



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

THE CITY OF SHAWNEE, OKLAHOMA

Comprehensive Annual Financial Report
And Accompanying Independent Auditor's Report

For the Fiscal Year Ended
June 30, 2013

Prepared by:
Department of Finance

Cynthia R Sementelli
Finance Director

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Introduction Section:

Letter of Transmittal..... 1-6

List of Principal Officials 7

City Governmental Organization Chart..... 8

Financial Section:

Independent Auditor’s Report..... 9-11

Management’s Discussion and Analysis..... 13-22

Basic Financial Statements:

Statement of Net Position as of June 30, 2013..... 24

Statement of Activities for the year ended June 30, 2013..... 25

Balance Sheet - Governmental Funds as of June 30, 2013..... 26

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position as of June 30, 2013..... 27

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds for the year ended June 30, 2013..... 28

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities for
the year ended June 30, 2013..... 29

Statement of Net Position - Proprietary Funds as of June 30, 2013..... 30

Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Funds for the year ended June 30, 2013..... 31

Statement of Cash Flows - Proprietary Funds for the year ended June 30, 2013..... 32

Statement of Net Position - Fiduciary Fund as of June 30, 2013..... 33

Notes to the Basic Financial Statements..... 35-65

Required Supplementary Information:

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance –
(Budgetary Basis) Budget and Actual - for the year ended June 30, 2013..... 68

Notes to Required Supplementary Information on Budgetary Accounting and Control..... 69-70
Defined Benefit Pension Plan Funding Schedule..... 71
Other Post-Employment Benefits Schedule..... 72

Other Supplementary Information:

General Fund Combining Schedules:

Combining Balance Sheet - General Fund
as of June 30, 2013 74
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
General Fund for the year ended June 30, 2013..... 75
Budget and Actual General Fund Accounts..... 76-78

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds
as of June 30, 2013 79-80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds for the year ended June 30, 2013.....81-82
Budget and Actual Nonmajor Governmental Funds..... 83-89
Budget and Actual Major Capital Project Fund..... 90-91

Statistical Section:

Net Position by Component..... 93
Changes in Net Position..... 94-95
Fund Balances, Governmental Funds.....96-97
Sales & Use Tax Rates of Direct and Overlapping Governments..... 98
Sales Tax Collected by SIC Code..... 99
Water & Sewer Rates..... 100
Water Utility User Categories..... 101
Construction Permits..... 102

CITY OF SHAWNEE, OKLAHOMA
TABLE OF CONTENTS
JUNE 30, 2013

Ratios of Outstanding Debt by Type.....	103
Debt Coverage.....	104
Demographic and Economic Statistics.....	105
Ethnic Demographic Statistics.....	106
Principal Employers.....	107
Full-time Equivalent City Government Employees by Function/Program.....	108
Operating Asset Statistics by Function/Program.....	109
Operating Indicators by Function/Program.....	110

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INTRODUCTION SECTION

The City of Shawnee
Office of the Finance Director

Mayor

WES MAINORD



PO Box 1448
Shawnee Oklahoma 74802-1448
405-878-1610

Commissioners

PAM STEPHENS
FRANK SIMS
JAMES HARROD
LINDA AGEE
KEITH HALL
STEVE SMITH

December 16, 2013

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

In accordance with State Statutes and the Charter of the City of Shawnee, Oklahoma, the comprehensive Annual Financial Report for the fiscal year 2013 is submitted herewith. Responsibility for the accuracy of the data and the thoroughness and fairness of presentation in including all disclosures rests with the City of Shawnee. We believe the date, 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'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.

The City of Shawnee receives federal assistance through various federal grand programs. An audit in accordance with the Single Audit act of 1984 and the Office of Management and Budget Circular A-133, "Audits of State and local Governments and Non-Profit Organizations," and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended June 30, 2013. The required reports on supplementary schedules will be included in the compliance section.

PROFILE OF THE CITY

The City of Shawnee provides many municipal services including police and fire public safety, emergency management, water, sewer, and sanitation services, street construction and maintenance, street lighting, parks, lake and recreational facilities, planning, community development, code enforcement, and general administration. For financial reporting purposes, all funds, agencies, boards, commissions, and authorities which the City Council 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 entity status. After a 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 consists of a mayor, who shall be elected from the City at large; and of six (6) other commissioners. The City Council also serves as trustees of the Shawnee Municipal Authority and the Shawnee Airport Authority. The Mayor and Council appoint a City Manager, who is the chief executive officer of the city, and also appoints a City Treasurer. Responsibility for the day-to-day operations of the City rests with the City Manager.

Shawnee, originally incorporated in 1894, is located on Interstate 40 approximately 40 miles east of Oklahoma City. The City covers an area of 62 square miles and has a population of 29,857 according to the latest census. Shawnee's retail base continues to expand along the I-40 corridor, with several new hotels, restaurants, and retail establishments.

ECONOMIC CONDITION AND OUTLOOK

Shawnee is clearly the economic engine of Pottawatomie County. Shawnee is the economic social, cultural retail and professional services anchor for not only Pottawatomie County but for a 250,000 population area. Because of the City's regional presence these services are providing much of the economic prosperity for a 5 county region. Further, 4% Sales tax is collected from all retail businesses in Shawnee, and 1% is retained by Pottawatomie County. This fact limits the City of Shawnee from asking the voters for additional sales tax due to our current sales tax rate of 8.5% being close to 9%.

The Citizen Pottawatomie Nation has surpassed all other businesses. They are currently the largest employer in Pottawatomie County, with over 2400 employees. Tinker Air Force Base although located in neighboring Oklahoma County also is a large employer of Shawnee residents. Shawnee has a strong manufacturing and retail base, and close attention should be had to ensure business expansion, retention and attraction efforts are continued.

Education continues to be an economic resource to Shawnee. Oklahoma Baptist University and St. Gregory's University offer undergraduate, graduate and doctoral degree programs in numerous disciplines. Total enrollment is expected to grow rapidly in the next 10 years.

The City is almost solely dependent on sales and use tax to fund all general government operations. Approximately 62% of the City's General Fund revenues are provided by sales and use tax. These taxes are directly affected by the state of the local economy and their use is restricted by voter approval. As a result, it is a volatile revenue source from a budget perspective. 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 2012-2013 increased 3.6% or \$429,108.48 from the previous fiscal year. Current fiscal year sales tax collections received through November, 2013 are up \$477,277 over the same time last year. City staff continues to monitor revenues closely to communicate the current situation to the City Commission. The City also continues its proactive education of residents, contractors, and retailers that sales taxes are collected at the point of delivery. The City is also taking initiatives to educate its citizens in regard to the importance of "Shopping Shawnee" engaging partners like the Shawnee Economic Development Foundation and the Greater Shawnee Chamber of Commerce to ensuring their sales tax dollars are used for improvements to the *City of Shawnee*. Adoption of the City's 20 year Capital Improvement Plan 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 to increase City revenues.

As staff continues to identify possible reductions, the following critical needs within the City of Shawnee Finance will remain in the Fiscal Year 2013-2014 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.
- Monitor healthcare costs as changes occur in the Affordable Healthcare Act.
- Work with OG&E and our engineers to determine energy savings while employing soft start pumps, natural gas vehicles and heating and cooling efficiencies..
- Pension costs will have to be addressed to insulate the City from ever increasing employer contributions, and a constant struggle to manage the payroll costs and unfunded liabilities with an ever changing discount rate and increasing plan cost of living increases.
- Ensure that minimum budgetary fund balances are maintained as per Commission Resolution number 6428

The City has seen an increase in sales tax exemptions and federal regulations; rising expenses with employee unions; and more federal and state unfunded mandates such as proposed increases in Oklahoma Department of Environmental Quality (DEQ) fees.

In accordance with Oklahoma Statute Titles 11 Section 17-211 and 68 Section 3017, and City Commission action with the adoption of Resolution 6448 June 17, 2013 the City strives to maintain a minimum unassigned fund balance totaling 10% for budgeted expenditures as a reserve for revenue shortfalls, unanticipated expenditures, and to meet daily cash flow requirements. Management's recommendation would probably be more than the 10% minimum.

The City's fiscal year 2013-2014 budget estimates General Fund revenues of \$19,796,064 which the City used fund balance of \$72,099.00 to balance the budget this year. These actions by the City Commission to spend fund balance afforded the City to be able to implement employee merit steps increases, which we haven't been able to do in the last few years. With implementation of the salary survey and adjustment to employee salaries last year has had an impact on the budget but has

significantly slowed down the employee turnover and this allows the City to have a more stable work environment. Regardless, FYE 2014 budget included an unassigned fund balance of 10%.

MAJOR INITIATIVES

As of June 30, 2013 the City has fulfilled their obligation to the Oklahoma Department of Transportation for Kickapoo Street and the project is underway. Total for the project is \$11 million with \$4 million coming from the City and the remaining from the Oklahoma Department of Transportation. Estimated time of completion is late 2014 or early 2015.

In December 2011, the City took a \$3,845,000 loan to fund four of the projects identified in the CIP. A \$2,365,000 taxable bond was taken to redo the Expo parking lot and upgrade the campsite hookup electrical to 50 amp services, which both were completed in fiscal year 2012-2013. The remaining amount \$1,480,000 was a non-taxable bond and was used for the Library Roof and the Airport Walking Trail. The Library roof was completed during this current fiscal year and the Airport Trail was completed in August of this year.

The fiscal year budget for 2012-2013 included an encumbrance of \$820,000 for the principal and interest needed to fund upgrades to the City municipal pool, communication towers and 9-1-1 upgrades. In September of 2013 we secured a loan of \$3,040,000 for the pool and entered into a municipal lease with Motorola for the communication towers and radio upgrades.

The City purchased six police vehicles and equipment to support its services and upgrade its fleet. Police and Fire Departments purchased necessary equipment such as rifles, e-ticket machines, radios and bunker gear a grass rig apparatus and a tag reader that cross references State and Local databases for use in the PD to assist with warrant initiatives.

During Fiscal year 2012-2013 the Fire Department applied for the SAFER Grant which would allow the City to hire 6 additional firefighters. During the summer of 2013 we received notification that we had received the grant and the City added six new firefighters in October 2013. With the additional staff it will decrease the overtime and increase the manning of each shift which will enhance the safety of the fire department and our citizens.

Upgrades to our City Fleet of vehicles has been robust in the past four years. We have replaced multiple vehicles dating back to the 1970's. It is important to consistently replace vehicles to avoid the increasing expenses of maintaining the older vehicles. In addition, the high service vehicles that are purchased are worked into the fleet as needed to provide for low service on the vehicles as they approach end of life.

The City expended over \$420,712 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. 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 quality of life. The City provided \$196,000 in financial support through a contract with the Shawnee Economic Development Foundation for services provided by that entity. The City passed through \$543,297 in hotel/motel surcharges to the Shawnee Tourism and Visitors Bureau, whose programs increase tourism in the City

During fiscal year 2012-2013, the City supported the Shawnee Civic and Cultural Development Authority (Expo Center) with \$542,915 from the general fund, \$50,000 from the economic development fund and \$100,000 for capital improvements.

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 \$70,400 for management of the Senior Citizens Center and paid the YMCA \$36,000 to manage the Community Center. The City helped fund the local transit system with \$50,000.

The SMA during fiscal year 2011-2012 has a contract with Smith, Roberts, Baldishwiler LLC to develop a Master Plan. The scope of work for the master plan will consist of developing a Capital Improvements Plan (CIP) for the water supply, water treatment, collections systems, and wastewater treatment facilities. During this fiscal year we have been making progress on The Master Plan and recommendations should be out at the end of 2013. The plan will include recommendations for prioritization and phasing of the recommended short term (0-5 years, and 5-10 years) and long term (10 -20 years) CIP projects.

Scope includes:

1. Project Management
2. Project Initiation and Data Collection
3. Develop Water Supply and Treatment CIP
4. Develop Water Distribution System CIP
5. Develop Collections System CIP
6. Develop Wastewater Treatment CIP
7. Prepare Comprehensive Master Plan Report

In addition to the master plan, the SMA refinanced the PCDA loan and was able to shorten the length of the loan and will save over \$1.8 million. They will continue with the pipe bursting on both water and sewer lines; they completed the Kimberly lift station, recoated pumps, and purchased additional equipment; a sludge truck and video inspection truck for visual inspections of the sewer lines.

In the budget for 2013-2014 the SMA will continued with annual pipe bursting of sewer line, rebuilding basin diffusers, the north primary clarifiers, purchased new equipment such a new maintenance trailer, a truck with an auto crane, and a 12 yard dump truck.

ACKNOWLEDGEMENT

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the Staff of the Accounting Division. We have our sincere appreciation of the contributions made in the preparation of this report. Appreciation is also expressed to the Mayor, Commission Members, and department directors for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Brian McDougal
City Manager



Cynthia R Sementelli
Finance Director

City of Shawnee, Oklahoma

List of Principal Officials

June 30, 2013

Mayor and City Council

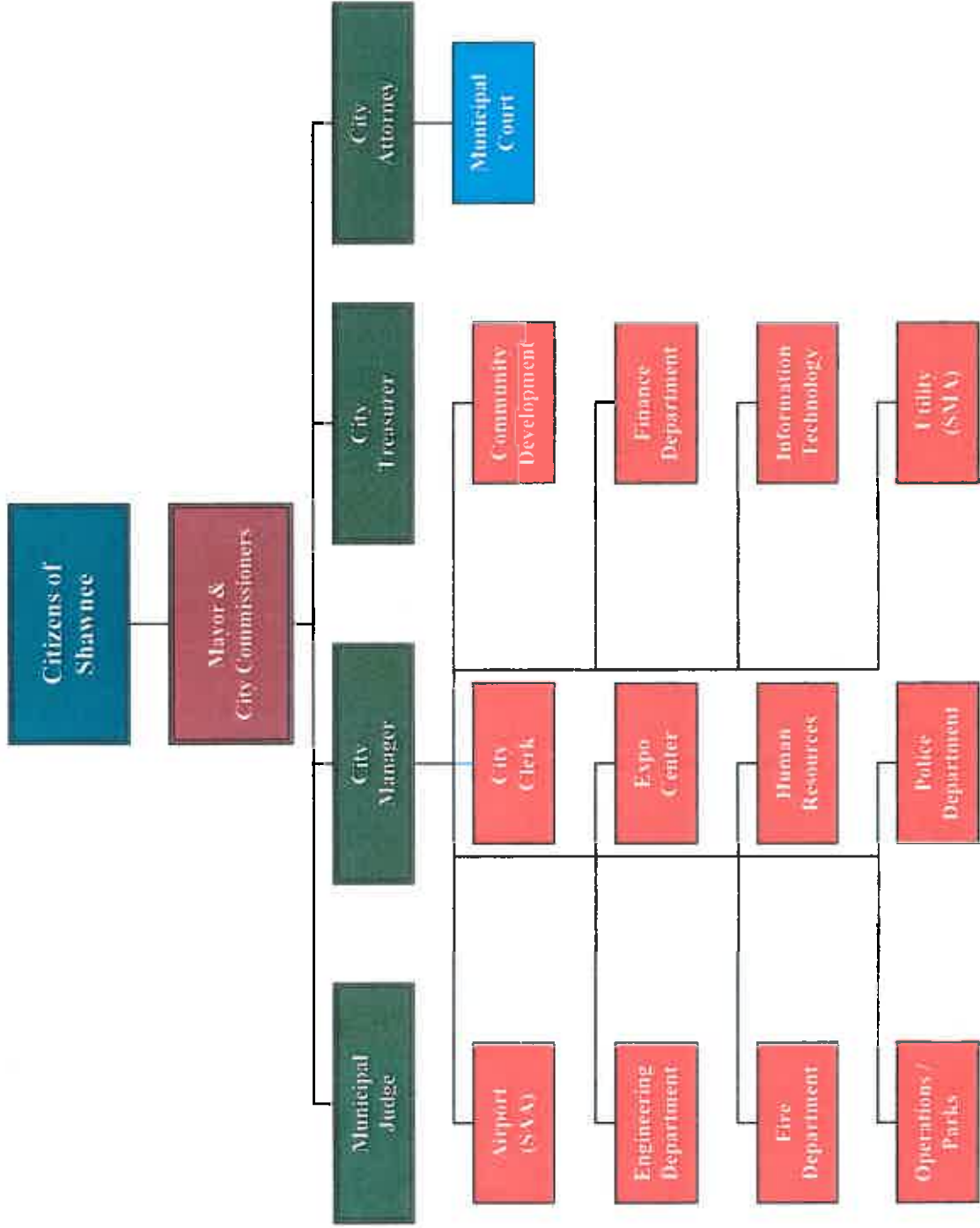
Wes Mainord	Mayor
James Harrod	Vice Mayor
Keith Hall	Councilmember
Steve Smith	Councilmember
Pam Stevens	Councilmember
John Winterringer	Councilmember
Linda Agee	Councilmember

Administration

Brian Mcdougal	City Manager
Cynthia R Sementelli	Treasurer
Stephen Nolen	Chief Informational Officer
Phyliss Loftis	City Clerk
Mary Ann Karns	City Attorney
Russell Frantz	Police Chief
David Short	Fire Chief
Tamera Johnson	Human Resource Director
Justin Erickson	Community Development Director/ Planning Director
John Krywicki	City Engineer
James Bryce	Director of Operations
Steve Nelms	Utility Director
Mike Jackson	Expo Center Director

City of Shawnee Administrative Organizational Chart

Updated January 23, 2013



FINANCIAL SECTION

the 1990s, the number of people with a mental health problem has increased in the UK (Mental Health Act 1983, 1990).

There is a growing awareness of the need to improve the lives of people with mental health problems. The Department of Health (1999) has set out a vision of a new mental health system, which will be based on the following principles:

- People with mental health problems should be treated as individuals, with their own needs and wishes.
- People with mental health problems should be given the opportunity to participate in decisions about their care and treatment.
- People with mental health problems should be given the opportunity to live in their own homes and communities.

These principles are reflected in the new Mental Health Act (Mental Health Act 2003) and the new Mental Health Review Tribunal (Mental Health Act 2003).

The new Mental Health Act (Mental Health Act 2003) will come into force in 2005. It will replace the current Mental Health Act (Mental Health Act 1983).

The new Mental Health Act (Mental Health Act 2003) will be based on the following principles:

- People with mental health problems should be treated as individuals, with their own needs and wishes.
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INDEPENDENT AUDITOR'S REPORT

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, 2013, 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 the Shawnee Civic and Cultural Development Authority which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Shawnee Civic and Cultural Development Authority 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, 2013, 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.

Change in Accounting Principle

As discussed in Note II. E. to the financial statements, in fiscal year 2013 the City adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, 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.

Arledge & Associates P.C.

December 16, 2013

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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, 2013. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$4.1 million or 4.8% from the prior year and the assets and deferred outflows of the City continued to exceed its liabilities and deferred inflows at June 30, 2013, by \$88.4 million (net position).
- Of the \$88.4 million in net position, \$74.8 million is the net investment in capital assets. Another \$9.2 million is restricted for capital projects, debt service, economic development, and public safety. The current unrestricted net position for governmental activities is approximately \$104,000 and unrestricted net position of the business-type activities is \$4.4 million. Thus, the City has approximately \$4.5 million in unrestricted net position available to spend at the City's discretion.
- At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$14.4 million. Of this amount, \$7.8 million is restricted by outside sources and enabling legislation, and \$.4 million is assigned to projects by management.
- At June 30, 2013, enterprise funds reported \$43.4 million of net position. Of this amount, \$4.4 million is unrestricted, \$37.7 million is the net investment in capital assets, and \$1.4 million is restricted for debt service.
- The Shawnee Municipal Authority (SMA) issued the 2013A Oklahoma Water Resources Board (OWRB) Note Payable for \$12,070,000 to refund the outstanding 2003 Utility Revenue Note. The note is secured by net revenues of the system.

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 24 and 125, 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, and 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 34-64 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 1-6, the letter of transmittal and the 10-year statistical tables beginning on page 90. The Required Supplementary Information (RSI) section, starting on page 66, 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, 2013. Also

reported here is the City's Defined Benefit Pension Plan Funding Schedules at June 30, 2013, and actuarial information related to the City's Other Postemployment Benefits (OPEB).

Other Supplementary Information (SI) is provided on pages 71-89. Other Supplementary Information contains combining schedules on general fund and combining statement of non-major governmental funds.

THE CITY AS A WHOLE

For the year ended June 30, 2013, Net position for the governmental activities and business-type activities increased \$4.1 million. The results indicate the City, as a whole, improved its financial condition from the prior year.

Following is a summary of net position for the City of Shawnee as of June 30, 2013 and June 30, 2012:

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2013	2012		2013	Restated, 2012		2013	Restated, 2012	
	Current assets	\$ 17,421	\$ 20,292	-14%	\$ 8,814	\$ 9,972	-12%	\$ 26,235	\$ 30,264
Capital assets, net	37,764	34,413	10%	59,299	57,356	3%	97,063	91,769	6%
Total assets	55,185	54,705	1%	68,113	67,328	1%	123,298	122,033	1%
Deferred outflows	-	-	-	798	755	6%	798	755	6%
Current liabilities	3,536	4,022	-12%	3,704	4,439	-17%	7,240	8,461	-14%
Non-current liabilities	6,652	6,538	2%	21,775	23,420	-7%	28,427	29,958	-5%
Total liabilities	10,188	10,560	-4%	25,479	27,859	-9%	35,667	38,419	-7%
Deferred outflows	-	-	-	-	-	-	-	-	-
Net position									
Net investment capital assets	7,819	10,857	-28%	1,381	1,815	-24%	9,200	12,672	-27%
Restricted	-	10,416	-100%	-	-	#DIV/0!	-	10,416	-100%
Unrestricted	37,178	22,872	63%	42,051	38,409	9%	79,229	61,281	29%
Total net position	\$ 44,997	\$ 44,145	2%	\$ 43,432	\$ 40,224	8%	\$ 88,429	\$ 84,369	5%

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 \$74.8 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, \$9.2 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 unrestricted net position is a positive amount, the governmental unrestricted net position having a balance of \$103,918, or a 47% decrease over the prior year, primarily due to a decrease in operational transfers from the SMA and the use of the proceeds of debt issued in the previous years for capital projects. The business-type activities has a positive unrestricted net position of \$4.4 million due to charges for services exceeding cost in the water, wastewater, sanitation, and airport functions. The airport

function had significant capital grants received in the current year for taxiway improvements. The lake function did not cover its' cost in fiscal year 2013 due to tornado damage to docks and other facilities at the lake at the beginning of the summer season.

Changes in Net Position:

Table 2 (shown on the next page) summarizes the City's changes in net position for fiscal year 2011-2012 compared to fiscal year 2012-2013.

Fiscal year 2012-2013 governmental and business-type activities increased the City's net position by \$4.1 million compared to an increase of \$9.0 million from the previous fiscal year. Fiscal year 2012-2013 tax revenues totaled \$20.6 compared to \$19.9 million fiscal year 2011-2012 as the local economy began to show a slight improvement. Sales and use tax and franchise taxes were up slightly over the previous year. Capital grant and contributions decreased 39% over the prior year, as the city completed several grant funded ODOT projects in the prior year. The most significant capital grant relates to capital grants for construction and improvements at the airport totaling \$1.9 million. Transfer to governmental funds from the SMA decreased 91% due to the movement of loan proceeds in the prior year which were not recurring.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2013	2012		2013	Restated, 2012		2013	Restated, 2012	
Revenues									
Charges for service	\$ 1,353	\$ 1,052	29%	\$ 14,246	\$ 13,877	3%	\$ 15,599	\$ 14,929	4%
Operating grants and contributions	2,381	2,272	5%	10	-	-	2,391	2,272	5%
Capital grants and contributions	50	279	-82%	1,955	2,992	-35%	2,005	3,271	-39%
Taxes	20,609	19,897	4%	-	-	-	20,609	19,897	4%
Intergovernmental revenue	327	342	-4%	-	-	-	327	342	-4%
Investment income	41	107	-62%	45	59	-24%	86	166	-48%
Miscellaneous	341	238	43%	14	166	-92%	355	404	-12%
Total revenues	25,102	24,187	4%	16,270	17,094	-5%	41,372	41,281	0%
Expenses									
General government	3,522	2,379	48%	-	-	-	3,522	2,379	48%
Public safety	14,441	13,249	9%	-	-	-	14,441	13,249	9%
Streets	3,385	3,164	7%	-	-	-	3,385	3,164	7%
Culture and recreation	1,083	1,054	3%	-	-	-	1,083	1,054	3%
Community development	667	640	4%	-	-	-	667	640	4%
Economic development	1,401	1,165	20%	-	-	-	1,401	1,165	20%
Water	-	-	-	6,034	4,992	21%	6,034	4,992	21%
Wastewater	-	-	-	2,877	2,459	17%	2,877	2,459	17%
Sanitation	-	-	-	1,650	1,536	7%	1,650	1,536	7%
Administration	-	-	-	585	558	5%	585	558	5%
Airport	-	-	-	1,417	1,025	38%	1,417	1,025	38%
Lake	-	-	-	250	105	139%	250	105	139%
Total expenses	24,499	21,651	13%	12,813	10,675	20%	37,312	32,326	-15%
Excess (deficiency) before transfers	603	2,536	-76%	3,457	6,419	-46%	4,060	8,955	-55%
Transfers	249	2,883	-91%	(249)	(2,883)	-91%	-	-	
Change in net position	852	5,419	-84%	3,208	3,536	-9%	4,060	8,955	-55%
Beginning net position, restated	44,145	38,726	14%	40,224	36,688	10%	84,369	75,414	12%
Ending net position	\$ 44,997	\$ 44,145	2%	\$ 43,432	\$ 40,224	8%	\$ 88,429	\$ 84,369	5%

Governmental Activities

The City's governmental activities (as shown in Table 2 above) increased net position by \$.8 million representing a 2% increase in net position. At the beginning of the fiscal year, the city had significant debt proceeds that were spent during the year on capital projects. In addition, the city had increased expenses due to significant cost related to tornado damage.

Decreases in capital grants in the Governmental activities are due to public safety grants for equipment being completed in the prior years.

General Government expenditures increased due to cost related to natural disasters in May 2013. Economic development expense increased due to expanded programs.

Business-type Activities

The business-type activities' increase in net position of approximately \$3.2 million represents a 8% increase in net position. Capital grants decreased due to the completion of projects.

Lake operational cost increased due to significant cleanup cost from tornado damage. Airport cost increased due to expanded services as improvements are completed.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2013	2012		2013	2012	
General government	\$ 3,522	\$ 2,379	48%	(\$3,126)	\$ (2,190)	43%
Public safety	14,441	13,249	9%	(11,942)	(10,990)	9%
Streets	3,385	3,164	7%	(3,105)	(2,591)	20%
Culture, parks and recreation	1,083	1,054	3%	(1,079)	(1,048)	3%
Community development	667	640	4%	(94)	(104)	-10%
Economic development	1,401	1,165	20%	(1,369)	(1,126)	22%
Total	<u>\$ 24,499</u>	<u>\$ 21,651</u>	13%	<u>(\$20,715)</u>	<u>\$ (18,049)</u>	15%

Tables 3 and 4 summarize the total cost of providing services from governmental activities and business-type activities for fiscal years 2012 and 2013. Total costs of services provided by governmental activities totaled \$24.5 and \$21.7 million for fiscal years 2013 and 2012, respectively.

Total costs of services provided by business-type activities totaled \$12.8 million for fiscal year 2013 and \$10.7 million for fiscal year 2012.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	Restated			Restated		
	2013	2012		2013	2012	
Water	\$ 6,035	\$ 4,992	21%	\$ 1,882	\$ 2,463	-24%
Wastewater	2,877	2,459	17%	1,081	1,351	-20%
Sanitation	1,650	1,536	7%	146	260	-44%
Administration	586	558	5%	(586)	(557)	5%
Airport	1,417	1,025	38%	1,025	2,377	-57%
Lake	250	105	138%	(151)	300	-150%
Total	\$ 12,815	\$10,675	20%	\$ 3,397	\$ 6,194	-45%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2013 fiscal year, the governmental funds reported a combined fund balance of \$14.4 million. The enterprise funds reported combined net position of \$43.4 million. The fund balance constraints and net position restrictions are listed below:

Governmental Funds:

Fund Balance:

Nonspendable	\$5,947	
Restricted	7,790,716	
Assigned	<u>440,692</u>	
Total governmental fund balance constraints		<u>\$8,237,355</u>

Proprietary Funds:

Net Position Restrictions:

Debt service	\$1,380,516	
Total proprietary fund net position restrictions		<u>\$1,380,516</u>

Other Fund Highlights Include:

- For the year ended June 30, 2013, the General Fund's total fund balance increased by \$216,505 or 3.5 percent.
- General fund fire department total expenditures include \$806,889 and police department total expenditures include \$322,056 for pension payments made on behalf of the City by the State. The total amount of \$1,128,945 has been included as both revenue and expenditures of the City for the year ended June 30, 2013.
- The Street Improvement Fund's total fund balance decreased by \$1.2 million because street improvement projects carried over from the prior year were completed.

- The Capital Improvement Fund's total fund balance decreased by \$1.6 million because capital projects carried over from the prior year were completed
- The Shawnee Municipal Authority reported a net income of \$2,431,844 before contributed capital, transfers in, and transfers out.

General Fund Budgetary Highlights

Fiscal year 2013 General Fund revenues of \$17.6 million were \$41,145 below budgeted revenues of \$17.6 million. This resulted from sales tax coming in under estimates.

Fiscal year 2013 General Fund budgeted expenditures were \$20.0 million compared to actual expenditures of \$19.3 million. The expenditures under budget were the result of all departments with the exception of Administrative Services, Building Maintenance, Shared Cost, Police Operations, Dispatch, Fire Prevention, Expo Operations, Municipal Auditorium, and Senior Citizens coming in below budget. The other departments exceeded budget due to accounts payable expenditures.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2013, the City had \$97.1 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 increase of \$5.3 million from last year.

Below are details regarding the change in the City's capital assets for the year ending June 30, 2013.¹

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 2,262	\$ 2,262	\$ 1,481	\$ 1,480	3,743	\$ 3,742
Buildings	5,935	3,341	9,502	6,573	15,437	9,914
Machinery, furniture and equipment	3,997	4,150	2,969	3,231	6,966	7,381
Infrastructure	21,794	17,455	32,104	30,995	53,898	48,450
Water rights	-	-	12,968	12,968	12,968	12,968
Construction in progress	3,776	7,204	274	2,110	4,050	9,314
Totals	<u>\$ 37,764</u>	<u>\$ 34,412</u>	<u>\$ 59,298</u>	<u>\$ 57,357</u>	<u>\$ 97,062</u>	<u>\$ 91,769</u>

¹ For more detailed information on capital asset activity please refer to page 46 Note 3.D. Capital Assets

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.

Debt Administration

At year-end, the City had \$28.5 million in long-term debt outstanding, which represents a \$3.0 million decrease from the prior year. The City issued a refunding note payable to the Oklahoma Water Resources Board for the year ended June 30, 2013. These debts are further detailed below as follows:²

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>				<u>Percentage</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Accrued absences	\$ 1,880	\$ 1,755	\$ 290	\$ 314	\$ 2,170	\$ 2,069	4.9%
Notes payable	690	881	21,612	24,533	22,302	25,414	-12.2%
Claims and judgments payable	4,067	4,067	-	-	4,067	4,067	0.0%
Totals	<u>\$ 6,637</u>	<u>\$ 6,703</u>	<u>\$ 21,902</u>	<u>\$ 24,847</u>	<u>\$ 28,539</u>	<u>\$ 31,550</u>	-9.5%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions have not significantly improved over last year. 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. Recruitment of retail leakage needs to remain top priority for the City.

Extenuating circumstances due to Federal Government sequestration, budget ceiling and grant funding are continuing to be a challenge to financing projects and operations in the City. These sources of funding have undergone major changes in the past 4 years in that they have caused a decline in revenues for Shawnee. However, if the first 4 months of the FY 2013-2014 budget year are an indication of future revenues, we have seen a 10% increase in sales tax receipts.

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

- Grants position
- Sales tax collection position/or farm out
- Additional park personnel to staff the new municipal pool
- Purchasing
- Director of Internal Operations
- Director of External Operations

² For more detailed information on long-term debt activity please refer to page 47, Note 3.E. Long-Term Debt

Total FY 2013-2014 General Fund revenues are estimated at \$19.8 million, including \$2.2 million in transfers from other funds. As noted above, however, sales tax collections, representing approximately 62 percent of the total General Fund revenues.

Total FY 2013-2014 Municipal Authority Utility Revenues are projected at \$15.6 million. This is higher than the previous year due to a rate increase that took place in November 2012. The additional revenue will help fund necessary capital improvements and pay the debt service on the 30 inch waterline and pumps and controls loans.

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, 2013

	Governmental Activities	Business-type Activities	Total	Civic & Cultural Development Authority
ASSETS				
Cash and cash equivalents	\$ 4,657,759	\$ 7,060,527	\$ 11,718,286	\$ 103,055
Investments	5,878,167	2,274,050	8,152,217	-
Interest receivable	1,771	-	1,771	-
Accounts receivable, net of allowance	523,348	2,215,415	2,738,763	4,803
Notes receivable, net of allowance	795,368	-	795,368	-
Internal balances	3,188,202	(3,188,202)	-	5,230
Due from other governmental agencies	2,370,331	406,999	2,777,330	-
Inventories	-	45,027	45,027	-
Prepaid items	5,947	-	5,947	-
Capital assets:				
Land, construction in progress, and water rights	6,037,999	14,723,642	20,761,641	-
Other capital assets, net of depreciation	31,726,015	44,575,174	76,301,189	4,743,503
Total Assets	<u>55,184,907</u>	<u>68,112,632</u>	<u>123,297,539</u>	<u>4,856,591</u>
DEFERRED OUTFLOW OF RESOURCES				
Unamortized loss on refunding	-	798,247	798,247	-
LIABILITIES				
Accounts payable and accrued expenses	1,568,976	702,910	2,271,886	7,887
Accrued interest payable	891	469,619	470,510	-
Due to depositors	-	935,843	935,843	17,056
Due to bondholders	27,415	-	27,415	-
Unearned income	795,368	-	795,368	-
Long-term liabilities				
Due within one year	1,143,792	1,595,281	2,739,073	18,984
Due in more than one year	6,651,912	21,775,339	28,427,251	25,775
Total liabilities	<u>10,188,354</u>	<u>25,478,992</u>	<u>35,667,346</u>	<u>69,702</u>
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	37,074,018	37,685,878	74,759,896	4,700,672
Restricted for:				
Debt service	136,426	1,380,561	1,516,987	1,036
Public safety	548,047	-	548,047	-
Capital projects	5,962,728	-	5,962,728	-
Economic development	890,628	-	890,628	-
Other	280,788	-	280,788	-
Unrestricted	103,918	4,365,448	4,469,366	85,181
Total net position	<u>\$ 44,996,553</u>	<u>\$ 43,431,887</u>	<u>\$ 88,428,440</u>	<u>\$ 4,786,889</u>

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

**City of Shawnee, Oklahoma
Statement of Activities
Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit Civic & Cultural Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General government	\$ 3,521,802	\$ 346,213	\$ 44,834	\$ 5,150	\$ (3,125,605)	\$ -	\$ (3,125,605)	\$ -
Public safety	14,441,287	887,155	1,576,480	35,267	(11,942,385)	-	(11,942,385)	-
Streets	3,385,097	1,470	268,447	10,000	(3,105,180)	-	(3,105,180)	-
Culture and recreation	1,083,275	-	4,528	-	(1,078,747)	-	(1,078,747)	-
Community development	667,112	89,084	484,235	-	(93,793)	-	(93,793)	-
Economic development	1,400,944	29,446	2,000	-	(1,369,498)	-	(1,369,498)	-
Total governmental activities	<u>24,499,517</u>	<u>1,353,368</u>	<u>2,380,524</u>	<u>50,417</u>	<u>(20,715,208)</u>	<u>-</u>	<u>(20,715,208)</u>	<u>-</u>
Business-type activities:								
Water	6,034,550	7,916,456	-	-	-	1,881,906	1,881,906	-
Wastewater	2,877,353	3,957,896	-	-	-	1,080,543	1,080,543	-
Sanitation	1,649,687	1,795,760	-	-	-	146,073	146,073	-
Administration	585,602	-	-	-	-	(585,602)	(585,602)	-
Airport	1,417,058	476,369	10,180	1,955,289	-	1,024,780	1,024,780	-
Lake	250,495	99,756	-	-	-	(150,739)	(150,739)	-
Total business-type activities	<u>12,814,745</u>	<u>14,246,237</u>	<u>10,180</u>	<u>1,955,289</u>	<u>-</u>	<u>3,396,961</u>	<u>3,396,961</u>	<u>-</u>
Total primary government	<u>\$ 37,314,262</u>	<u>\$ 15,599,605</u>	<u>\$ 2,390,704</u>	<u>\$ 2,005,706</u>	<u>\$ (20,715,208)</u>	<u>3,396,961</u>	<u>(17,318,247)</u>	
Component Unit								
Civic & Cultural Development	<u>\$ 1,815,927</u>	<u>\$ 1,053,653</u>	<u>\$ 996,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>234,356</u>
General revenues:								
Taxes:								
Sales and use taxes					18,013,946	-	18,013,946	-
Franchise taxes and public service taxes					1,601,416	-	1,601,416	-
Hotel/motel taxes					561,558	-	561,558	-
Property tax					104,734	-	104,734	-
Payment in lieu of taxes					24,062	-	24,062	-
Other					302,709	-	302,709	-
Intergovernmental revenue not restricted to specific programs					327,326	-	327,326	-
Unrestricted investment earnings					41,157	45,302	86,459	542
Miscellaneous					341,444	14,361	355,805	-
Transfers					248,694	(248,694)	-	-
Total general revenues and transfers					<u>21,567,046</u>	<u>(189,031)</u>	<u>21,378,015</u>	<u>542</u>
Change in net position					851,838	3,207,930	4,059,768	234,898
Net position - beginning, restated					44,144,715	40,223,957	84,368,672	4,551,991
Net position - ending					<u>\$ 44,996,553</u>	<u>\$ 43,431,887</u>	<u>\$ 88,428,440</u>	<u>\$ 4,786,889</u>

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

City of Shawnee, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,500,245	\$ 37,772	\$ 1,084,842	\$ 2,018,356	\$ 4,641,215
Investments	1,129,998	1,046,196	3,701,973	-	5,878,167
Interest receivable	1,142	221	250	158	1,771
Receivable from other governments	72,213	-	10,000	2,037	84,250
Due from other funds	2,986,627	65,000	-	4,023	3,055,650
Taxes receivable, net	1,705,579	273,377	308,653	184,299	2,471,908
Court fines receivable, net	195,403	-	-	-	195,403
Other receivables	100,970	-	-	836,516	937,486
Prepaid items	5,947	-	-	-	5,947
Total assets	<u>\$ 7,698,124</u>	<u>\$ 1,422,566</u>	<u>\$ 5,105,718</u>	<u>\$ 3,045,389</u>	<u>\$ 17,271,797</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 473,098	\$ 232,958	\$ 270,697	\$ 187,371	\$ 1,164,124
Accrued payroll payable	369,742	-	-	-	369,742
Due to other funds	274,633	4,023	-	144,969	423,625
Unearned revenue	-	-	-	795,368	795,368
Total liabilities	<u>1,117,473</u>	<u>236,981</u>	<u>270,697</u>	<u>1,127,708</u>	<u>2,752,859</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	<u>104,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,026</u>
Fund balances:					
Nonspendable	5,947	-	-	-	5,947
Restricted	-	1,163,753	4,721,308	1,905,655	7,790,716
Assigned	293,121	21,832	113,713	12,026	440,692
Unassigned	6,177,557	-	-	-	6,177,557
Total fund balances	<u>6,476,625</u>	<u>1,185,585</u>	<u>4,835,021</u>	<u>1,917,681</u>	<u>14,414,912</u>
Total liabilities and fund balances	<u>\$ 7,698,124</u>	<u>\$ 1,422,566</u>	<u>\$ 5,105,718</u>	<u>\$ 3,045,389</u>	<u>\$ 17,271,797</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, 2013

Total fund balance, governmental funds	\$	14,414,912
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>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.</p>		37,764,014
<p>Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.</p>		104,026
<p>Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:</p>		
Interest payable		(891)
Net pension obligations		(74,973)
Other post employment benefits		(1,083,933)
Accrued compensated absences		(1,880,023)
Note payable		(689,996)
<p>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:</p>		
Internal service fund net position		(3,556,583)
Net Position of Governmental Activities in the Statement of Net Position	\$	44,996,553

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, 2013

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 14,017,426	\$ 2,197,979	\$ 2,481,589	\$ 2,155,816	\$ 20,852,810
Intergovernmental	1,997,159	10,000	10,000	339,645	2,356,804
Licenses and permits	182,741	-	-	1,470	184,211
Charges for services	206,573	-	-	1,700	208,273
Fees and fines	844,641	-	-	772	845,413
Investment earnings	16,121	4,493	24,064	(3,521)	41,157
Miscellaneous	305,661	7,372	165,600	168,634	647,267
Total revenues	<u>17,570,322</u>	<u>2,219,844</u>	<u>2,681,253</u>	<u>2,664,516</u>	<u>25,135,935</u>
EXPENDITURES					
Current:					
General government	2,988,152	-	-	-	2,988,152
Engineering	418,707	-	-	-	418,707
Equipment and building maintenance	449,277	-	-	-	449,277
Police	5,914,638	-	-	770	5,915,408
Fire	5,251,981	-	-	-	5,251,981
Municipal court	517,389	-	-	-	517,389
Emergency management	285,349	-	-	-	285,349
Streets	1,095,836	-	-	347,824	1,443,660
Parks and recreation	533,687	-	-	1,840	535,527
Culture and recreation	162,490	-	-	-	162,490
Animal control/E911	912,014	-	-	192,072	1,104,086
Cemetery	191,523	-	-	-	191,523
Library	88,224	-	-	-	88,224
Economic development	565,024	-	-	1,305,329	1,870,353
Capital Outlay	-	2,503,061	3,758,204	9,120	6,270,385
Debt Service:					
Principal	-	191,126	-	-	191,126
Interest and other charges	-	12,935	-	-	12,935
Total expenditures	<u>19,374,291</u>	<u>2,707,122</u>	<u>3,758,204</u>	<u>1,856,955</u>	<u>27,696,572</u>
Excess (deficiency) of revenues over expenditures	<u>(1,803,969)</u>	<u>(487,278)</u>	<u>(1,076,951)</u>	<u>807,561</u>	<u>(2,560,637)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,195,474	-	-	175,000	2,370,474
Transfers out	(175,000)	(1,126,306)	(100,000)	(720,474)	(2,121,780)
Total other financing sources and uses	<u>2,020,474</u>	<u>(1,126,306)</u>	<u>(100,000)</u>	<u>(545,474)</u>	<u>248,694</u>
Net change in fund balances	216,505	(1,613,584)	(1,176,951)	262,087	(2,311,943)
Fund balances - beginning	6,260,120	2,799,169	6,011,972	1,655,594	16,726,855
Fund balances - ending	<u>\$ 6,476,625</u>	<u>\$ 1,185,585</u>	<u>\$ 4,835,021</u>	<u>\$ 1,917,681</u>	<u>\$ 14,414,912</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, 2013

Net change in fund balances - total governmental funds: \$ (2,311,943)

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	6,110,780
Depreciation expense	(2,584,119)
Disposed capital assets	(175,264)

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	1,376
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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:

Decrease in net pension obligation	13,508
Increase in accrued compensated absences	(125,052)
Increase in other post employment benefits	(221,296)
Decrease in note payable	191,126

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	8,444
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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	(55,722)
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Change in net position of governmental activities	\$ 851,838
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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, 2013

	<u>Enterprise Funds</u>			Internal Service Fund
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,346,138	\$ 276,826	\$ 5,622,964	\$ 16,544
Investments	1,100,590	-	1,100,590	-
Restricted:				
Cash and cash equivalents	1,230,465	-	1,230,465	-
Due from other funds	3,325	-	3,325	556,177
Accounts receivable, net	1,995,431	578	1,996,009	-
Receivables from other governments	-	406,999	406,999	-
Assessments receivable	8,190	-	8,190	-
Other receivables	-	211,216	211,216	-
Inventories	-	45,027	45,027	-
Total current assets	<u>9,684,139</u>	<u>940,646</u>	<u>10,624,785</u>	<u>572,721</u>
Non-current assets:				
Restricted:				
Cash and cash equivalents	207,098	-	207,098	-
Investments	1,173,460	-	1,173,460	-
Capital assets:				
Land, construction in progress, and water rights	13,962,954	760,688	14,723,642	-
Other capital assets, net of accumulated depreciation	35,375,891	9,199,283	44,575,174	-
Total non-current assets	<u>50,719,403</u>	<u>9,959,971</u>	<u>60,679,374</u>	<u>-</u>
Total assets	<u>60,403,542</u>	<u>10,900,617</u>	<u>71,304,159</u>	<u>572,721</u>
DEFERRED OUTFLOW OF RESOURCES				
Unamortized loss on refunding	798,247	-	798,247	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	588,088	25,178	613,266	62,525
Salaries payable	84,958	4,686	89,644	-
Accrued interest payable	469,619	-	469,619	-
Due to other funds	1,541,135	1,650,392	3,191,527	-
Deposits subject to refund	935,843	-	935,843	-
Compensated absences	52,474	5,556	58,030	-
Claims and judgments	-	-	-	573,422
Notes payable	1,537,251	-	1,537,251	-
Total current liabilities	<u>5,209,368</u>	<u>1,685,812</u>	<u>6,895,180</u>	<u>635,947</u>
Non-current liabilities:				
Compensated absences, net of current portion	209,896	22,221	232,117	-
Claims and judgments, net of current portion	-	-	-	3,493,357
Net pension obligation	41,463	2,156	43,619	-
Other post employment benefits	201,305	-	201,305	-
Notes payable, net of current portion	21,298,298	-	21,298,298	-
Total non-current liabilities	<u>21,750,962</u>	<u>24,377</u>	<u>21,775,339</u>	<u>3,493,357</u>
Total liabilities	<u>26,960,330</u>	<u>1,710,189</u>	<u>28,670,519</u>	<u>4,129,304</u>
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	27,725,907	9,959,971	37,685,878	-
Restricted for debt service	1,380,561	-	1,380,561	-
Unrestricted (deficit)	5,134,991	(769,543)	4,365,448	(3,556,583)
Total net position	<u>\$ 34,241,459</u>	<u>\$ 9,190,428</u>	<u>\$ 43,431,887</u>	<u>\$ (3,556,583)</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, 2013

	<u>Shawnee Municipal Authority</u>	<u>Shawnee Airport Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
REVENUES				
Water	\$ 7,579,365	\$ -	\$ 7,579,365	\$ -
Sewer	3,822,197	-	3,822,197	-
Sanitation	1,759,716	-	1,759,716	-
Rents and royalties	70,347	218,578	288,925	-
Fuel sales	-	257,233	257,233	-
Miscellaneous	508,834	558	509,392	727,622
Total operating revenues	<u>13,740,459</u>	<u>476,369</u>	<u>14,216,828</u>	<u>727,622</u>
OPERATING EXPENSES				
General government	585,602	-	585,602	-
Lake	231,415	-	231,415	-
Water	3,471,134	-	3,471,134	-
Wastewater	1,941,302	-	1,941,302	-
Sanitation	1,329,189	-	1,329,189	-
Line maintenance	207,504	-	207,504	-
Airport	-	557,719	557,719	-
Claims expense	-	-	-	785,826
Depreciation	2,183,553	859,339	3,042,892	-
Total operating expenses	<u>9,949,699</u>	<u>1,417,058</u>	<u>11,366,757</u>	<u>785,826</u>
Operating income (loss)	<u>3,790,760</u>	<u>(940,689)</u>	<u>2,850,071</u>	<u>(58,204)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	45,302	-	45,302	(18)
Miscellaneous revenue	43,770	10,180	53,950	2,500
Debt issuance cost	(338,560)	-	(338,560)	-
Interest expense	(935,924)	-	(935,924)	-
Miscellaneous expenses	(173,504)	-	(173,504)	-
Total non-operating revenue (expenses)	<u>(1,358,916)</u>	<u>10,180</u>	<u>(1,348,736)</u>	<u>2,482</u>
Income (loss) before contributions and transfers	<u>2,431,844</u>	<u>(930,509)</u>	<u>1,501,335</u>	<u>(55,722)</u>
Capital contributions	-	1,955,289	1,955,289	-
Transfers in	1,126,306	-	1,126,306	-
Transfers out	(1,375,000)	-	(1,375,000)	-
Change in net position	<u>2,183,150</u>	<u>1,024,780</u>	<u>3,207,930</u>	<u>(55,722)</u>
Total net position - beginning, restated	32,058,309	8,165,648	40,223,957	(3,500,861)
Total net position - ending	<u>\$ 34,241,459</u>	<u>\$ 9,190,428</u>	<u>\$ 43,431,887</u>	<u>\$ (3,556,583)</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, 2013

	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 13,871,434	\$ 1,814,055	\$ 15,685,489	\$ 730,122
Payments to suppliers and employees	(8,250,163)	(891,250)	(9,141,413)	-
Claims and judgments paid	-	-	-	(724,552)
Receipts of customer meter deposits	205,246	-	205,246	-
Refunds of customer meter deposits	(174,570)	-	(174,570)	-
Interfund receipts	2,214,564	-	2,214,564	-
Interfund payments	(71,313)	(629,172)	(700,485)	-
Net cash provided by operating activities	7,795,198	293,633	8,088,831	5,570
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,126,306	-	1,126,306	-
Transfers to other funds	(1,375,000)	-	(1,375,000)	-
Net cash provided by (used in) noncapital financing activities	(248,694)	-	(248,694)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(2,765,553)	(2,251,873)	(5,017,426)	-
Proceeds of capital grants	-	1,955,289	1,955,289	-
Proceeds from debt	12,070,000	-	12,070,000	-
Note issuance cost paid	(338,560)	-	(338,560)	-
Principal paid on debt	(14,991,157)	-	(14,991,157)	-
Premium on issuance of debt	1,245,298	-	1,245,298	-
Interest and fiscal agent fees paid on debt	(1,057,843)	-	(1,057,843)	-
Net cash provided by (used in) capital and related financing activities	(5,837,815)	(296,584)	(6,134,399)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	93,013	-	93,013	-
Interest and dividends	51,121	-	51,121	-
Net cash provided by investing activities	144,134	-	144,134	-
Net increase (decrease) in cash and cash equivalents	1,852,823	(2,951)	1,849,872	5,570
Balances - beginning of year	4,930,878	279,777	5,210,655	10,974
Balances - end of year	\$ 6,783,701	\$ 276,826	\$ 7,060,527	\$ 16,544
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 5,346,138	\$ 276,826	\$ 5,622,964	\$ 16,544
Restricted cash and cash equivalents - current	1,230,465	-	1,230,465	-
Restricted cash and cash equivalents - noncurrent	207,098	-	207,098	-
Total cash and cash equivalents, end of year	\$ 6,783,701	\$ 276,826	\$ 7,060,527	\$ 16,544
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 3,790,760	\$ (940,689)	\$ 2,850,071	\$ (58,204)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,183,553	859,339	3,042,892	-
Miscellaneous revenue	43,770	10,180	53,950	2,500
Miscellaneous expense	(173,504)	-	(173,504)	-
Change in assets and liabilities:				
Due from other funds	2,214,564	-	2,214,564	-
Due from other governments	-	1,317,665	1,317,665	-
Due to other funds	(71,313)	(629,172)	(700,485)	-
Accounts receivable	92,152	9,841	101,993	-
Assessments receivable	(4,947)	-	(4,947)	-
Inventory	-	(20,329)	(20,329)	-
Accounts payable	(364,524)	2,255	(362,269)	61,274
Accrued payroll payable	39,052	(317,530)	(278,478)	-
Deposits subject to refund	30,676	-	30,676	-
Other post employment benefits	40,424	-	40,424	-
Accrued compensated absences	(25,465)	2,073	(23,392)	-
Net cash provided by operating activities	\$ 7,795,198	\$ 293,633	\$ 8,088,831	\$ 5,570

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, 2013

	Agency Fund
	URM/DEPCA
ASSETS	
Cash and cash equivalents	\$ 6,868
Total assets	\$ 6,868
LIABILITIES	
URM/DEPCA payable	\$ 6,868
Total liabilities	\$ 6,868

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

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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. 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. 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. Any issuance of debt requires a two-thirds approval of the City Commission.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

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, 2012 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
JUNE 30, 2013

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 sub-funds: Revolving Oil and Gas Sub-Fund, Spay and Neuter Sub-Fund, Library Sub-Fund, Senior Citizens Sub-Fund, and Sister Cities Sub-Fund.
- 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 fund type:

- 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.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

- 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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

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 fair market 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. 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. Unamortized gain/loss on refundings are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt. Unamortized gain/losses are shown as deferred inflows or outflows.

8. 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.”

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 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.

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.

E. NEW ACCOUNTING PRONOUNCEMENTS

- The City implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The Statement is effective for periods beginning after June 15, 2012.
- The City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.
- The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.
- The City also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The Statement is effective for fiscal years ended June 30, 2014, however, the City chose to early implement Statement No. 65. This early implementation resulted in a prior period restatement for the removal of prior year unamortized bond issuance costs from the Statement of Net Position in the Business Type Activities and the Proprietary Fund Statement of Changes in Net Position totaling \$370,360.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

III. Detailed notes on all funds

A. Deposits and investments – The City held the following deposits/investments at June 30, 2013:

PRIMARY GOVERNMENT:

Schedule of Deposits and Investments by Type

Type	Fair Value	Credit Rating	Maturities in Years			
			On Demand	Less Than One	1 - 5	6 - 10
Demand accounts	\$ 1,129,450	n/a	\$ 1,129,450	\$ -	\$ -	\$ -
Time deposits	6,978,757	n/a	4,402,995	2,305,332	270,430	-
Money market mutual fund	11,635,428	AAAm	11,635,428	-	-	-
Money market mutual fund	131,486	not available	131,486	-	-	-
Sub-total	19,875,121		\$ 17,299,359	\$ 2,305,332	\$ 270,430	\$ -
Cash on hand	2,250					
Total Investments and Deposits	\$ 19,877,371					
Reconciliation to Statement of Net Assets:						
Cash and cash equivalents	\$ 11,718,286					
Investments	8,152,217					
Agency fund cash and cash equivalents	6,868					
	\$ 19,877,371					

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, 2013 the City’s deposits were fully insured.

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.

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.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

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 June 30, 2013. The \$103,055 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, 2013, 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
JUNE 30, 2013**

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 2,411,069	\$ -	\$ 2,411,069
Due from other governments	84,037	-	84,037
Court fines	1,954,040	(1,758,637)	195,403
Other	998,538	-	998,538
Total Governmental Activities	\$ 5,447,684	\$ (1,758,637)	\$ 3,689,047
 Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 523,348
Due from other governmental agencies			2,370,331
Notes receivable, net			795,368
Total			\$ 3,689,047
 Business-Type Activities:			
Utilities	\$ 3,233,094	\$ (1,017,679)	\$ 2,215,415

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.

	Current Cash and Cash Equivalents	Noncurrent		Total
Type of Restricted Assets	Cash and Cash Equivalents	Cash and Cash Equivalents	Investments	
Due to Depositors	\$ 760,843	\$ -	\$ -	\$ 760,843
Trustee Accounts:				
OWRB 2013 Debt Service Account	337,110	-	-	337,110
OWRB 2010 Debt Service Account	112,708	-	-	112,708
OWRB 2010A Debt Service Account	19,804	-	-	19,804
OWRB 2013 Debt Service Reserve	-	207,098	1,173,460	1,380,558
Total Restrictcd Assets	\$ 1,230,465	\$ 207,098	\$ 1,173,460	\$ 2,611,023

D. Capital Assets

The following is a summary of changes in capital assets during fiscal year 2013 for the primary government:

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

PRIMARY GOVERNMENT:

	Balance at July 1, 2012	Additions	Disposals	Balance at June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,261,793	\$ -	\$ -	\$ 2,261,793
Construction in progress	7,204,098	3,410,563	6,838,455	3,776,206
Total capital assets not being depreciated	<u>9,465,891</u>	<u>3,410,563</u>	<u>6,838,455</u>	<u>6,037,999</u>
Other capital assets:				
Buildings	9,459,893	3,161,459	6,104	12,615,248
Machinery, furniture and equipment	14,149,901	1,064,536	776,430	14,438,007
Infrastructure	38,532,143	5,312,678	-	43,844,821
Total other capital assets at historical cost	<u>62,141,937</u>	<u>9,538,673</u>	<u>782,534</u>	<u>70,898,076</u>
Less accumulated depreciation for:				
Buildings	6,119,214	563,619	2,865	6,679,968
Machinery, furniture and equipment	9,999,079	1,046,346	604,404	10,441,021
Infrastructure	21,076,918	974,154	-	22,051,072
Total accumulated depreciation	<u>37,195,211</u>	<u>2,584,119</u>	<u>607,269</u>	<u>39,172,061</u>
Other capital assets, net	<u>24,946,726</u>	<u>6,954,554</u>	<u>175,265</u>	<u>31,726,015</u>
Governmental activities capital assets, net	<u>\$ 34,412,617</u>	<u>\$ 10,365,117</u>	<u>\$ 7,013,720</u>	<u>\$ 37,764,014</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,481,715	\$ -	\$ -	\$ 1,481,715
Water rights	12,967,959	-	-	12,967,959
Construction in progress	2,109,541	2,222,290	4,057,863	273,968
Total capital assets not being depreciated	<u>16,559,215</u>	<u>2,222,290</u>	<u>4,057,863</u>	<u>14,723,642</u>
Other capital assets:				
Buildings	15,244,883	3,835,306	84,671	18,995,518
Machinery, furniture and equipment	6,343,536	267,308	101,877	6,508,967
Utility property	52,953,576	2,750,382	-	55,703,958
Total other capital assets at historical cost	<u>74,541,995</u>	<u>6,852,996</u>	<u>186,548</u>	<u>81,208,443</u>
Less accumulated depreciation for:				
Buildings	8,671,830	874,851	52,825	9,493,856
Machinery, furniture and equipment	3,112,738	529,005	101,877	3,539,866
Utility property	21,960,511	1,639,036	-	23,599,547
Total accumulated depreciation	<u>33,745,079</u>	<u>3,042,892</u>	<u>154,702</u>	<u>36,633,269</u>
Other capital assets, net	<u>40,796,916</u>	<u>3,810,104</u>	<u>31,846</u>	<u>44,575,174</u>
Business-type activities capital assets, net	<u>\$ 57,356,131</u>	<u>\$ 6,032,394</u>	<u>\$ 4,089,709</u>	<u>\$ 59,298,816</u>

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

Governmental Activities:		Business-Type Activities:	
General government	\$ 205,391	Water	\$ 857,467
Culture and recreation	413,541	Wastewater	936,051
Community development	42,413	Sanitation	348,846
Public safety	729,246	Administration	22,109
Public works	1,193,528	Lake	19,080
	<u>\$ 2,584,119</u>	Airport	859,339
			<u>\$3,042,892</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

COMPONENT UNIT:

	<u>Balance, January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2012</u>
Shawnee Civic and Cultural Development Authority:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,665,963	\$ 516,640	\$ -	\$ 10,182,603
Equipment	640,923	8,985	-	649,908
Total capital assets, being depreciated	<u>10,306,886</u>	<u>525,625</u>	<u>-</u>	<u>10,832,511</u>
Less accumulated depreciation	(5,808,349)	(280,659)	-	(6,089,008)
Total capital assets, being depreciated, net	<u>4,498,537</u>	<u>244,966</u>	<u>-</u>	<u>4,743,503</u>
Governmental activities capital assets, net	<u>\$ 4,498,537</u>	<u>\$ 244,966</u>	<u>\$ -</u>	<u>\$ 4,743,503</u>

E. Long-term debt

Long-term liabilities of the City of Shawnee as of June 30, 2013, are summarized as follows:

Governmental activities

\$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.

	<u>\$ 689,996</u>
Current portion	\$ 194,365
Noncurrent portion	495,631
	<u>\$ 689,996</u>

Accrued compensated absences. The general fund typically has been used to liquidate this liability.

	<u>\$ 1,880,023</u>
Current portion	\$ 376,005
Noncurrent portion	1,504,018
	<u>\$ 1,880,023</u>

Claims and judgments payable. The general fund typically has been used to liquidate this liability.

	<u>\$ 4,066,779</u>
Current portion	\$ 573,422
Noncurrent portion	3,493,357
	<u>\$ 4,066,779</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

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. \$ 12,070,000

\$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. 197,709

\$7,780,000 2010 Promissory Note to Oklahoma Water Resources Board, dated June 25, 2010, payable in semiannual installments of approximately \$194,500, Interest at 3.15%. The Shawnee Municipal Authority typically pays this liability. 6,133,761

\$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. 1,110,624

\$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. 375,004

\$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. 1,725,000

Total notes payable before bond premium	\$ 21,612,098
Bond premium	<u>1,223,451</u>
Total notes payable	<u><u>\$ 22,835,549</u></u>

Current portion	\$ 1,537,251
Noncurrent portion	21,298,298
	<u><u>\$ 22,835,549</u></u>

Accrued compensated absences. The Shawnee Municipal and Airport Authorities typically have been used to liquidate this liability. \$ 290,147

Current portion	\$ 58,030
Noncurrent portion	232,117
	<u><u>\$ 290,147</u></u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

Long-term liability transactions for the year ended June 30, 2013 and changes therein were as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable	\$ 881,122	\$ -	\$ 191,126	\$ 689,996	\$ 194,365
Claims and judgments	4,066,779	-	-	4,066,779	573,422
Accrued compensated absences	1,754,971	125,052	-	1,880,023	376,005
Total Governmental Activities	<u>\$ 6,702,872</u>	<u>\$ 125,052</u>	<u>\$ 191,126</u>	<u>\$ 6,636,798</u>	<u>\$ 1,143,792</u>
				Add: OPEB obligation	1,083,933
				Add: Net Pension obligation	74,973
				<u>\$ 7,795,704</u>	
Business-Type Activities:					
Notes Payable	\$ 24,533,255	\$12,070,000	\$14,991,157	\$ 21,612,098	\$ 1,537,251
Accrued compensated absences	313,539	-	23,392	290,147	58,030
Total Business-Type Activities	<u>24,846,794</u>	<u>12,070,000</u>	<u>15,014,549</u>	<u>\$ 21,902,245</u>	<u>1,595,281</u>
				Add: OPEB obligation	201,305
				Add: Net Pension obligation	43,619
				Add: Unamortized premium	1,223,451
				<u>\$ 23,370,620</u>	
Total Long-Term Debt	<u>\$ 31,549,666</u>	<u>\$12,195,052</u>	<u>\$15,205,675</u>	<u>\$ 31,166,324</u>	<u>\$ 2,739,073</u>

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

Fiscal Year Ending June 30	<u>Governmental Activities</u>	
	<u>Notes Payable</u>	
	Principal	Interest
2014	\$ 194,365	\$ 9,974
2015	195,000	6,952
2016	201,500	3,905
2017	99,131	781
	<u>\$ 689,996</u>	<u>\$ 21,612</u>
Fiscal Year Ending June 30	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	Principal	Interest
2014	\$ 1,537,251	\$ 638,857
2015	2,369,770	621,097
2016	2,436,327	561,770
2017	2,159,728	496,392
2018	1,449,709	446,398
2019-2023	8,005,128	1,437,260
2024-2028	2,195,564	380,772
2029-2032	1,458,621	88,291
	<u>\$ 21,612,098</u>	<u>\$ 4,670,837</u>

Advance Refunding

On April 1, 2013 the City issued \$12,070,000 series 2013A Oklahoma Water Resources Board Note Payable with interest rates of 2.0 to 5.0 percent to current refund \$13,380,000 of outstanding 2003 PCDA Series Revenue Bonds with interest rates from 3.5 percent to 5.0 percent. A portion of the net proceeds along with available debt service funds were used to refund the outstanding loan at the next principal due date. As a result, the 2003 Series bonds are considered to be paid in full and the liability for those bonds has been removed from the government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$611,858. This difference, reported in the accompanying financial statements as a deferred outflow, is being charged to operations through the year 2023 using the straight line method. The City completed the advance refunding to reduce its total debt service payments over the next five years by \$3,819,530 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$1,996,313.

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 FY 13 the SMA issued the 2013A OWRB Note payable to refund the outstanding notes.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

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. 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. The total principal and interest payable for the remainder of the life of these notes is \$2,910,879. Pledged sales taxes received in the current year were \$4,963,178. Debt service payments of \$820,618 for the current fiscal year were 16.5 % of pledged sales taxes.

Utility Revenues Pledge – The City has also pledged future gross water and wastewater revenues to repay \$18,850,000 of the 2003 Series Utility Revenue Note, \$1,073,279 of 1997A Series OWRB Notes Payable, \$7,780,000 and \$1,485,000 of 2010 OWRB Notes Payable, and \$12,070,000 2013 OWRB Note Payable. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2026, 2016, 2031, and 2022, respectively. The total principal and interest payable for the remainder of the life of these notes is \$22,641,902. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$587,642 which was 4.9% of pledged utility revenues of \$11,874,352.

Compensated absences

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. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated leave as follows:

Governmental activities	\$ 1,880,023
Business-type activities	<u>290,147</u>
Total accrued compensated absences	<u>\$ 2,170,170</u>

Full-time employees earn sick leave at the rate of ten hours per month, up to 120 days. Upon retirement, employees are paid at the rate of one day's pay for every three days of accumulated sick leave up to a maximum of 40 days.

F. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2013 is as follows:

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

<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	* SMA	1,250	Revenue posted to incorrect fund
General	Sister Cities	1,250	Negative cash
Worker's Comp Fund	* General	273,383	Self insurance funding
Worker's Comp Fund	* SMA	282,794	Self insurance funding
* General	Drug and Forfeiture	1,023	Negative cash
* General	CDBG & Home Grants Fund	143,946	Negative cash
* General	Capital Improvement Fund	4,023	Negative cash
* SMA	Shawnee Airport Authority	1,585,392	Negative cash
SMA	Water	3,325	Revenue posted to incorrect fund
Capital Improvement Fund	Shawnee Airport Authority	65,000	Federal grant match on future projects
		<u>\$ 3,615,152</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due to</u>	<u>Net Interfund Balances</u>
Governmental Funds	\$ 3,055,650	\$ 423,625	\$ 2,632,025
Proprietary Funds	3,325	3,191,527	(3,188,202)
Internal Service Funds	556,177	-	556,177
	<u>\$ 3,615,152</u>	<u>\$ 3,615,152</u>	<u>\$ -</u>

* Denotes major fund.

A summary of interfund transfers for the fiscal year ended June 30, 2013 is as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
* SMA	* General	\$ 1,125,000	Operating subsidy
Police Tax Fund	* General	353,362	B Restricted sales tax transfer
Fire Tax Fund	* General	353,362	B Restricted sales tax transfer
* Street Improvement Fund	* General	100,000	Engineering services for capital projects
* General	Street and Alley	175,000	A Operating subsidy
* SMA	* General	250,000	Debt service
* Capital Improvement Fund	* SMA	1,126,306	Debt service
Economic Development Fund	* General Fund - Sister Cities	13,750	B Sister Cities program support
Total		<u>\$ 3,496,780</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,370,474	\$ (2,121,780)	\$ 248,694
Proprietary Funds	1,126,306	(1,375,000)	(248,694)
	<u>\$ 3,496,780</u>	<u>\$ (3,496,780)</u>	<u>\$ -</u>

* Denotes major fund.

Sum A Non Major transfer in	\$ 175,000
Sum B Non Major transfer out	\$ 720,474

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

G. Net Position/Fund Equity

Government-Wide and Proprietary Fund Financial Statements

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

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

Fund	Restricted By	Amount
Governmental Activities:		
Tax Increment Financing Fund	Enabling legislation	\$ 464,905
		<u>\$ 464,905</u>
Cemetery Fund	Statutory requirements	\$ 172,313
Street and Alley Fund	Statutory requirements	26,487
E911 Fund	Statutory requirements	455,290
Drug Forfeiture Fund	Statutory requirements	977
		<u>\$ 655,067</u>
CDBG Fund	External sources	\$ 226,162
Gifts and Contributions	External sources	81,988
Police Sales Tax Fund	External sources	45,862
Fire Sales Tax Fund	External sources	45,918
Hotel/Motel Fund	External sources	16,064
Economic Development Fund	External sources	183,497
94 Street Improvement Fund	External sources	77,667
Capital Projects Fund	External sources	1,163,753
Street Improvement Fund	External sources	4,721,308
Debt Service Fund	External sources	136,426
		<u>\$ 6,698,645</u>
Total Governmental Restricted		<u>\$ 7,818,617</u>
Reconciliation to Statement of Net Position:		
Restricted for:		
Debt service		\$ 136,426
Public Safety		548,047
Capital projects		5,962,728
Economic development		890,628
Other		280,788
Total Governmental Restricted		<u>\$ 7,818,617</u>
Business Type Activities:		
Debt Service Reserves	Enabling legislation	\$ 1,380,561
		<u>\$ 1,380,561</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

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 and then assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

	General Fund	Street Improvement Fund	Capital Improvement Fund	Other Governmental Funds	Total
Fund Balance:					
Nonspendable:					
Prepaid items	\$ 5,947	\$ -	\$ -	\$ -	\$ 5,947
	<u>5,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,947</u>
Restricted for:					
Street improvements	-	4,721,308	-	104,154	4,825,462
Fire operations	-	-	-	45,918	45,918
Police operations	-	-	-	45,862	45,862
Debt service	-	-	-	137,317	137,317
Capital improvements	-	-	1,163,753	-	1,163,753
Culture and rec programs	-	-	-	81,988	81,988
Cemetery improvements	-	-	-	172,313	172,313
Police - drug programs	-	-	-	977	977
Emergency operations	-	-	-	455,290	455,290
Economic development	-	-	-	861,836	861,836
Sub-total restricted	<u>-</u>	<u>4,721,308</u>	<u>1,163,753</u>	<u>1,905,655</u>	<u>7,790,716</u>
Assigned for:					
Street operations	-	113,713	-	-	113,713
Community development	254,779	-	-	-	254,779
Capital improvements	-	-	21,832	-	21,832
Cemetery operations	-	-	-	6,816	6,816
Culture and recreation programs	-	-	-	5,210	5,210
Library programs	579	-	-	-	579
Senior citizens programs	21,147	-	-	-	21,147
Animal shelter	16,616	-	-	-	16,616
Sub-total assigned	<u>293,121</u>	<u>113,713</u>	<u>21,832</u>	<u>12,026</u>	<u>440,692</u>
Unassigned	6,177,557	-	-	-	6,177,557
TOTAL FUND BALANCE	<u>\$ 6,476,625</u>	<u>\$ 4,835,021</u>	<u>\$ 1,185,585</u>	<u>\$ 1,917,681</u>	<u>\$ 14,414,912</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	\$351,959
Street Improvement Fund	\$1,440,556

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

Prior Year Restatement:

Beginning net position of the proprietary funds and the business-type activities were restated as follows:

	Proprietary Funds And Business- Type Activities
Beginning net position as previously reported	\$ 40,676,816
Overstatement of loan receivable	(82,499)
Change in accounting principle	(370,360)
Beginning net position as restated	\$ 40,223,957

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 2013, the actuarially expected City contribution in the form of net age adjustment was \$124,000 to the Plan. Plan members receiving benefits contributed \$224,633 of the total premiums, through their payment of the full carrier determined premium in FY 2013.

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, 2013:

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013

Normal cost	\$ 218,238
Amortization of Actuarial Accrued Liability (AAL)	176,292
Annual Required Contribution (with Interest)	<u>394,530</u>
Interest on Net OPEB Obligation	35,823
Adjustment to the ARC	<u>(44,635)</u>
Annual OPEB cost (expense)	385,718
Employer Contributions of FY 13	(124,000)
Net OPEB obligation—beginning of year	<u>1,023,518</u>
Net OPEB obligation—end of year	<u><u>\$1,285,236</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

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$3.91 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.91 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.40 million, and the ratio of the UAAL to the covered payroll was 37.4 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.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

In the July 1, 2012, 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 8.5 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, 2012, 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 \$375,000 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, 2011 to June 30, 2013, are as follows:

CLAIMS LIABILITY ANALYSIS

Claims liability, June 30, 2011	\$	5,110,461
Claims and changes in estimates		(328,779)
Claims payments		(714,903)
Claims liability, June 30, 2012		4,066,779
Claims and changes in estimates		785,826
Claims payments		(785,826)
Claims liability, June 30, 2013	\$	4,066,779

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

B. Commitments and contingent liabilities

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.

The Oklahoma Housing Finance Agency requires the City to maintain records supporting the banked program income that is necessary for participation in the Home Grant Program. As of June 30, 2013, the City's records indicate that the City's program income match of the Home Grant Program totaled \$795,518.

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.

The following construction project commitments were outstanding at June 30, 2013:

<u>Fund/Project</u>	<u>Balance Remaining at June 30, 2013</u>
Street Rehab	\$ 1,083,991
Airport Walking Trail	61,415
911 Radio System	22,998
Remote Terminal Sirens	37,550
Sidewalk Handicap ADA	79,646
Federal Street Bridge	356,565
Scan System	42,534
Airconditioning System	107,816

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. Copies of the State of Oklahoma sponsored multiple-employer plans and a schedule of funding progress is available, for each from the respective Plan. The State of Oklahoma is responsible for any funding deficiencies. 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 OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OPPRS. The OPPRS issues a publicly

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

available financial report that includes financial statements and required supplementary information for the police employees of the City. That report may be obtained by writing to the Oklahoma State Police Pension and Retirement System, 1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116-7335, or by calling (405) 840-3555.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary, and the City of Shawnee contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OPPRS for the year ended June 30, 2013, for employees and employer were \$233,637 and \$388,270, respectively, on covered payroll of \$2,986,80. The state made on-behalf payments for the police pension system of \$352,428. These on-behalf payments were recognized as both revenue and expenditures in the current fiscal year.

The required employer contributions and actual employer contributions made to OPPRS for the current and past two fiscal years are as follows:

<u>Fiscal year</u>	<u>Required</u>	<u>Contributed</u>
2012-2013	\$388,270	\$388,270
2011-2012	\$352,202	\$352,202
2010-2011	\$306,971	\$306,971

Oklahoma State Firefighters’ Pension and Retirement System (OFPRS)

Plan Description – The OFPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OFPRS. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the firefighting employees of the City. That report may be obtained by writing to the Oklahoma State Firefighters’ Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105-3414, or by calling (405) 525-7813.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary, and the City of Shawnee contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OFPRS for the year ended June 30, 2013, for employees and employer were \$320,199 and \$390,966, respectively, on covered payroll of \$3,007,430. The state made on-behalf payments for the fire pension system of \$902,229. These on-behalf payments were recognized as both revenue and expenditures in the current fiscal year.

The required employer contributions and actual employer contributions made to OFPRS for the current and past two fiscal years are as follows:

<u>Fiscal year</u>	<u>Required</u>	<u>Contributed</u>
2012-2013	\$390,966	\$390,966
2010-2011	\$388,916	\$388,916
2009-2010	\$385,618	\$385,618

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma

Plan Description – The City maintains a 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. The Plan operates as a trust maintained by the Oklahoma Municipal Retirement Fund (OMRF). The OMRF board of trustees retains BankOne as custodian to hold the Plan's assets which are invested by various professional managers. 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.

Funding Policy – The amount shown below as the actuarial accrued liability is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the Plan.

The actuarial accrued liability was computed as part of an actuarial valuation performed as of July 1, 2013. Significant actuarial assumptions used in the valuation include 1) a rate of return on the investment of present and future assets of 7.5% compounded annually, and 2) future salary increases based on the age of the employee.

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increases gradually over time so sufficient assets will be available to pay benefits when due. Required contributions are determined using the aggregate entry age normal cost method. Unfunded actuarial accrued liabilities are being amortized as a level percentage of payroll over a closed period of thirty years.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

Significant actuarial assumptions used for the Plan are as follows:

Rate of return on investments	7.5% compounded annually
Projected salary increases	5.1% average (a high scale at younger age levels, becoming progressively lower as age advances)
Inflation rate	3% per annum
Post-retirement benefits increases method	Entry age normal cost
Mortality rates – before and after retirement	1994 Mortality Table with projected mortality improvement

For the year ended June 30, 2013, employees were required to contribute 0.0% of annual compensation while the City contributed 22.51%, the actuarially required contribution rate. Contributions to the Plan for the year ended June 30, 2013, for employees and employer were \$0 and \$1,589,995, respectively. For the year ended June 30, 2013, the City’s covered payroll was \$7,061,535. Covered payroll refers to all compensation paid by the City of Shawnee to active employees covered by the Plan on which contributions are based.

The actuarially determined contributions for both the employee and the employer for the current and past two fiscal years are as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012-2013	\$ 1,589,995	100%	\$ 118,592
2011-2012	1,465,281	102.6%	132,100
2010-2011	1,465,281	99.3%	160,780

The following schedule shows the change in net pension obligation based on the actuarially required contributions to the plan compared to the actual contributions made by the city:

Annual required contributiond (ARC)	\$ 1,589,552
Interest on NPO	9,577
ARC Adjustment	<u>(22,642)</u>
Annual pension cost for 2013 plan year	\$ 1,576,487
Actual contributions made	<u>(1,589,995)</u>
Increase/(decrease) in net pension obligation	(13,508)
Beginning of year net pension obligation	<u>132,100</u>
End of year net pension obligation	<u><u>\$ 118,592</u></u>

The governmental fund used to liquidate the net pension obligation is the general fund.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

The schedule of funding progress for the Plan for the current year is as follows:

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/2011	\$ 26,348,831	\$ 32,167,742	\$ 5,818,911	81.9%	\$ 5,424,459	107.3%
1/1/2012	\$ 27,767,179	\$ 34,023,402	\$ 6,256,223	81.6%	\$ 6,218,306	100.6%
1/1/2013	\$ 29,570,473	\$ 35,992,625	\$ 6,422,152	82.2%	\$ 6,633,471	96.8%

Oklahoma Municipal Retirement Fund Defined Contribution Plan (the Plan)

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. By City ordinance, the City, as the employer, is required to make variable contributions to the Plan, based on availability of funds. 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, 2013, for employees and employer were \$256,543 and zero, respectively, on a covered payroll of \$6,030,636.

Contributions for the years ended June 30, 2013 and 2012 were \$233,427 and \$221,406, respectively.

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

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

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

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 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, 2013, for employees and employer were \$97,695 and \$61,059, respectively, on a covered payroll of \$1,221,188.

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, 2013, employees contributed \$204,603 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. Employee contributions to the ICMA Plan for the year ended June 30, 2013, were \$3,180. Separately audited financial statements are not available.

D. 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. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2013, and the City has not yet determined the impact that implementation of GASB No. 68 will have on its net position. The Statement is effective for fiscal years ended June 30, 2015.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2013**

Statement No. 69, *Government Combinations and Disposals of Government Operations* – GASB No. 69 was issued in January 2013, and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisition, and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – GASB No. 70 required a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The City has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

E. Subsequent Event

The Shawnee Municipal Authority issued the Series 2013, Sales Tax Revenue Note for \$3,040,000 on August 15, 2013. The note bears interest at 2.43% and matures on September 1, 2020. Proceeds of the note will be used to finance capital improvements, including the construction of a water park and pay issuance cost. The note is secured with a seven-eighths of one percent (0.875%) sales tax.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SHAWNEE, OKLAHOMA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
(BUDGETARY BASIS) BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 14,459,000	\$ 14,198,350	\$ 14,017,426	\$ (180,924)
Licenses and permits	237,500	237,500	172,241	(65,259)
Intergovernmental	1,458,000	1,925,000	1,997,159	72,159
Charges for services	166,455	166,730	206,573	39,843
Fees and fines	820,000	885,000	837,182	(47,818)
Investment earnings	30,200	30,200	16,121	(14,079)
Miscellaneous	83,125	150,350	305,283	154,933
Total revenues	<u>17,254,280</u>	<u>17,593,130</u>	<u>17,551,985</u>	<u>(41,145)</u>
EXPENDITURES				
Departmental:				
<i>General Government:</i>				
City manager	628,470	628,470	486,471	141,999
City attorney	247,782	255,282	230,669	24,613
Administrative services	-	-	4,581	(4,581)
Human resources	378,083	378,083	341,882	36,201
City clerk	336,719	336,719	282,579	54,140
Accounting	497,815	509,918	508,304	1,614
Municipal court	500,907	520,456	517,389	3,067
Information services	402,466	402,466	359,030	43,436
Engineering	440,449	445,928	418,707	27,221
Equipment services	338,831	374,831	370,048	4,783
Building maintenance	77,033	77,033	79,229	(2,196)
Shared cost	-	-	7,221	(7,221)
<i>Total General Government</i>	<u>3,848,555</u>	<u>3,929,186</u>	<u>3,606,110</u>	<u>323,076</u>
<i>Public Safety:</i>				
Police administration	526,133	536,953	494,154	42,799
Police operations	4,526,808	4,586,538	4,729,808	(143,270)
Disptach	629,283	633,546	650,903	(17,357)
Criminal investigations	592,055	606,705	595,143	11,562
Unzer Center	89,000	96,500	90,109	6,391
Animal Control	247,973	260,473	257,002	3,471
Code Compliance	780,408	874,098	767,415	106,683
Fire suppression	4,590,913	4,619,157	4,445,058	174,099
Fire prevention	581,055	614,027	622,720	(8,693)
Emergency Management	332,785	332,785	303,121	29,664
Fire Training	182,386	182,386	166,431	15,955
L.E.P.C	5,550	6,200	4,110	2,090
<i>Total Public Safety</i>	<u>13,084,349</u>	<u>13,349,368</u>	<u>13,125,974</u>	<u>223,394</u>
<i>Street:</i>				
Street	839,436	874,599	817,957	56,642
Traffic control	283,577	294,427	277,879	16,548
<i>Total Street</i>	<u>1,123,013</u>	<u>1,169,026</u>	<u>1,095,836</u>	<u>73,190</u>
<i>Culture and Recreation:</i>				
Expo Operations	503,627	515,934	548,434	(32,500)
Municipal auditorium	16,225	16,225	26,843	(10,618)
Senior citizens	76,408	46,408	93,774	(47,366)
Community center	44,000	44,000	41,873	2,127
Cemetery	208,312	215,047	191,523	23,524
Parks	694,445	715,023	533,687	181,336
<i>Total Culture and Recreation</i>	<u>1,543,017</u>	<u>1,552,637</u>	<u>1,436,134</u>	<u>116,503</u>
Total Expenditures	<u>19,598,934</u>	<u>20,000,217</u>	<u>19,264,054</u>	<u>736,163</u>
Excess (deficiency) of revenues over expenditures	<u>(2,344,654)</u>	<u>(2,407,087)</u>	<u>(1,712,069)</u>	<u>695,018</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,418,656	2,515,063	2,181,724	(333,339)
Transfers out	-	(175,000)	(175,000)	-
Interaccount transfer out	(74,000)	(74,000)	(74,000)	-
Total other financing sources and uses	<u>2,344,656</u>	<u>2,266,063</u>	<u>1,932,724</u>	<u>(333,339)</u>
Net change in fund balances	2	(141,024)	220,655	361,679
Fund balances - beginning	1,785,626	1,405,567	5,964,099	4,558,532
Fund balances - ending	<u>\$ 1,785,628</u>	<u>\$ 1,264,543</u>	<u>\$ 6,184,754</u>	<u>\$ 4,920,211</u>

**CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 –	
Administrative Services	\$4,581
Building Maintenance	\$2,196
Shared Costs	\$7,221
Police Operations	\$143,270
Dispatch	\$17,357
Fire Prevention	\$8,693
Expo Center	\$32,500
Municipal Auditorium	\$10,618
Senior Center	\$47,366

CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

General Fund Accounts –	
Spay and Neuter Account	\$423
Library Fund	\$1,924
Street and Alley Fund – Streets	\$70,924
Hotel/Motel Fund – Economic Dev	\$34,107

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 and Shawnee Airport Authority 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	<u>\$ 19,733,709</u>
Total expenses - budgetary basis	<u>(19,513,054)</u>
Change in fund balance - budgetary basis	220,655
Add change in fund balance of sub-funds combined for reporting purposes:	
Revolving Oil and Gas Sub-Fund	10,500
Spay and Neuter Sub-Fund	2,036
Library Sub-Fund	(14,224)
Sister Cities Sub-Fund	(2,462)
Change in fund balance - GAAP basis	<u>\$ 216,505</u>

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

CITY OF SHAWNEE, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION PLAN
 FUNDING SCHEDULES
 June 30, 2013

I. Schedule of Funding Progress

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
1/1/2013	\$ 29,570,473	\$ 35,992,625	\$ 6,422,152	82.16%	\$ 6,633,471	96.8%
1/1/2012	27,767,179	34,023,402	6,256,223	81.61%	6,218,306	100.6%
1/1/2011	26,348,831	32,167,742	5,818,911	81.91%	5,424,459	107.3%
1/1/2010	24,764,099	30,823,183	6,059,084	80.34%	5,792,921	104.6%
1/1/2009	24,092,460	30,145,970	6,053,510	79.92%	5,724,277	105.8%
1/1/2008	24,813,645	28,447,562	3,633,917	87.23%	5,772,950	62.9%
1/1/2007	23,176,682	25,754,610	2,577,928	90.00%	5,378,234	47.9%
1/1/2006	21,914,001	23,744,809	1,830,808	92.30%	4,952,709	37.0%
1/1/2005	21,548,548	22,838,766	1,290,218	94.40%	4,767,083	27.1%
1/1/2004	19,956,987	20,893,487	936,500	95.50%	5,273,332	17.8%

II. Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
2013	\$1,589,995	100%
2012	1,465,281	103%
2011	1,354,593	99.3%

III. Notes to Required Supplementary Information Pension Plan Funding Schedules

Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year.

Actuarial method is "Entry Age Normal".

CITY OF SHAWNEE, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2013

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

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

SUPPLEMENTARY INFORMATION

City of Shawnee, Oklahoma
Combining Balance Sheet – General Fund Accounts
June 30, 2013

	<u>General Fund</u>	<u>Revolving Oil & Gas</u>	<u>Spay and Neuter</u>	<u>Library</u>	<u>Senior Citizens</u>	<u>Sister Cities</u>	<u>Total General Fund</u>
ASSETS							
Cash and cash equivalents	\$ 1,202,321	\$ 254,779	\$ 17,281	\$ 4,717	\$ 21,147	\$ -	\$ 1,500,245
Investments	1,129,998	-	-	-	-	-	1,129,998
Interest receivable	1,142	-	-	-	-	-	1,142
Receivable from other governments	72,213	-	-	-	-	-	72,213
Due from other funds	2,986,627	-	-	-	-	-	2,986,627
Taxes receivable, net	1,705,579	-	-	-	-	-	1,705,579
Court fines receivable, net	195,403	-	-	-	-	-	195,403
Other receivables	100,970	-	-	-	-	-	100,970
Prepaid items	5,947	-	-	-	-	-	5,947
Total assets	<u>7,400,200</u>	<u>254,779</u>	<u>17,281</u>	<u>4,717</u>	<u>21,147</u>	<u>-</u>	<u>7,698,124</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	468,295	-	665	4,138	-	-	473,098
Accrued payroll payable	369,742	-	-	-	-	-	369,742
Due to other funds	273,383	-	-	-	-	1,250	274,633
Total liabilities	<u>1,111,420</u>	<u>-</u>	<u>665</u>	<u>4,138</u>	<u>-</u>	<u>1,250</u>	<u>1,117,473</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	<u>104,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,026</u>
Fund balances:							
Nonspendable	5,947	-	-	-	-	-	5,947
Assigned	-	254,779	16,616	579	21,147	-	293,121
Unassigned (deficit)	6,178,807	-	-	-	-	(1,250)	6,177,557
Total fund balances	<u>6,184,754</u>	<u>254,779</u>	<u>16,616</u>	<u>579</u>	<u>21,147</u>	<u>(1,250)</u>	<u>6,476,625</u>

City of Shawnee, Oklahoma
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts
Year Ended June 30, 2013

	General Fund	Revolving Oil & Gas	Spay and Neuter	Library	Senior Citizens	Sister Cities	Total General Fund
REVENUES							
Taxes	\$ 14,017,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,017,426
Intergovernmental	1,997,159	-	-	-	-	-	1,997,159
Licenses and permits	172,241	10,500	-	-	-	-	182,741
Charges for services	206,573	-	-	-	-	-	206,573
Fees and fines	837,182	-	7,459	-	-	-	844,641
Investment earnings	16,121	-	-	-	-	-	16,121
Miscellaneous	305,283	-	-	-	-	378	305,661
Total revenues	<u>17,551,985</u>	<u>10,500</u>	<u>7,459</u>	<u>-</u>	<u>-</u>	<u>378</u>	<u>17,570,322</u>
EXPENDITURES							
Current:							
General government	2,988,152	-	-	-	-	-	2,988,152
Engineering	418,707	-	-	-	-	-	418,707
Equipment and building maintenance	449,277	-	-	-	-	-	449,277
Police	5,914,638	-	-	-	-	-	5,914,638
Fire	5,251,981	-	-	-	-	-	5,251,981
Municipal court	517,389	-	-	-	-	-	517,389
Emergency management	285,349	-	-	-	-	-	285,349
Streets	1,095,836	-	-	-	-	-	1,095,836
Parks and recreation	533,687	-	-	-	-	-	533,687
Culture and recreation	162,490	-	-	-	-	-	162,490
Animal control/E911	906,591	-	5,423	-	-	-	912,014
Cemetery	191,523	-	-	-	-	-	191,523
Library	-	-	-	88,224	-	-	88,224
Economic development	548,434	-	-	-	-	16,590	565,024
Total expenditures	<u>19,264,054</u>	<u>-</u>	<u>5,423</u>	<u>88,224</u>	<u>-</u>	<u>16,590</u>	<u>19,374,291</u>
Excess (deficiency) of revenues over expenditures	<u>(1,712,069)</u>	<u>10,500</u>	<u>2,036</u>	<u>(88,224)</u>	<u>-</u>	<u>(16,212)</u>	<u>(1,803,969)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in - interaccount	-	-	-	74,000	-	-	74,000
Transfers out - interaccount	(74,000)	-	-	-	-	-	(74,000)
Transfers in	2,181,724	-	-	-	-	13,750	2,195,474
Transfers out	(175,000)	-	-	-	-	-	(175,000)
Total other financing sources and uses	<u>1,932,724</u>	<u>-</u>	<u>-</u>	<u>74,000</u>	<u>-</u>	<u>13,750</u>	<u>2,020,474</u>
Net change in fund balances	220,655	10,500	2,036	(14,224)	-	(2,462)	216,505
Fund balances - beginning	5,964,099	244,279	14,580	14,803	21,147	1,212	6,260,120
Fund balances (deficits) - ending	<u>\$ 6,184,754</u>	<u>\$ 254,779</u>	<u>\$ 16,616</u>	<u>\$ 579</u>	<u>\$ 21,147</u>	<u>\$ (1,250)</u>	<u>\$ 6,476,625</u>

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2013

	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)
REVENUES								
Licenses and permits	\$ 10,250	\$ 10,250	\$ 10,500	\$ 250	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-	4,400	6,750	7,459	709
Investment earnings	100	100	-	(100)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>10,350</u>	<u>10,350</u>	<u>10,500</u>	<u>150</u>	<u>4,400</u>	<u>6,750</u>	<u>7,459</u>	<u>709</u>
EXPENDITURES								
Departmental:								
Animal Control	-	-	-	-	4,500	5,000	5,423	(423)
Economic Development	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Fire Prevention	11,000	11,000	-	11,000	-	-	-	-
Senior Citizens	-	-	-	-	-	-	-	-
<i>Total Expenditures</i>	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>4,500</u>	<u>5,000</u>	<u>5,423</u>	<u>(423)</u>
Total Expenditures	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>4,500</u>	<u>5,000</u>	<u>5,423</u>	<u>(423)</u>
Excess (deficiency) of revenues over expenditures	<u>(650)</u>	<u>(650)</u>	<u>10,500</u>	<u>11,150</u>	<u>(100)</u>	<u>1,750</u>	<u>2,036</u>	<u>286</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(650)	(650)	10,500	11,150	(100)	1,750	2,036	286
Fund balances - beginning	244,279	244,279	244,279	-	14,580	14,580	14,580	-
Fund balances - ending	<u>\$ 243,629</u>	<u>\$ 243,629</u>	<u>\$ 254,779</u>	<u>\$ 11,150</u>	<u>\$ 14,480</u>	<u>\$ 16,330</u>	<u>\$ 16,616</u>	<u>\$ 286</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2013

	Library Fund				Senior Citizens Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Departmental:								
Animal Control	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Library	79,200	86,300	88,224	(1,924)	-	-	-	-
Fire Prevention	-	-	-	-	-	-	-	-
Senior Citizens	-	-	-	-	600	-	-	-
Total Expenditures	<u>79,200</u>	<u>86,300</u>	<u>88,224</u>	<u>(1,924)</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>79,200</u>	<u>86,300</u>	<u>88,224</u>	<u>(1,924)</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(79,200)</u>	<u>(86,300)</u>	<u>(88,224)</u>	<u>(1,924)</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
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	(5,200)	(12,300)	(14,224)	(1,924)	(600)	-	-	-
Fund balances - beginning	14,803	14,803	14,803	-	21,147	21,147	21,147	-
Fund balances - ending	<u>\$ 9,603</u>	<u>\$ 2,503</u>	<u>\$ 579</u>	<u>\$ (1,924)</u>	<u>\$ 20,547</u>	<u>\$ 21,147</u>	<u>\$ 21,147</u>	<u>\$ -</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2013

	<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>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	\$ 16,000	\$ 16,000	\$ 378	\$ (15,622)
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>378</u>	<u>(15,622)</u>
EXPENDITURES				
Departmental:				
Animal Control	-	-	-	-
Economic Development	31,000	31,000	16,590	14,410
Library	-	-	-	-
Fire Prevention	-	-	-	-
Senior Citizens	-	-	-	-
<i>Total Expenditures</i>	<u>31,000</u>	<u>31,000</u>	<u>16,590</u>	<u>14,410</u>
Total Expenditures	<u>31,000</u>	<u>31,000</u>	<u>16,590</u>	<u>14,410</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>(16,212)</u>	<u>(1,212)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	13,750	(1,250)
Total other financing sources and uses	<u>15,000</u>	<u>15,000</u>	<u>13,750</u>	<u>(1,250)</u>
Net change in fund balances	-	-	(2,462)	(2,462)
Fund balances - beginning	1,212	1,212	1,212	-
Fund balances (deficit) - ending	<u>\$ 1,212</u>	<u>\$ 1,212</u>	<u>\$ (1,250)</u>	<u>\$ (2,462)</u>

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2013

	<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>
ASSETS							
Cash and cash equivalents	\$ 36,713	\$ 444,220	\$ 135,735	\$ 68,703	\$ 1,733	\$ 1,732	\$ 385,327
Interest receivable	-	-	29	-	36	93	-
Receivable from other governments	-	-	-	-	-	-	2,037
Due from other funds	-	-	-	-	-	-	-
Taxes receivable, net	-	-	35,274	60,839	44,093	44,093	-
Other receivables	22,801	18,197	-	-	-	-	795,518
Total assets	<u>59,514</u>	<u>462,417</u>	<u>171,038</u>	<u>129,542</u>	<u>45,862</u>	<u>45,918</u>	<u>1,182,882</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	33,027	7,127	16,333	113,478	-	-	17,406
Due to other funds	-	-	-	-	-	-	143,946
Unearned revenue	-	-	-	-	-	-	795,368
Total liabilities	<u>33,027</u>	<u>7,127</u>	<u>16,333</u>	<u>113,478</u>	<u>-</u>	<u>-</u>	<u>956,720</u>
Fund balances:							
Restricted	26,487	455,290	154,705	16,064	45,862	45,918	226,162
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>26,487</u>	<u>455,290</u>	<u>154,705</u>	<u>16,064</u>	<u>45,862</u>	<u>45,918</u>	<u>226,162</u>
Total liabilities and fund balances	<u>\$ 59,514</u>	<u>\$ 462,417</u>	<u>\$ 171,038</u>	<u>\$ 129,542</u>	<u>\$ 45,862</u>	<u>\$ 45,918</u>	<u>\$ 1,182,882</u>

(continued)

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2013

	<u>Cemetery Care Fund</u>	<u>Gifts and Contribution Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Drug Forfeiture Fund</u>	<u>1994 Street Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 179,129	\$ 83,175	\$ 464,905	\$ 2,000	\$ 77,667	\$ 137,317	\$ 2,018,356
Interest receivable	-	-	-	-	-	-	158
Receivable from other governments	-	-	-	-	-	-	2,037
Due from other funds	-	4,023	-	-	-	-	4,023
Taxes receivable, net	-	-	-	-	-	-	184,299
Other receivables	-	-	-	-	-	-	836,516
Total assets	<u>179,129</u>	<u>87,198</u>	<u>464,905</u>	<u>2,000</u>	<u>77,667</u>	<u>137,317</u>	<u>3,045,389</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	-	-	-	-	-	-	187,371
Due to other funds	-	-	-	1,023	-	-	144,969
Unearned revenue	-	-	-	-	-	-	795,368
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023</u>	<u>-</u>	<u>-</u>	<u>1,127,708</u>
Fund balances:							
Restricted	172,313	81,988	464,905	977	77,667	137,317	1,905,655
Assigned	6,816	5,210	-	-	-	-	12,026
Total fund balances	<u>179,129</u>	<u>87,198</u>	<u>464,905</u>	<u>977</u>	<u>77,667</u>	<u>137,317</u>	<u>1,917,681</u>
Total liabilities and fund balances	<u>\$ 179,129</u>	<u>\$ 87,198</u>	<u>\$ 464,905</u>	<u>\$ 2,000</u>	<u>\$ 77,667</u>	<u>\$ 137,317</u>	<u>\$ 3,045,389</u>

City of Shawnee, Oklahoma
Combing Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2013

	<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>
REVENUES							
Taxes	\$ 268,447	\$ 228,441	\$ 283,610	\$ 561,558	\$ 354,513	\$ 354,513	\$ -
Fees and fines	-	-	-	-	-	-	-
Licenses and permits	1,470	-	-	-	-	-	-
Intergovernmental	-	-	-	2,000	-	-	337,645
Charges for services	-	-	-	-	-	-	-
Investment earnings	-	-	251	-	315	313	-
Miscellaneous	11,130	-	-	-	-	-	118,586
Total revenues	<u>281,047</u>	<u>228,441</u>	<u>283,861</u>	<u>563,558</u>	<u>354,828</u>	<u>354,826</u>	<u>456,231</u>
EXPENDITURES							
Current:							
Police	-	-	-	-	-	-	-
Streets	347,824	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Animal Control/E911	-	192,072	-	-	-	-	-
Economic development	-	-	266,498	606,607	-	-	432,224
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital Outlay	-	9,120	-	-	-	-	-
Total Expenditures	<u>347,824</u>	<u>201,192</u>	<u>266,498</u>	<u>606,607</u>	<u>-</u>	<u>-</u>	<u>432,224</u>
Excess (deficiency) of revenues over expenditures	<u>(66,777)</u>	<u>27,249</u>	<u>17,363</u>	<u>(43,049)</u>	<u>354,828</u>	<u>354,826</u>	<u>24,007</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	175,000	-	-	-	-	-	-
Transfers out	-	-	(13,750)	-	(353,362)	(353,362)	-
Total other financing sources and uses	<u>175,000</u>	<u>-</u>	<u>(13,750)</u>	<u>-</u>	<u>(353,362)</u>	<u>(353,362)</u>	<u>-</u>
Net change in fund balances	108,223	27,249	3,613	(43,049)	1,466	1,464	24,007
Fund balances (deficit) - beginning	(81,736)	428,041	151,092	59,113	44,396	44,454	202,155
Fund balances - ending	<u>\$ 26,487</u>	<u>\$ 455,290</u>	<u>\$ 154,705</u>	<u>\$ 16,064</u>	<u>\$ 45,862</u>	<u>\$ 45,918</u>	<u>\$ 226,162</u>

(continued)

City of Shawnee, Oklahoma
Combing Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2013

	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
REVENUES							
Taxes	\$ -	\$ -	\$ 104,635	\$ -	\$ -	\$ 99	\$ 2,155,816
Fees and fines	-	-	-	772	-	-	772
Licenses and permits	-	-	-	-	-	-	1,470
Intergovernmental	-	-	-	-	-	-	339,645
Charges for services	1,700	-	-	-	-	-	1,700
Investment earnings	-	(4,400)	-	-	-	-	(3,521)
Miscellaneous	5,124	9,678	-	-	-	24,116	168,634
Total revenues	<u>6,824</u>	<u>5,278</u>	<u>104,635</u>	<u>772</u>	<u>-</u>	<u>24,215</u>	<u>2,664,516</u>
EXPENDITURES							
Current:							
Police	-	-	-	770	-	-	770
Streets	-	-	-	-	-	-	347,824
Parks and recreation	-	1,840	-	-	-	-	1,840
Animal Control/E911	-	-	-	-	-	-	192,072
Economic development	-	-	-	-	-	-	1,305,329
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	9,120
Total Expenditures	<u>-</u>	<u>1,840</u>	<u>-</u>	<u>770</u>	<u>-</u>	<u>-</u>	<u>1,856,955</u>
Excess (deficiency) of revenues over expenditures	<u>6,824</u>	<u>3,438</u>	<u>104,635</u>	<u>2</u>	<u>-</u>	<u>24,215</u>	<u>807,561</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	175,000
Transfers out	-	-	-	-	-	-	(720,474)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(545,474)</u>
Net change in fund balances	6,824	3,438	104,635	2	-	24,215	262,087
Fund balances (deficit) - beginning	172,305	83,760	360,270	975	77,667	113,102	1,655,594
Fund balances - ending	<u>\$ 179,129</u>	<u>\$ 87,198</u>	<u>\$ 464,905</u>	<u>\$ 977</u>	<u>\$ 77,667</u>	<u>\$ 137,317</u>	<u>\$ 1,917,681</u>

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013

	Street And Alley Fund				E-911 Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 297,000	\$ 297,000	\$ 268,447	\$ (28,553)	\$ 205,000	\$ 245,500	\$ 228,441	\$ (17,059)
Licenses and permits	1,000	1,000	1,470	470	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	200	200	-	(200)	-	-	-	-
Miscellaneous	6,360	6,360	11,130	4,770	-	-	-	-
Total revenues	<u>304,560</u>	<u>304,560</u>	<u>281,047</u>	<u>(23,513)</u>	<u>205,000</u>	<u>245,500</u>	<u>228,441</u>	<u>(17,059)</u>
EXPENDITURES								
Departmental:								
Streets	276,900	276,900	347,824	(70,924)	-	-	-	-
Animal Control/911	-	-	-	-	127,500	266,600	192,072	74,528
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capial outlay	-	-	-	-	-	-	9,120	(9,120)
Total Expenditures	<u>276,900</u>	<u>276,900</u>	<u>347,824</u>	<u>(70,924)</u>	<u>127,500</u>	<u>266,600</u>	<u>201,192</u>	<u>65,408</u>
Total Expenditures	<u>276,900</u>	<u>276,900</u>	<u>347,824</u>	<u>(70,924)</u>	<u>127,500</u>	<u>266,600</u>	<u>201,192</u>	<u>65,408</u>
Excess (deficiency) of revenues over expenditures	<u>27,660</u>	<u>27,660</u>	<u>(66,777)</u>	<u>(94,437)</u>	<u>77,500</u>	<u>(21,100)</u>	<u>27,249</u>	<u>48,349</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	175,000	175,000	-	-	98,600	-	(98,600)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>98,600</u>	<u>-</u>	<u>(98,600)</u>
Net change in fund balances	<u>27,660</u>	<u>202,660</u>	<u>108,223</u>	<u>(94,437)</u>	<u>77,500</u>	<u>77,500</u>	<u>27,249</u>	<u>(50,251)</u>
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>(81,736)</u>	<u>(81,736)</u>	<u>420,137</u>	<u>293,378</u>	<u>428,041</u>	<u>134,663</u>
Fund balances - ending	<u>\$ 27,660</u>	<u>\$ 202,660</u>	<u>\$ 26,487</u>	<u>\$ (176,173)</u>	<u>\$ 497,637</u>	<u>\$ 370,878</u>	<u>\$ 455,290</u>	<u>\$ 84,412</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013

	Economic Development Fund				Hotel/Motel Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 283,228	\$ 308,228	\$ 283,610	\$ (24,618)	\$ 385,000	\$ 585,000	\$ 561,558	\$ (23,442)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	2,000	2,000
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	300	300	251	(49)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>283,528</u>	<u>308,528</u>	<u>283,861</u>	<u>(24,667)</u>	<u>385,000</u>	<u>585,000</u>	<u>563,558</u>	<u>(21,442)</u>
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	226,400	251,400	266,498	(15,098)	372,500	572,500	606,607	(34,107)
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>226,400</u>	<u>251,400</u>	<u>266,498</u>	<u>(15,098)</u>	<u>372,500</u>	<u>572,500</u>	<u>606,607</u>	<u>(34,107)</u>
Total Expenditures	<u>226,400</u>	<u>251,400</u>	<u>266,498</u>	<u>(15,098)</u>	<u>372,500</u>	<u>572,500</u>	<u>606,607</u>	<u>(34,107)</u>
Excess (deficiency) of revenues over expenditures	<u>57,128</u>	<u>57,128</u>	<u>17,363</u>	<u>(39,765)</u>	<u>12,500</u>	<u>12,500</u>	<u>(43,049)</u>	<u>(55,549)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(15,000)	(15,000)	(13,750)	1,250	-	-	-	-
Total other financing sources and uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(13,750)</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	42,128	42,128	3,613	(38,515)	12,500	12,500	(43,049)	(55,549)
Fund balances (deficit) - beginning	151,092	151,092	151,092	-	59,113	59,113	59,113	-
Fund balances - ending	<u>\$ 193,220</u>	<u>\$ 193,220</u>	<u>\$ 154,705</u>	<u>\$ (38,515)</u>	<u>\$ 71,613</u>	<u>\$ 71,613</u>	<u>\$ 16,064</u>	<u>\$ (55,549)</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013

	Police Sales Tax Fund				Fire Sales Tax Fund			
	Budgeted Amounts		Actual Amounts,	Variance with Final	Budgeted Amounts		Actual Amounts,	Variance with Final
	Original	Final	Budgetary Basis	Budget - Positive (Negative)	Original	Final	Budgetary Basis	Budget - Positive (Negative)
REVENUES								
Taxes	\$ 343,118	\$ 363,118	\$ 354,513	\$ (8,605)	\$ 343,118	\$ 363,148	\$ 354,513	\$ (8,635)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	390	390	315	(75)	390	-	313	313
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>343,508</u>	<u>363,508</u>	<u>354,828</u>	<u>(8,680)</u>	<u>343,508</u>	<u>363,148</u>	<u>354,826</u>	<u>(8,322)</u>
EXPENDITURES								
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>
Excess (deficiency) of revenues over expenditures	<u>343,508</u>	<u>363,508</u>	<u>354,828</u>	<u>(8,680)</u>	<u>343,508</u>	<u>363,148</u>	<u>354,826</u>	<u>(8,322)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(343,118)	(363,113)	(353,362)	9,751	(343,118)	(363,118)	(353,362)	9,756
Total other financing sources and uses	<u>(343,118)</u>	<u>(363,113)</u>	<u>(353,362)</u>	<u>9,751</u>	<u>(343,118)</u>	<u>(363,118)</u>	<u>(353,362)</u>	<u>9,756</u>
Net change in fund balances	390	395	1,466	1,071	390	30	1,464	1,434
Fund balances (deficit) - beginning	44,396	44,396	44,396	-	44,454	44,454	44,454	-
Fund balances - ending	<u>\$ 44,786</u>	<u>\$ 44,791</u>	<u>\$ 45,862</u>	<u>\$ 1,071</u>	<u>\$ 44,844</u>	<u>\$ 44,484</u>	<u>\$ 45,918</u>	<u>\$ 1,434</u>

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013

	CDBG/Home Grants Fund				Cemetery Care Fund			
	Budgeted Amounts		Actual Amounts,	Variance with Final	Budgeted Amounts		Actual Amounts,	Variance with Final
	Original	Final	Budgetary Basis	Budget - Positive (Negative)	Original	Final	Budgetary Basis	Budget - Positive (Negative)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	337,645	337,645	-	-	-	-	-
Charges for services	-	-	-	-	4,500	4,500	1,700	(2,800)
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	500	500	-	(500)
Miscellaneous	-	118,586	118,586	-	-	-	5,124	5,124
Total revenues	-	456,231	456,231	-	5,000	5,000	6,824	1,824
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	432,224	432,224	-	-	-	-	-
Cemetery	-	-	-	-	69,778	69,778	-	69,778
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	432,224	432,224	-	69,778	69,778	-	69,778
Total Expenditures	-	432,224	432,224	-	69,778	69,778	-	69,778
Excess (deficiency) of revenues over expenditures	-	24,007	24,007	-	(64,778)	(64,778)	6,824	71,602
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	24,007	24,007	-	(64,778)	(64,778)	6,824	71,602
Fund balances (deficit) - beginning	-	202,155	202,155	-	172,305	172,305	172,305	-
Fund balances - ending	\$ -	\$ 226,162	\$ 226,162	\$ -	\$ 107,527	\$ 107,527	\$ 179,129	\$ 71,602

(continued)

**City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013**

	Gifts and Contribution Fund				Tax Increment Financing Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 155,000	\$ 104,635	\$ (50,365)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	1,000	1,000	(4,400)	(5,400)	-	-	-	-
Miscellaneous	74,000	74,000	9,678	(64,322)	-	-	-	-
Total revenues	75,000	75,000	5,278	(69,722)	50,000	155,000	104,635	(50,365)
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	8,000	8,000	1,840	6,160	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	8,000	8,000	1,840	6,160	-	-	-	-
Total Expenditures	8,000	8,000	1,840	6,160	-	-	-	-
Excess (deficiency) of revenues over expenditures	67,000	67,000	3,438	(63,562)	50,000	155,000	104,635	(50,365)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	67,000	67,000	3,438	(63,562)	50,000	155,000	104,635	(50,365)
Fund balances (deficit) - beginning	83,760	83,760	83,760	-	360,270	360,270	360,270	-
Fund balances - ending	\$ 150,760	\$ 150,760	\$ 87,198	\$ (63,562)	\$ 410,270	\$ 515,270	\$ 464,905	\$ (50,365)

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013

	Drug Forfeiture Fund				1994 Street Improvement Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	773	772	(1)	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	-	773	772	(1)	-	-	-	-
EXPENDITURES								
Departmental:								
Police	-	773	770	3	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	773	770	3	-	-	-	-
Total Expenditures	-	773	770	3	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	2	2	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	2	2	-	-	-	-
Fund balances (deficit) - beginning	975	975	975	-	-	-	77,667	77,667
Fund balances - ending	\$ 975	\$ 975	\$ 977	\$ 2	\$ -	\$ -	\$ 77,667	\$ 77,667

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2013

	<u>Debt Service 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>		
REVENUES				
Taxes	\$ -	\$ -	\$ 99	\$ 99
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fees and fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	24,116	24,116
Total revenues	<u>-</u>	<u>-</u>	<u>24,215</u>	<u>24,215</u>
EXPENDITURES				
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	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>24,215</u>	<u>24,215</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	24,215	24,215
Fund balances (deficit) - beginning	113,102	113,102	113,102	-
Fund balances - ending	<u>\$ 113,102</u>	<u>\$ 113,102</u>	<u>\$ 137,317</u>	<u>\$ 24,215</u>

City of Shawnee, Oklahoma
Budget versus Actual – Major Capital Project Fund – Street Improvement
Year Ended June 30, 2013

	<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>		
REVENUES				
Taxes	\$ 2,463,697	\$ 2,463,697	\$ 2,481,589	\$ 17,892
Intergovernmental	-	-	10,000	10,000
Investment earnings	41,472	41,472	24,064	(17,408)
Miscellaneous	165,000	165,000	165,600	600
Total revenues	<u>2,670,169</u>	<u>2,670,169</u>	<u>2,681,253</u>	<u>11,084</u>
EXPENDITURES				
Departmental:				
Streets	5,708,399	7,654,273	3,758,204	3,896,069
<i>Total Streets</i>	<u>5,708,399</u>	<u>7,654,273</u>	<u>3,758,204</u>	<u>3,896,069</u>
Total Expenditures	<u>5,708,399</u>	<u>7,654,273</u>	<u>3,758,204</u>	<u>3,896,069</u>
Excess (deficiency) of revenues over expenditures	<u>(3,038,230)</u>	<u>(4,984,104)</u>	<u>(1,076,951)</u>	<u>3,907,153</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(100,000)	(100,000)	-
Total other financing sources and uses	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(3,038,230)	(5,084,104)	(1,176,951)	3,907,153
Fund balances - beginning	6,011,972	6,011,972	6,011,972	-
Fund balances - ending	<u>\$ 2,973,742</u>	<u>\$ 927,868</u>	<u>\$ 4,835,021</u>	<u>\$ 3,907,153</u>

City of Shawnee, Oklahoma
Budget versus Actual – Major Capital Project Fund – Capital Improvement Fund
Year Ended June 30, 2013

	<u>Capital Improvement Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,182,131	\$ 2,182,131	\$ 2,197,979	\$ 15,848
Licenses and permits	-	-	-	-
Intergovernmental	-	958,270	10,000	(948,270)
Charges for services	-	-	-	-
Fees and fines	-	-	-	-
Investment earnings	12,500	162,805	7,372	(155,433)
Miscellaneous	850,000	-	4,493	4,493
Total revenues	<u>3,044,631</u>	<u>3,303,206</u>	<u>2,219,844</u>	<u>(1,083,362)</u>
EXPENDITURES				
Departmental:				
Streets	-	-	-	-
Animal Control/911	-	-	-	-
Economic Development	-	-	-	-
Cemetery	-	-	-	-
Park and Recreation	-	-	-	-
Capital outlay	4,301,315	3,078,320	2,503,061	575,259
Debt service	1,191,437	204,061	204,061	-
Total Expenditures	<u>5,492,752</u>	<u>3,282,381</u>	<u>2,707,122</u>	<u>575,259</u>
Total Expenditures	<u>5,492,752</u>	<u>3,282,381</u>	<u>2,707,122</u>	<u>575,259</u>
Excess (deficiency) of revenues over expenditures	<u>(2,448,121)</u>	<u>20,825</u>	<u>(487,278)</u>	<u>(508,103)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,305	-	-	-
Transfers out	-	(1,126,306)	(1,126,306)	-
Total other financing sources and uses	<u>150,305</u>	<u>(1,126,306)</u>	<u>(1,126,306)</u>	<u>-</u>
Net change in fund balances	(2,297,816)	(1,105,481)	(1,613,584)	(508,103)
Fund balances - beginning	1,502,771	1,502,771	2,799,169	1,296,398
Fund balances - ending	<u>\$ (795,045)</u>	<u>\$ 397,290</u>	<u>\$ 1,185,585</u>	<u>\$ 788,295</u>

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STATISTICAL SECTION

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

Description	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Net investment in capital assets	\$ 37,074,018	\$ 33,531,495	\$ 30,219,139	\$ 30,006,703	\$ 28,019,561	\$ 24,404,593	\$ 22,902,851	\$ 22,334,445	\$ 22,556,528	\$ 20,779,219
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	5,962,728	-	-	7,248,866	8,296,269	10,172,082	8,486,974	7,346,667	5,248,848	2,223,477
Debt Service	136,426	-	-	86,965	59,850	137,961	135,131	132,195	126,924	132,303
Economic Development	890,628	-	-	-	-	-	-	-	-	-
Public Safety	548,047	-	-	-	-	-	-	-	-	-
Other purposes	280,788	-	-	957,074	959,671	838,005	76,062	639,937	611,006	3,522,895
Unrestricted	90,410	197,163	(1,390,170)	(1,672,770)	(567,612)	(755,666)	178,637	826,114	666,118	2,083,493
Total Governmental Activities Net Position	44,983,045	44,144,715	38,725,585	36,626,838	36,767,739	34,796,975	31,779,655	31,279,358	29,209,424	28,741,387
Business-type Activities:										
Net investment in capital assets	37,685,878	32,822,876	32,163,853	27,294,813	26,879,194	25,863,941	24,677,973	23,851,645	19,117,948	18,944,499
Restricted for:										
Capital Projects	-	-	-	-	-	-	-	-	4,173,037	3,950,080
Debt Service	1,380,561	1,814,511	2,586,909	2,874,901	2,575,814	2,312,744	2,609,423	2,547,980	2,585,606	2,362,915
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,365,448	6,039,429	2,390,406	1,851,460	1,184,219	1,248,946	1,556,562	1,543,312	209,377	323,016
Total Business-type Activities Net Position	43,431,887	40,676,816	37,141,168	32,021,174	30,639,227	29,425,631	28,843,958	27,942,937	26,085,968	25,580,510
Primary Government:										
Net investment in capital assets	74,759,896	66,354,371	62,382,992	57,301,516	54,898,755	50,268,534	47,580,824	46,186,090	41,674,476	39,723,718
Restricted for:										
Statutory requirements	-	594,505	480,406	-	-	-	-	-	-	-
Enabling legislation	-	360,270	286,025	-	-	-	-	-	-	-
External Contracts	-	9,461,282	9,130,185	-	-	-	-	-	-	-
Capital Projects	5,962,728	-	-	7,248,866	8,296,269	10,172,082	8,486,974	7,346,667	9,421,885	6,173,557
Debt Service	1,516,987	1,814,511	2,586,909	2,961,866	2,635,664	2,450,705	2,744,554	2,680,175	2,712,530	2,495,218
Economic Development	890,628	-	-	-	-	-	-	-	-	-
Public Safety	548,047	-	-	-	-	-	-	-	-	-
Other purposes	280,788	-	-	957,074	959,671	838,005	76,062	639,937	611,006	3,522,895
Unrestricted	4,455,858	6,236,592	1,000,236	178,690	616,607	493,280	1,735,199	2,369,426	875,495	2,406,509
Total Primary Government Net Position	\$ 88,414,932	\$ 84,821,531	\$ 75,866,753	\$ 68,648,012	\$ 67,406,966	\$ 64,222,606	\$ 60,623,613	\$ 59,222,295	\$ 55,295,392	\$ 54,321,897

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
<i>Governmental Activities:</i>										
General Government	\$3,524,112	\$2,379,373	\$4,101,214	\$3,944,670	\$2,846,689	\$3,439,459	\$4,636,044	\$3,449,724	\$2,336,909	\$3,309,105
Public Safety	14,449,249	13,248,594	12,671,815	12,634,067	12,650,222	12,853,792	8,965,391	9,620,606	8,113,937	8,406,912
Streets	3,386,963	3,164,310	2,902,751	3,124,990	3,313,461	2,842,429	1,729,075	1,808,092	5,259,587	2,572,811
Culture and Recreations	1,083,872	1,053,726	847,807	902,767	851,578	883,415	1,213,762	937,539	853,773	834,722
Culture and Recreations - payment to component unit	-	-	5,752	-	4,655	599,194	-	-	-	349,107
Community Development	667,112	639,533	1,027,018	1,021,716	570,858	749,538	848,097	791,563	685,087	1,146,625
Economic Development	1,401,717	1,165,368	1,072,505	997,909	1,474,623	592,707	513,047	519,386	418,162	284,397
Interest on long-term debt	-	-	-	218	7,839	16,720	25,093	27,099	-	-
Total governmental activities expenses	\$24,513,025	\$21,650,904	\$22,628,862	\$22,626,337	\$21,719,925	\$21,977,254	\$17,930,509	\$17,154,009	\$17,667,455	\$16,903,679
<i>Business-type activities:</i>										
Water operations	6,034,550	4,992,323	4,196,550	4,015,398	3,989,454	4,030,444	2,562,623	3,341,064	3,579,342	3,268,075
Wastewater operations	2,877,353	2,458,992	2,274,826	2,329,742	2,142,363	2,165,325	1,429,083	2,718,577	2,324,463	2,645,892
Sanitation operations	1,649,687	1,535,752	1,382,686	1,301,567	1,433,801	1,358,474	1,094,920	1,098,133	986,266	1,063,587
Administration	585,602	557,451	499,820	436,992	297,960	288,680	2,728,252	-	-	-
Airport (1)	1,417,058	1,024,896	692,458	626,785	785,268	799,978	452,740	737,099	610,242	697,304
Lake	250,495	105,398	60,293	51,677	53,066	62,568	-	-	-	-
Total business-type activities expenses	12,814,745	10,674,812	9,106,633	8,762,161	8,701,912	8,705,469	8,267,618	7,894,873	7,500,313	7,674,858
Total primary government expenses	37,327,770	32,325,716	31,735,495	31,388,498	30,421,837	30,682,723	26,198,127	25,048,882	25,167,768	24,578,537
Program Revenues										
<i>Governmental Activities:</i>										
<i>Charges for Services</i>										
General Government	346,213	189,754	171,081	158,563	189,940	209,397	341,940	346,655	94,764	500,426
Public Safety	887,155	767,900	631,702	583,013	545,105	581,769	599,235	662,280	323,472	351,535
Streets	1,470	1,175	1,400	1,050	1,775	1,425	-	-	-	-
Culture and Recreations	-	-	67,115	61,411	62,802	50,894	-	111,474	251,185	71,470
Community Development	89,084	57,516	233,204	189,168	2,708	13,062	-	-	-	-
Economic Development	29,446	35,362	26,438	26,438	27,208	26,438	358,729	-	-	-
Operating Grants and Contributions	2,380,524	2,272,136	2,181,109	2,199,222	2,299,687	2,741,741	907,372	1,182,899	666,854	1,115,455
Capital Grants and Contributions	50,417	278,920	121,431	202,322	211,941	1,488,846	153,661	387,037	754,884	193,196
Total governmental activities program revenues	3,784,309	3,602,763	3,433,480	3,421,187	3,341,166	5,113,572	2,360,937	2,690,345	2,091,159	2,232,082
<i>Business-type Activities:</i>										
Water operations	7,916,456	7,432,629	5,835,562	4,644,827	4,477,762	4,046,028	3,951,642	4,441,134	4,232,605	3,672,667
Wastewater operations	3,957,896	3,810,280	3,676,708	3,078,392	2,469,053	2,310,330	2,254,804	2,435,353	2,399,874	2,035,446
Sanitation operations	1,795,760	1,795,949	1,762,621	1,716,919	1,614,641	1,458,525	1,158,968	1,078,654	1,058,947	1,059,201
Administration	-	-	-	-	-	-	-	-	-	-
Airport	476,369	432,636	400,047	410,536	638,903	452,481	439,609	100,361	87,800	69,168
Lake	99,756	405,545	-	-	-	-	-	-	-	-
Operating Grants and Contributions	10,180	-	-	-	-	36,359	-	-	-	-
Capital Grants and Contributions	1,955,289	2,991,512	2,616,146	80,939	517,403	415,515	-	279,786	134,389	22,972
Total business-type activities program revenues	16,211,706	16,868,551	14,291,084	9,931,613	9,717,762	8,719,238	7,805,023	8,335,288	7,913,615	6,859,454
Total primary government program revenues	19,996,015	20,471,314	17,724,564	13,352,800	13,058,928	13,832,810	10,165,960	11,025,633	10,004,774	9,091,536

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expenses) Revenues										
<i>Governmental Activities</i>	(\$20,728,716)	(\$18,048,141)	(\$19,195,382)	(\$19,205,150)	(\$18,378,759)	(\$16,863,682)	(\$15,569,572)	(\$14,463,664)	(\$15,576,296)	(\$14,671,597)
<i>Business-type Activities</i>	3,396,961	6,193,739	5,184,451	1,169,452	1,015,850	13,769	(462,595)	440,415	413,302	(815,404)
Total Primary Government Net (Expenses)	<u>(17,331,755)</u>	<u>(11,854,402)</u>	<u>(14,010,931)</u>	<u>(18,035,698)</u>	<u>(17,362,909)</u>	<u>(16,849,913)</u>	<u>(16,032,167)</u>	<u>(14,023,249)</u>	<u>(15,162,994)</u>	<u>(15,487,001)</u>
General Revenues and Other Changes in Net Position										
<i>Governmental Activities:</i>										
Taxes:										
Sales and Use taxes	18,013,946	17,414,169	17,069,349	16,089,350	16,697,240	16,386,142	15,239,586	14,517,341	14,175,558	13,294,349
Franchise and public service taxes	1,601,416	1,676,956	1,600,612	1,597,577	1,637,161	1,505,547	1,515,091	1,618,472	1,408,468	1,455,739
Hotel/motel taxes	561,558	472,590	404,690	362,134	376,992	416,212	-	-	-	-
Property taxes	104,734	74,309	10,884	59,523	72,782	198,557	-	-	-	-
Payment in lieu of taxes	24,062	1,054	24,494	26,892	26,544	21,924	-	-	-	-
Intergovernmental revenue	630,035	599,819	580,115	430,593	438,485	444,782	702,728	718,626	956,917	491,525
Investment Income	41,157	107,032	98,567	136,762	275,010	543,683	565,917	298,249	64,491	64,158
Miscellaneous	341,444	238,110	1,063,067	255,067	268,718	377,960	344,333	410,639	-	113,843
Transfers - Internal Activity	248,694	2,883,232	442,351	106,351	169,788	(116,253)	(584,309)	(1,029,729)	(561,101)	348,559
Total Governmental Activities	<u>21,567,046</u>	<u>23,467,271</u>	<u>21,294,129</u>	<u>19,064,249</u>	<u>19,962,720</u>	<u>19,778,554</u>	<u>17,783,346</u>	<u>16,533,598</u>	<u>16,044,333</u>	<u>15,768,173</u>
<i>Business-type Activities:</i>										
Investment Income	45,302	59,279	72,965	84,007	160,629	187,924	234,806	243,736	122,170	79,135
Miscellaneous	14,361	165,862	304,929	234,839	206,905	237,407	818,938	216,640	351,099	15,853
Transfers - Internal Activity	(248,694)	(2,883,232)	(442,351)	(106,351)	(169,788)	116,253	34,309	479,729	(381,113)	(348,559)
Total Business-type Activities	<u>(189,031)</u>	<u>(2,658,091)</u>	<u>(64,457)</u>	<u>212,495</u>	<u>197,746</u>	<u>541,584</u>	<u>1,088,053</u>	<u>940,105</u>	<u>92,156</u>	<u>(253,571)</u>
Total Primary Government	<u>21,378,015</u>	<u>20,809,180</u>	<u>21,229,672</u>	<u>19,276,744</u>	<u>20,160,466</u>	<u>20,320,138</u>	<u>18,871,399</u>	<u>17,473,703</u>	<u>16,136,489</u>	<u>15,514,602</u>
Change in Net Position										
<i>Governmental Activities</i>	838,330	5,419,130	2,098,747	(140,901)	1,583,961	2,914,872	2,213,774	2,069,934	468,037	1,096,576
<i>Business-type Activities</i>	3,207,930	3,535,648	5,119,994	1,381,947	1,213,596	555,353	625,458	1,380,520	505,458	(1,068,975)
Total Primary Government	<u>\$4,046,260</u>	<u>\$8,954,778</u>	<u>\$7,218,741</u>	<u>\$1,241,046</u>	<u>\$2,797,557</u>	<u>\$3,470,225</u>	<u>\$2,839,232</u>	<u>\$3,450,454</u>	<u>\$973,495</u>	<u>\$27,601</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Nonspendable	\$ 5,947	\$ 347,288	\$ 291,531	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Assigned	293,121	296,021	301,250	-	-	-		-	-	-
Reserved for:										
Grant Programs	-	-	-	-	-	-		-	-	-
Encumbrances	-	-	-	-	39,937	18,194	3,410	18,194	12,035	42,261
Unreserved/Unassigned	6,177,557	5,616,811	4,853,199	4,011,671	4,095,821	4,009,538	3,453,674	3,944,537	3,343,604	2,495,688
Total General Fund	6,476,625	6,260,120	5,445,980	4,011,671	4,135,758	4,027,732	3,457,084	3,962,731	3,355,639	2,537,949
Other Governmental Funds:										
Restricted	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	242,869	521,302	1,411,877
Specific Programs	-	-	-	-	-	-		-	-	-
Unreserved/Unassigned	-	(81,736)	-	-	-	4,464,142		-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	1,513,546	1,469,115	1,445,793	1,100,959	1,070,434	989,751	659,025
Debt Service Fund	-	-	-	86,965	59,850	136,323	135,131	-	-	132,303
Capital project funds	-	-	-	7,318,789	7,660,083	76,152	8,150,244	7,554,354	5,248,848	3,833,844
Total Other Governmental Funds	7,938,287	10,466,735	9,970,448	9,036,609	9,731,797	11,754,198	9,724,180	8,867,657	6,759,901	6,037,049
Total Governmental Funds	\$ 14,414,912	\$ 16,726,855	\$ 15,416,428	\$ 13,048,280	\$ 13,867,555	\$ 15,781,930	\$ 13,181,264	\$ 12,830,388	\$ 10,115,540	\$ 8,574,998

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Taxes	\$20,852,810	\$20,155,296	\$19,590,377	\$18,484,761	\$19,170,757	\$18,897,132	\$17,455,386	\$16,659,668	\$15,584,026	\$14,632,116
Intergovernmental	2,356,804	2,409,100	2,442,911	2,422,824	2,182,322	3,148,971	1,061,033	151,634	1,746,852	1,800,176
Charges for services	208,273	159,006	168,284	224,092	228,847	224,216	525,162	585,129	403,474	149,261
Fines and forfeitures	845,413	748,028	633,498	574,426	491,799	515,603	474,926	1,975,193	294,958	351,535
Licenses and permits	184,211	198,708	249,873	235,284	277,058	285,973	301,348	277,148	251,185	437,140
Investment income	41,157	107,032	98,567	136,762	275,010	543,685	565,916	198,049	64,531	64,079
Miscellaneous	647,267	358,070	1,115,857	308,954	309,584	491,578	342,809	403,444	316,654	254,311
Total Revenues	25,135,935	24,135,240	24,299,367	22,387,103	22,935,377	24,107,158	20,726,580	20,250,265	18,661,680	17,688,618
Expenditures:										
Current:										
General Government	2,988,152	2,883,922	2,643,601	2,491,400	2,672,962	2,654,959	2,131,579	2,281,059	2,080,964	2,712,167
Community development	-	-	-	-	-	-	-	-	-	249,625
Engineering	418,707	404,537	366,063	390,833	345,890	303,043	313,669	-	-	-
Equipment and building maint.	449,277	397,130	1,226,244	410,296	410,968	413,776	341,857	5,207,351	4,209,209	4,354,226
Public Safety	-	-	-	-	-	-	-	3,384,371	3,556,724	3,361,133
Police	5,915,408	5,394,473	5,034,358	5,140,053	5,223,680	5,144,221	4,749,032	-	-	-
Fire	5,251,981	4,975,816	4,955,006	4,857,050	4,884,044	4,456,027	3,545,745	-	-	-
Municipal court	517,389	526,446	317,158	297,203	304,204	286,991	274,146	-	-	-
Emergency management	285,349	294,832	354,718	275,706	290,604	799,218	205,634	-	-	-
Streets	1,443,660	1,313,338	1,154,277	1,251,742	1,230,264	1,203,148	1,934,037	1,637,176	1,893,669	2,019,774
Parks and recreation	535,527	604,401	473,253	562,637	935,411	505,800	478,977	-	-	-
Culture and recreation	162,490	122,993	146,872	139,185	143,015	883,338	661,310	723,149	1,195,600	1,567,329
Animal control/E911	1,104,086	872,447	876,626	826,245	862,485	753,268	668,225	-	-	-
Cemetery	191,523	183,744	182,756	198,790	207,516	194,136	173,732	-	-	-
Library	88,224	44,907	4,292	76,011	44,705	36,134	63,184	-	-	-
Economic development	1,870,353	1,652,548	1,924,825	1,801,203	1,468,533	1,143,644	1,215,630	1,198,308	586,786	633,504
Capital outlay	6,270,385	6,910,780	2,713,521	4,572,715	5,702,810	2,654,516	1,322,773	1,599,231	2,768,551	4,378,904
Debt service:										
Principal retirement	191,126	77,746	-	21,448	187,032	181,429	199,621	247,944	238,621	235,385
Interest and fiscal charges	12,935	6,853	-	218	6,216	16,720	24,818	27,099	29,909	36,914
Total Expenditures	27,696,572	26,666,913	22,373,570	23,312,735	24,920,339	21,630,368	18,303,969	16,305,688	16,560,033	19,548,961
Excess of revenues over(under) expenditures	(2,560,637)	(2,531,673)	1,925,797	(925,632)	(1,984,962)	2,476,790	2,422,611	3,944,577	2,101,647	(1,860,343)
Other Financing Sources (Uses):										
Transfers in	2,370,474	4,377,829	1,958,740	1,541,768	1,695,166	1,894,869	1,470,166	1,543,768	1,744,999	1,912,030
Transfers out	(2,121,780)	(1,494,597)	(1,516,389)	(1,435,417)	(1,613,815)	(1,861,021)	(2,054,475)	(2,773,497)	(2,306,101)	(1,563,471)
Capital Lease/bond proceeds	-	958,868	-	-	-	-	-	-	-	-
Loss on forgiveness of debt	-	-	-	-	-	-	-	-	-	-
Transfer to component unit	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	248,694	3,842,100	442,351	106,351	81,351	33,848	(584,309)	(1,229,729)	(561,102)	348,559
Net change in fund balances	(\$2,311,943)	\$1,310,427	\$2,368,148	(\$819,281)	(\$1,903,611)	\$2,510,638	\$1,838,302	\$2,714,848	\$1,540,545	(\$1,511,784)
Debt Service as a Percentage of Non-Capital Expenditures										
	0.95%	0.42%	0.00%	0.11%	1.01%	1.01%	1.32%	1.87%	1.95%	1.79%

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

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
SALES TAX RATES										
General Fund	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%
Capital Improvement Fund	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%
Street Improvement Fund	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%
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%
Use Tax Rates (3)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%

- (1) The source for City sales tax rate is the City of Shawnee Annual budget.
- (2) City sales tax increases must be approved by voters.
- (3) The source for other sales tax rates is the State of Oklahoma Tax Commission. The Pottawatomie County 1% sales tax rate became effective July 1, 1998.

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

Group	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Merchandise Store	5,102,432	\$ 4,904,233	\$ 4,692,833	\$ 4,661,988	\$ 482,796	\$ 4,831,451	\$ 4,651,133	\$ 4,588,355	\$ 4,115,395	\$ 3,128,861
Eating & Drinking Places	2,691,304	2,472,367	2,372,790	2,169,972	2,258,786	2,143,303	1,957,451	1,848,354	1,729,412	1,622,235
Building Materials	1,174,061	1,412,234	1,441,974	1,338,022	1,483,745	1,436,831	1,396,424	1,455,494	1,422,809	1,399,657
Misc Retail	1,049,947	1,130,506	1,082,998	1,067,314	1,073,938	1,125,625	1,065,943	931,147	941,590	1,014,466
Electric, Gas & Sanitary Services	1,122,586	986,561	933,716	958,781	970,405	877,818	895,773	896,846	767,760	775,998
Food Store	814,705	806,210	769,742	738,221	793,742	816,576	779,743	775,220	941,984	1,299,888
Wholesale Trade-Durable Goods	1,004,434	851,604	769,824	692,741	828,669	789,066	740,733	721,095	633,102	554,296
Furniture, Home Furnishing & Equipment	1,126,615	870,710	1,033,279	734,171	559,042	568,672	506,054	493,741	453,710	452,759
Communications	581,966	567,703	542,744	561,816	572,533	588,055	557,018	490,117	502,391	493,583
Automotive Dealers & Gas Station	597,053	585,220	571,325	554,735	548,965	556,794	465,366	440,890	499,849	461,822
Apparel & Accessory Store	739,650	731,970	729,222	693,555	694,270	598,070	445,551	376,345	384,562	358,186
Business Services	267,271	224,021	212,389	199,479	187,553	230,454	246,308	185,277	182,972	196,055
Hotel	354,754	280,227	237,085	218,811	206,041	245,658	210,273	139,904	141,082	145,140
Motion Picture	132,781	127,510	118,767	126,970	124,899	125,829	132,729	128,160	122,508	135,726
Automotive Repair Services	145,861	126,435	114,100	109,150	100,768	98,071	104,790	109,206	117,899	115,177
Wholesale Trade-Nondurable Goods	111,189	105,608	95,120	93,551	127,252	82,109	94,104	103,206	85,856	89,639
	<u>\$ 17,016,609</u>	<u>\$ 16,183,119</u>	<u>\$ 15,717,908</u>	<u>\$ 14,919,277</u>	<u>\$ 11,013,404</u>	<u>\$ 15,114,382</u>	<u>\$ 14,249,393</u>	<u>\$ 13,683,357</u>	<u>\$ 13,042,881</u>	<u>\$ 12,243,488</u>
Total Sales Taxes	\$ 17,016,609	\$ 16,183,119	\$ 15,717,908	\$ 14,919,277	\$ 11,013,404	\$ 15,114,382	\$ 14,249,393	\$ 13,683,357	\$ 13,042,881	\$ 12,243,488
Percent Change	5.15%	2.96%	5.35%	35.46%	-27.13%	6.07%	4.14%	4.91%	6.53%	#DIV/0!

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

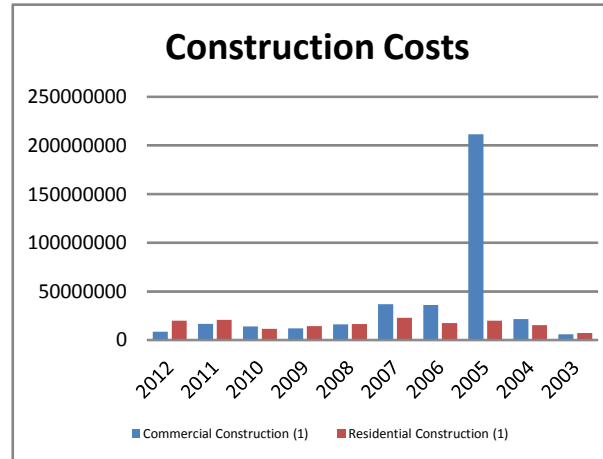
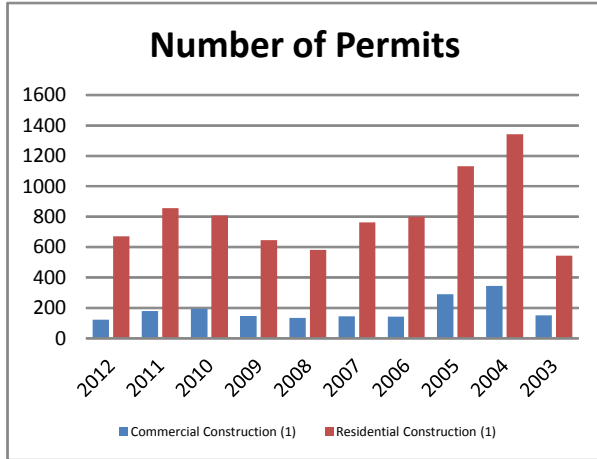
Fiscal Year Ended June 30	Water Rate Per Gallons In City Limits					Sewer Rate in City Limits	
	0 - 1,000	1,001 - 4,000	4,001 - 1,000,000	1,000,001 - 2,000,000	More than 2,000,000	Monthly Base Rate	More than 1,000
2013	\$ 20.70	\$ 0.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 11.60	\$ 2.85
2012	\$ 18.15	\$ 3.79	\$ 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
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

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

Type of Customer	2013		2012		2011		2010		2009	
	Consumption		Consumption		Consumption		Consumption		Consumption	
	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales	Gallons	Sales
Residential										
Builder	9,752,700	\$ 10,045	1,722,100	\$ 13,978	2,067,500	\$ 12,840	2,673,200	\$ 12,506	1,709,800	\$ 8,766
Residential	574,050,400	4,195,903	642,064,200	4,179,606	599,961,400	3,136,708	584,991,300	2,576,449	581,647,900	2,470,088
Residential Sprinkler	8,937,800	53,118	12,400,500	60,416	9,287,000	41,788	7,645,800	31,194	6,414,900	25,936
Commercial										
Commercial	258,006,500	1,502,194	303,160,700	1,439,649	290,369,000	1,246,418	268,495,700	1,044,821	273,200,600	985,253
Commercial Sprinkler	17,465,200	102,223	26,836,000	123,299	22,568,300	95,866	18,908,400	72,007	17,792,500	64,621
Schools	9,417,900	44,364	10,306,100	45,813	9,258,500	39,229	9,796,700	36,921	9,241,100	32,702
Schools Sprinkler	9,725,500	40,610	14,235,900	57,426	11,352,100	44,046	2,980,800	10,669	1,231,500	4,453
G Rate	499,738,000	1,875,814	261,300,300	1,046,259	206,752,700	802,388	220,076,200	762,770	215,248,600	660,769
Government	5,898,000	11,303	5,744,300	10,018	4,955,900	7,079	4,551,000	7,731	4,927,500	8,099
Total	<u>1,392,992,000</u>	<u>\$ 7,835,574</u>	<u>1,277,770,100</u>	<u>\$ 6,976,464</u>	<u>1,156,572,400</u>	<u>\$ 5,426,362</u>	<u>1,120,119,100</u>	<u>\$ 4,555,068</u>	<u>1,111,414,400</u>	<u>\$ 4,260,687</u>
Average Rate per Thousand		5.625%		5.460%		4.692%		4.067%		3.834%

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
2013	53	\$ 13,961,584.00	141	\$14,112,761	\$100,091
2012	122	\$ 8,674,766.00	671	\$19,973,939	\$29,767
2011	180	\$ 16,704,983.00	855	\$20,775,488	\$24,299
2010	195	\$ 13,920,247.00	808	\$11,602,808	\$14,360
2009	146	\$ 12,077,999.00	646	\$14,171,299	\$21,937
2008	134	\$ 16,322,003.00	582	\$16,361,270	\$28,112
2007	145	\$ 37,050,972.00	762	\$22,853,460	\$29,991
2006	143	\$ 36,101,072.00	801	\$17,642,336	\$22,025
2005	290	\$ 211,317,624.00	1,132	\$20,008,946	\$17,676
2004	346	\$ 21,622,714.00	1,342	\$15,314,597	\$11,412

(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		Total Primary Government	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASE	NOTE PAYABLE	NOTE PAYABLE				
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	128,072.00	-	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	
2006	300,000	309,123	-	22,541,241	23,150,364	3.37%	773.12	
2005	400,000	451,548	-	23,789,805	24,641,353	3.10%	826.23	
2004	500,000	282,296	-	24,812,395	25,594,691	2.78%	860.44	

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
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
2006	7,329,637	3,956,695	3,372,942	1,533,200	2.20	1.25
2005	7,022,978	3,784,262	3,238,716	2,244,466	1.44	1.25
2004	5,805,292	3,883,057	1,922,235	1,533,200	1.25	1.25

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

(2) Gross revenues included pledged revenues of water, sewer and sales tax.

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

Year	Population (3)	Personal Income	Per Capita Personal Income (1)	Unemployment Rate (2)
2013	30,649	\$ 714,261	\$ 19,626	4.8
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
2006	29,944	779,113	26,019	4.8
2005	29,824	763,822	25,611	5.6
2004	29,746	712,714	23,960	4.9

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

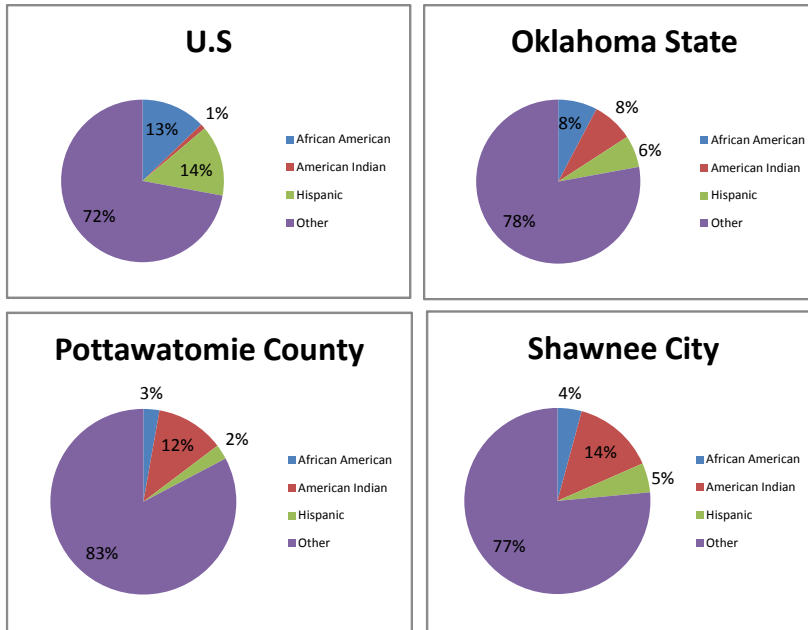
(2) Information obtained from the Oklahoma Employment Security Commission, for the Oklahoma City metropolitan area.

(3) Population for 2010-2012 is from the 2010 Census. Information from 2003-2009 is estimates by the Oklahoma Department of Commerce.

CITY OF SHAWNEE, OKLAHOMA Ethnic Demographic Statistics

Comparative Ethnic Percentage Population

	U.S	Oklahoma State	Pottawatomie County	Shawnee City
African American	12.80%	7.70%	2.80%	4.10%
American Indian	1.00%	8.10%	11.90%	12.80%
Hispanic	14.10%	6.30%	2.60%	2.70%
Other	72.10%	77.90%	82.70%	80.40%
	100.00%	100.00%	100.00%	100.00%



Data provided by the U.S. Census Bureau

**Top
PRINCIPAL EMPLOYERS
Current year and Nine years ago**

	2013			2004		
	Employees	RANK	% of Total Employment	Employees	RANK	% of Total Employment
Citizens Potawatomi Nation	2,200	1	9.40%	750	1	3.51%
Wolverine Tube	600	2	2.56%	450	6	2.11%
St Anthony's	497	3	2.12%	650	2	3.04%
Shawnee Public Schools	490	4	2.09%	600	3	2.81%
George Fischer	414	5	1.77%	-	-	0.00%
Walmart	400	6	1.71%	300	10	1.40%
Oklahoma Baptist	352	7	1.50%	400	7	1.87%
Eaton Corporation	352	8	1.50%	400	8	1.87%
Exxon Mobil	350	9	1.50%	500	4	2.34%
Absentee Shawnee	326	10	1.39%	-	-	0.00%
TDK Ferrites	-	-	-	350	9	1.64%
Central Plastic	-	-	-	500	5	2.34%
	<u>5,981</u>		<u>25.55%</u>	<u>4,900</u>		<u>22.95%</u>

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

FUNCTION / PROGRAM	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government:										
Management Services	10.0	10.0	9.0	8.5	9.5	9.5	10.5	9.0	10.0	9.0
Finance	7.0	5.0	5.0	5.0	3.5	6.0	4.0	6.0	8.0	9.0
Planning	8.0	9.5	8.0	7.0	7.0	6.0	6.0	7.0	5.0	6.0
Other	12.0	13.0	12.0	11.5	10.0	13.0	13.0	10.5	5.0	5.0
Police:										
Officers	57.0	57.0	54.0	51.0	56.0	52.0	54.0	49.0	50.0	50.0
Civilians	23.0	21.5	21.5	21.0	19.0	20.0	18.5	19.0	19.0	20.0
Fire:										
Firefighters and Officers	46.0	43.0	46.0	45.0	48.0	49.0	47.0	49.0	47.0	50.0
Civilians	3.0	3.0	3.0	3.0	3.0	2.0	3.0	2.0	3.0	3.0
Other Public Works:										
Engineering	3.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0	4.0	5.0
Other	25.0	21.0	22.0	21.0	21.0	23.0	24.5	22.0	23.0	26.0
Redevelopment	2.5	3.0	3.5	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Parks and Recreation	23.0	23.0	20.0	19.0	23.0	24.0	23.0	23.0	24.0	23.0
Water	36.5	33.0	32.0	30.0	30.0	28.0	28.0	31.0	27.0	28.0
Wastewater	19.0	19.0	19.5	19.0	19.0	19.0	18.0	17.0	18.0	21.0
Total	<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>	<u>252.5</u>	<u>247.0</u>	<u>259.0</u>

CITY OF SHAWNEE, OKLAHOMA
Operating Asset Statistics by Function / Program
Last Five Fiscal Years

FUNCTION / PROGRAM	2013	2012	2011	2010	2009
Police:					
Stations	1,191	1	1	1	1
Zone Offices	2	2	2	2	2
Patrol Units	69	69	69	73	72
Fire Stations	3	3	3	3	3
Other Public Works:					
Streets (miles)	190	190	189	187	185
Highway Interstate (miles)	2.50	2.50	2.50	2.50	2.50
Traffic Signals	47	46	45	45	45
Parks and Recreation:					
Acerage	137.36	137.36	137.36	137.36	137.36
Playgrounds	33	33	33	33	33
Baseball/Softball Diamonds	9	9	9	9	9
Soccer/Football Fields	0	0	0	0	0
Community Centers	1	1	1	1	1
Park and Recreation Reservations	392	340	348	451	518
Water:					
Water Mains (miles)	215	215	215	215	215
Fire Hydrants	1,403	1,340	1,340	1,340	1,240
Storage Capacity (thousands of gallons)	2.5m	2.5m	2.5m	2.5 m	2.5m
Wastewater:					
Sanitary Sewers (miles)	175	175	175	175	175
Treatment Capacity (thousands of gallons)	6m	6m	6m	6m	6m

Note: Only five years of information was available

CITY OF SHAWNEE, OKLAHOMA
Operating Indicators
Last Ten Fiscal Years

FUNCTION / PROGRAM	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police:										
Physical Arrests	2,350	1,944	1,985	1,347	1,117	1,734	1,888	1,456	1,290	1,229
Total Parking and Traffic Citations	6,726	5,355	7,747	6,518	6,770	6,381	7,327	6,484	4,891	4,233
Fire:										
Emergency Responses	4,768	3,212	4,426	4,390	4,107	4,071	3,762	3,613	2,648	3,127
Fires Extinguished	282	227	330	214	242	377	278	541	328	315
Inspections	12	12	61	107	23	25	27	214	150	175
Other Public Works:										
Street Resurfacing (Lane Blocks)	134	172	150	162	145	258	229	69	279	130
Potholes Repaired	775	891	1,162	996	1,074	1,980	2,455	739	4,000	3,900
Water:										
New Connections	490	47	28	23	10	43	28	87	312	312
Water Main Breaks	146	97	241	138	77	79	93	66	145	145
Average Daily Consumption (thousands of gallons)	4,589	4,671	4,341	3,793	3,822	4,235	3,694	4,066	3,500	3,500
Peak Daily Consumption (thousands of gallons)	7,458	7,624	6,990	6,140	6,879	6,979	4,999	8,167	7,500	7,500
Wastewater:										
Average Daily Sewer Treatment (thousands of gallons)	3,086	3,086	2,912	2,630	3,920	2,943	3,245	2,942	2,600	2,600

* MGD Million gallons per day

CITY OF SHAWNEE, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES
June 30, 2013

CITY OF SHAWNEE, OKLAHOMA

TABLE OF CONTENTS

SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

**Reports Related to Financial Statements of the Reporting
Entity Required by GAO Government Auditing Standards:**

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 <i>Government Auditing Standards</i>	1
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Reports related to Federal Assistance Programs Required by OMB Circular A-133:

Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required By OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings and Questioned Costs	11



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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma (the "City"), as of and for the year ended June 30, 2013, 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, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questions costs as item 13-01.

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aledge & Associates, P.C.
December 16, 2013



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Shawnee, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal

control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 16, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arledge & Associates, P.C.

February 5, 2014

Except for the Report on Schedule of
Expenditures of Federal Awards as to
Which the date is December 16, 2013

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	\$ 337,644
<i>Total Department of Housing and Urban Development</i>		<u>337,644</u>
Department of Justice		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21,811
ARRA Public Safety Partnership and Community Policing Grant	16.710	135,163
Passed-through State of Oklahoma Office of Juvenile Affairs: Office of Juvenile Justice and Delinquency Prevention	16.523	<u>9,802</u>
<i>Total Department of Justice</i>		<u>166,776</u>
Department of Transportation		
Airport Improvement Program	20.106	1,955,279
Passed-through Oklahoma Dept. of Public Safety: State and Community Highway Safety	20.600	26,356
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	2,107
NHTSA Discretionary Safety Grants	20.614	<u>3,323</u>
<i>Total Department of Transportation</i>		<u>1,987,065</u>
Department of Homeland Security		
Assistance to Firefighters Grant	97.044	20,261
Passed-through Oklahoma Department of Homeland Security: Citizens-Community Resilience Innovation Challenge	97.053	39,213
Passed-through Oklahoma Department of Emergency Management Emergency Management Performance Grants	97.042	<u>44,835</u>
<i>Total Department of Homeland Security</i>		<u>104,309</u>
<i>Total Expenditures of Federal Awards</i>		<u><u>\$ 2,595,794</u></u>

CITY OF SHAWNEE, OKLAHOMA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the City under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the basis of accounting consistent with the definition of federal awards expended in paragraph 205 of OMB Circular A-133.

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____yes x no

Reportable condition(s) identified
not considered to be material weaknesses? _____yes x none reported

Noncompliance material to financial statements noted? x yes _____no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____yes x no

Reportable condition(s) identified
not considered to be material weakness(es)? _____yes x none reported

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

Any audit findings disclosed that are required to
be reported in accordance with
OMB Circular A-133, Section .510(a)? _____yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? _____yes x no

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Compliance Findings

See finding 13-01.

Internal Control Findings

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

None

Internal Control Findings

None

CITY OF SHAWNEE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Finding 13-01 - Budgeted Appropriations

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	Police Operations	\$143,270
General	Expo Center	\$32,500
General	Senior Center	\$47,366
Street and Alley Fund	Streets	\$70,924
Hotel/Motel Fund	Economic Development	\$34,107

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 may 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.

Management'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

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

Finding 12-01 - Budgeted Appropriations

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>
Sister Cities	Library	\$ 40,407
Street and Alley Fund	Streets	71,293
Hotel/Motel Fund	Economic Development	100,139

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 may 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.

Management'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.

Current Year Status: See current year Finding 13-01.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Cont'd)
Year Ended June 30, 2012

Finding 12-02 - Fund Balance

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

Condition: The City's Street and Alley Fund reports a deficit fund balance of \$81,736.

Cause: Increases in costs and numbers of street lights maintained without an offsetting increase in funds.

Effect or Potential Effect: Negative fund balance is an indicator of financial stress on the City, and can lead to cuts in services, increases in rates, or the inability of the City to effectively manage its cash flows and honor its financial obligations in a timely manner.

Recommendation: We recommend that the City put procedures in place to ensure that fund balances be monitored and spending constrained or the City reimburse this fund from other sources.

Management's Response: The City will make this fund whole and in the future make sure this fund is watched closely to ensure it does not have a negative fund balance at June 30. The source of revenue is from the State of Oklahoma. This Fund pays for the City street lights. Historically, this fund carried a fund balance. However, with the cost of electricity on the rise and the addition of street lights over time this fund cannot sustain that expense any longer. For fiscal 2013, the fund will be balanced with General Fund revenue.

Current Year Status: This finding was materially resolved in the current year.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Cont'd)
Year Ended June 30, 2012

Finding 12-03 - Grant Revenue and Expenditure Reporting

Criteria: Reporting Federal expenditures is determined when the Federal awards are expended. CFR 29 99.205 states the determination of when an award is expended should be based on when the activity related to the award occurs. Additionally, generally accepted accounting principles, as promulgated by *Governmental Accounting Standards Board* Statement No. 33 states, in brief, that for reimbursement driven grants, grant revenue should be recognized at the time the qualifying grant expenditures are incurred.

Condition: While testing for compliance under Circular No. A-133, we noted that with regards to the Investments for Public Works and Economic Development Facilities (EDA) grant (CFDA# 11.300), 10 out of 12 expenditure transactions were incurred and paid in the fiscal year 2011. No related grant revenue was accrued and recorded in the fiscal year 2011 financial statements in relation to these expenditures.

Cause and Effect: Due to a lack of controls over financial reporting, grant expenditures incurred and paid in the prior year were not appropriately reported in the Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year ending June 30, 2011, but instead are reported in the SEFA for the fiscal year ending June 30, 2012. Additionally, federal grant revenue related to the grant expenditures incurred in the fiscal year ending June 30, 2011 was not appropriately reported in the financial statements for the fiscal year ending June 30, 2011, but instead is reported in the financial statements for the year ending June 30, 2012.

Recommendation: We recommend the City develop and implement control procedures to ensure that Federal grant expenditures and grant revenues are properly recorded to ensure the accurate preparation of the Schedule of Expenditure of Federal Awards as well as to ensure the proper reporting of federal grant revenue in the financial statements of the City.

Management's Response: The Finance Department is working to centralize the grant recordkeeping process. In the future, grant expenditures will be tracked more closely and request for reimbursements filed in a timely fashion to ensure federal expenditures are reported in the proper period. In addition, the request will be reviewed by finance prior to filing with the federal agency to ensure the requests are accurate and comply with the requirements of the federal programs.

Current Year Status: This finding was resolved in the current year.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (Cont'd)
Year Ended June 30, 2012

Finding 12-04 - Drawdowns of Federal Grants

Federal Program: CFDA# 20.106 -Airport Improvement Program

Criteria: OMB Circular A-133 §_500(d) requires tests for compliance with the requirements related to Federal programs contained in the A-133 compliance supplement. The compliance testing shall include tests of reimbursed federal funds. 31 CFR section 205.12(b)(5) requires that program expenses be paid with entity funds prior to the entity requesting reimbursement from the Federal Government.

Condition: The grant awards are paid on a reimbursement basis. The City of Shawnee requested federal funds before the costs had been paid. 11 of 11 drawdowns tested requested federal funds before the costs had been paid by the City.

Questioned Costs: None

Cause and Effect: The City failed to follow the Federal grant drawdown guidelines applicable to reimbursement type grants. Therefore, the federal agency may require repayment of federal funds and/or any additional incurred interest could be applied as a result of receiving reimbursed funds before the costs were paid by the City.

Recommendation: We recommend procedures be established to ensure costs are paid before submitting a request for reimbursement of funds.

Management's Response: Management disagrees with this finding. The Scope of work for the architect/engineering firm was responsible for the reporting and drawdowns for this project. The Finance Department is working to centralize the grant record keeping process. In the future, grant expenditures will be tracked more closely and request for reimbursements filed in a timely fashion to ensure federal expenditures are reported in the proper period. In addition, the request will be reviewed by finance prior to filing with the federal agency to ensure the requests are accurate and comply with the requirements of the federal programs.

Current Year Status: This finding was resolved in the current year.

CITY OF SHAWNEE, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)
Year Ended June 30, 2012

Finding 12-05 - Reporting

Federal Program: CFDA# 20106 – Airport Improvement Program

Criteria: The compliance tests include whether or not the proper reports are submitted to the federal agency. This includes *Federal Financial Reports*. In addition, a letter to the City of Shawnee from the Southwest Region, Airport Division of the Federal Aviation Administration (FAA), requires that until the grant is completed and closed, the City is to submit the following reports:

- A signed/dated SF-425 for the preceding quarter's financial activity on a quarterly basis, i.e. no later than January 15, April 15, July 15, and October 15
- Construction Progress Report (FAA Form 5370-1) are due every two weeks while on-site construction is in progress
- A signed/dated "Statement and Distribution of Project Costs" on a quarterly basis, i.e. no later than January 15, April 15, July 15, and October 15.

Condition: While testing for reporting compliance it was noted the SF-425 reports have not been submitted to the FAA.

Questioned Costs: None

Cause and Effect: Due to the lack of controls, the City did not submit all of the required reports with the granting agency.

Recommendation: We recommend controls be established to ensure all required reports are submitted with the appropriate agency or a written waiver is obtained from the appropriate agency personnel.

Management's Response: Management disagrees with this finding. The Scope of Work for the architect/engineering firm was responsible for this reporting. Management was not aware that the consultants had not been submitting the required reports. The Finance Department is putting in controls to ensure that all required reports are submitted in a timely manner.

Current Year Status: This finding was resolved in the current year.