</b>										
<i>Governmental Activities</i>	386,018	3,679,580	4,866,505	838,330	5,419,130	2,098,747	(140,901)	1,583,961	2,914,872	2,213,774
<i>Business-type Activities</i>	(438,469)	184,011	534,864	3,207,930	3,535,648	5,119,994	1,381,947	1,213,596	555,353	625,458
<b>Total Primary Government</b>	<b>(\$52,451)</b>	<b>\$3,863,591</b>	<b>\$5,401,369</b>	<b>\$4,046,260</b>	<b>\$8,954,778</b>	<b>\$7,218,741</b>	<b>\$1,241,046</b>	<b>\$2,797,557</b>	<b>\$3,470,225</b>	<b>\$2,839,232</b>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Nonspendable	\$ 106,313	\$ 182,557	\$ 1,500	\$ 5,947	\$ 347,288	\$ 291,531	\$ -	\$ -	\$ -	
Assigned	326,388	337,128	305,382	293,121	296,021	301,250	-	-	-	
Reserved for:										
Grant Programs	-	-	-	-	-	-	-	-	-	
Encumbrances	-	-	-	-	-	-	-	39,937	18,194	3,410
Unreserved/Unassigned	4,767,436	5,758,830	6,472,218	6,177,557	5,616,811	4,853,199	4,011,671	4,095,821	4,009,538	3,453,674
<b>Total General Fund</b>	<b>5,200,137</b>	<b>6,278,515</b>	<b>6,779,100</b>	<b>6,476,625</b>	<b>6,260,120</b>	<b>5,445,980</b>	<b>4,011,671</b>	<b>4,135,758</b>	<b>4,027,732</b>	<b>3,457,084</b>
<b>Other Governmental Funds:</b>										
Nonspendable	48,976	38,367	-	-	-	-	-	-	-	-
Restricted	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	542,749	5,631,788	337,846
Specific Programs	-	-	-	-	-	-	-	-	-	-
Unreserved/Unassigned	(1,723,280)	(140,605)	(3,004)	-	(81,736)	-	-	-	4,464,142	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	1,513,546	1,469,115	1,445,793	1,100,959
Debt Service Fund	-	-	-	-	-	-	86,965	59,850	136,323	135,131
Capital project funds	-	-	-	-	-	-	7,318,789	7,660,083	76,152	8,150,244
<b>Total Other Governmental Funds</b>	<b>8,307,907</b>	<b>9,453,504</b>	<b>12,601,436</b>	<b>7,938,287</b>	<b>10,466,735</b>	<b>9,970,448</b>	<b>9,036,609</b>	<b>9,731,797</b>	<b>11,754,198</b>	<b>9,724,180</b>
<b>Total Governmental Funds</b>	<b>\$ 13,508,044</b>	<b>\$ 15,732,019</b>	<b>\$ 19,380,536</b>	<b>\$ 14,414,912</b>	<b>\$ 16,726,855</b>	<b>\$ 15,416,428</b>	<b>\$ 13,048,280</b>	<b>\$ 13,867,555</b>	<b>\$ 15,781,930</b>	<b>\$ 13,181,264</b>

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Taxes	\$22,190,229	\$21,453,412	\$21,160,794	\$20,852,810	\$20,155,296	\$19,590,377	\$18,484,761	\$19,170,757	\$18,897,132	\$17,455,386
Intergovernmental	3,190,305	3,799,115	2,699,312	2,356,804	2,409,100	2,442,911	2,422,824	2,182,322	3,148,971	1,061,033
Charges for services	456,508	189,682	169,761	208,273	159,006	168,284	224,092	228,847	224,216	525,162
Fines and forfeitures	783,726	268,603	225,719	845,413	748,028	633,498	574,426	491,799	515,603	474,926
Licenses and permits	214,645	685,403	655,468	184,211	198,708	249,873	235,284	277,058	285,973	301,348
Investment income	65,921	52,749	55,541	41,157	107,032	98,567	136,762	275,010	543,685	565,916
Miscellaneous	1,049,941	495,235	5,449,644	647,267	358,070	1,115,857	308,954	309,584	491,578	342,809
<b>Total Revenues</b>	<b>27,951,275</b>	<b>26,944,199</b>	<b>30,416,239</b>	<b>25,135,935</b>	<b>24,135,240</b>	<b>24,299,367</b>	<b>22,387,103</b>	<b>22,935,377</b>	<b>24,107,158</b>	<b>20,726,580</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General Government	3,647,130	2,981,912	3,080,038	2,988,152	2,883,922	2,643,601	2,491,400	2,672,962	2,654,959	2,131,579
Community development	-	-	-	-	-	-	-	-	-	-
Engineering	443,180	384,817	415,147	418,707	404,537	366,063	390,833	345,890	303,043	313,669
Equipment and building maint.	505,625	459,714	438,176	449,277	397,130	1,226,244	410,296	410,968	413,776	341,857
Public Safety	-	-	-	-	-	-	-	-	-	-
Police	6,558,413	6,412,075	5,952,358	5,915,408	5,394,473	5,034,358	5,140,053	5,223,680	5,144,221	4,749,032
Fire	6,439,770	5,787,238	5,337,455	5,251,981	4,975,816	4,955,006	4,857,050	4,884,044	4,456,027	3,545,745
Municipal court	576,918	538,902	536,695	517,389	526,446	317,158	297,203	304,204	286,991	274,146
Emergency management	345,722	317,177	329,579	285,349	294,832	354,718	275,706	290,604	799,218	205,634
Streets	1,643,213	1,604,637	1,492,117	1,443,660	1,313,338	1,154,277	1,251,742	1,230,264	1,203,148	1,934,037
Parks and recreation	1,066,234	940,805	713,761	535,527	604,401	473,253	562,637	935,411	505,800	478,977
Culture and recreation	185,034	161,930	157,673	162,490	122,993	146,872	139,185	143,015	883,338	661,310
Animal control/E911	1,161,238	1,046,961	923,145	1,104,086	872,447	876,626	826,245	862,485	753,268	668,225
Cemetery	209,430	194,928	190,676	191,523	183,744	182,756	198,790	207,516	194,136	173,732
Library	86,566	95,372	88,424	88,224	44,907	4,292	76,011	44,705	36,134	63,184
Economic development	1,593,967	1,740,676	1,779,650	1,870,353	1,652,548	1,924,825	1,801,203	1,468,533	1,143,644	1,215,630
Capital outlay	6,049,430	8,457,080	6,662,187	6,270,385	6,910,780	2,713,521	4,572,715	5,702,810	2,654,516	1,322,773
<b>Debt service:</b>										
Principal retirement	620,844	925,193	389,365	191,126	77,746	-	21,448	187,032	181,429	199,621
Interest and fiscal charges	430,316	21,212	53,703	12,935	6,853	-	218	6,216	16,720	24,818
<b>Total Expenditures</b>	<b>31,563,030</b>	<b>32,070,629</b>	<b>28,540,149</b>	<b>27,696,572</b>	<b>26,666,913</b>	<b>22,373,570</b>	<b>23,312,735</b>	<b>24,920,339</b>	<b>21,630,368</b>	<b>18,303,969</b>
Excess of revenues over(under) expenditures	(3,611,755)	(5,126,430)	1,876,090	(2,560,637)	(2,531,673)	1,925,797	(925,632)	(1,984,962)	2,476,790	2,422,611
<b>Other Financing Sources (Uses):</b>										
Transfers in	3,701,191	3,170,107	2,928,664	2,370,474	4,377,829	1,958,740	1,541,768	1,695,166	1,894,869	1,470,166
Transfers out	(2,313,411)	(1,692,194)	(1,904,876)	(2,121,780)	(1,494,597)	(1,516,389)	(1,435,417)	(1,613,815)	(1,861,021)	(2,054,475)
Capital Lease/bond proceeds	-	-	2,065,746	-	958,868	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,387,780</b>	<b>1,477,913</b>	<b>3,089,534</b>	<b>248,694</b>	<b>3,842,100</b>	<b>442,351</b>	<b>106,351</b>	<b>81,351</b>	<b>33,848</b>	<b>(584,309)</b>
<b>Net change in fund balances</b>	<b>(\$2,223,975)</b>	<b>(\$3,648,517)</b>	<b>\$4,965,624</b>	<b>(\$2,311,943)</b>	<b>\$1,310,427</b>	<b>\$2,368,148</b>	<b>(\$819,281)</b>	<b>(\$1,903,611)</b>	<b>\$2,510,638</b>	<b>\$1,838,302</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>3.97%</b>	<b>3.97%</b>	<b>2.01%</b>	<b>0.95%</b>	<b>0.42%</b>	<b>0.00%</b>	<b>0.11%</b>	<b>1.01%</b>	<b>1.01%</b>	<b>1.32%</b>

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

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

<b>Fiscal Year</b>	<b>Property Tax (2)</b>	<b>Sales Tax</b>	<b>Use Tax</b>	<b>Hotel/Motel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Franchise Taxes</b>	<b>Cigarette Tax</b>	<b>Other Taxes</b>	<b>Totals</b>
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
2009	1,583	16,338,099	758,057	376,992	100,316	1,637,161	215,517	36,706	19,464,431
2008	84,469	15,593,212	792,933	416,212	95,791	1,505,548	217,863	30,560	18,736,588
2007	84,939	12,437,255	676,878	358,729	88,226	1,515,092	209,708	19,144	15,389,971

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

(2) These revenues are reported in the Debt Service Fund. The City does not levy property taxes for operations. Property taxes are used to service general obligation bonds.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>SALES TAX RATES</b>										
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%
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)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
Pottawatomie County (3)	1.0000%	1.0000%	1.0000%	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	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%
<b>Use Tax Rates (3)</b>	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% sales tax rate became effective July 1, 1998.

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

Group	2016	2015	2014
Retail Trades	\$ 11,091,922	\$ 10,477,678	\$ 10,683,826
Accommodation and food service	3,097,518	3,021,167	2,950,196
Wholesale trades	1,057,215	1,095,325	1,110,617
Utilities	880,010	1,007,967	1,044,037
Information	719,841	700,499	641,849
Manufacturing	268,594	342,461	210,527
Real Estate Rental and Leasing	221,888	222,174	196,723
Other Services	158,162	161,421	161,892
Unclassified	343,101	162,624	111,105
Arts and Entertainment	67,929	64,420	71,776
Finance and Insurance	45,282	45,516	56,526
Professional and Scientific and Technical se	42,697	33,472	53,242
Health Care and Social Assistance	28,965	28,003	31,223
Construction	7,416	16,440	22,958
Transportation and Warehousing	13,013	16,389	19,849
Educational Services	7,270	7,460	7,515
Unclassified	8,497	9,511	272,997
	<b>\$ 18,059,320</b>	<b>\$ 17,412,527</b>	<b>\$ 17,646,859</b>
Total Sales Taxes	18,059,320	17,412,527	17,382,461
Percent Change	3.71%	0.17%	3.70%

Group	2013	2012	2011	2010	2009	2008	2007
General Merchandise Store	\$ 5,102,432	\$ 4,904,233	\$ 4,692,833	\$ 4,661,988	\$ 482,796	\$ 4,831,451	\$ 4,651,133
Eating & Drinking Places	2,691,304	2,472,367	2,372,790	2,169,972	2,258,786	2,143,303	1,957,451
Building Materials	1,174,061	1,412,234	1,441,974	1,338,022	1,483,745	1,436,831	1,396,424
Misc Retail	1,049,947	1,130,506	1,082,998	1,067,314	1,073,938	1,125,625	1,065,943
Electric, Gas & Sanitary Services	1,122,586	986,561	933,716	958,781	970,405	877,818	895,773
Food Store	814,705	806,210	769,742	738,221	793,742	816,576	779,743
Wholesale Trade-Durable Goods	1,004,434	851,604	769,824	692,741	828,669	789,066	740,733
Furniture, Home Furnishing & Equipment	1,126,615	870,710	1,033,279	734,171	559,042	568,672	506,054
Communications	581,966	567,703	542,744	561,816	572,533	588,055	557,018
Automotive Dealers & Gas Station	597,053	585,220	571,325	554,735	548,965	556,794	465,366
Apparel & Accessory Store	739,650	731,970	729,222	693,555	694,270	598,070	445,551
Business Services	267,271	224,021	212,389	199,479	187,553	230,454	246,308
Hotel	354,754	280,227	237,085	218,811	206,041	245,658	210,273
Motion Picture	132,781	127,510	118,767	126,970	124,899	125,829	132,729
Automotive Repair Services	145,861	126,435	114,100	109,150	100,768	98,071	104,790
Wholesale Trade-Nondurable Goods	111,189	105,608	95,120	93,551	127,252	82,109	94,104
	<b>\$ 17,016,609</b>	<b>\$ 16,183,119</b>	<b>\$ 15,717,908</b>	<b>\$ 14,919,277</b>	<b>\$ 11,013,404</b>	<b>\$ 15,114,382</b>	<b>\$ 14,249,393</b>
Total Sales Taxes	\$ 17,016,609	\$ 16,183,119	\$ 15,717,908	\$ 14,919,277	\$ 11,013,404	\$ 15,114,382	\$ 14,249,393
Percent Change	5.15%	2.96%	5.35%	35.46%	-27.13%	6.07%	4.14%

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 Nine 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
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
2009	\$ 6.21	\$ 3.42	\$ 3.15	\$ 2.63	\$ 2.57	\$ 5.91	\$ 2.75
2008	\$ 6.21	\$ 3.42	\$ 3.15	\$ 2.63	\$ 2.57	\$ 5.91	\$ 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
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
2009	\$ 9.32	\$ 5.13	\$ 4.73	\$ 3.95	\$ 3.86	\$ 8.87	\$ 4.13
2008	\$ 9.32	\$ 5.13	\$ 4.73	\$ 3.95	\$ 3.86	\$ 8.87	\$ 4.13

2013 Rates per City Ordinance #2484 dated August 12, 2012  
All utility rates from City Ordinance.

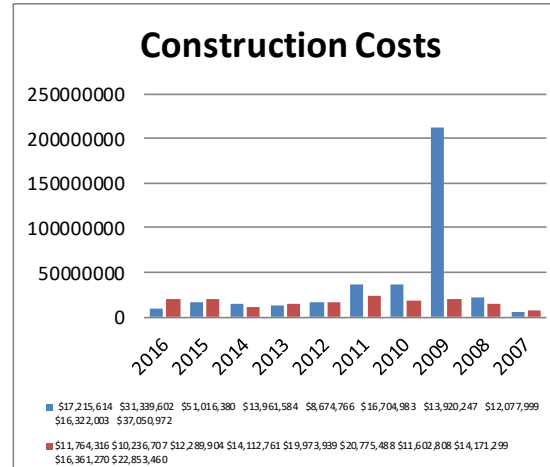
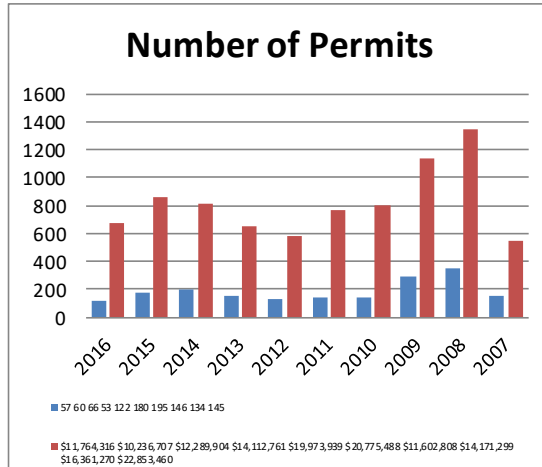
**CITY OF SHAWNEE, OKLAHOMA**  
**Water Utility User Categories**  
**Last Eight Fiscal Years**

Type of Customer	2016		2015		2014		2013		2012	
	Consumption		Consumption		Consumption		Consumption		Consumption	
	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales
Residential										
Builder	1,265,000	11,382	1,080,200	13,263	2,590,300	\$ 13,843	9,752,700	\$ 10,045	1,722,100	\$ 13,978
Residential	525,824,300	4,103,796	525,751,600	4,097,304	1,151,352,700	4,329,704	574,050,400	4,195,903	642,064,200	4,179,606
Residential Sprinkler	7,065,170	42,559	5,790,000	37,778	16,547,400	48,642	8,937,800	53,118	12,400,500	60,416
Commercial										
Commercial	461,629,130	2,162,858	444,395,900	2,097,682	1,169,695,000		258,006,500	1,502,194	303,160,700	1,439,649
Commercial Sprinkler	19,388,100	105,416	17,564,800	96,270	39,439,200	2,680,660	17,465,200	102,223	26,836,000	123,299
Schools	7,840,100	38,950	8,401,400	41,197	18,495,400	44,635	9,417,900	44,364	10,306,100	45,813
Schools Sprinkler	7,801,200	33,708	6,667,300	29,199	16,947,600	35,797	9,725,500	40,610	14,235,900	57,426
G Rate	2,305,500	11,550					499,738,000	1,875,814	261,300,300	1,046,259
Government	23,315,500	-	2,048,100	10,528	7,414,000	17,182	5,898,000	11,303	5,744,300	10,018
Total	<u>1,056,434,000</u>	<u>\$ 6,510,219</u>	<u>1,011,699,300</u>	<u>\$ 6,423,221</u>	<u>2,422,481,600</u>	<u>\$ 7,170,463</u>	<u>1,392,992,000</u>	<u>\$ 7,835,574</u>	<u>1,277,770,100</u>	<u>\$ 6,976,464</u>
Average Rate per Thousand		6.162%		6.349%		2.960%		5.625%		5.460%

Type of Customer	2011		2010		2009	
	Consumption		Consumption		Consumption	
	Gallons	Sales	Gallons	Sales	Gallons	Sales
Residential						
Builder	2,067,500	\$ 12,840	2,673,200	\$ 12,506	1,709,800	\$ 8,766
Residential	599,961,400	3,136,708	584,991,300	2,576,449	581,647,900	2,470,088
Residential Sprinkler	9,287,000	41,788	7,645,800	31,194	6,414,900	25,936
Industrial	-	-	-	-	-	-
Commercial						
Commercial	290,369,000	1,246,418	268,495,700	1,044,821	273,200,600	985,253
Commercial Sprinkler	22,568,300	95,866	18,908,400	72,007	17,792,500	64,621
Schools	9,258,500	39,229	9,796,700	36,921	9,241,100	32,702
Schools Sprinkler	11,352,100	44,046	2,980,800	10,669	1,231,500	4,453
G Rate	206,752,700	802,388	220,076,200	762,770	215,248,600	660,769
Government	4,955,900	7,079	4,551,000	7,731	4,927,500	8,099
Total	<u>1,156,572,400</u>	<u>\$ 5,426,362</u>	<u>1,120,119,100</u>	<u>\$ 4,555,068</u>	<u>1,111,414,400</u>	<u>\$ 4,260,687</u>
Average Rate per Thousand		4.692%		4.067%		3.834%

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
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
2009	146	\$ 12,077,999	646	\$14,171,299	\$21,937
2008	134	\$ 16,322,003	582	\$16,361,270	\$28,112
2007	145	\$ 37,050,972	762	\$22,853,460	\$29,991

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

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			Business-Type Activities			PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASE	NOTE PAYABLE	NOTE PAYABLE	Total Primary Government			
2016	\$ -	\$ 1,474,344	\$ 2,115,422	\$ 15,364,719	\$ 18,954,485	3.85%	\$ 605.85	
2015	-	1,744,918	2,736,266	17,717,966	22,199,150	3.28%	710.28	
2014	-	2,065,746	3,340,631	20,074,847	25,481,224	2.84%	822.64	
2013	-	-	689,996	21,612,098	22,302,094	3.20%	727.66	
2012	-	-	881,122	24,533,255	25,414,377	2.81%	833.78	
2011	-	-	-	23,558,763	23,558,763	2.52%	779.78	
2010	-	-	-	17,823,972	17,823,972	3.33%	596.98	
2009	-	21,448	-	19,170,489	19,191,937	3.05%	668.90	
2008	100,000	128,072	-	20,580,038	20,808,110	2.86%	700.37	
2007	200,000	209,501	-	21,254,302	21,663,803	3.67%	728.20	

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
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
2009	6,761,830	4,117,014	2,644,816	1,533,872	1.72	1.25
2008	6,106,377	4,097,162	2,009,215	1,428,630	1.41	1.25
2007	6,206,446	3,991,706	2,214,740	1,533,200	1.44	1.25

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

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

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

<b>Year</b>	<b>Population (3)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (1)</b>	<b>Unemployment Rate (2)</b>
2016	31,286	\$729,710	\$21,063	5
2015	31,254	728,964	20,003	4.8
2014	30,975	722,457	19,245	4.8
2013	30,649	714,261	19,626	5
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
2009	28,692	585,374	20,402	6.1
2008	29,710	594,259	20,002	3.5
2007	29,750	794,695	22,450	4.9

(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

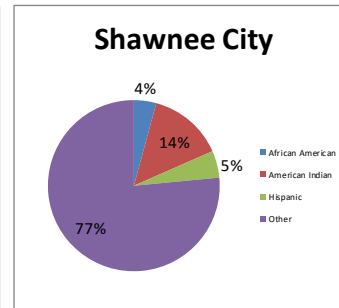
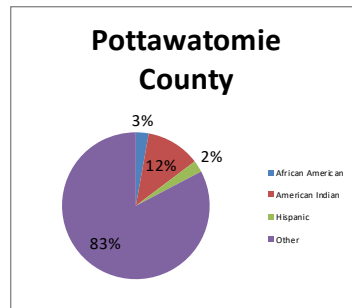
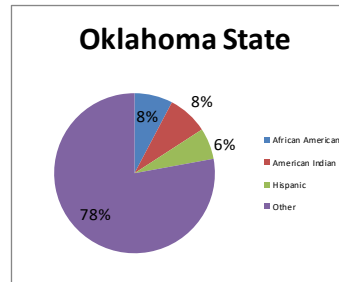
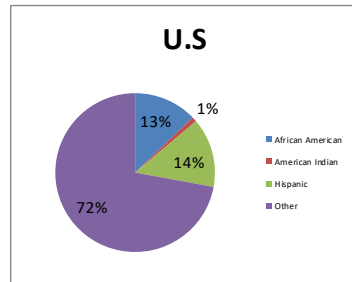
(3) Population for 2010-212 is from the 2010 Census. Information from 2003-2009 is estimates by the Oklahoma Department of Commerce.

(4) Population for 2011-2015 (estimated) is from US Census Bureau and Shawnee Economic Development Found

**CITY OF SHAWNEE, OKLAHOMA**  
**Ethnic Demographic Statistics**

**Comparative Ethnic Percentage Population**

	U.S	Oklahoma State	Pottawatomie County	Shawnee City
African American	13.20%	7.70%	3.20%	4.20%
American Indian	1.20%	9.00%	13.20%	14.20%
Hispanic	17.40%	9.80%	4.90%	5.10%
Other	68.20%	73.50%	78.70%	76.50%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



Data provided by the U.S. Census Bureau, July 2014

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

	2016			2006		
	Employees	RANK	% of Total Employment	Employees	RANK	% of Total Employment
Citizens Potawatomi Nation	2254	1	9.63%	750	1	3.51%
Wolverine Tube	510	4	2.18%	450	6	2.11%
St Anthony's	772	2	3.30%	650	2	3.04%
Shawnee Public Schools	528	3	2.26%	600	3	2.81%
George Fischer	460	5	1.97%	-	-	0.00%
Walmart	450	6	1.92%	300	10	1.40%
Oklahoma Baptist	385	9	1.64%	400	7	1.87%
Eaton Corporation	400	7	1.71%	400	8	1.87%
Exxon Mobil (Jindal Films)	250	11	1.07%	500	4	2.34%
Absentee Shawnee	391	8	1.67%	-	-	0.00%
	<u>6,400</u>		<u>27.34%</u>	<u>4,050</u>		<u>18.97%</u>

Information from December 2014, Shawnee Economic Development Foundation Report.



**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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government:										
Management Services	9.0	11.0	10.0	10.0	10.0	9.0	8.5	9.5	9.5	10.5
Finance	7.0	9.0	7.0	7.0	5.0	5.0	5.0	3.5	6.0	4.0
Planning	9.0	8.0	9.0	8.0	9.5	8.0	7.0	7.0	6.0	6.0
Other	11.0	13.0	13.0	12.0	13.0	12.0	11.5	10.0	13.0	13.0
Police:										
Officers	58.0	61.0	60.0	57.0	57.0	54.0	51.0	56.0	52.0	54.0
Civilians	27.0	25.0	27.0	23.0	21.5	21.5	21.0	19.0	20.0	18.5
Fire:										
Firefighters and Officers	54.0	53.0	54.0	46.0	43.0	46.0	45.0	48.0	49.0	47.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	3.0
Other Public Works:										
Engineering	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	3.0	4.0
Other	26.0	24.0	26.0	25.0	21.0	22.0	21.0	21.0	23.0	24.5
Redevelopment	2.0	1.5	1.5	2.5	3.0	3.5	3.0	3.0	3.0	4.0
Parks and Recreation	43.0	37.5	21.0	23.0	23.0	20.0	19.0	23.0	24.0	23.0
Water	40.0	40.0	40.5	36.5	33.0	32.0	30.0	30.0	28.0	28.0
Wastewater	27.0	23.0	19.5	19.0	19.0	19.5	19.0	19.0	19.0	18.0
Total	<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>	<u>256.0</u>	<u>257.5</u>	<u>257.5</u>

Source: City of Shawnee Human Resources Department

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

FUNCTION / PROGRAM	2016	2015	2014	2013	2012	2011	2010	2009
<b>Police:</b>								
Stations	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	2	2	2	2
Patrol Units	71	69	69	69	69	69	73	72
Gun Range	1	1	1	1	1	1	1	1
<b>Fire:</b>								
Stations	4	3	3	3	3	3	3	3
Engines/Vehicles	18	18	18	18	18	18	18	18
<b>Other Public Works:</b>								
Streets (miles)	191	191	191	191	190	189	187	185
Highway Interstate (miles)	2.5	2.5	2.5	2.5	2.50	2.50	2.50	2.50
Traffic Signals	49	48	47	47	46	45	45	45
<b>Culture and Recreation</b>								
Acerage	137.36	137.4	137.4	137.4	137.36	137.36	137.36	137.36
Playgrounds	33	33	33	33	33	33	33	33
Baseball/Softball Diamonds	9	9	9	9	9	9	9	9
Soccer/Football Fields	-	-	-	-	-	-	-	-
Community Centers	1	1	1	1	1	1	1	1
Municipal Pool	1	1	-	1	1	1	1	1
Splash Pads	2	2	-	-	-	-	-	-
Park and Recreation Reservations	380	380	392	392	340	348	451	518
<b>Municipal Airport</b>								
Terminals	1	1	1	2	1	1	1	1
Feet of runway	6000	6000	6000	6000	6000	6000	6000	6000
T-Hangers	28	28	28	28	28	28	28	28
Box Hangers	4	4	4	4	4	4	4	4
Vehicles	3	3	2	2	2	2	2	2
Aircraft Tug	1	0	0	0	0	0	0	0
Weatherstation	1	1	1	1	1	1	1	1
<b>Water:</b>								
Water Mains (miles)	218	217	217	215	215	215	215	215
Fire Hydrants	1374	1415	1413	1403	1,340	1,340	1,340	1,240
Storage Capacity (thousands of gallons)	2.5m	2.5m	2.5m	2.5m	2.5m	2.5m	2.5 m	2.5m
Water Towers	3	3	3	3	3	3	3	3
<b>Wastewater:</b>								
Sanitary Sewers (miles)	220	200	200	175	175	175	175	175
Treatment Capacity (thousands of gallons)	6m	6m	6m	6m	6m	6m	6m	6m
Manholes *	6000	-	-	-	-	-	-	-
Plants	2	2	2	2	2	2	2	2

Note: Only eight years of information was available  
Information from City of Shawnee departements.  
\* Began inventory in FY 2016

**CITY OF SHAWNEE, OKLAHOMA**  
**Operating Indicators**  
**Last Ten Fiscal Years**

FUNCTION / PROGRAM	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Aiport- **										
Takeoffs	8,640	8,456	-	-	-	-	-	-	-	-
Fuel Sales	73,378	51,141	-	-	-	-	-	-	-	-
Police:										
Physical Arrests	2,118	2,255	2,067	2,350	1,944	1,985	1,347	1,117	1,734	1,888
Total Parking and Traffic Citations	4,832	5,302	5,566	6,726	5,355	7,747	6,518	6,770	6,381	7,327
Fire:										
Emergency Responses	5,368	5,265	4,637	4,768	3,212	4,426	4,390	4,107	4,071	3,762
Fires Extinguished	256	214	301	282	227	330	214	242	377	278
Inspections	224	333	297	12	12	61	107	23	25	27
Culture and Recreation										
Attendance-Pool jut opened this fical year	34,904	28,588	-	-	-	-	-	-	-	-
Park and Recreation Reservations	240	380	392	392	340	348	451	518	501	490
Community Development										
Building Permits	197	319	177	194	793	1,035	1,003	792	716	907
Building Inspections	3321	2834	2460	2579	2,987	2,961	3,013	3,196	4,218	4,910
Streets:										
Street Resurfacing (Lane Blocks)	195	187	98	134	172	150	162	145	258	229
Potholes Repaired	3,900	2,925	3,900	775	891	1,162	996	1,074	1,980	2,455
Economic Development: ***										
Home loans	55	-	-	-	-	-	-	-	-	-
New loans	11	-	-	-	-	-	-	-	-	-
First time homebuyers	2	-	-	-	-	-	-	-	-	-
Water:										
New Connections	835	738	60	490	47	28	23	10	43	28
Water Main Breaks	107	70	117	146	97	241	138	77	79	93
Average Daily Consumption (thousands of gallons)	4,590	3,609	3,914	4,589	4,671	4,341	3,793	3,822	4,235	3,694
Peak Daily Consumption (thousands of gallons)	4,962	5,502	5,881	7,458	7,624	6,990	6,140	6,879	6,979	4,999
Wastewater:										
Average Daily Sewer Treament (thousands of gallons)*	3.39	2.24	2.819	3.086	3.09	2.91	2.63	3.92	2.943	3.245
Sanitation: ***										
Large polycarts	11,018	-	-	-	-	-	-	-	-	-
Small polycarts	536	-	-	-	-	-	-	-	-	-
Recycle bins	10,194	-	-	-	-	-	-	-	-	-

\* MGD Million gallons per day  
\*\*Began record keeping in 2015  
\*\*\* Began tracking information in 2016  
Information from City of Shawnee departments



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 aggregate 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, 2016, 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 16, 2016. 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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


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 responses as findings 16-01 and 16-02.

**The City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 16, 2016

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2016

**Finding 16-01 - 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	City Manager	\$485,389
General	Police Operations	\$326,299
General	Criminal Operations	\$30,996
General	Fire Suppression	\$440,465
General	Emergency Management	\$220,622
General	Expo Operations	\$44,599
General	City Attorney	\$32,855
General	Accounting	\$23,555
General	Municipal Court	\$20,147
General	Building Maintenance	\$23,206
General	Senior Citizens	\$23,731

*Cause:* Year-end adjustments are recorded in the preparation of the annual financial statements that result in charges to appropriations that may exceed the appropriations for a department.

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

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

*City's Response:* Management will review all funds and departments prior to year end to ensure that any budget amendments needed are completed and approved prior to June 30.

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2016

**Finding 16-02 Negative Fund Balance**

(Repeat Finding)

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

*Condition:* Several of the City's funds report a deficit fund balance as follows: Capital Improvement Fund reports a deficit fund balance of \$1,629,961, the Library Fund reports a deficit fund balance of \$49,334 and the Street and Alley Fund reports a deficit fund balance of \$89,392.

*Cause:* Controls were not sufficient to ensure that proceeds were placed in the 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.