



City of Shawnee

OKLAHOMA



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2017

CITY OF SHAWNEE, OKLAHOMA

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

**For the Fiscal Year Ended
June 30, 2017**

Prepared by:
Department of Finance

Cynthia R Sementelli
Finance Director

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INTRODUCTION SECTION

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Office of the City Manager

December 15, 2017

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

In accordance with State Statutes and the Charter of the City of Shawnee, Oklahoma, we are pleased to present the 2016-2017 Comprehensive Annual Finance Report (CAFR) to the City Commission and the citizens of Shawnee and report on the status of the City's financial position and results of operations for the past fiscal year. The report has been prepared in compliance with all requirements of the Governmental Accounting Standards Board (GASB). We believe the data, as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

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

The City's financial statement have been audited by Arledge & Associates, P.C., licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statement for the year ended June 30, 2017. The independent auditors report is presented as the first component of the financial section of the CAFR.

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

The Financial Section includes the City's external auditor's letter expressing an opinion as to the accuracy and fairness of the presentation, the audited financial statements and supporting schedules and notes. The combined and individual fund statements present financial data of each of the separate funds of the City. Schedules provide certain other information summarized in the financial statements. The notes are an integral part of the financial statements and provide additional information which is essential to an accurate understanding of the government's financial condition.

PROFILE OF THE CITY

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

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

The City commission is required by State Statue to adopt a budget no later than seven days prior to the first day of the fiscal year (July 1). The annual budget serves as the foundation for the City of Shawnee's financial planning and control. The budget is prepared by fund by department. The City Manager may authorize transfers between departments without City Commission approval. Supplemental appropriations require City Commission approval and must be filed with the Office of the State Auditor and Inspector. The city maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

For financial reporting purposes, all funds, agencies, boards, commission, and authorities which the City Commission has financial accountability are included in this report. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entities. After careful evaluation of these factors, the City has included in this financial report the Shawnee Municipal Authority and the Shawnee Airport Authority, as well as all funds of the City.

GOVERNMENTAL STRUCTURE

The City of Shawnee operates as a Council/Manager form of government. The governing body of the City consist of a mayor, who shall be elected from the City at large; and six (6) other commissioners. The City Commission also serves as trustees of the Shawnee Municipal Authority and the Shawnee Airport Authority. The Mayor and Commissioners appoint the City Manager, who is the chief executive officer of the City, they also appoint the City Treasurer and the Judge for Municipal Court and the City Attorney.

Shawnee, originally incorporated in 1894 and is located on Interstate 40 with a population of just over 31,000 in Pottawatomie County Oklahoma. Shawnee's retail base continues to expand along the I-40 corridor with several new hotels, restaurants and retail establishments underway or planned.

LONG-TERM FINANCIAL PLANNING

City Commission has not formally adopted a policy of maintaining a minimum fund balance in the General Fund. Management strives to maintain a General Fund reserve for emergencies of 15% to 20% of budgeted operating revenues of the General Fund. For FY 17 the unassigned fund balance of the General Fund was 10.2% of budgeted revenues.

During FY 17, management began developing a five-year budget for the SMA and a five year strategic business plan for the city to serve as the foundation for the City's financial planning and control. The plan and the budget support the goals of the city and help to establish priorities for the upcoming years. The strategic plan and the SMA five-year budget were approved and implemented for fiscal year 2018.

ECONOMIC CONDITION AND OUTLOOK

The City's top priority is to provide the highest level of public services possible with available funding. Like most other Oklahoma municipalities, long-term municipal finance is a concern. A broad analysis of the

current and future expenditure needs of the City must be considered when appropriating revenues and building unreserved fund balances.

The City is very dependent on sales and use tax to fund all general government operations. Approximately 65% of the City's General Fund revenues are provided by sales and use tax; which is slightly up from last year. Intergovernmental Revenue was 10.78% of the general fund revenue which consists of grants and revenue from other governmental agencies. Intergovernmental was a slightly higher than fiscal year 15-16 because of the increase in the Behalf the State for the Police and Fire Pension. Sales Tax and Use Tax are directly affected by the state of the local economy and their use is often restricted by voter approval. With the current oil and gas crisis in Oklahoma, the City feels very fortunate to have a stable environment. The City has to be diligent on watching the trends since Sales and Use Tax is a very volatile revenue source from a budgeting perspective. Further, over the past 10 years, the City's sales tax has not kept up with the cost of salaries, goods and services.

Sales and use tax collected by the City during fiscal year 2016-2017 increased 1.03% or \$123,529 from the previous fiscal year. Current fiscal year sales tax collections received through November 201 are up \$70,498 or 1.41% over last year. We have been very fortunate to retain stability because the State of Oklahoma has seen a dramatic decrease. We contribute this to the growth in the northern (I-40) retail corridor with the opening of retail shops at the Shawnee Marketplace. All spaces in Phase I have been sold and tenants are open for business. There is a tax rebate incentive in place with the developer of the Shawnee Marketplace. The City also continues its proactive education of residents, contractors, and retailers that sales taxes are collected at the point of delivery. The City during this fiscal year continued a sales tax campaign called "SHOP SHAWNEE" designed to educate the community and highlight where their tax dollars go. We are also engaging partners like the Shawnee Economic Development Foundation and the Greater Shawnee Chamber of Commerce to help in the education process. Recent discussion of a long-term Capital Improvement Plan and some more immediate needs have led staff and Commissioners to realize that if the City of Shawnee is going to be able to continue to provide the level of customer service our citizens desire, retail sales tax attraction and economic development need to be top priorities.

As staff continues to identify possible reductions, the following critical needs within the City of Shawnee will remain in the Fiscal Year 2017-2018 budget:

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

In accordance with Oklahoma Statute Titles 11 Section 17-211 and 68 Section 3017, and City Commission action with the adoption of Resolution 6545 June 19, 2017, the City strives to maintain a minimum unassigned fund balance totaling 30% for budgeted expenditures as a reserve for revenue shortfalls, unanticipated expenditures, and to meet daily cash flow requirements.

The City's fiscal year 2017-2018 budget estimates General Fund revenues of \$23,468,963. The City did not use fund balance to balance the budget this year. In July 2013, the City transitioned to a new pension choice plan which has saved the City on pension cost and has allowed us to increase the City's contribution towards health insurance for the third year in a row. About 5 years ago the City did a salary compensation study and we have been unable to adjust to the rate of inflation but this current fiscal year 2017-2018 the commission approved a 1% across the board raise for non-union employees.

MAJOR INITIATIVES

As of June 30, 2013, the City has fulfilled their obligation to the Oklahoma Department of Transportation for Kickapoo Street. The next phase that the City has partnered with Oklahoma Department of Transportation is the continuation of Kickapoo to Farrall Street. This work is estimated at \$17 million and the Oklahoma Department of Transportation will pay for all roadway construction costs. According to the contract the City will only be responsible for the waterline and the easement costs.

Fiscal Year 2016-2017 was a busy and productive year for the City. One of biggest accomplishments this year was the completion of the Downtown Streetscape Project. The downtown area was a TIF district that collected over \$600k during the last ten years which was used along with City and ODOT funding to improve Main Street. During fiscal year 2017-2018 we will be the process of expanding our TIF District to continue our efforts of improving the downtown area.

The Wayfinding is underway and we have completed the major gateway signs. This project was funded with City funds and funding from Visit Shawnee, Inc.

This year the City partnered with the Avedis Foundation and the County to do some much-needed upgrades to the Heart of Shawnee Exposition Center. We replaced the flooring, installed new HVAC systems, and upgraded the lighting. Most work was completed in time for the 25th Anniversary of the IFYR rodeo in July.

Station 2 for the Fire Department was started during fiscal year 2016-2017 and is anticipated to be completed in the Spring of 2018. In addition to the new stations we have ordered two new trucks for the department. We are excited to be getting a 100-ft. ladder truck and another engine. Anticipated arrival date is sometime in the spring.

For the first time, the City conducted a scientifically-valid comprehensive Community Survey to get a better understanding from the public of where they viewed the City's strengths and weaknesses. With the survey results, the commission formed a committee that developed a 5-year Strategic Plan that was formally adopted during the budget process.

During fiscal year 2014-2015 we had a master plan done for the City's park network with recommendation on how to improve our park system. This was closely followed, by a conceptual design phases, whereby six key public works were examined in greater detail. Improvement plans and cost estimates were prepared as part of this process.

The City expended over \$339k on Community Development Block Grant (CDBG) housing rehabilitation and emergency construction for eligible citizens. We were awarded \$279,000 for fiscal year 2017-2018.

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

During fiscal year 2016-2017, the City supported the Shawnee Civic and Cultural Development Authority (Expo Center) with over \$500,000 from the general fund for the employees, \$50,000 from the economic development fund and \$220,000 for capital improvements. With the capital money, the Expo was able to do the upgrades mentioned earlier with the help of the County and the Avedis Foundation.

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

The City supported the multi-county library system by paying \$76,000 for utilities and janitorial services for the City-owned building and provided \$108,000 for management of the Senior Citizens Center.

Back in 2012, SMA contracted with Smith, Roberts, Baldischwiler, LLC to develop a Master Plan which resulted in the development of a Capital Improvement Plan for the water supply, water treatment, collections systems, and wastewater treatment facilities. During fiscal year 2016-2017 we went out to bid for engineering services which was awarded to CH Guernsey out of Oklahoma City. During fiscal year 2017-2018 they will be completing the engineering for the water and sewer plants. Early 2018-2019 we anticipate to secure financing for these projects.

During fiscal year 2016-2017 SMA continued with annual pipe bursting of sewer line and water lines, rehabbing clarifiers and screw pumps, and purchased new equipment. Capital funds for 2017-2018 will be reduced in anticipation of the new plants.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Associations of the United State and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted



Justin Erickson
City Manager



Cynthia S. Arnold
Finance Director

City of Shawnee, Oklahoma

List of Principal Officials

June 30, 2017

Mayor and City Commission

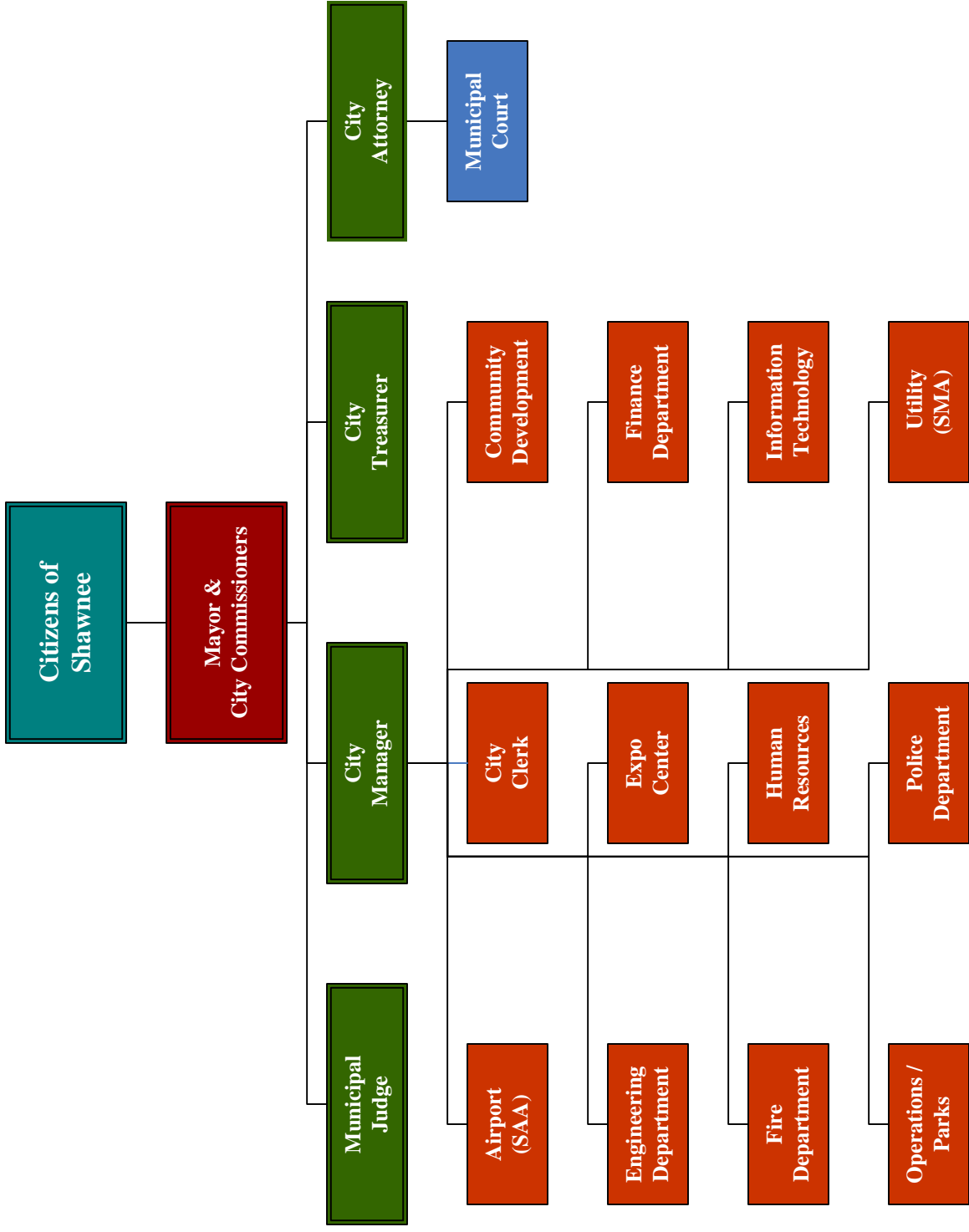
Richard Finely	Mayor
James Harrod	Commissioner
Lesa Shaw	Commissioner
Dub Bushong	Commissioner
Ron Gilham	Commissioner
Darren Rutherford	Commissioner
Ben Salter	Commissioner

Administration

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

City of Shawnee Administrative Organizational Chart

Updated January 23, 2013





Government Finance Officers Association

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

Presented to

**City of Shawnee
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position, and, where

applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



December 29, 2017

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, 2017. 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 \$4,101,252 or 5.3% from the prior year and the assets and deferred outflows of the City continued to exceed its liabilities and deferred inflows at June 30, 2017, by \$81.5 million (net position).
- Of the \$81.5 million in net position, \$92.3 million is the net investment in capital assets. Another \$12.4 million is restricted for capital projects, debt service, economic development, and public safety. The remaining unrestricted net position for governmental activities is a deficit of approximately \$20.6 million and unrestricted net position of the business-type activities is a deficit of \$2.7 million. The deficits in a large part are caused by the GASB Statements 68 and 71 related to employer pension accounting.
- At June 30, 2017, the City's governmental funds reported total combined ending fund balances of \$13.6 million. Of this amount, \$11.0 million is restricted by outside sources and enabling legislation, and \$.3 million is assigned to projects by management, leaving \$2.2 million as unassigned fund balance.
- At June 30, 2017, enterprise funds reported \$41.9 million of total net position. Of this amount, (\$2.7) million is unrestricted (a deficit), \$42.2 million is the net investment in capital assets, and \$2.5 million is restricted for debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

The Notes to the Financial Statements on pages 32-72 provide additional information that is essential to gain understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City has included other information (OI), on pages 1-5, the letter of transmittal and the 10-year statistical tables beginning on page 102. The Required Supplementary Information (RSI) section, starting on page 73, reports the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – and the related Notes to the Required Supplementary Information on Budgetary Accounting and Control for the fiscal year ended June 30, 2017. Also reported here is the City’s Defined Benefit Pension Plan Funding Schedules at June 30, 2017, and actuarial information related to the City’s Other Postemployment Benefits (OPEB) and the city’s cost sharing pension plans schedules.

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

THE CITY AS A WHOLE

For the year ended June 30, 2017, net position for the governmental activities and business-type activities increased \$4,101,252. The results indicate the City's, financial condition improved from the prior year.

Following is a summary of net position for the City of Shawnee as of June 30, 2017 and June 30, 2016:

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

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
Current assets	\$ 16,363	\$ 17,047	-4%	\$ 3,261	\$ 4,625	-29%	\$ 19,624	\$ 21,672	-9%
Capital assets, net	52,818	46,515	14%	55,762	56,168	-1%	108,580	102,683	6%
Total assets	<u>69,181</u>	<u>63,562</u>	9%	<u>59,023</u>	<u>60,793</u>	-3%	<u>128,204</u>	<u>124,355</u>	3%
Deferred outflows	<u>5,720</u>	<u>1,887</u>	203%	<u>1,140</u>	<u>795</u>	43%	<u>6,860</u>	<u>2,682</u>	156%
Current liabilities	4,342	4,811	-10%	3,538	3,979	-11%	7,880	8,790	-10%
Non-current liabilities	30,249	22,893	32%	14,375	15,326	-6%	44,624	38,219	17%
Total liabilities	<u>34,591</u>	<u>27,704</u>	25%	<u>17,913</u>	<u>19,305</u>	-7%	<u>52,504</u>	<u>47,009</u>	12%
Deferred inflows	<u>773</u>	<u>2,198</u>	-65%	<u>294</u>	<u>439</u>	-33%	<u>1,067</u>	<u>2,637</u>	-60%
Net position									
Net investment capital assets	50,131	42,925	17%	42,195	40,439	4%	92,326	83,364	11%
Restricted	9,972	9,982	0%	2,470	2,578	-4%	12,442	12,560	-1%
Unrestricted (deficit)	(20,566)	(17,360)	-18%	(2,709)	(1,173)	131%	(23,275)	(18,533)	-26%
Total net position	<u>\$ 39,537</u>	<u>\$ 35,547</u>	11%	<u>\$ 41,956</u>	<u>\$ 41,844</u>	0%	<u>\$ 81,493</u>	<u>\$ 77,391</u>	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 \$92.3 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position, \$12.4 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors. The total remaining unrestricted net position is a deficit amount, with the governmental unrestricted net position having a deficit balance of \$20.6 million, or a 18% increase in the size of the deficit of the prior year, primarily due to an increase in non-current liabilities due to the pension liability and claims payable and net investment in capital assets. The business-type activities has a deficit unrestricted net position of \$2.7 million due to a decrease in current assets and an increase in operating transfers out.

Changes in Net Position:

Table 2 summarizes the City's changes in net position for fiscal year 2016 compared to fiscal year 2017.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Revenues									
Charges for service	\$ 1,406	\$ 1,448	-3%	\$ 13,430	\$ 13,570	-1%	\$ 14,836	\$ 15,018	-1%
Operating grants and contributions	2,914	3,001	-3%	-	5	-100%	2,914	3,006	-3%
Capital grants and contributions	5,327	743	617%	1,618	794	104%	6,945	1,537	352%
Taxes	22,168	21,930	1%	-	-	-	22,168	21,930	1%
Intergovernmental revenue	344	330	4%	-	-	-	344	330	4%
Investment income	53	66	-20%	56	36	56%	109	102	7%
Miscellaneous	160	244	-34%	99	4	2375%	259	248	4%
Total revenues	32,372	27,762	17%	15,203	14,409	6%	47,575	42,171	13%
Expenses									
General government	4,463	4,508	-1%	-	-	-	4,463	4,508	-1%
Public safety	17,192	15,415	12%	-	-	-	17,192	15,415	12%
Streets	4,272	4,408	-3%	-	-	-	4,272	4,408	-3%
Culture and recreation	2,229	2,333	-4%	-	-	-	2,229	2,333	-4%
Community development	553	602	-8%	-	-	-	553	602	-8%
Economic development	1,286	1,348	-5%	-	-	-	1,286	1,348	-5%
Interest	120	150	-20%	-	-	-	120	150	-20%
Water	-	-	-	5,792	5,909	-2%	5,792	5,909	-2%
Wastewater	-	-	-	3,732	3,485	7%	3,732	3,485	7%
Sanitation	-	-	-	1,652	1,619	2%	1,652	1,619	2%
Administration	-	-	-	672	636	6%	672	636	6%
Airport	-	-	-	1,358	1,670	-19%	1,358	1,670	-19%
Lake	-	-	-	153	140	9%	153	140	9%
Total expenses	30,115	28,764	5%	13,359	13,459	-1%	43,474	42,223	3%
Excess (deficiency) before transfers	2,257	(1,002)	-325%	1,844	950	94%	4,101	(52)	-7986%
Transfers	1,732	1,388	25%	(1,732)	(1,388)	25%	-	-	
Change in net position	3,989	386	933%	112	(438)	-126%	4,101	(52)	-7986%
Beginning net position	35,547	35,161	1%	41,844	42,282	-1%	77,391	77,443	0%
Ending net position	\$ 39,536	\$ 35,547	11%	\$ 41,956	\$ 41,844	0%	\$ 81,492	\$ 77,391	5%

Governmental Activities

The City's governmental activities (as shown in Table 2 above) increased net position by \$4.0 million representing an 11% increase in net position. The increase is due to a slight increase in tax revenues and capital contributions of infrastructure.

Fiscal year 2016-2017 tax revenues totaled \$22.2 million compared to \$21.9 million in fiscal year 2015-2016 as the local economy began to show a slight improvement due to an increase in retail space. Sales and use tax and franchise taxes were up slightly over the previous year.

Capital grants and contributions increased 617% from the prior year, as the City had several grant related and donated infrastructure.

Operating expenses increased in the public safety department as the City due to an increase in operational cost and increase in state on-behalf pension payments.

Business-type Activities

The business-type activities' increase in net position of approximately \$.5 million represents a 126% increase from the change in net position of the prior year.

Capital grants increased due to donated infrastructure for water.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2017	2016		2017	2016	
General government	\$ 4,463	\$ 4,508	-1%	\$ (3,858)	\$ (3,813)	1%
Public safety	17,192	15,415	12%	(14,432)	(12,196)	18%
Streets	4,272	4,408	-3%	437	(3,852)	-111%
Culture, parks and recreation	2,229	2,333	-4%	(1,118)	(2,094)	-47%
Community development	553	602	-8%	(126)	(143)	-12%
Economic development	1,286	1,348	-5%	(1,251)	(1,323)	-5%
Interest on long-term debt	120	150	-20%	(120)	(150)	-20%
Total	\$ 30,115	\$ 28,763	5%	\$ (20,468)	\$ (23,571)	-13%

Tables 3 and 4 summarize the total cost of providing services from governmental activities and business-type activities for fiscal years 2017 and 2016. Total costs of services provided by governmental activities totaled \$30.1 and \$28.8 million for fiscal years 2017 and 2016, respectively.

Total costs of services provided by business-type activities totaled \$13.4 million for fiscal year 2017 and \$13.5 million for fiscal year 2016.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2017	2016		2017	2016	
Water	\$ 5,792	\$ 5,909	-2%	\$ 2,567	\$ 882	191%
Wastewater	3,732	3,485	7%	30	337	-91%
Sanitation	1,652	1,619	2%	600	612	-2%
Administration	672	636	6%	(672)	(636)	6%
Airport	1,358	1,671	-19%	(769)	(310)	148%
Lake	153	140	9%	(67)	26	-358%
Total	\$ 13,359	\$13,460	-1%	\$ 1,689	\$ 911	85%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2017 fiscal year, the governmental funds reported a combined fund balance of \$13.7 million. The enterprise funds reported combined net position of \$42.0 million. The fund balance constraints and net position restrictions are listed below:

Governmental Funds:

Fund Balance:

Nonspendable	\$139,021
Restricted	11,008,113
Assigned	<u>338,351</u>
Total governmental fund balance constraints	<u>\$11,485,485</u>

Proprietary Funds:

Net Position Restrictions:

Debt service	<u>\$2,470,269</u>
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Other Fund Highlights Include:

- For the year ended June 30, 2017, the General Fund's total fund balance decreased by \$2,421,992 or 46.6%.
- General fund fire department total expenditures include \$1,264,065, while police department total expenditures include \$308,801 for pension payments made on behalf of the City by the State. The total amount of \$1,572,866 has been included as both revenue and expenditures of the City for the year ended June 30, 2017.
- The Street Improvement Fund's total fund balance decreased by \$.5 million due to street improvement expenditures exceeding sales tax collections in the current year.
- The Capital Improvement Fund's total fund balance increased by \$2.8 million as the city issued \$3.67 million in debt.
- The Shawnee Municipal Authority reported a net income of \$1,022,278 before contributed capital, transfers in, and transfers out.

General Fund Budgetary Highlights

Fiscal year 2017 General Fund revenues of \$18.9 million were \$1.6 million below budgeted revenues.

Fiscal year 2017 General Fund expenditures were 3.2% above budgeted expenditures.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2017, the City had \$108.6 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges, net of accumulated depreciation. This represents a net increase of \$5.9 million from last year.

Below are details regarding the change in the City's capital assets for the year ending June 30, 2017.¹

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 2,262	\$ 2,262	\$ 1,482	\$ 1,482	3,744	\$ 3,744
Buildings	6,323	6,198	6,233	7,090	12,556	13,288
Machinery, furniture and equipment	10,864	9,680	3,034	3,502	13,898	13,182
Infrastructure	30,197	22,504	31,882	31,124	62,079	53,628
Water rights	-	-	12,968	12,968	12,968	12,968
Construction in progress	3,172	5,871	162	2	3,334	5,873
Totals	<u>\$ 52,818</u>	<u>\$ 46,515</u>	<u>\$ 55,761</u>	<u>\$ 56,168</u>	<u>\$ 108,579</u>	<u>\$ 102,683</u>

This year's more significant capital asset additions include various water, wastewater and street improvement projects as well as upgrades to various city buildings, and at the airport. The most significant additions are related sidewalk projects, Main Street streetscape, street rehabilitation, fleet upgrades, and water and sewer line upgrades.

Debt Administration

At year-end, the City had \$25.9 million in long-term debt outstanding, which represents a \$.6 million increase from the prior year. These debts are further detailed below as follows:²

¹ For more detailed information on capital asset activity please refer to page 45 Note III.D. Capital Assets

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
CITY OF SHAWNEE, OKLAHOMA
JUNE 30, 2017**

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accrued absences	\$ 2,371	\$ 2,173	\$ 299	\$ 283	\$ 2,670	\$ 2,456
Notes payable	4,910	2,115	13,239	15,365	18,149	17,480
Claims and judgments payable	3,971	3,971	-	-	3,971	3,971
Capital leases	1,196	1,474	-	-	1,196	1,474
Totals	\$ 12,448	\$ 9,733	\$ 13,538	\$ 15,648	\$ 25,986	\$ 25,381

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

Total FY 2017-2018 General Fund revenues are estimated at \$23.5 million, including \$2.3 million in transfers from other funds. As noted above however, sales tax and use tax collections, representing approximately 65.5% percent of the total General Fund revenues are slightly below what was budgeted for through November 2017

Total FY2017-2018 Municipal Authority Utility Revenues are projected at \$14.3 million with \$2.3 million budgeted for engineering services for upgrades to the North and Southside treatment plants. We are hoping that all engineering will be completed during this fiscal year with construction starting during fiscal year 18-19. We will continue with our annual pipe bursting and water looping per the Master plan.

In March of 2014, the City signed a sales tax rebate agreement with Hunt Properties of Dallas, TX to attract a 400,000 square foot retail center. The Phase 1 of the new development is now completed. Phase 1 has \$20 million in new buildings and public improvements such as water and sewer extensions,

landscaping, and lighting, parking and associated drives which will generate excise tax revenue based on the point of delivery. Phase I is generating \$725,000 in new sales tax per year. This is a little under what we had originally anticipated but with the state of the economy we are pleased. Under the terms of the agreement the developer is rebated back some of the new sales tax generated for a set period of years.

We will have additional growth this year with a new development at Harrison and 45th Street which will include a large service station, four restaurants and two new hotels off the I-40 corridor. We anticipate a starting date of January 1, 2018.

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, 2017

	Governmental Activities	Business-type Activities	Total	Component Unit Civic & Cultural Development Authority
ASSETS				
Cash and cash equivalents	\$ 5,939,502	\$ 3,927,931	\$ 9,867,433	\$ 93,888
Investments	2,725,435	1,078,492	3,803,927	-
Interest receivable	1,831	-	1,831	-
Accounts receivable, net of allowance	595,324	1,738,342	2,333,666	22,896
Notes receivable, net of allowance	624,027	-	624,027	-
Internal balances	3,517,402	(3,517,402)	-	-
Due from other governmental agencies	2,820,547	-	2,820,547	-
Inventories	-	29,244	29,244	-
Prepaid items	139,021	4,200	143,221	-
Capital assets:				
Land, construction in progress, and water rights	5,434,032	14,611,616	20,045,648	-
Other capital assets, net of depreciation	47,384,138	41,150,239	88,534,377	4,155,624
Total Assets	<u>69,181,259</u>	<u>59,022,662</u>	<u>128,203,921</u>	<u>4,272,408</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amount on refunding	-	371,570	371,570	-
Deferred amounts related to pensions	5,719,814	768,357	6,488,171	-
	<u>5,719,814</u>	<u>1,139,927</u>	<u>6,859,741</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	1,371,084	683,522	2,054,606	13,329
Accrued interest payable	48,737	104,806	153,543	-
Due to depositors	-	1,225,374	1,225,374	9,807
Due to bondholders	9,897	-	9,897	-
Due to primary government	-	-	-	-
Unearned revenue	586,958	-	586,958	-
Long-term liabilities				
Due within one year	2,326,115	1,523,627	3,849,742	7,107
Due in more than one year	30,249,086	14,375,483	44,624,569	11,655
Total liabilities	<u>34,591,877</u>	<u>17,912,812</u>	<u>52,504,689</u>	<u>41,898</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	772,612	294,122	1,066,734	-
NET POSITION				
Net investment in capital assets	50,130,815	42,194,834	92,325,649	4,136,862
Restricted for:				
Debt service	379,861	2,470,269	2,850,130	-
Public safety	192,686	-	192,686	-
Capital projects	8,289,801	-	8,289,801	-
Economic development	852,575	-	852,575	-
Other	257,040	-	257,040	-
Unrestricted (deficit)	(20,566,194)	(2,709,448)	(23,275,642)	93,648
Total net position	<u>\$ 39,536,584</u>	<u>\$ 41,955,655</u>	<u>\$ 81,492,239</u>	<u>\$ 4,230,510</u>

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

**City of Shawnee, Oklahoma
Statement of Activities
Year Ended June 30, 2017**

Functions/Programs Primary government	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit Civic & Cultural Development Authority
	Expenses	Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities	\$ 4,463,197	\$ 278,887	\$ 326,737	\$ -	\$ (3,857,573)	\$ -	\$ (3,857,573)
General government	17,191,910	635,624	1,984,172	140,031	(14,432,083)	-	(14,432,083)
Public safety	4,271,930	42,223	270,296	4,396,567	437,156	-	437,156
Streets	2,229,120	310,277	10,501	790,000	(1,118,342)	-	(1,118,342)
Culture and recreation	552,420	103,249	322,785	-	(126,386)	-	(126,386)
Community development	1,285,974	35,273	-	-	(1,250,701)	-	(1,250,701)
Economic development	120,009	-	-	-	(120,009)	-	(120,009)
Interest on long-term debt	30,114,360	1,405,533	2,914,491	5,326,598	(20,467,938)	-	(20,467,938)
Total governmental activities							
Business-type activities:							
Water	5,792,312	6,770,307	-	1,589,420	-	2,567,415	2,567,415
Wastewater	3,732,123	3,762,947	-	-	-	30,824	30,824
Sanitation	1,651,800	2,251,610	-	-	-	599,810	599,810
Administration	672,199	-	-	-	-	(672,199)	(672,199)
Airport	1,357,326	559,345	-	28,618	-	(769,363)	(769,363)
Lake	152,926	85,443	-	-	-	(67,483)	(67,483)
Total business-type activities	13,358,686	13,429,652	-	1,618,038	-	1,689,004	1,689,004
Total primary government	\$ 43,473,246	\$ 14,835,185	\$ 2,914,491	\$ 6,944,636	\$ (20,467,938)	\$ 1,689,004	\$ (18,778,934)
Component Unit Civic & Cultural Development	\$ 1,890,101	\$ 1,287,128	\$ 597,141	\$ -	\$ -	\$ -	\$ (5,832)
General revenues:							
Taxes:							
Sales and use taxes					19,660,405	-	19,660,405
Franchise taxes and public service taxes					1,553,935	-	1,553,935
Hotel/motel taxes					490,032	-	490,032
Property tax					49,131	-	49,131
Payment in lieu of taxes					54,317	-	54,317
Other					360,664	-	360,664
Intergovernmental revenue not restricted to specific programs					343,937	-	343,937
Unrestricted investment earnings					55,508	-	55,508
Miscellaneous					160,315	-	160,315
Transfers					1,731,814	-	1,731,814
Total general revenues and transfers					24,457,510	-	24,457,510
Change in net position					3,989,572	111,680	4,101,252
Net position - beginning					35,547,012	41,843,975	77,390,987
Net position - ending					\$ 39,536,584	\$ 41,955,655	\$ 81,492,239

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

City of Shawnee, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2017

	<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	\$ 325,833	\$ 3,627,487	\$ 183,518	\$ 1,736,761	\$ 5,873,599
Investments	1,107,310	1,025,190	592,935	-	2,725,435
Interest receivable	1,253	224	253	101	1,831
Receivable from other governments	19,189	-	207,711	14,439	241,339
Due from other funds	1,253,766	65,000	7,000,000	4,023	8,322,789
Taxes receivable, net	1,941,306	299,140	337,739	183,980	2,762,165
Court fines receivable, net	189,707	-	-	-	189,707
Other receivables	165,591	-	-	681,096	846,687
Prepaid items	118,542	-	-	20,479	139,021
Total assets	<u>\$ 5,122,497</u>	<u>\$ 5,017,041</u>	<u>\$ 8,322,156</u>	<u>\$ 2,640,879</u>	<u>\$ 21,102,573</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 476,599	\$ 55,618	\$ 110,022	\$ 429,595	\$ 1,071,834
Accrued payroll payable	289,237	-	-	-	289,237
Due to other funds	1,438,885	3,744,667	-	178,012	5,361,564
Due to bondholders	9,897	-	-	-	9,897
Unearned revenue	-	-	-	586,958	586,958
Total liabilities	<u>2,214,618</u>	<u>3,800,285</u>	<u>110,022</u>	<u>1,194,565</u>	<u>7,319,490</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	<u>129,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,734</u>
Fund balances:					
Nonspendable	118,542	-	-	20,479	139,021
Restricted	-	1,216,756	8,212,134	1,579,223	11,008,113
Assigned	338,351	-	-	-	338,351
Unassigned (deficit)	2,321,252	-	-	(153,388)	2,167,864
Total fund balances	<u>2,778,145</u>	<u>1,216,756</u>	<u>8,212,134</u>	<u>1,446,314</u>	<u>13,653,349</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,122,497</u>	<u>\$ 5,017,041</u>	<u>\$ 8,322,156</u>	<u>\$ 2,640,879</u>	<u>\$ 21,102,573</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, 2017

Total fund balance, governmental funds	\$	13,653,349
<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>		52,818,170
<p>Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.</p>		129,734
<p>Deferred outflows are not available to pay current period expenditures and therefore are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.</p>		
Pension related deferred outflows		5,719,814
<p>Some liabilities are not due and payable in the current period, and along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:</p>		
Interest payable		(48,737)
Net pension liability		(18,344,041)
Pension related deferred inflows		(772,612)
Net OPEB obligation		(1,782,956)
Accrued compensated absences		(2,370,889)
Note payable		(4,910,000)
Capital lease payable		(1,195,977)
<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		(3,359,271)
Net Position of Governmental Activities in the Statement of Net Position	\$	39,536,584

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, 2017

	<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	\$ 15,217,089	\$ 2,342,004	\$ 2,644,186	\$ 2,181,184	\$ 22,384,463
Intergovernmental	2,431,004	78,144	750,061	253,587	3,512,796
Licenses and permits	253,418	-	-	2,560	255,978
Charges for services	549,900	-	-	1,888	551,788
Fees and fines	499,344	-	-	153,723	653,067
Investment earnings	15,732	14,078	22,425	725	52,960
Miscellaneous	236,385	4,894	21,237	832,788	1,095,304
Total revenues	<u>19,202,872</u>	<u>2,439,120</u>	<u>3,437,909</u>	<u>3,426,455</u>	<u>28,506,356</u>
EXPENDITURES					
Current:					
General government	3,701,806	-	-	-	3,701,806
Engineering	472,231	-	-	-	472,231
Equipment and building maintenance	489,256	-	-	-	489,256
Police	6,745,840	63,475	-	153,961	6,963,276
Fire	6,942,221	-	-	-	6,942,221
Municipal court	586,583	-	-	-	586,583
Emergency management	354,018	-	-	-	354,018
Streets	1,238,315	-	-	443,452	1,681,767
Parks and recreation	1,210,387	-	-	1,082	1,211,469
Culture and recreation	147,024	-	-	-	147,024
Animal control/E911	971,894	-	-	172,851	1,144,745
Cemetery	217,845	-	-	-	217,845
Library	88,960	-	-	-	88,960
Economic development	491,933	-	-	1,152,264	1,644,197
Capital Outlay	85,971	1,700,960	4,461,150	591,120	6,839,201
Debt Service:					
Principal	-	1,048,789	-	-	1,048,789
Interest and other charges	-	124,477	-	-	124,477
Total expenditures	<u>23,744,284</u>	<u>2,937,701</u>	<u>4,461,150</u>	<u>2,514,730</u>	<u>33,657,865</u>
Excess (deficiency) of revenues over expenditures	<u>(4,541,412)</u>	<u>(498,581)</u>	<u>(1,023,241)</u>	<u>911,725</u>	<u>(5,151,509)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	3,565,000	-	-	3,565,000
Transfers in	2,239,144	98,484	600,000	100,240	3,037,868
Transfers out	<u>(119,724)</u>	<u>(318,186)</u>	<u>(100,000)</u>	<u>(768,144)</u>	<u>(1,306,054)</u>
Total other financing sources and uses	<u>2,119,420</u>	<u>3,345,298</u>	<u>500,000</u>	<u>(667,904)</u>	<u>5,296,814</u>
Net change in fund balances	(2,421,992)	2,846,717	(523,241)	243,821	145,305
Fund balances - beginning	5,200,137	(1,629,961)	8,735,375	1,202,493	13,508,044
Fund balances - ending	<u>\$ 2,778,145</u>	<u>\$ 1,216,756</u>	<u>\$ 8,212,134</u>	<u>\$ 1,446,314</u>	<u>\$ 13,653,349</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, 2017

Net change in fund balances - total governmental funds: \$ 145,305

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	6,562,903
Depreciation expense	(4,246,408)
Book value of disposed capital assets	(128,938)
Capital assets donated	4,115,950

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

332,025

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	46,132
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Increase in accrued compensated absences	(198,210)
Increase in net OPEB obligation	(172,741)
Principal paid on long-term debt	1,048,789
Note proceeds	(3,565,000)

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

Change in accrued interest payable	4,468
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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	45,297
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Change in net position of governmental activities	\$ 3,989,572
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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, 2017

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Shawnee Municipal Authority</u>	<u>Shawnee Airport Authority</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 88,116	\$ 276,828	\$ 364,944	\$ 65,903
Investments	1,078,492	-	1,078,492	-
Restricted:				
Cash and cash equivalents	2,014,431	-	2,014,431	-
Due from other funds	63,607	-	63,607	556,177
Accounts receivable, net	1,719,912	16,316	1,736,228	-
Assessments receivable	2,114	-	2,114	-
Inventories	-	29,244	29,244	-
Prepaid expenses	4,200	-	4,200	-
Total current assets	<u>4,970,872</u>	<u>322,388</u>	<u>5,293,260</u>	<u>622,080</u>
Non-current assets:				
Restricted:				
Cash and cash equivalents	1,548,556	-	1,548,556	-
Capital assets:				
Land, construction in progress, and water rights	14,061,255	550,361	14,611,616	-
Other capital assets, net of accumulated depreciation	34,718,606	6,431,633	41,150,239	-
Total non-current assets	<u>50,328,417</u>	<u>6,981,994</u>	<u>57,310,411</u>	<u>-</u>
Total assets	<u>55,299,289</u>	<u>7,304,382</u>	<u>62,603,671</u>	<u>622,080</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts on refunding	371,570	-	371,570	-
Deferred amounts related to pensions	768,357	-	768,357	-
Total deferred outflows of resources	<u>1,139,927</u>	<u>-</u>	<u>1,139,927</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	548,965	9,084	558,049	10,013
Salaries payable	113,886	11,587	125,473	-
Accrued interest payable	104,806	-	104,806	-
Due to other funds	2,943,697	637,312	3,581,009	-
Deposits subject to refund	1,225,374	-	1,225,374	-
Compensated absences	57,095	2,635	59,730	-
Claims and judgments	-	-	-	645,554
Notes payable	1,463,897	-	1,463,897	-
Total current liabilities	<u>6,457,720</u>	<u>660,618</u>	<u>7,118,338</u>	<u>655,567</u>
Non-current liabilities:				
Compensated absences, net of current portion	228,380	10,540	238,920	-
Claims and judgments, net of current portion	-	-	-	3,325,784
Net pension liability	1,176,889	-	1,176,889	-
Net OPEB obligation	484,980	-	484,980	-
Notes payable, net of current portion	12,474,694	-	12,474,694	-
Total non-current liabilities	<u>14,364,943</u>	<u>10,540</u>	<u>14,375,483</u>	<u>3,325,784</u>
Total liabilities	<u>20,822,663</u>	<u>671,158</u>	<u>21,493,821</u>	<u>3,981,351</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	267,689	26,433	294,122	-
NET POSITION				
Net investment in capital assets	35,212,840	6,981,994	42,194,834	-
Restricted for debt service	2,470,269	-	2,470,269	-
Unrestricted (deficit)	(2,334,245)	(375,203)	(2,709,448)	(3,359,271)
Total net position	<u>\$ 35,348,864</u>	<u>\$ 6,606,791</u>	<u>\$ 41,955,655</u>	<u>\$ (3,359,271)</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, 2017

	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Fund
REVENUES				
Water	\$ 6,436,412	\$ -	\$ 6,436,412	\$ -
Sewer	3,649,125	-	3,649,125	-
Sanitation	2,204,522	-	2,204,522	-
Rents and royalties	56,732	274,363	331,095	-
Fuel sales	-	275,645	275,645	-
Miscellaneous	501,418	4,987	506,405	650,000
Total operating revenues	<u>12,848,209</u>	<u>554,995</u>	<u>13,403,204</u>	<u>650,000</u>
OPERATING EXPENSES				
General government	672,998	-	672,998	-
Lake	113,514	-	113,514	-
Water	3,781,822	-	3,781,822	-
Wastewater	2,127,819	-	2,127,819	-
Sanitation	1,301,576	-	1,301,576	-
Line maintenance	415,714	-	415,714	-
Airport	-	507,865	507,865	-
Claims expense	-	-	-	639,549
Depreciation	3,174,010	849,461	4,023,471	-
Total operating expenses	<u>11,587,453</u>	<u>1,357,326</u>	<u>12,944,779</u>	<u>639,549</u>
Operating income (loss)	<u>1,260,756</u>	<u>(802,331)</u>	<u>458,425</u>	<u>10,451</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	55,508	-	55,508	-
Miscellaneous revenue	121,080	4,350	125,430	34,846
Gain (loss) on capital asset disposal	(22,556)	-	(22,556)	-
Interest expense	(392,510)	-	(392,510)	-
Total non-operating revenue (expenses)	<u>(238,478)</u>	<u>4,350</u>	<u>(234,128)</u>	<u>34,846</u>
Income (loss) before contributions and transfers	<u>1,022,278</u>	<u>(797,981)</u>	<u>224,297</u>	<u>45,297</u>
Capital grants and contributions	1,590,579	28,618	1,619,197	-
Transfers in	318,186	-	318,186	-
Transfers out	(2,050,000)	-	(2,050,000)	-
Change in net position	<u>881,043</u>	<u>(769,363)</u>	<u>111,680</u>	<u>45,297</u>
Total net position - beginning	34,467,821	7,376,154	41,843,975	(3,404,568)
Total net position - ending	<u>\$ 35,348,864</u>	<u>\$ 6,606,791</u>	<u>\$ 41,955,655</u>	<u>\$ (3,359,271)</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, 2017

	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 13,014,788	\$ 550,650	\$ 13,565,438	\$ 684,846
Payments to employees	(3,998,058)	(174,507)	(4,172,565)	-
Payments to suppliers	(4,138,102)	(384,400)	(4,522,502)	(19,357)
Claims and judgments paid	-	-	-	(503,004)
Receipts of customer meter deposits	321,505	-	321,505	-
Refunds of customer meter deposits	(248,855)	-	(248,855)	-
Interfund receipts	1,085,014	19,854	1,104,868	(215,082)
Net cash provided by (used in) operating activities	6,036,292	11,597	6,047,889	(52,597)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	318,186	-	318,186	-
Transfers to other funds	(2,050,000)	-	(2,050,000)	-
Net cash provided by (used in) noncapital financing activities	(1,731,814)	-	(1,731,814)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale (Purchase) of capital assets	(2,009,421)	(40,212)	(2,049,633)	-
Proceeds of capital grants	-	28,616	28,616	-
Principal paid on debt	(2,125,242)	-	(2,125,242)	-
Interest and fiscal agent fees paid on debt	(460,203)	-	(460,203)	-
Net cash provided by (used in) capital and related financing activities	(4,594,866)	(11,596)	(4,606,462)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	1,566,792	-	1,566,792	-
Interest and dividends	55,508	-	55,508	-
Net cash provided by investing activities	1,622,300	-	1,622,300	-
Net increase (decrease) in cash and cash equivalents	1,331,912	1	1,331,913	(52,597)
Balances - beginning of year	2,319,191	276,827	2,596,018	118,500
Balances - end of year	\$ 3,651,103	\$ 276,828	\$ 3,927,931	\$ 65,903
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 88,116	\$ 276,828	\$ 364,944	\$ 65,903
Restricted cash and cash equivalents - current	2,014,431	-	2,014,431	-
Restricted cash and cash equivalents - noncurrent	1,548,556	-	1,548,556	-
Total cash and cash equivalents, end of year	\$ 3,651,103	\$ 276,828	\$ 3,927,931	\$ 65,903
Reconciliation of operating income (loss) to net cash provided (used in) by operating activities:				
Operating income (loss)	\$ 1,260,756	\$ (802,331)	\$ 458,425	\$ 10,451
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	3,174,010	849,461	4,023,471	-
Miscellaneous revenue	121,080	4,350	125,430	34,846
Change in assets and liabilities:				
Due from other funds	52,954	-	52,954	-
Due to other funds	1,032,060	19,854	1,051,914	(215,082)
Accounts receivable	45,499	(8,695)	36,804	-
Inventory	-	(9,226)	(9,226)	-
Prepaid items	(3,404)	-	(3,404)	111,565
Prepaid outflows related to pension	(435,562)	-	(435,562)	-
Accounts payable	315,356	(16,954)	298,402	5,633
Accrued payroll payable	(116,301)	(10,473)	(126,774)	-
Deposits subject to refund	72,650	-	72,650	-
Claims and judgments liability	-	-	-	(10)
Pension liability	558,626	-	558,626	-
Other post employment benefits	73,041	-	73,041	-
Accrued compensated absences	15,983	(177)	15,806	-
Deferred inflows related to pension	(130,456)	(14,212)	(144,668)	-
Net cash provided by (used in) operating activities	\$ 6,036,292	\$ 11,597	\$ 6,047,889	\$ (52,597)
Noncash activities:				
Assets contributed by others	\$ (1,590,579)	\$ -	\$ (1,590,579)	\$ -
	\$ (1,590,579)	\$ -	\$ (1,590,579)	\$ -

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, 2017

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

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

I. Organization

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

II. Summary of significant accounting policies

A. Reporting entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operation. The City's financial statements include one discretely presented component unit, which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017

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, 2016 and for the year then ended.

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

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

B. Government-wide and fund financial statements

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

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 to the acquisition or construction of specific capital projects for items.

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

Fiduciary funds are used to report net position and changes therein of assets held by the City in a fiduciary capacity. These net position are not available for operations of the city. The city reports an Agency Fund. Agency Funds are custodial in nature (i.e. assets equal liabilities) and do not involve the measurement of changes in net position. Fiduciary fund activity is not included in the government-wide financial statements.

The funds of the financial reporting entity are described below:

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The most significant operating revenue is the sales tax. For reporting purposes the General Fund includes the activities of the following accounts: Revolving Oil and Gas account, Spay and Neuter account, Library account, Aquatic Center account, Senior Citizens account, and Sister Cities account.
- The street improvement fund accounts for the construction or major reconstruction of street projects. The funds major funding source is sales tax.
- The capital improvement fund accounts for the purchase of capital equipment and construction of facilities funded with sales tax.

The City reports the following major proprietary funds:

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

The City also reports the following proprietary fund:

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

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

- The street and alley fund accounts for the operation and maintenance of local streets and thoroughfares through dedicated taxes.
- The E-911 fund accounts for the operations and maintenance of the City's 911 emergency services through dedicated taxes.
- The economic development fund accounts for the promotion of economic development through dedicated taxes.
- The hotel/motel surcharge fund accounts for the collection of the City's hotel/motel surcharge.
- The police sales tax fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for police officers.
- The fire sales tax fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for firefighters.

- The CDBG & HOME grant funds account for federal funds received by the City and expenditures related to the operation of these grants.
- The cemetery care fund accounts for the continuing care and maintenance as well as future capital investments of the City owned cemetery funded with fees restricted by external sources.
- The gifts & contributions fund accounts for monies donated for various park projects, economic development, civic events, police, and fire donations.
- The tax increment finance fund accounts for ad valorem taxes paid to the City on properties located in the Shawnee Downtown Revitalization Area and Increment District to be used for economic development projects within that District.
- The drug forfeiture fund accounts for funds received from Pottawatomie County drug enforcement activities to help fund City drug-related law enforcement efforts.
- The debt service fund accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related expenses and fiscal agent fees.
- The 1994 Street improvement project fund accounts for general obligation bond proceeds designated for the construction of specific street projects.

The City maintains one fiduciary fund:

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

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

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

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

D. Assets, deferred outflows, liabilities, deferred inflows, and equity

1. Deposits and investments

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

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

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

2. Receivable and payable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

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

3. Restricted assets

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

4. Inventories

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

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

6. Compensated absences

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

7. Long-term obligations

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

8. Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government reports the following deferred outflows. Deferred amounts on refunding reported in the government-wide statement of net

position and the proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the new debt or the remaining life of the refunded debt. The city also reports deferred outflows related to pension contributions subsequent to the measurement date, the change in proportion, and the difference between expected and actual plan experience.

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

9. Fund equity

Government-Wide and Proprietary Fund Financial Statements:

Net Position is displayed in three components:

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

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

Governmental Fund Financial Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.

- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action, motion or resolution, or by management decision when the city council has authorize management (city manager) to make the decision. Assignments for transfers and interest income for governmental funds are made through budgetary process.

- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance.

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

E. REVENUES, EXPENDITURES AND EXPENSES

1. Sales Tax

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

- Two-cents recorded to the General Fund for operations
- .3875 recorded in the Capital Improvement Fund and restricted for capital improvements
- .4375 recorded in the Street Improvement Fund and restricted for street improvements
- .0500 recorded in the Economic Development Fund and restricted for economic development
- .0625 recorded in the Police Sales Tax Fund and restricted for police operations
- .0625 recorded in the Fire Sales Tax Fund and restricted for fire operations

Property Tax

Under State statutes, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. For the year ended June 30, 2017, the City did not levy a tax.

Program Revenues

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

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

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

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged seven-eighths of one penny (or .875%) of future sales tax revenues to repay \$1,480,000 and \$2,365,000 of Series 2011A and 2011B Sales Tax Revenue Notes and \$3,040,000 and \$3,565,000 of Series 2013 and 2016 Sales Tax Revenue Notes. The 2011A and 2011B Notes matured in fiscal year 2017. 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, 2020, and 2024 respectively. The total principal and interest payable for the remainder of the life of these notes is \$5,242,541. Pledged sales taxes received in the current year were \$5,270,883. Debt service payments of \$5,456,944 for the current fiscal year were 103% of pledged sales taxes.

Utility Revenues Pledge - The City has also pledged future gross water and wastewater revenues to repay \$1,073,279 of 1997A Series OWRB Notes Payable, \$7,780,000 of 2010A OWRB notes Payable, \$1,485,000 of 2010 OWRB Notes Payable, \$12,070,000 of 2013 OWRB Notes Payable and \$5,410,00 of 2016 Municipal Authority Revenue Note. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2026, 2016, 2031, 2022, and 2031 respectively. The total principal and interest payable for the remainder of the life of these notes is \$15,536,378. The notes are payable from the above-mentioned utility revenues. The debt service payments on the notes this year were \$2,264,895 which was 22.5% of pledged utility revenues of \$10,085,537.

Expenditures and Expenses

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

F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. *Primary government and component unit activity and balances* - resource flows between the primary government and the discretely presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

G. USE OF ESTIMATES

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

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

III. Detailed notes on all funds

A. Deposits and investments – The City held the following deposits/investments at June 30, 2017:

PRIMARY GOVERNMENT:

Schedule of Deposits and Investments by Type

Type	Fair Value	Credit Rating	Maturities in Years		
			On Demand	Less Than One	1 - 5
Demand accounts	\$ 2,238,935	n/a	\$ 2,238,935	\$ -	\$ -
Time deposits	3,408,927	n/a	-	-	3,408,927
Money market mutual fund	8,027,071	AAAm	-	8,027,071	-
Sub-total	13,674,933		\$ 2,238,935	\$ 8,027,071	\$ 3,408,927
Cash on hand	3,295				
Total Investments and Deposits	\$ 13,678,228				
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	\$ 9,867,433				
Investments	3,803,927				
Agency fund cash and cash equivalents	6,868				
	\$ 13,678,228				

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

The City has the following recurring fair value measurements as of June 30, 2017: Money Market Mutual Funds of \$8,027,071 are valued using quoted market prices (Level 1 inputs).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City requires that all deposits be collateralized by either FDIC insurance or pledged collateral. At June 30, 2017 the City’s deposits were fully insured and /or collateralized.

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

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

The City complied with this policy in all material respects.

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

Credit Risk. The City of Shawnee’s policy limits investments to the following: a) obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state; c) negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association, or a state licensed branch of a foreign bank; d) prime bankers’ acceptances which are eligible for purchase by the Federal Reserve System; e) prime commercial paper; f) investment grade obligations of state and local governments, including certain highly rated obligations of state- beneficiary public trusts; g) repurchase agreements; and h) money market funds regulated by the Securities and Exchange Commission which investments consist of those items and those restrictions specified in the investment policy of the City of Shawnee, Oklahoma. The City complied with this policy in all material respects.

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

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

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

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

The City complied with this policy in all material respects.

COMPONENT UNIT:

The SCCDA was not exposed to custodial credit risk at December 31, 2016. The \$93,888 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, 2017, for the City of Shawnee’s governmental funds, including the applicable allowances for uncollectible accounts are as follows:

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 2,713,282	\$ -	\$ 2,713,282
Due from other governments	240,917	-	240,917
Court fines	1,897,079	(1,707,372)	189,707
Other	895,992	-	895,992
Total Governmental Activities	<u>\$ 5,747,270</u>	<u>\$ (1,707,372)</u>	<u>\$ 4,039,898</u>
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 595,324
Due from other governmental agencies			2,820,547
Notes receivable, net			<u>624,027</u>
Total			<u>\$ 4,039,898</u>
Business-Type Activities:			
Utilities	<u>\$ 3,093,736</u>	<u>\$ (1,355,394)</u>	<u>\$ 1,738,342</u>

C. Restricted assets

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

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Noncurrent Cash and Cash Equivalents</u>	<u>Total</u>
Due to Depositors	\$ 988,881	\$ -	\$ 988,881
Trustee Accounts:			
OWRB 2013 Debt Service Account	897,829	-	897,829
OWRB 2010 Debt Service Account	19,825	-	19,825
SMA 2016 Construction Account	-	-	-
SMA 2016 Debt Service Account	107,896	-	107,896
OWRB 2013 Debt Service Reserve	-	1,548,556	1,548,556
Total Restrictd Assets	<u>\$ 2,014,431</u>	<u>\$ 1,548,556</u>	<u>\$ 3,562,987</u>

D. Capital Assets

The following is a summary of changes in capital assets during fiscal year 2017 for the primary government:

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

PRIMARY GOVERNMENT:

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,261,793	\$ -	\$ -	\$ 2,261,793
Construction in progress	5,870,713	3,555,832	6,254,306	3,172,239
Total capital assets not being depreciated	<u>8,132,506</u>	<u>3,555,832</u>	<u>6,254,306</u>	<u>5,434,032</u>
Other capital assets:				
Buildings	14,714,260	978,124	2,500	15,689,884
Machinery, furniture and equipment	21,806,183	2,827,308	536,509	24,096,982
Infrastructure	48,590,165	9,575,811	-	58,165,976
Total other capital assets at historical cost	<u>85,110,608</u>	<u>13,381,243</u>	<u>539,009</u>	<u>97,952,842</u>
Less accumulated depreciation for:				
Buildings	8,516,628	852,490	2,500	9,366,618
Machinery, furniture and equipment	12,126,544	1,510,341	403,651	13,233,234
Infrastructure	26,085,279	1,883,573	-	27,968,852
Total accumulated depreciation	<u>46,728,451</u>	<u>4,246,404</u>	<u>406,151</u>	<u>50,568,704</u>
Other capital assets, net	<u>38,382,157</u>	<u>9,134,839</u>	<u>132,858</u>	<u>47,384,138</u>
Governmental activities capital assets, net	<u>\$ 46,514,663</u>	<u>\$ 12,690,671</u>	<u>\$ 6,387,164</u>	<u>\$ 52,818,170</u>

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,481,715	\$ -	\$ -	\$ 1,481,715
Water rights	12,967,959	-	-	12,967,959
Construction in progress	1,700	160,242	-	161,942
Total capital assets not being depreciated	<u>14,451,374</u>	<u>160,242</u>	<u>-</u>	<u>14,611,616</u>
Other capital assets:				
Buildings	19,446,725	15,341	-	19,462,066
Machinery, furniture and equipment	8,509,906	205,914	419,418	8,296,402
Utility property	60,789,262	3,258,716	22,848	64,025,130
Total other capital assets at historical cost	<u>88,745,893</u>	<u>3,479,971</u>	<u>442,266</u>	<u>91,783,598</u>
Less accumulated depreciation for:				
Buildings	12,357,155	871,414	-	13,228,569
Machinery, furniture and equipment	5,007,622	656,545	402,088	5,262,079
Utility property	29,664,822	2,495,512	17,623	32,142,711
Total accumulated depreciation	<u>47,029,599</u>	<u>4,023,471</u>	<u>419,711</u>	<u>50,633,359</u>
Other capital assets, net	<u>41,716,294</u>	<u>(543,500)</u>	<u>22,555</u>	<u>41,150,239</u>
Business-type activities capital assets, net	<u>\$ 56,167,668</u>	<u>\$ (383,258)</u>	<u>\$ 22,555</u>	<u>\$ 55,761,855</u>

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

Governmental Activities:

General government	\$ 171,368
Culture and recreation	877,205
Community development	35,482
Public safety	1,292,663
Public works	1,869,686
	<u>\$ 4,246,404</u>

Business-Type Activities:

Water	\$ 1,130,980
Wastewater	1,605,463
Sanitation	368,623
Administration	29,532
Lake	39,412
Airport	849,461
	<u>\$ 4,023,471</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

COMPONENT UNIT:

Shawnee Civic and Cultural Development Authority:	Balance, January 1, 2016	Increases	Decreases	Balance, December 31, 2016
Capital assets, being depreciated:				
Buildings and improvements	\$ 10,451,564	\$ 154,755	\$ -	\$ 10,606,319
Equipment	764,483	17,200	-	781,683
Total capital assets, being depreciated	<u>11,216,047</u>	<u>171,955</u>	<u>-</u>	<u>11,388,002</u>
Less accumulated depreciation	(6,958,092)	(274,286)	-	(7,232,378)
Governmental activities capital assets, net	<u>\$ 4,257,955</u>	<u>\$ (102,331)</u>	<u>\$ -</u>	<u>\$ 4,155,624</u>

E. Long-term debt

Long-term liabilities of the City of Shawnee as of June 30, 2017, are summarized as follows:

Governmental activities

Sales Tax Revenue Notes:

\$3,565,000 2016 Sales Tax Revenue Note, to a financial institution, dated December 21, 2016, payable semi-annually each June and December, interest at 2.140%, through December 1, 2023. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. \$ 3,325,000

\$3,040,000 2013 Sales Tax Revenue Note, to a financial institution, dated August 15, 2013, payable semi-annually each September and March, interest at 2.43%, through September 1, 2020. The Shawnee Municipal Authority collects funding from the capital improvement fund in the form of sales tax transferred to liquidate this liability. 1,585,000

Total sales tax revenue notes payable \$ 4,910,000

Current portion \$ 920,000

Noncurrent portion 3,990,000

\$ 4,910,000

Capital Lease Payable:

\$2,065,746 capital lease with Motorola for communication equipment due in annual installments of \$320,828, final payment due August 1, 2020 with interest at 2.88% after the first year \$ 1,195,977

Current portion \$ 286,383

Noncurrent portion 909,594

\$ 1,195,977

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

Accrued compensated absences. The general fund typically has been used to liquidate this liability.	<u>\$ 2,370,889</u>
Current portion	\$ 474,178
Noncurrent portion	<u>1,896,711</u>
	<u>\$ 2,370,889</u>

Claims and judgments payable. The general fund typically has been used to liquidate this liability.	<u>\$ 3,971,338</u>
Current portion	\$ 645,554
Noncurrent portion	<u>3,325,784</u>
	<u>\$ 3,971,338</u>

Business-type Activities

Notes payable:

\$12,070,000 Series 2013A OWRB FAP Loan dated April 1, 2013, payable in semiannual installments ranging from \$330,000 to \$1,470,000, interest from 2.4% to 5.4% through September 15, 2022, to refund the 2003 note. The Shawnee Municipal Authority typically has been used to liquidate this liability \$ 7,180,000

\$5,410,000 2010 Municipal Authority Revenue Note, dated June 6, 2016, payable in semiannual installments of \$155,000 to \$215,000, Interest at 2.35%, final maturity April 2031. The Shawnee Municipal Authority typically pays this liability. 5,150,000

\$1,485,000 2010A Promissory Note to Oklahoma Water Resources Board, dated October 14, 2010, payable in semiannual installments of approximately \$63,120, Interest at 2.76%. The Shawnee Municipal Authority typically pays this liability. 909,477

Total notes payable before bond premium	\$ 13,239,477
Bond premium	<u>699,114</u>
Total notes payable	<u>\$ 13,938,591</u>

Current portion	\$ 1,463,897
Noncurrent portion	<u>12,474,694</u>
	<u>\$ 13,938,591</u>

Accrued compensated absences. The Shawnee Municipal and Airport Authorities typically have been used to liquidate this liability.	<u>\$ 298,650</u>
Current portion	\$ 59,730
Noncurrent portion	<u>238,920</u>
	<u>\$ 298,650</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

Long-term liability transactions for the year ended June 30, 2017 and changes therein were as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital lease payable	\$ 1,474,344	\$ -	\$ 278,367	\$ 1,195,977	\$ 286,383
Notes payable	2,115,422	3,565,000	770,422	4,910,000	920,000
Claims and judgments	3,971,348	639,549	639,559	3,971,338	645,554
Accrued compensated absences	2,172,680	1,248,185	1,049,976	2,370,889	474,178
Total Governmental Activities	<u>\$ 9,733,794</u>	<u>\$ 5,452,734</u>	<u>\$ 2,738,324</u>	<u>\$ 12,448,204</u>	<u>\$ 2,326,115</u>
				Add: Net OPEB obligation	1,782,956
				Add: Net Pension liability	18,344,041
					<u>\$ 32,575,201</u>
Business-Type Activities:					
Notes Payable	\$ 15,364,719	\$ -	\$ 2,125,242	\$ 13,239,477	\$ 1,463,897
Accrued compensated absences	282,843	154,270	138,463	298,650	59,730
Total Business-Type Activities	<u>15,647,562</u>	<u>154,270</u>	<u>2,263,705</u>	<u>\$ 13,538,127</u>	<u>1,523,627</u>
				Add: Net OPEB obligation	484,980
				Add: Net Pension liability	1,176,889
				Add: Unamortized premium	699,114
					<u>\$ 15,899,110</u>
Total Long-Term Debt	<u>\$ 25,381,356</u>	<u>\$ 5,607,004</u>	<u>\$ 5,002,029</u>	<u>\$ 48,474,311</u>	<u>\$ 3,849,742</u>

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

Fiscal Year Ending June 30	Governmental Activities			
	Notes Payable		Capital Lease	
	Principal	Interest	Principal	Interest
2018	\$ 920,000	\$ 104,430	\$ 286,383	\$ 34,444
2019	940,000	83,352	294,631	26,196
2020	965,000	61,816	303,117	17,711
2021	750,000	39,716	311,846	8,981
2022	525,000	25,787	-	-
2023-2024	810,000	17,440	-	-
	<u>\$ 4,910,000</u>	<u>\$ 332,541</u>	<u>\$ 1,195,977</u>	<u>\$ 87,332</u>

Fiscal Year Ending June 30	Business-Type Activities	
	Notes Payable	
	Principal	Interest
2018	\$ 1,463,897	\$ 427,568
2019	1,500,416	413,901
2020	1,551,918	336,162
2021	1,603,582	277,946
2022	1,670,232	207,314
2023-2027	3,507,555	406,223
2028-2032	1,941,877	103,652
	<u>\$ 13,239,477</u>	<u>\$ 2,172,766</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

Water Agreement

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

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

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

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

F. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2017 is as follows:

Due To	Due From						Total Due To
	General Fund	Major -CIF Fund	Major -Street Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 1,165,502	\$ -	\$ -	\$ 273,383	\$ 1,438,885
Capital Improvement Fund	-	-	3,740,644	4,023	-	-	3,744,667
Nonmajor Governmental Funds	-	-	178,012	-	-	-	178,012
Enterprise Funds	1,253,766	65,000	1,915,842	-	63,607	282,794	3,581,009
Total Due From	\$ 1,253,766	\$ 65,000	\$ 7,000,000	\$ 4,023	\$ 63,607	\$ 556,177	\$ 8,942,573

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General	SMA	\$ 1,253,766	Construction projects
Worker's Comp Fund	General	273,383	Self insurance funding
Worker's Comp Fund	SMA	282,794	Self insurance funding
SMA	Airport fund	61,493	Negative pooled cash
SMA	General	2,114	Posting correction
Gifts and Contributions	Capital Improvement	4,023	Posting correction
Street Improvement Fund	Capital Improvement	3,740,644	Negative pooled cash
Street Improvement Fund	Shawnee Airport Authority	510,819	Negative pooled cash
Street Improvement Fund	SMA	1,405,023	Negative pooled cash
Street Improvement Fund	Street and Alley	178,012	Negative pooled cash
Street Improvement Fund	General	1,165,502	Negative pooled cash
Capital Improvement Fund	Shawnee Airport Authority	65,000	Federal grant match on future projects
		<u>\$ 8,942,573</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due to</u>	<u>Net Interfund Balances</u>
Governmental Funds	\$ 8,322,789	\$ 5,361,564	\$ 2,961,225
Proprietary Funds	63,607	3,581,009	(3,517,402)
Internal Service Funds	556,177	-	556,177
	<u>\$ 8,942,573</u>	<u>\$ 8,942,573</u>	<u>\$ -</u>

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

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total Transfer</u>
	<u>General Fund</u>	<u>Major -CIF</u>	<u>Major -Street</u>	<u>Nonmajor</u>	<u>Enterprise</u>	
General Fund	\$ -	\$ 19,484	\$ -	\$ 100,240	\$ -	\$ 119,724
Street Improvement Fund	100,000	-	-	-	-	100,000
Capital Improvement Fund	-	-	-	-	318,186	318,186
Nonmajor Governmental Funds	764,144	4,000	-	-	-	768,144
Enterprise Funds	<u>1,375,000</u>	<u>75,000</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>2,050,000</u>
Total Transfer In	<u>\$ 2,239,144</u>	<u>\$ 98,484</u>	<u>\$ 600,000</u>	<u>\$ 100,240</u>	<u>\$ 318,186</u>	<u>\$ 3,356,054</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
SMA	General	\$ 1,375,000	Operating subsidy
Police Tax Fund	General	374,572	Restricted sales tax transfer
Fire Tax Fund	General	374,572	Restricted sales tax transfer
Street Improvement Fund	General	100,000	Engineering services for capital projects
SMA	Capital Improvement Fund	75,000	Operating subsidy
Gifts and Contributions	Capital Improvement Fund	4,000	Operating subsidy
Capital Improvement Fund	SMA	318,186	Debt service
SMA	Street Improvement	600,000	Capital cost
General	Street and Alley	100,240	Operating subsidy
Capital Improvement Fund	General	19,484	Posting correction
Economic Development Fund	General Fund - Sister Cities	15,000	Sister Cities program support
Total		<u>\$ 3,356,054</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 3,037,868	\$ (1,306,054)	\$ 1,731,814
Proprietary Funds	318,186	(2,050,000)	(1,731,814)
	<u>\$ 3,356,054</u>	<u>\$ (3,356,054)</u>	<u>\$ -</u>

G. Net Position/Fund Equity

Government-Wide and Proprietary Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017

Fund	Restricted By	Amount
Governmental Activities:		
Tax Increment Financing Fund	Enabling legislation	\$ 124,593
		<u>124,593</u>
Cemetery Fund	Statutory requirements	163,550
E911 Fund	Statutory requirements	74,628
Drug Forfeiture Fund	Statutory requirements	12,659
		<u>250,837</u>
CDBG Fund	External sources	265,762
Gifts and Contributions	External sources	93,490
Police Sales Tax Fund	External sources	52,642
Fire Sales Tax Fund	External sources	52,757
Hotel/Motel Fund	External sources	105,351
Economic Development Fund	External sources	356,869
94 Street Improvement Fund	External sources	77,667
Street Improvement Fund	External sources	8,212,134
Debt Service Fund	External sources	379,861
		<u>9,596,533</u>
Total Governmental Restricted		<u>\$ 9,971,963</u>
<i>Reconciliation to Statement of Net Position:</i>		
Restricted for:		
Debt service		\$ 379,861
Public Safety		192,686
Capital projects		8,289,801
Economic development		852,575
Other		257,040
Total Governmental Restricted		<u>\$ 9,971,963</u>
Business Type Activies:		
Debt Service Reserves	Enabling legislation	\$ 2,470,269

Governmental Fund Financial Statements:

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

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

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

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

	<u>General Fund</u>	<u>Street Improvement Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance:					
Nonspendable:					
Prepaid items	\$ 118,542	\$ -	\$ -	\$ 20,479	\$ 139,021
	<u>118,542</u>	<u>-</u>	<u>-</u>	<u>20,479</u>	<u>139,021</u>
Restricted for:					
Street improvements	-	8,212,134	-	77,667	8,289,801
Fire operations	-	-	-	52,757	52,757
Police operations	-	-	-	106,791	106,791
Debt service	-	-	-	219,734	219,734
Capital improvements	-	-	1,216,756	-	1,216,756
Culture and rec programs	-	-	-	93,490	93,490
Cemetery improvements	-	-	-	163,550	163,550
Police - drug programs	-	-	-	12,659	12,659
Economic development	-	-	-	852,575	852,575
Sub-total restricted	<u>-</u>	<u>8,212,134</u>	<u>1,216,756</u>	<u>1,579,223</u>	<u>11,008,113</u>
Assigned for:					
Community development	296,979	-	-	-	296,979
Senior citizens programs	21,147	-	-	-	21,147
Animal shelter	20,225	-	-	-	20,225
Sub-total assigned	<u>338,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,351</u>
Unassigned (deficit)	2,321,252	-	-	(153,388)	2,167,864
TOTAL FUND BALANCE	<u>\$ 2,778,145</u>	<u>\$ 8,212,134</u>	<u>\$ 1,216,756</u>	<u>\$ 1,446,314</u>	<u>\$ 13,653,349</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	\$1,713,980
Street Improvement Fund	\$160,809

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 2017, the actuarially expected City contribution in the form of net age adjustment was \$160,000 to the Plan. Plan members receiving benefits contributed \$312,113 of the total premiums, through their payment of the full carrier determined premium in fiscal 2017.

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017

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, 2017:

Normal cost	\$ 236,465
Amortization of Actuarial Accrued Liability (AAL)	<u>186,726</u>
Annual Required Contribution (with Interest)	423,191
Interest on Net OPEB Obligation	70,775
Adjustment to the ARC	<u>(88,185)</u>
Annual OPEB cost (expense)	405,781
Employer Contributions of FY 17	(159,999)
Net OPEB obligation—beginning of year	<u>2,022,154</u>
Net OPEB obligation—end of year	<u>\$2,267,936</u>

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$333,228	23.1%	\$256,228
6/30/10	\$333,228	26.7%	\$500,456
6/30/11	\$349,530	25.2%	\$761,986
6/30/12	\$349,530	25.2%	\$1,023,518
6/30/13	\$385,718	32.1%	\$1,285,236
6/30/14	\$385,718	32.1%	\$1,546,953
6/30/15	\$424,100	43.2%	\$1,788,056
6/30/16	\$424,098	44.8%	\$2,022,154
6/30/17	\$405,781	39.4%	\$2,267,936

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$4.14 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.14 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.5 million, and the ratio of the UAAL to the covered payroll was 30.7 percent. Because the plan is a substantive plan there are no plan assets.

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

actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2016, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after four years. Inflation rate assumed is 1.5%. 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, 2016, was thirty years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

IV. Other Information

A. Risk management

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

Claims Liability Analysis

The claims liabilities related to the above noted risk of loss that is retained is determined in accordance with Generally Accepted Accounting Principles, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance workers' compensation fund, changes in the claims liability for the City from July 1, 2015 to June 30, 2017, are as follows:

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017

CLAIMS LIABILITY ANALYSIS

Claims liability, June 30, 2015	3,832,802
Claims and changes in estimates	739,570
Claims payments	<u>(601,024)</u>
Claims liability, June 30, 2016	3,971,348
Claims and changes in estimates	639,549
Claims payments	<u>(639,559)</u>
Claims liability, June 30, 2017	<u><u>\$ 3,971,338</u></u>

B. Commitments and contingent liabilities

Grant Program Involvement

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

Litigation

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

C. Tax Abatements

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

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

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2017:

A developer, received rebated sales taxes during 2017. The rebate is related to the Shawnee Market Place project. Businesses located within the project area whose sales taxes were included in the rebate were: Hobby Lobby, PetsMart, TJ Maxx, Ulta Beauty, Famous Footwear, Aldi, and T-Mobile. The sales tax rebate will be two percent (2%) of taxable sales for six years, then 1.5% for an additional three years for a total period not to exceed nine years. The sales tax rebated cannot exceed \$3,750,000.

A fuel station entered into a sales tax rebate agreement on November 22, 2016, for a convenience store project. The sales tax rebate is for 1.5% of taxable sales on the second building constructed in the project up to a maximum of \$785,000 in sales tax. This sales tax rebate period is for seven years. The developer is also eligible for a sales tax rebate on construction materials purchased

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017**

within city limits in conjunction with the construction of the Service Station (building 1). No sales tax was rebated in fiscal year 2017.

D. Employee retirement systems and pensions plans

The City of Shawnee participates in the Oklahoma State Police Pension and Retirement System and the Oklahoma State Firefighters' Pension and Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Additionally, for other City employees not covered by the other plans, the City of Shawnee maintains the Oklahoma Municipal Retirement Fund, an agent multiple employer defined benefit pension plan. For the year ended June 30, 2017 the following amounts were reported for each pension plan:

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Deferred Outflows:			
Police Pension	\$ 2,170,450	\$ -	\$ 2,170,450
Fire Pension	2,250,998	-	2,250,998
OMRF	1,298,366	768,357	2,066,723
Total	<u>\$ 5,719,814</u>	<u>\$ 768,357</u>	<u>\$ 6,488,171</u>
Deferred Inflows:			
Police Pension	\$ 206,493	\$ -	\$ 206,493
Fire Pension	4,900	-	4,900
OMRF	561,219	294,122	855,341
Total	<u>\$ 772,612</u>	<u>\$ 294,122</u>	<u>\$ 1,066,734</u>
Net Pension Liability:			
Police Pension	\$ 1,721,954	\$ -	\$ 1,721,954
Fire Pension	14,400,062	-	14,400,062
OMRF	2,222,025	1,176,889	3,398,914
Total	<u>\$ 18,344,041</u>	<u>\$ 1,176,889</u>	<u>\$ 19,520,930</u>

Oklahoma State Police Pension and Retirement System (OPPRS)

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS
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Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$461,015. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$308,801 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$403,829. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$1,721,954 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was 1.1244%.

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CITY OF SHAWNEE, OKLAHOMA
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For the year ended June 30, 2017, the City recognized pension expense of \$626,055. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,524	\$ 193,427
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,654,504	-
Changes in proportion and differences between City contributions and proportionate share of contributions	49,407	13,066
City contributions subsequent to the measurement date	461,015	-
Total	\$ 2,170,450	\$ 206,493

The \$461,015 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
	2018	\$	249,122
	2019		249,122
	2020		587,764
	2021		415,407
	2022		1,527
	Thereafter		-
		\$	1,502,942

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1,

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

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private Equity	8.30%
Commodities	2.42%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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

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

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 4,517,846	\$ 1,721,954	\$ (638,750)

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

Oklahoma State Firefighters’ Pension and Retirement System (OFPRS)

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

Summary of Significant Account Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS’s fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$472,027. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,264,065 which is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,088,275. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$14,400,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was 1.17867%.

For the year ended June 30, 2017, the City recognized pension expense of \$1,592,233. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 386,026	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	881,062	-
Changes in proportion and differences between City contributions and proportionate share of contributions	511,883	4,900
City contributions subsequent to the measurement date	<u>472,027</u>	<u>-</u>
Total	<u>\$ 2,250,998</u>	<u>\$ 4,900</u>

The \$472,027 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

	2018	\$	216,992
	2019		216,992
	2020		675,684
	2021		530,927
	2022		109,215
	Thereafter		24,261
		\$	1,774,071

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.18%
Domestic equity	47%	8.70%
International equity	15%	10.87%
Real estate	10%	7.23%
Other assets	8%	6.24%

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 18,229,286	\$ 14,400,062	\$ 11,189,594

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

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

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

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

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

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

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

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

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

Contribution Requirements – The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. For the year ended June 30, 2017, employees were required to contribute 4.25% of annual compensation while the City contributed 15.1%, the actuarially required contribution rate. Contributions to the Plan for the year ended June 30, 2017, for employees and employer were \$147,103 and \$532,418, respectively. For the year ended June 30, 2017, the City's covered payroll was \$3,461,242. Covered payroll refers to all compensation paid by the City of Shawnee to active employees covered by the Plan on which contributions are based.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2016
Actuarial Cost Method	Entry age normal
Rate of return on investments and Discount Rate	7.75% compounded annually
Projected salary increases	Varies between 7.472% and 4% based upon age
Post Retirement Cost-of-Living Increase	None
Inflation rate	3% per annum
Percentage of married employees	100%
Mortality rates – before and after retirement	UP 1994, with projected mortality improvement
Spouse age difference	3 years (female spouses younger)
Turnover	Select and ultimate rates. Ultimate rates are age-related as shown: Additional rates per thousand are added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
Date of last experience study	September 2012 for fiscal years 2007 through 2011

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Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2016 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	100%		
Average Real Return			4.75%
Inflation			3.00%
Long-term expected return			7.75%

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2016 which is also the measurement date. There were no changes in

**NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
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assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2016 and the City's report ending date of June 30, 2017, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning of Year	\$ 36,961,128	\$ 35,165,803	\$ 1,795,325
Changes for the Year:			
Service cost	479,520	-	479,520
Interest expense	2,781,930	-	2,781,930
Benefit changes	-	-	-
Experience losses (gains) -	(704,232)	-	(704,232)
Changes of assumptions	-	-	-
Contributions--City	-	591,793	(591,793)
Contributions--members	-	150,337	(150,337)
Net investment income	-	280,077	(280,077)
Benefits paid	(2,171,033)	(2,171,033)	-
Plan administrative expenses	-	(68,578)	68,578
Benefit changes due to plan amendments	-	-	-
Change in deferred contributions made subsequent to the measurement date	-	-	-
Net Changes	<u>386,185</u>	<u>(1,217,404)</u>	<u>1,603,589</u>
Balances End of Year	<u>\$ 37,347,313</u>	<u>\$ 33,948,399</u>	<u>\$ 3,398,914</u>

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability (Asset)	\$ 7,850,365	\$ 3,398,914	\$ (319,755)

The City reported \$382,546 in pension expense of the year ended June 30, 2017. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 773,102
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,429,799	-
Changes in proportion and differences between City contributions and proportionate share of contributions	\$ 104,505	\$ 82,240
City contributions subsequent to the measurement date	532,419	-
Total	<u>\$ 2,066,723</u>	<u>\$ 855,342</u>

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The \$532,419 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Any amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	(211,747)
2019		(192,040)
2020		609,356
2021		463,548
2022		6,210
thereafter		3,635
		\$ 678,962

Oklahoma Municipal Retirement Fund Defined Contribution Plan (the Plan, original plan prior to

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

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

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 4.25%. Employees are allowed to contribute in excess of the 4.25%; however, these contributions are not pre-tax. Beginning July 1, 2013, by City ordinance, the City, as the employer, is required to make variable contributions to the Plan, based on employee’s years of service. Employer contributions for employees hired prior to July 1, 2013 were as follows: zero to five years of service 5%, five to ten years of service 10%, and ten or more years of service 15%. Employer contributions for employees hired after July 1, 2013 were as follows: zero to five years of service 3%, five to ten years of service 6%, and ten or more years of service 9%. The employee is fully vested after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the Plan rests with the City Commission. Contributions to the Plan for the year ended June 30, 2017, for employees who were hired prior to July 1, 2013 employee and employer were \$196,322 and \$285,910, respectively on covered wages of \$4,619,459. Contributions for employees hired after July 1, 2013 employee and employer were \$28,192 and \$33,167, respectively on covered wages of \$663,334.

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

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

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

Funding Policy – Benefits depend solely on amounts contributed to the DH Plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 3.75% with the police and fire chief contributing 8%. Employees are allowed to contribute in excess of the 8%; however, these contributions are not pre-tax. By City ordinance, the City, as the employer, is required to make at least 5% contributions to the DH Plan and could be higher, based on availability of funds. The employee is fully vested upon employment. The authority to establish and amend the provisions of the DH Plan rests with the City Commission. Contributions to the DH Plan for the year ended June 30, 2017, for employees and employer were \$60,064 and \$68,581, on covered wages of \$1,371,607.

Oklahoma Municipal Retirement Fund Defined Contribution Special Incentive Plan

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

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

Funding Policy – Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees do not contribute to the plan. By City ordinance, the City, as the employer, is required to make a \$5,000 contribution for each of the five plan years during the period beginning July 1, 2013 and ending July 30, 2018, provided that the employee will be entitled to the employer contribution only if he or she was employed on the last day of the applicable plan year in the same or higher position as he/she had on the effective date of the plan. The employee is fully vested upon five years of service beginning on July 1, 2013, service prior to July 1, 2013 will not be counted. The authority to establish and amend the provisions of the Plan rests with the City Commission. Contributions to the Plan for the year ended June 30, 2017, totaling \$40,000.

City of Shawnee 457 Deferred Compensation Plan (DC Plan)

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

Funding Policy – DC Plan participants may contribute up to \$15,000 of eligible compensation per year. During the year ended June 30, 2017, employees contributed \$5,837 to the DC Plan.

ICMA Retirement Deferred Compensation Plan (the ICMA Plan)

In addition to the above plans, the City of Shawnee offers a retirement plan through ICMA which is totally employee funded. The ICMA Plan participants contributed \$10,125 for the year ended June 30, 2017. Separately audited financial statements are not available.

1. Non-compliance

Oklahoma state statutes prohibits the creation of deficit fund balance. At June 30, 2017, the following funds had a deficit fund balance:

Street and Alley	\$153,388
Worker’s Compensation	3,359,271

2. New Accounting Pronouncements

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

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

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

NOTES TO FINANCIAL STATEMENTS
CITY OF SHAWNEE, OKLAHOMA
YEAR ENDED JUNE 30, 2017

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

GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City for the City beginning with its fiscal year ending June 30, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. This Statement address a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City has not yet determined the impact that implementation of GASB 85 will have on its net position.

GASB Statement 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. The primary objective of this Statement is to improve the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City has not yet determined the impact that implementation of GASB 86 will have on its net position.

GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2020. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>		<u>Budgetary Basis</u>	<u>Final Budget -</u>
				<u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 16,542,644	\$ 16,542,644	\$ 15,217,089	\$ (1,325,555)
Licenses and permits	202,000	202,000	239,668	37,668
Intergovernmental	1,596,500	2,422,484	2,420,504	(1,980)
Charges for services	225,000	225,000	331,878	106,878
Fees and fines	838,400	838,400	497,568	(340,832)
Investment earnings	25,000	25,000	15,732	(9,268)
Miscellaneous	227,900	327,056	227,738	(99,318)
Total revenues	<u>19,657,444</u>	<u>20,582,584</u>	<u>18,950,177</u>	<u>(1,632,407)</u>
EXPENDITURES				
Departmental:				
<i>General Government:</i>				
City manager	507,394	507,394	993,037	(485,643)
City attorney	180,000	180,000	186,537	(6,537)
Human resources	411,321	411,321	399,034	12,287
City clerk	330,113	330,113	311,567	18,546
Accounting	598,287	598,287	547,277	51,010
Municipal court	591,032	591,032	586,583	4,449
Information services	558,057	558,057	539,426	18,631
Engineering	501,762	502,107	472,231	29,876
Equipment services	396,612	396,612	403,440	(6,828)
Building maintenance	80,896	80,896	85,896	(5,000)
Total General Government	<u>4,155,474</u>	<u>4,155,819</u>	<u>4,525,028</u>	<u>(369,209)</u>
<i>Public Safety:</i>				
Police administration	651,962	654,518	626,779	27,739
Police operations	5,123,552	5,798,679	5,418,523	380,156
Disptach	774,710	777,740	740,214	37,526
Criminal investigations	652,932	728,945	698,178	30,767
Animal Control	284,893	291,148	231,634	59,514
Code Compliance	732,738	748,739	724,869	23,870
Fire suppression	4,778,696	4,821,967	5,920,804	(1,098,837)
Fire prevention	646,767	688,355	721,769	(33,414)
Emergency Management	430,417	568,645	456,225	112,420
Fire Training	193,945	198,486	197,441	1,045
L.E.P.C	5,550	5,550	20,374	(14,824)
Total Public Safety	<u>14,276,162</u>	<u>15,282,772</u>	<u>15,756,810</u>	<u>(474,038)</u>
<i>Street:</i>				
Street	1,064,619	1,064,619	950,297	114,322
Traffic control	297,636	297,636	288,018	9,618
Total Street	<u>1,362,255</u>	<u>1,362,255</u>	<u>1,238,315</u>	<u>123,940</u>
<i>Culture and Recreation:</i>				
Expo Operations	500,000	503,180	474,646	28,534
Municipal auditorium	27,200	27,200	16,792	10,408
Senior citizens	108,000	108,000	110,415	(2,415)
Community center	44,300	45,800	14,055	31,745
Cemetery	220,934	220,934	217,845	3,089
Parks	833,396	833,396	907,008	(73,612)
Total Culture and Recreation	<u>1,733,830</u>	<u>1,738,510</u>	<u>1,740,761</u>	<u>(2,251)</u>
Total Expenditures	<u>21,527,721</u>	<u>22,539,356</u>	<u>23,260,914</u>	<u>(721,558)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,870,277)</u>	<u>(1,956,772)</u>	<u>(4,310,737)</u>	<u>(2,353,965)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,276,026	2,276,026	2,224,144	(51,882)
Transfers out	(246,000)	(246,000)	(119,724)	126,276
Interaccount transfer out	(89,000)	(89,000)	(89,000)	-
Total other financing sources and uses	<u>1,941,026</u>	<u>1,941,026</u>	<u>2,015,420</u>	<u>74,394</u>
Net change in fund balances	70,749	(15,746)	(2,295,317)	(2,279,571)
Fund balances - beginning	6,340,737	6,340,737	4,924,235	(1,416,502)
Fund balances - ending	<u>\$ 6,411,486</u>	<u>\$ 6,324,991</u>	<u>\$ 2,628,918</u>	<u>\$ (3,696,073)</u>

**CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

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

General Fund –	
City manager	\$485,643
City attorney	6,537
Equipment services	6,828
Building maintenance	5,000
Fire suppression	1,098,837
Fire prevention	33,414
LEPC	14,824
Senior citizens	2,415
Parks	73,612

CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

Budgetary Accounting

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

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

	General Fund
Total revenue - budgetary basis	\$ 21,174,321
Total expenses - budgetary basis	(23,469,638)
Change in fund balance - budgetary basis	(2,295,317)
Add change in fund balance of accounts combined for reporting purposes:	
Revolving Oil and Gas account	13,750
Spay and Neuter account	(1,787)
Aquatic center	(84,242)
Library account	(54,432)
Sister Cities	15
Change in fund balance - GAAP basis	\$ (2,422,013)

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

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017**

Schedules of Required Supplementary Information

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	1.0829%	1.1417%	1.1244%
City's proportionate share of the net pension liability (asset)	\$ (364,603)	\$ 46,554	\$1,721,954
City's covered-employee payroll	\$2,709,764	\$ 2,709,764	\$3,407,053
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.46%	1.72%	50.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%

Notes to Schedule:

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

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 414,687	\$ 461,015	\$ 461,058
Contributions in relation to the statutorily required contribution	<u>414,687</u>	<u>446,667</u>	<u>461,015</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 14,348</u>	<u>\$ 43</u>
City's covered-employee payroll	\$ 2,709,764	\$ 3,407,053	\$ 3,546,599
Contributions as a percentage of covered-employee payroll	15.30%	13.11%	13.00%

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability	1.121621%	1.148883%	1.178677%
City's proportionate share of the net pension liability	\$ 11,534,169	\$ 12,194,345	\$ 14,400,062
City's covered-employee payroll	\$ 3,080,579	\$ 3,080,579	\$ 3,431,628
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	374%	396%	420%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%

Notes to Schedule:

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

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorially required contribution	\$ 439,463	\$ 480,428	\$ 472,027
Contributions in relation to the statutorially required contribution	<u>439,463</u>	<u>480,428</u>	<u>472,027</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,080,579	\$ 3,431,628	\$ 3,371,624
Contributions as a percentage of covered-employee payroll	14.27%	14.00%	14.00%

Notes to Schedule:

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

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 527,985	\$ 477,546	\$ 479,520
Interest	2,818,812	2,733,100	2,781,930
Changes of benefit terms	(1,902,290)	39,435	-
Differences between expected and actual experience	-	(543,326)	(704,232)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(2,057,807)	(1,985,814)	(2,171,033)
Net change in total pension liability	(613,300)	720,941	386,185
Total pension liability - beginning	<u>36,853,488</u>	<u>36,240,187</u>	<u>36,961,128</u>
Total pension liability - ending (a)	<u>\$ 36,240,188</u>	<u>\$ 36,961,128</u>	<u>\$ 37,347,313</u>
Plan fiduciary net position			
Contributions - employer	\$ 842,919	\$ 714,030	\$ 591,793
Contributions - member	139,787	167,474	150,337
Net investment income	5,094,596	974,198	280,077
Benefit payments, including refunds of member contributions	(2,057,807)	(1,985,814)	(2,171,033)
Administrative expense	(131,982)	(72,769)	(68,578)
Other	-	-	-
Net change in plan fiduciary net position	3,887,513	(202,881)	(1,217,404)
Plan fiduciary net position - beginning	<u>31,481,172</u>	<u>35,368,684</u>	<u>35,165,803</u>
Plan fiduciary net position - ending (b)	<u>\$ 35,368,685</u>	<u>\$ 35,165,803</u>	<u>\$ 33,948,399</u>
Net pension liability - ending (a) - (b)	<u>\$ 871,503</u>	<u>\$ 1,795,325</u>	<u>\$ 3,398,914</u>
Plan fiduciary net position as a percentage of the total pension liability	97.60%	95.14%	90.90%
Covered employee payroll	\$ 3,765,863	\$ 3,800,578	\$ 3,677,301
Net pension liability as a percentage of covered-employee payroll	23.14%	47.24%	92.43%

Notes to Schedule:

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

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017**

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

	2015	2016	2017
Actuarially determined contribution	\$ 688,665	\$ 617,158	\$ 532,419
Contributions in relation to the actuarially determined contribution	688,665	617,158	532,419
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,800,578	\$ 3,677,301	\$ 3,461,242
Contributions as a percentage of covered-employee payroll	18.12%	16.78%	15.38%

Notes to Schedule:

1. Only three fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2016
3. Actuarially determined contribution rate is calculated as of July 1, 2016
July 2015 through June 16 contributions were at a rate of 15.38%.
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 28 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

**CITY OF SHAWNEE, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2017**

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

	July 1, 2008	July 1, 2010	July 1, 2012	July 1, 2014	July 1, 2016
Actuarial accrued liability - AAL (a)	\$3,519,267	\$3,480,146	\$3,905,813	\$4,313,412	\$4,136,996
Actuarial value of plan assets (b)	-	-	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	3,519,267	3,480,146	3,905,813	4,313,412	\$4,136,996
Funded ratio (b)/(a)	-	-	-	-	-
Covered payroll (c)	9,812,016	10,020,000	10,446,900	12,893,000	\$13,471,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	35.9%	34.7%	37.4%	33.5%	30.7%

SUPPLEMENTARY INFORMATION

City of Shawnee, Oklahoma
Combining Balance Sheet – General Fund Accounts
June 30, 2017

	General Fund	Revolving Oil & Gas	Spay and Neuter	Aquatic Center	Library	Senior Citizens	Sister Cities	Total General Fund
ASSETS								
Cash and cash equivalents	\$ 200	\$ 283,229	\$ 20,250	\$ 800	\$ -	\$ 21,147	\$ 207	\$ 325,833
Investments	1,107,310	-	-	-	-	-	-	1,107,310
Interest receivable	1,253	-	-	-	-	-	-	1,253
Receivable from other governments	19,189	-	-	-	-	-	-	19,189
Due from other funds	1,253,766	-	-	-	-	-	-	1,253,766
Taxes receivable, net	1,941,306	-	-	-	-	-	-	1,941,306
Court fines receivable, net	189,707	-	-	-	-	-	-	189,707
Other receivables	151,841	13,750	-	-	-	-	-	165,591
Prepaid items	118,542	-	-	-	-	-	-	118,542
Total assets	<u>4,783,114</u>	<u>296,979</u>	<u>20,250</u>	<u>800</u>	<u>-</u>	<u>21,147</u>	<u>207</u>	<u>5,122,497</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	445,237	-	25	29,385	1,952	-	-	476,599
Accrued payroll payable	289,237	-	-	-	-	-	-	289,237
Due to other funds	1,280,070	-	-	57,001	101,814	-	-	1,438,885
Due to bondholders	9,897	-	-	-	-	-	-	9,897
Total liabilities	<u>2,024,441</u>	<u>-</u>	<u>25</u>	<u>86,386</u>	<u>103,766</u>	<u>-</u>	<u>-</u>	<u>2,214,618</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	129,734	-	-	-	-	-	-	129,734
Fund balances:								
Nonspendable	118,542	-	-	-	-	-	-	118,542
Assigned	-	296,979	20,225	-	-	21,147	-	338,351
Unassigned (deficit)	2,510,397	-	-	(85,586)	(103,766)	-	207	2,321,252
Total fund balances	<u>2,628,939</u>	<u>296,979</u>	<u>20,225</u>	<u>(85,586)</u>	<u>(103,766)</u>	<u>21,147</u>	<u>207</u>	<u>2,778,145</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,783,114</u>	<u>\$ 296,979</u>	<u>\$ 20,250</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 21,147</u>	<u>\$ 207</u>	<u>\$ 5,122,497</u>

City of Shawnee, Oklahoma
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts
Year Ended June 30, 2017

	General Fund	Revolving Oil & Gas	Spray and Neuter	Aquatic Center	Library	Senior Citizens	Sister Cities	Total General Fund
REVENUES								
Taxes	\$ 15,217,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,217,089
Intergovernmental	2,420,504	-	-	10,500	-	-	-	2,431,004
Licenses and permits	239,668	13,750	-	-	-	-	-	253,418
Charges for services	331,878	-	-	218,022	-	-	-	549,900
Fees and fines	497,568	-	1,776	-	-	-	-	499,344
Investment earnings	15,732	-	-	-	-	-	-	15,732
Miscellaneous	227,738	-	-	583	-	-	8,064	236,385
Total revenues	<u>18,950,177</u>	<u>13,750</u>	<u>1,776</u>	<u>229,105</u>	<u>-</u>	<u>-</u>	<u>8,064</u>	<u>19,202,872</u>
EXPENDITURES								
Current:								
General government	3,701,806	-	-	-	-	-	-	3,701,806
Engineering	472,231	-	-	-	-	-	-	472,231
Equipment and building maintenance	489,256	-	-	-	-	-	-	489,256
Police	6,745,840	-	-	-	-	-	-	6,745,840
Fire	6,942,221	-	-	-	-	-	-	6,942,221
Municipal court	586,583	-	-	-	-	-	-	586,583
Emergency management	354,018	-	-	-	-	-	-	354,018
Streets	1,238,315	-	-	-	-	-	-	1,238,315
Parks and recreation	907,008	-	-	303,379	-	-	-	1,210,387
Culture and recreation	147,024	-	-	-	-	-	-	147,024
Animal control/E911	968,331	-	3,563	-	-	-	-	971,894
Cemetery	217,845	-	-	-	-	-	-	217,845
Library	-	-	-	-	88,960	-	-	88,960
Economic development	468,884	-	-	-	-	-	23,049	491,933
Capital Outlay	21,531	-	-	9,968	54,472	-	-	85,971
Total expenditures	<u>23,260,893</u>	<u>-</u>	<u>3,563</u>	<u>313,347</u>	<u>143,432</u>	<u>-</u>	<u>23,049</u>	<u>23,744,284</u>
Excess (deficiency) of revenues over expenditures	<u>(4,310,716)</u>	<u>13,750</u>	<u>(1,787)</u>	<u>(84,242)</u>	<u>(143,432)</u>	<u>-</u>	<u>(14,985)</u>	<u>(4,541,412)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in - interaccount	-	-	-	-	89,000	-	-	89,000
Transfers out - interaccount	(89,000)	-	-	-	-	-	-	(89,000)
Transfers in	2,224,144	-	-	-	-	-	15,000	2,239,144
Transfers out	(119,724)	-	-	-	-	-	-	(119,724)
Total other financing sources and uses	<u>2,015,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,000</u>	<u>-</u>	<u>15,000</u>	<u>2,119,420</u>
Net change in fund balances	(2,295,296)	13,750	(1,787)	(84,242)	(54,432)	-	15	(2,421,992)
Fund balances - beginning	4,924,235	283,229	22,012	(1,344)	(49,334)	21,147	192	5,200,137
Fund balances - ending	<u>\$ 2,628,939</u>	<u>\$ 296,979</u>	<u>\$ 20,225</u>	<u>\$ (85,586)</u>	<u>\$ (103,766)</u>	<u>\$ 21,147</u>	<u>\$ 207</u>	<u>\$ 2,778,145</u>

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2017

	Revolving Oil & Gas Fund			Spay and Neuter Fund			Variance with Final Budget - Positive
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts. Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts. Budgetary Basis	
REVENUES							
Licenses and permits	\$ 9,250	\$ 9,250	\$ 13,750	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Fees and fines	-	-	-	4,800	4,800	1,776	(3,024)
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	9,250	9,250	13,750	4,800	4,800	1,776	(3,024)
EXPENDITURES							
Departmental:							
Animal Control	-	-	-	2,200	2,200	3,563	(1,363)
Economic Development	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
Parks and Recreation	9,250	9,250	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-	-
Total Expenditures	9,250	9,250	-	2,200	2,200	3,563	(1,363)
Excess (deficiency) of revenues over expenditures	-	-	13,750	2,600	2,600	(1,787)	(4,387)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	-	-	13,750	2,600	2,600	(1,787)	(4,387)
Fund balances - beginning	283,229	283,229	283,229	19,731	19,731	22,012	2,281
Fund balances - ending	\$ 283,229	\$ 283,229	\$ 296,979	\$ 22,331	\$ 22,331	\$ 20,225	\$ (2,106)

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2017

	Library Fund			Aquatic Center			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	
REVENUES							
Intergovernmental	-	-	-	-	-	10,500	10,500
Charges for services	-	-	-	180,000	180,000	218,022	38,022
Fees and fines	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	583	583
Total revenues	-	-	-	180,000	180,000	229,105	49,105
EXPENDITURES							
Departmental:							
Animal Control	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Library	74,000	74,000	88,960	-	-	-	-
Parks and Recreation	-	-	-	175,000	180,000	303,379	(123,379)
Senior Citizens	-	-	54,472	-	-	9,968	(9,968)
Total Expenditures	74,000	74,000	143,432	175,000	180,000	313,347	(133,347)
Total Expenditures	74,000	74,000	143,432	175,000	180,000	313,347	(133,347)
Excess (deficiency) of revenues over expenditures	(74,000)	(74,000)	(143,432)	5,000	-	(84,242)	(84,242)
OTHER FINANCING SOURCES (USES)							
Transfers in	89,000	89,000	89,000	-	-	-	-
Total other financing sources and uses	89,000	89,000	89,000	-	-	-	-
Net change in fund balances	15,000	15,000	(54,432)	5,000	-	(84,242)	(84,242)
Fund balances - beginning	(10,650)	(10,650)	(49,334)	26,070	26,070	(1,344)	(27,414)
Fund balances - ending	\$ 4,350	\$ 4,350	\$ (103,766)	\$ 31,070	\$ 26,070	\$ (85,586)	\$ (111,656)

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – General Fund Accounts
Year Ended June 30, 2017

Sister Cities Fund		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
Budgeted Amounts Original	Final		
REVENUES			
Licenses and permits	-	-	-
Fees and fines	-	-	-
Investment earnings	-	-	-
Miscellaneous	16,000	8,064	(7,936)
Total revenues	16,000	8,064	(7,936)
EXPENDITURES			
Departmental:			
Animal Control	-	-	-
Economic Development	31,000	23,049	7,951
Library	-	-	-
Parks and Recreation	-	-	-
Senior Citizens	-	-	-
Total Expenditures	31,000	23,049	7,951
Excess (deficiency) of revenues over expenditures	(15,000)	(14,985)	15
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	15,000	-
Total other financing sources and uses	15,000	15,000	-
Net change in fund balances	-	15	15
Fund balances - beginning	(1,250)	(1,250)	1,442
Fund balances - ending	\$ (1,250)	\$ (1,250)	\$ 1,457

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2017

	Street and Alley Fund	E-911 Fund	Economic Development Fund	Hotel/Motel Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG/Home Grants Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 32,156	\$ 635,161	\$ 144,205	\$ 4,357	\$ 4,472	\$ 231,286
Interest receivable	-	-	29	-	36	36	-
Receivable from other governments	-	-	-	-	-	-	14,439
Due from other funds	-	-	-	-	-	-	-
Taxes receivable, net	-	-	38,599	48,883	48,249	48,249	-
Other receivables	24,624	23,395	-	-	-	-	630,531
Prepaid items	-	20,479	-	-	-	-	-
Total assets	<u>24,624</u>	<u>76,030</u>	<u>673,789</u>	<u>193,088</u>	<u>52,642</u>	<u>52,757</u>	<u>876,256</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	-	1,402	316,920	87,737	-	-	23,536
Due to other funds	178,012	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	586,958
Total liabilities	<u>178,012</u>	<u>1,402</u>	<u>316,920</u>	<u>87,737</u>	<u>-</u>	<u>-</u>	<u>610,494</u>
Fund balances:							
Nonspendable	-	20,479	-	-	-	-	-
Restricted	-	54,149	356,869	105,351	52,642	52,757	265,762
Unassigned (deficit)	(153,388)	-	-	-	-	-	-
Total fund balances	<u>(153,388)</u>	<u>74,628</u>	<u>356,869</u>	<u>105,351</u>	<u>52,642</u>	<u>52,757</u>	<u>265,762</u>
Total liabilities and fund balances	<u>\$ 24,624</u>	<u>\$ 76,030</u>	<u>\$ 673,789</u>	<u>\$ 193,088</u>	<u>\$ 52,642</u>	<u>\$ 52,757</u>	<u>\$ 876,256</u>

(continued)

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2017

	<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	\$ 163,550	\$ 89,467	\$ 122,047	\$ 12,659	\$ 77,667	\$ 219,734	\$ 1,736,761
Interest receivable	-	-	-	-	-	-	101
Receivable from other governments	-	-	-	-	-	-	14,439
Due from other funds	-	4,023	-	-	-	-	4,023
Taxes receivable, net	-	-	-	-	-	-	183,980
Other receivables	-	-	2,546	-	-	-	681,096
Prepaid items	-	-	-	-	-	-	20,479
Total assets	<u>163,550</u>	<u>93,490</u>	<u>124,593</u>	<u>12,659</u>	<u>77,667</u>	<u>219,734</u>	<u>2,640,879</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	-	-	-	-	-	-	429,595
Due to other funds	-	-	-	-	-	-	178,012
Unearned revenue	-	-	-	-	-	-	586,958
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,565</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	20,479
Restricted	163,550	93,490	124,593	12,659	77,667	219,734	1,579,223
Unassigned (deficit)	-	-	-	-	-	-	(153,388)
Total fund balances	<u>163,550</u>	<u>93,490</u>	<u>124,593</u>	<u>12,659</u>	<u>77,667</u>	<u>219,734</u>	<u>1,446,314</u>
Total liabilities and fund balances	<u>\$ 163,550</u>	<u>\$ 93,490</u>	<u>\$ 124,593</u>	<u>\$ 12,659</u>	<u>\$ 77,667</u>	<u>\$ 219,734</u>	<u>\$ 2,640,879</u>

City of Shawnee, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds
Year Ended June 30, 2017

	<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	\$ 270,296	\$ 314,054	\$ 302,199	\$ 490,032	\$ 377,736	\$ 377,736	\$ -
Fees and fines	-	-	-	-	-	-	-
Licenses and permits	2,560	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	253,587
Charges for services	-	-	-	-	-	-	-
Investment earnings	-	-	207	-	258	258	-
Miscellaneous	6,360	-	653,238	-	-	-	110,434
Total revenues	<u>279,216</u>	<u>314,054</u>	<u>955,644</u>	<u>490,032</u>	<u>377,994</u>	<u>377,994</u>	<u>364,021</u>
EXPENDITURES							
Current:							
Police	-	-	-	-	-	-	-
Streets	443,452	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Animal Control/E911	-	172,851	-	-	-	-	-
Economic development	-	-	296,000	515,989	-	-	340,275
Capital Outlay	-	92,374	475,520	-	-	-	-
Total Expenditures	<u>443,452</u>	<u>265,225</u>	<u>771,520</u>	<u>515,989</u>	<u>-</u>	<u>-</u>	<u>340,275</u>
Excess (deficiency) of revenues over expenditures	<u>(164,236)</u>	<u>48,829</u>	<u>184,124</u>	<u>(25,957)</u>	<u>377,994</u>	<u>377,994</u>	<u>23,746</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	100,240	-	-	-	-	-	-
Transfers out	-	-	(15,000)	-	(374,572)	(374,572)	-
Total other financing sources and uses	<u>100,240</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(374,572)</u>	<u>(374,572)</u>	<u>-</u>
Net change in fund balances	(63,996)	48,829	169,124	(25,957)	3,422	3,422	23,746
Fund balances - beginning	(89,392)	25,799	187,745	131,308	49,220	49,335	242,016
Fund balances - ending	<u>\$ (153,388)</u>	<u>\$ 74,628</u>	<u>\$ 356,869</u>	<u>\$ 105,351</u>	<u>\$ 52,642</u>	<u>\$ 52,757</u>	<u>\$ 265,762</u>

(continued)

City of Shawnee, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds
Year Ended June 30, 2017

	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	\$ -	\$ -	\$ 49,131	\$ -	\$ -	\$ -	\$ 2,181,184
Fees and fines	-	-	-	153,723	-	-	153,723
Licenses and permits	-	-	-	-	-	-	2,560
Intergovernmental	-	-	-	-	-	-	253,587
Charges for services	1,888	-	-	-	-	-	1,888
Investment earnings	1	1	-	-	-	-	725
Miscellaneous	4,268	4,171	-	-	-	54,317	832,788
Total revenues	<u>6,157</u>	<u>4,172</u>	<u>49,131</u>	<u>153,723</u>	<u>-</u>	<u>54,317</u>	<u>3,426,455</u>
EXPENDITURES							
Current:							
Police	-	-	-	153,961	-	-	153,961
Streets	-	-	-	-	-	-	443,452
Parks and recreation	-	1,082	-	-	-	-	1,082
Animal Control/E911	-	-	-	-	-	-	172,851
Economic development	-	-	-	-	-	-	1,152,264
Capital Outlay	23,226	-	-	-	-	-	591,120
Total Expenditures	<u>23,226</u>	<u>1,082</u>	<u>-</u>	<u>153,961</u>	<u>-</u>	<u>-</u>	<u>2,514,730</u>
Excess (deficiency) of revenues over expenditures	<u>(17,069)</u>	<u>3,090</u>	<u>49,131</u>	<u>(238)</u>	<u>-</u>	<u>54,317</u>	<u>911,725</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	100,240
Transfers out	-	(4,000)	-	-	-	-	(768,144)
Total other financing sources and uses	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(667,904)</u>
Net change in fund balances	(17,069)	(910)	49,131	(238)	-	54,317	243,821
Fund balances - beginning	180,619	94,400	75,462	12,897	77,667	165,417	1,202,493
Fund balances - ending	<u>\$ 163,550</u>	<u>\$ 93,490</u>	<u>\$ 124,593</u>	<u>\$ 12,659</u>	<u>\$ 77,667</u>	<u>\$ 219,734</u>	<u>\$ 1,446,314</u>

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2017

	Street And Alley Fund				E-911 Fund				
	Budgeted Amounts		Actual Amounts		Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Booketary Basis	Final	Original	Final	Booketary Basis		
REVENUES									
Taxes	\$ 307,000	\$ 307,000	\$ 270,296	\$ (36,704)	\$ 225,000	\$ 230,000	\$ 314,054	\$ 84,054	
Licenses and permits	1,000	1,000	2,560	1,560	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	-	-	
Charges for services	-	-	-	-	-	-	-	-	
Fees and fines	-	-	-	-	-	-	-	-	
Investment earnings	-	-	-	-	-	-	-	-	
Miscellaneous	100,240	100,240	6,360	(93,880)	-	-	-	-	
Total revenues	408,240	408,240	279,216	(129,024)	225,000	230,000	314,054	84,054	
EXPENDITURES									
Departmental:									
Streets	414,600	414,600	443,452	(28,852)	-	-	-	-	
Animal Control/911	-	-	-	-	141,500	141,500	172,851	(31,351)	
Economic Development	-	-	-	-	-	-	-	-	
Cemetery	-	-	-	-	-	-	-	-	
Park and Recreation	-	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	92,500	92,500	92,374	126	
Total Expenditures	414,600	414,600	443,452	(28,852)	234,000	234,000	265,225	(31,225)	
Total Expenditures	414,600	414,600	443,452	(28,852)	234,000	234,000	265,225	(31,225)	
Excess (deficiency) of revenues over expenditures	(6,360)	(6,360)	(164,236)	(157,876)	(9,000)	(4,000)	48,829	52,829	
OTHER FINANCING SOURCES (USES)									
Transfers in	6,360	6,360	100,240	93,880	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	
Total other financing sources and uses	6,360	6,360	100,240	93,880	-	-	-	-	
Net change in fund balances	-	-	(63,996)	(63,996)	(9,000)	(4,000)	48,829	52,829	
Fund balances - beginning	-	-	(89,392)	(89,392)	109,606	109,606	25,799	(83,807)	
Fund balances - ending	\$ -	\$ -	\$ (153,388)	\$ (153,388)	\$ 100,606	\$ 105,606	\$ 74,628	\$ (30,978)	

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2017

	Economic Development Fund				Hotel/Motel Fund			
	Budgeted Amounts Original	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts Original	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES								
Taxes	\$ 334,802	\$ 334,802	\$ 302,199	\$ (32,603)	\$ 515,000	\$ 515,000	\$ 490,032	\$ (24,968)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Changes for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	230	230	207	(23)	-	-	-	-
Miscellaneous	-	653,237	653,238	1	-	-	-	-
Total revenues	\$ 335,032	\$ 988,269	\$ 955,644	\$ (32,625)	\$ 515,000	\$ 515,000	\$ 490,032	\$ (24,968)
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	291,000	944,238	296,000	648,238	489,250	489,250	515,989	(26,739)
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	475,520	(475,520)	-	-	-	-
Total Expenditures	\$ 291,000	\$ 944,238	\$ 771,520	\$ 172,718	\$ 489,250	\$ 489,250	\$ 515,989	\$ (26,739)
Total Expenditures	291,000	944,238	771,520	172,718	489,250	489,250	515,989	(26,739)
Excess (deficiency) of revenues over expenditures	44,032	44,031	184,124	140,093	25,750	25,750	(25,957)	(51,707)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(15,000)	(15,000)	(15,000)	-	(21,204)	(21,204)	-	21,204
Total other financing sources and uses	(15,000)	(15,000)	(15,000)	-	(21,204)	(21,204)	-	21,204
Net change in fund balances	29,032	29,031	169,124	140,093	4,546	4,546	(25,957)	(30,503)
Fund balances - beginning	204,936	204,936	187,745	(17,191)	88,583	88,583	131,308	42,725
Fund balances - ending	\$ 233,968	\$ 233,967	\$ 356,869	\$ 122,902	\$ 93,129	\$ 93,129	\$ 105,351	\$ 12,222

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2017

	Police Sales Tax Fund				Fire Sales Tax Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	Budgetary Basis		Original	Final	Budgetary Basis	
REVENUES								
Taxes	\$ 400,513	\$ 400,513	\$ 377,736	\$ (22,777)	\$ 400,513	\$ 400,513	\$ 377,736	\$ (22,777)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	250	250	258	8	250	250	258	8
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	400,763	400,763	377,994	(22,769)	400,763	400,763	377,994	(22,769)
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	400,763	400,763	377,994	(22,769)	400,763	400,763	377,994	(22,769)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(400,513)	(400,513)	(374,572)	25,941	(400,513)	(400,513)	(374,572)	25,941
Total other financing sources and uses	(400,513)	(400,513)	(374,572)	25,941	(400,513)	(400,513)	(374,572)	25,941
Net change in fund balances	250	250	3,422	3,172	250	250	3,422	3,172
Fund balances - beginning	49,146	49,146	49,220	74	49,146	49,146	49,335	189
Fund balances - ending	\$ 49,396	\$ 49,396	\$ 52,642	\$ 3,246	\$ 49,396	\$ 49,396	\$ 52,757	\$ 3,361

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2017

	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	(Negative)	Original	Final	Budgetary Basis	(Negative)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	3,589,903	253,587	(105,316)	-	-	-	-
Charges for services	-	-	-	-	-	-	1,888	1,888
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	51,000	110,434	59,434	500	500	1	(499)
Miscellaneous	-	409,903	364,021	(45,882)	4,500	4,500	4,268	(232)
Total revenues	-	-	-	-	5,000	5,000	6,157	1,157
EXPENDITURES								
Departmental:								
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	409,903	340,275	69,628	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	409,903	340,275	69,628	69,778	69,778	23,226	46,552
	-	-	-	-	69,778	69,778	23,226	46,552
Total Expenditures	-	409,903	340,275	69,628	69,778	69,778	23,226	46,552
Excess (deficiency) of revenues over expenditures	-	-	23,746	23,746	(64,778)	(64,778)	(17,069)	47,709
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	23,746	23,746	(64,778)	(64,778)	(17,069)	47,709
Fund balances - beginning	-	-	242,016	242,016	181,312	181,312	180,619	(695)
Fund balances - ending	\$ -	\$ -	\$ 265,762	\$ 265,762	\$ 116,534	\$ 116,534	\$ 163,550	\$ 47,016

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2017

	Gifts and Contribution Fund				Tax Increment Financing Fund				Variance with Final Budget - Positive (Negative)	
	Budgeted Amounts		Actual Amounts, Budgetary Basis		Budgeted Amounts		Actual Amounts, Budgetary Basis			
	Original	Final	Original	Final	Original	Final	Original	Final		
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ 49,131	\$ 49,131	\$ (10,869)	
Licenses and permits	-	-	-	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	-	-	-	
Charges for services	-	-	-	-	-	-	-	-	-	
Fees and fines	-	-	-	-	-	-	-	-	-	
Investment earnings	-	-	1	1	-	-	-	-	-	
Miscellaneous	-	-	4,171	4,171	-	-	-	-	-	
Total revenues	-	-	4,172	4,172	60,000	60,000	49,131	49,131	(10,869)	
EXPENDITURES										
Departmental:										
Streets	-	-	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-	-
Park and Recreation	-	-	1,082	(1,082)	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	1,082	(1,082)	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	3,090	3,090	60,000	60,000	49,131	49,131	(10,869)	
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(4,000)	(4,000)	-	-	-	-	-	-
Total other financing sources and uses	-	-	(4,000)	(4,000)	-	-	-	-	-	-
Net change in fund balances	-	-	(910)	(910)	60,000	60,000	49,131	49,131	(10,869)	
Fund balances - beginning	94,508	94,400	94,400	94,400	94,428	94,428	75,462	75,462	(18,966)	
Fund balances - ending	\$ 94,508	\$ 94,400	\$ 93,490	\$ 93,490	\$ 154,428	\$ 154,428	\$ 124,593	\$ 124,593	\$ (29,835)	

(continued)

City of Shawnee, Oklahoma
Budget versus Actual – Nonmajor Funds
Year Ended June 30, 2017

	Drug Forfeiture Fund				Debt Service Fund			
	Budgeted Amounts Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	148,140	153,723	5,583	-	-	-	-
Fees and fines	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	10,000	148,140	153,723	5,583	26,830	26,830	54,317	27,487
Total revenues	10,000	148,140	153,723	5,583	26,830	26,830	54,317	27,487
EXPENDITURES								
Departmental:								
Police	10,000	148,140	153,961	(5,821)	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Animal Control/911	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	10,000	148,140	153,961	(5,821)	-	-	-	-
Total Expenditures	10,000	148,140	153,961	(5,821)	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	(238)	(238)	26,830	26,830	54,317	27,487
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	(238)	(238)	26,830	26,830	54,317	27,487
Fund balances - beginning	14,602	14,602	12,897	(1,705)	103,094	103,094	165,417	62,323
Fund balances - ending	14,602	14,602	12,659	(1,943)	129,924	129,924	219,734	89,810

City of Shawnee, Oklahoma
Budget versus Actual – Major Capital Project Fund – Street Improvement
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Budget - Positive</u> <u>(Negative)</u>
REVENUES				
Taxes	\$ 2,870,000	\$ 2,870,000	\$ 2,644,186	\$ (225,814)
Intergovernmental	-	350,000	750,061	400,061
Investment earnings	20,000	20,000	22,425	2,425
Miscellaneous	-	-	21,237	21,237
Total revenues	<u>2,890,000</u>	<u>3,240,000</u>	<u>3,437,909</u>	<u>197,909</u>
EXPENDITURES				
Departmental:				
Streets	<u>8,232,449</u>	<u>8,232,449</u>	<u>4,461,150</u>	<u>3,771,299</u>
Total Streets	<u>8,232,449</u>	<u>8,232,449</u>	<u>4,461,150</u>	<u>3,771,299</u>
Total Expenditures	<u>8,232,449</u>	<u>8,232,449</u>	<u>4,461,150</u>	<u>3,771,299</u>
Excess (deficiency) of revenues over expenditures	<u>(5,342,449)</u>	<u>(4,992,449)</u>	<u>(1,023,241)</u>	<u>3,969,208</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	600,000	-
Transfers out	-	-	(100,000)	(100,000)
Total other financing sources and uses	<u>600,000</u>	<u>600,000</u>	<u>500,000</u>	<u>(100,000)</u>
Net change in fund balances	(4,742,449)	(4,392,449)	(523,241)	3,869,208
Fund balances - beginning	6,389,730	6,389,730	8,735,375	2,345,645
Fund balances - ending	<u>\$ 1,647,281</u>	<u>\$ 1,997,281</u>	<u>\$ 8,212,134</u>	<u>\$ 6,214,853</u>

City of Shawnee, Oklahoma
Budget versus Actual – Major Capital Project Fund – Capital Improvement Fund
Year Ended June 30, 2017

	<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	\$ 2,410,000	\$ 2,410,000	\$ 2,342,004	\$ (67,996)
Intergovernmental	-	10,000	78,143	68,143
Investment earnings	2,500	2,500	14,078	11,578
Miscellaneous	-	-	4,894	4,894
Total revenues	<u>2,412,500</u>	<u>2,422,500</u>	<u>2,439,119</u>	<u>16,619</u>
EXPENDITURES				
Departmental:				
Capital outlay	1,271,935	1,335,035	1,764,435	(429,400)
Debt service	<u>1,209,110</u>	<u>1,210,565</u>	<u>1,173,266</u>	<u>37,299</u>
Total Expenditures	<u>2,481,045</u>	<u>2,545,600</u>	<u>2,937,701</u>	<u>(392,101)</u>
Total Expenditures	<u>2,481,045</u>	<u>2,545,600</u>	<u>2,937,701</u>	<u>(392,101)</u>
Excess (deficiency) of revenues over expenditures	<u>(68,545)</u>	<u>(123,100)</u>	<u>(498,582)</u>	<u>(375,482)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	3,565,000	3,565,000
Transfers in	75,000	79,000	98,485	19,485
Transfers out	-	-	<u>(318,186)</u>	<u>(318,186)</u>
Total other financing sources and uses	<u>75,000</u>	<u>79,000</u>	<u>3,345,299</u>	<u>3,266,299</u>
Net change in fund balances	6,455	(44,100)	2,846,717	2,890,817
Fund balances - beginning	-	-	<u>(1,629,961)</u>	<u>(1,629,961)</u>
Fund balances - ending	<u>\$ 6,455</u>	<u>\$ (44,100)</u>	<u>\$ 1,216,756</u>	<u>\$ 1,260,856</u>

City of Shawnee, Oklahoma
Statement of Changes in Assets and Liabilities – Agency Fund
Year Ended June 30, 2017

	<u>Balance July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30,</u> <u>2017</u>
ASSETS				
Cash and cash equivalents	\$ 6,868	-	-	\$ 6,868
Total assets	<u>\$ 6,868</u>	<u>-</u>	<u>-</u>	<u>\$ 6,868</u>
LIABILITIES				
URM/DEPCA payable	\$ 6,868	\$ -	\$ -	\$ 6,868
	<u>\$ 6,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,868</u>

STATISTICAL SECTION

The STATISTICAL SECTION presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue sourced, sales tax and property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

FINANCIAL TRENDS

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

Description	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net investment in capital assets	\$ 50,130,815	\$ 42,924,896	\$ 41,393,436	\$ 38,706,710	\$ 37,074,018	\$ 33,531,495	\$ 30,219,139	\$ 30,006,703	\$ 28,019,561	\$ 24,404,593
Restricted for (by):										
Statutory requirements	-	-	-	-	-	594,505	480,406	-	-	-
Enabling legislation	-	-	-	-	-	360,270	286,025	-	-	-
External Contracts	-	-	-	-	-	9,461,282	9,130,185	-	-	-
Capital Projects	8,289,801	8,813,042	8,036,373	7,580,368	5,962,728	-	-	7,248,866	8,296,269	10,172,082
Debt Service	379,861	112,213	74,769	140,460	136,426	-	-	86,965	59,850	137,961
Economic Development	852,575	644,796	969,384	946,696	890,628	-	-	-	-	-
Public Safety	192,686	137,251	156,884	656,521	548,047	-	-	-	-	-
Other purposes	257,040	275,019	271,109	267,367	280,788	-	-	957,074	959,671	838,005
Unrestricted	(20,566,194)	(17,360,205)	(15,740,961)	(16,816,708)	90,410	197,163	(1,390,170)	(1,672,770)	(567,612)	(755,666)
Total Governmental Activities Net Position	39,536,584	35,547,012	35,160,994	31,481,414	44,983,045	44,144,715	38,725,585	36,626,838	36,767,739	34,796,975
Business-type Activities:										
Net investment in capital assets	42,194,834	40,438,633	40,268,422	38,355,889	37,685,878	32,822,876	32,163,853	27,294,813	26,879,194	25,863,941
Restricted for:										
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	2,470,269	2,578,084	2,611,396	2,533,205	1,380,561	1,814,511	2,586,909	2,874,901	2,575,814	2,312,744
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	(2,709,448)	(1,172,742)	(597,374)	1,209,339	4,365,448	6,039,429	2,390,406	1,851,460	1,184,219	1,248,946
Total Business-type Activities Net Position	41,955,655	41,843,975	42,282,444	42,098,433	43,431,887	40,676,816	37,141,168	32,021,174	30,639,227	29,425,631
Primary Government:										
Net investment in capital assets	92,325,649	83,363,529	81,661,858	77,062,599	74,759,896	66,354,371	62,382,992	57,301,516	54,898,755	50,268,534
Restricted for:										
Statutory requirements	-	-	-	-	-	594,505	480,406	-	-	-
Enabling legislation	-	-	-	-	-	360,270	286,025	-	-	-
External Contracts	-	-	-	-	-	9,461,282	9,130,185	-	-	-
Capital Projects	8,289,801	8,813,042	8,036,373	7,580,368	5,962,728	-	-	7,248,866	8,296,269	10,172,082
Debt Service	2,850,130	2,690,297	2,686,165	2,673,665	1,516,987	1,814,511	2,586,909	2,961,866	2,635,664	2,450,705
Economic Development	852,575	644,796	969,384	946,696	890,628	-	-	-	-	-
Public Safety	192,686	137,251	156,884	656,521	548,047	-	-	957,074	959,671	838,005
Other purposes	257,040	275,019	271,109	267,367	280,788	-	-	1,786,990	616,607	493,280
Unrestricted	(23,275,642)	(18,532,947)	(16,338,335)	(15,607,369)	4,455,858	6,236,592	1,000,236	178,690	616,607	493,280
Total Primary Government Net Position	\$ 81,492,239	\$ 77,390,987	\$ 77,443,438	\$ 73,579,847	\$ 88,414,932	\$ 84,821,531	\$ 75,866,753	\$ 68,648,012	\$ 67,406,966	\$ 64,222,606

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
<i>Governmental Activities:</i>										
General Government	\$4,463,197	\$4,508,182	\$3,456,722	\$2,988,475	\$3,524,112	\$2,379,373	\$4,101,214	\$3,944,670	\$2,846,689	\$3,439,459
Public Safety	17,191,910	15,415,142	14,474,658	13,751,434	14,449,249	13,248,594	12,671,815	12,634,067	12,650,222	12,853,792
Streets	4,271,930	4,407,895	3,233,282	3,469,889	3,386,963	3,164,310	2,902,751	3,124,990	3,313,461	2,842,429
Culture and Recreations	2,229,120	2,482,246	1,658,533	1,348,343	1,083,872	1,053,726	847,807	902,767	851,578	883,415
Culture and Recreations - payment to component unit	-	-	-	-	-	-	5,752	-	4,655	599,194
Community Development	552,420	601,559	613,123	702,356	667,112	639,533	1,027,018	1,021,716	570,858	749,538
Economic Development	1,285,974	1,348,482	1,235,834	1,287,972	1,401,717	1,165,368	1,072,505	997,909	1,474,623	592,707
Interest on long-term debt	120,009	-	-	-	-	-	-	218	7,839	16,720
Total governmental activities expenses	\$30,114,560	\$28,763,306	\$24,672,152	\$23,548,469	\$24,513,025	\$21,650,904	\$22,628,862	\$22,626,337	\$21,719,925	\$21,977,254
<i>Business-type activities:</i>										
Water operations	5,792,312	5,903,556	5,307,131	5,829,372	6,034,550	4,992,323	4,196,550	4,015,398	3,989,454	4,030,444
Wastewater operations	3,732,123	3,486,831	3,003,781	2,724,937	2,877,353	2,458,992	2,274,826	2,329,742	2,142,363	2,165,325
Sanitation operations	1,651,800	1,618,679	1,520,472	2,018,186	1,649,687	1,335,752	1,382,686	1,301,567	1,433,801	1,358,474
Administration	672,199	634,203	561,772	529,636	585,602	557,451	499,820	436,992	297,960	288,680
Airport	1,357,326	1,670,545	1,462,400	1,521,292	1,417,058	1,024,896	692,458	626,785	785,268	799,978
Lake	152,926	145,205	111,992	473,374	250,495	105,398	60,293	51,677	53,066	62,568
Total business-type activities expenses	13,358,686	13,459,019	11,967,548	13,096,397	12,814,745	10,674,812	9,106,633	8,762,161	8,701,912	8,705,469
Total primary government expenses	43,473,246	42,222,325	36,639,700	36,645,466	37,327,770	32,325,716	31,735,495	31,388,498	30,421,837	30,682,723
Program Revenues										
<i>Governmental Activities:</i>										
Charges for Services										
General Government	278,887	250,162	177,550	163,616	346,213	189,754	171,081	158,563	189,940	209,397
Public Safety	635,624	820,025	810,266	743,581	887,155	767,900	631,702	583,013	545,105	581,769
Streets	42,223	24,076	36,360	37,373	1,470	1,175	1,400	1,050	1,775	1,425
Culture and Recreations	310,277	236,330	42,010	43,338	-	-	67,115	61,411	62,802	50,894
Community Development	103,249	91,740	99,121	96,825	89,084	57,516	233,204	189,168	2,708	13,062
Economic Development	35,273	25,321	26,167	27,367	29,446	35,362	26,438	26,438	27,208	26,438
Operating Grants and Contributions	2,914,491	3,000,696	2,884,772	3,801,276	2,380,524	2,272,136	2,181,109	2,199,222	2,299,687	2,741,741
Capital Grants and Contributions	5,326,598	743,035	1,039,321	860,593	50,417	278,920	121,431	202,322	211,941	1,488,846
Total governmental activities program revenues	9,646,622	5,191,385	5,115,567	5,773,969	3,784,309	3,602,763	3,433,480	3,421,187	3,341,166	5,113,572
<i>Business-type Activities:</i>										
Water operations	6,770,307	6,790,882	6,726,479	7,047,846	7,916,456	7,432,629	5,835,562	4,644,827	4,477,762	4,046,028
Wastewater operations	3,762,947	3,821,499	3,889,446	3,952,233	3,957,896	3,810,280	3,676,708	3,078,392	2,469,053	2,310,330
Sanitation operations	2,251,610	2,230,252	2,187,365	1,926,114	1,795,760	1,795,949	1,762,621	1,716,919	1,614,641	1,458,525
Airport	559,345	560,835	498,744	583,745	476,369	432,636	400,047	410,536	638,903	452,481
Lake	85,443	166,069	138,350	92,383	99,756	405,545	-	-	-	-
Operating Grants and Contributions	-	5,300	6,600	7,124	10,180	-	-	-	-	36,359
Capital Grants and Contributions	1,618,038	794,229	71,041	396,650	1,955,289	2,991,512	2,616,146	80,939	517,403	415,515
Total business-type activities program revenues	15,047,690	14,369,066	13,518,025	14,006,295	16,211,706	16,868,531	14,291,084	9,931,613	9,717,762	8,719,238
Total primary government program revenues	24,694,312	19,560,451	18,635,592	19,780,264	19,996,015	20,471,314	17,724,564	13,352,800	13,058,928	13,832,810

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expenses) Revenues										
<i>Governmental Activities</i>	(\$20,467,938)	(\$23,572,121)	(\$19,556,585)	(\$17,774,500)	(\$20,728,716)	(\$18,048,141)	(\$19,195,382)	(\$19,205,150)	(\$18,378,759)	(\$16,863,682)
<i>Business-type Activities</i>	1,689,004	910,047	1,550,477	909,298	3,396,961	6,193,739	5,184,451	1,169,452	1,015,850	13,769
Total Primary Government Net (Expenses)	(18,778,934)	(22,662,074)	(18,006,108)	(16,865,202)	(17,331,755)	(11,854,402)	(14,010,931)	(18,035,698)	(17,362,909)	(16,849,913)
General Revenues and Other Changes in Net Position										
<i>Governmental Activities:</i>										
Taxes:										
Sales and Use taxes	19,660,405	19,530,708	18,622,852	18,346,711	18,013,946	17,414,169	17,069,349	16,089,350	16,697,240	16,386,142
Franchise and public service taxes	1,533,935	1,543,454	1,698,127	1,626,635	1,601,416	1,676,956	1,600,612	1,597,577	1,637,161	1,505,547
Hotel/motel taxes	490,032	496,772	505,637	578,275	561,558	472,590	404,690	362,134	376,992	416,212
Property taxes	49,131	74,882	56,623	54,312	104,734	74,309	10,884	59,523	72,782	198,557
Payment in lieu of taxes	54,317	27,323	26,830	23,687	24,062	1,054	24,494	26,892	26,544	21,924
Intergovernmental revenue	704,601	587,146	600,384	580,595	630,035	599,819	580,115	430,593	438,485	444,782
Investment income	52,960	65,921	52,749	55,541	41,157	107,032	98,567	136,762	275,010	543,683
Miscellaneous	160,315	244,153	179,409	351,461	341,444	238,110	1,063,067	255,067	268,718	377,960
Transfers - Internal Activity	1,731,814	1,387,780	1,493,554	1,023,788	248,694	2,883,232	442,351	106,351	169,788	(116,253)
Total Governmental Activities	24,457,510	23,958,139	23,236,165	22,641,005	21,567,046	23,467,271	21,294,129	19,064,249	19,962,720	19,778,554
<i>Business-type Activities:</i>										
Investment Income	55,508	36,055	56,418	57,785	45,302	59,279	72,965	84,007	160,629	187,924
Miscellaneous	98,982	3,209	70,670	591,569	14,361	165,862	304,929	234,839	206,905	237,407
Transfers - Internal Activity	(1,731,814)	(1,387,780)	(1,493,554)	(1,023,788)	(248,694)	(2,883,232)	(442,351)	(106,351)	(169,788)	116,253
Total Business-type Activities	(1,577,324)	(1,348,516)	(1,366,466)	(374,434)	(189,031)	(2,658,091)	(644,571)	212,495	197,746	541,584
Total Primary Government	22,880,186	22,609,623	21,869,699	22,266,571	21,378,015	20,809,180	21,229,672	19,276,744	20,160,466	20,320,138
Change in Net Position										
<i>Governmental Activities</i>	3,989,572	386,018	3,679,580	4,866,505	838,330	5,419,130	2,098,747	(140,901)	1,583,961	2,914,872
<i>Business-type Activities</i>	111,680	(438,469)	184,011	534,864	3,207,930	3,535,648	5,119,994	1,381,947	1,213,596	555,353
Total Primary Government	\$4,101,252	(\$52,451)	\$3,863,591	\$5,401,369	\$4,046,260	\$8,954,778	\$7,218,741	\$1,241,046	\$2,797,557	\$3,470,225

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Nonspendable	\$ 118,542	\$ 106,313	\$ 182,557	\$ 1,500	\$ 5,947	\$ 347,288	\$ 291,531	\$ -	\$ -	\$ -
Assigned	338,351	326,388	337,128	305,382	293,121	296,021	301,250	-	-	-
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	-	39,937	18,194
Unreserved/Unassigned	2,321,252	4,767,436	5,758,830	6,472,218	6,177,557	5,616,811	4,853,199	4,011,671	4,095,821	4,009,538
Total General Fund	2,778,145	5,200,137	6,278,515	6,779,100	6,476,625	6,260,120	5,445,980	4,011,671	4,135,758	4,027,732
Other Governmental Funds :										
Nonspendable	20,479	48,976	38,367	-	-	-	-	-	-	-
Restricted	11,008,113	9,982,211	9,555,742	12,604,440	7,790,716	10,416,057	9,896,589	-	-	-
Assigned	-	-	-	-	147,571	132,414	73,859	-	-	-
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	117,309	542,749	5,631,788
Specific Programs	-	-	-	-	-	-	-	-	-	-
Unreserved/Unassigned	(153,388)	(1,723,280)	(140,605)	(3,004)	-	(81,736)	-	-	-	4,464,142
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	1,513,546	1,469,115	1,445,793
Debt Service Fund	-	-	-	-	-	-	-	86,965	59,850	136,323
Capital project funds	-	-	-	-	-	-	-	7,318,789	7,660,083	76,152
Total Other Governmental Funds	10,875,204	8,307,907	9,453,504	12,601,436	7,938,287	10,466,735	9,970,448	9,036,609	9,731,797	11,754,198
Total Governmental Funds	\$ 13,653,349	\$ 13,508,044	\$ 15,732,019	\$ 19,380,536	\$ 14,414,912	\$ 16,726,855	\$ 15,416,428	\$ 13,048,280	\$ 13,867,555	\$ 15,781,930

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Taxes	\$22,384,463	\$22,190,229	\$21,453,412	\$21,160,794	\$20,852,810	\$20,155,296	\$19,590,377	\$18,484,761	\$19,170,757	\$18,897,132
Intergovernmental	3,512,796	3,190,305	3,799,115	2,699,312	2,356,804	2,409,100	2,442,911	2,422,824	2,182,322	3,148,971
Charges for services	551,788	456,508	189,682	169,761	189,682	159,006	168,284	224,092	228,847	224,216
Fines and forfeitures	653,067	783,726	268,603	225,719	845,413	748,028	633,498	574,426	491,799	515,603
Licenses and permits	255,978	214,645	685,403	655,468	184,211	198,708	249,873	235,284	277,058	285,973
Investment income	52,960	65,921	52,749	55,541	41,157	107,032	98,567	136,762	275,010	543,685
Miscellaneous	1,095,304	1,049,941	495,235	5,449,644	647,267	358,070	1,115,857	308,954	309,584	491,578
Total Revenues	28,506,356	27,951,275	26,944,199	30,416,239	25,135,935	24,135,240	24,299,367	22,387,103	22,935,377	24,107,158
Expenditures:										
Current:										
General Government	3,701,806	3,647,130	2,981,912	3,080,038	2,988,152	2,883,922	2,643,601	2,491,400	2,672,962	2,654,959
Community development	-	-	-	-	-	-	-	-	-	-
Engineering	472,231	443,180	384,817	415,147	418,707	404,537	366,063	390,833	345,890	303,043
Equipment and building maint.	489,256	505,625	459,714	438,176	449,277	397,130	1,226,244	410,296	410,968	413,776
Public Safety	-	-	-	-	-	-	-	-	-	-
Police	6,963,276	6,538,413	6,412,075	5,952,358	5,915,408	5,394,473	5,034,358	5,140,053	5,223,680	5,144,221
Fire	6,942,221	6,439,770	5,787,238	5,337,455	5,251,981	4,975,816	4,955,006	4,857,050	4,884,044	4,456,027
Municipal court	586,583	576,918	538,902	536,695	517,389	526,446	317,158	297,203	304,204	286,991
Emergency management	354,018	345,722	317,177	329,579	285,349	294,832	354,718	275,706	290,604	799,218
Parks and recreation	1,681,767	1,643,213	1,604,637	1,492,117	1,443,660	1,313,338	1,154,277	1,251,742	1,230,264	1,203,148
Streets	1,211,469	1,066,234	940,805	713,761	535,527	604,401	473,253	562,637	935,411	505,800
Culture and recreation	147,024	185,034	161,930	157,673	162,490	122,993	146,872	139,185	143,015	883,338
Animal control/EPJ1	1,144,745	1,161,238	1,046,961	923,145	1,104,086	872,447	876,626	826,245	862,485	753,268
Cemetery	217,845	209,430	194,928	190,676	191,523	183,744	182,756	198,790	207,516	194,136
Library	88,960	86,566	95,372	88,424	88,224	44,907	4,292	76,011	44,705	36,134
Economic development	1,644,197	1,593,967	1,740,676	1,779,650	1,870,353	1,652,548	1,924,825	1,801,203	1,468,533	1,143,644
Capital outlay	6,839,201	6,049,430	8,457,080	6,662,187	6,270,385	6,910,780	2,713,521	4,572,715	5,702,810	2,654,516
Debt service:										
Principal retirement	1,048,789	620,844	925,193	389,365	191,126	77,746	-	21,448	187,032	181,429
Interest and fiscal charges	124,477	430,316	212,122	53,703	12,935	6,853	-	218	6,216	16,720
Total Expenditures	33,657,865	31,563,030	32,070,629	28,540,149	27,696,572	26,666,913	22,373,570	23,312,735	24,920,339	21,630,368
Excess of revenues over (under) expenditures	(5,151,509)	(3,611,755)	(5,126,430)	1,876,090	(2,560,637)	(2,531,673)	1,925,797	(925,632)	(1,984,962)	2,476,790
Other Financing Sources (Uses):										
Transfers in	3,037,868	3,701,191	3,170,107	2,928,664	2,370,474	4,377,829	1,938,740	1,541,768	1,695,166	1,894,869
Transfers out	(1,306,054)	(2,313,411)	(1,692,194)	(1,904,876)	(2,121,780)	(1,494,529)	(1,516,389)	(1,435,417)	(1,613,815)	(1,861,021)
Capital lease/bond proceeds	3,565,000	-	-	2,065,746	-	958,868	-	-	-	-
Total Other Financing Sources (Uses)	5,296,814	1,387,780	1,477,913	3,089,534	248,694	3,842,100	442,351	106,351	81,351	33,848
Net change in fund balances	\$145,305	(\$2,223,975)	(\$3,648,517)	\$4,965,624	(\$2,311,943)	\$1,310,427	\$2,368,148	(\$819,281)	(\$1,903,611)	\$2,510,638
Debt Service as a Percentage of Non-Capital Expenditures	4.33%	3.97%	3.97%	2.01%	0.95%	0.42%	0.00%	0.11%	1.01%	1.01%

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

REVENUE CAPACITY

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

Fiscal Year	Property Tax (2)	Sales Tax	Use Tax	Hotel/Motel Tax	Alcoholic Beverage Tax	Franchise Taxes		Cigarette Tax	Other Taxes	Totals
2017	\$ 49,131	\$ 18,131,600	\$ 1,528,805	\$ 490,032	\$ 123,110	\$ 1,553,935	\$ 220,827	\$ 360,664	\$ 22,458,104	
2016	74,882	17,950,304	1,580,404	496,772	116,715	1,543,454	213,753	27,323	22,003,607	
2015	46,623	17,312,309	1,310,543	506,637	118,209	1,698,127	203,841	26,830	21,223,119	
2014	-	17,203,546	1,143,165	578,275	115,514	1,626,635	102,356	45,133	20,814,624	
2013	-	17,016,609	997,336	663,905	111,929	1,601,415	215,397	74,628	20,681,219	
2012	64	16,576,844	909,570	472,590	103,692	1,676,956	238,452	45,758	20,023,926	
2011	521	16,125,315	954,397	404,690	104,401	1,600,612	233,509	41,108	19,464,553	
2010	477	15,359,265	730,085	362,134	100,632	1,597,577	217,124	35,006	18,402,300	
2009	1,583	16,338,099	758,057	376,992	100,316	1,637,161	215,517	36,706	19,464,431	
2008	84,469	15,593,212	792,933	416,212	95,791	1,505,548	217,863	30,560	18,736,588	

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

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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)	1.4995%	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	8.9995%	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 1.4495% sales tax rate became effective July 2016.

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

Group	2017	2016	2015	2014
Retail Trades	\$ 11,074,640	\$ 11,091,922	\$ 10,477,678	\$ 10,683,826
Accommodation and food service	3,159,022	3,097,518	3,021,167	2,950,196
Wholesale trades	1,164,915	1,057,215	1,095,325	1,110,617
Utilities	905,722	880,010	1,007,967	1,044,037
Information	659,099	719,841	700,499	641,849
Manufacturing	397,362	268,594	342,461	210,527
Real Estate Rental and Leasing	270,509	221,888	222,174	196,723
Other Services	163,531	158,162	161,421	161,892
Unclassified	176,403	343,101	162,624	111,105
Arts and Entertainment	76,510	67,929	64,420	71,776
Finance and Insurance	47,983	45,282	45,516	56,526
Professional and Scientific and Technical se	41,226	42,697	33,472	53,242
Health Care and Social Assistance	30,647	28,965	28,003	31,223
Construction	12,252	7,416	16,440	22,958
Transportation and Warehousing	20,326	13,013	16,389	19,849
Educational Services	8,461	7,270	7,460	7,515
Unclassified	6,652	8,497	9,511	272,997
	\$ 18,215,260	\$ 18,059,320	\$ 17,412,527	\$ 17,646,858

Total Sales Taxes	18,215,260	18,059,320	17,412,527	17,382,461
Percent Change	0.86%	3.71%	0.17%	3.70%

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

Total Sales Taxes	\$ 17,016,609	\$ 16,183,119	\$ 15,717,908	\$ 14,919,277	\$ 11,013,404	\$ 15,114,382
Percent Change	5.15%	2.96%	5.35%	35.46%	-27.13%	6.07%

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

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

Fiscal Year Ended June 30	Water Rate Per Gallons In City Limits					Sewer Rate in City Limits	
	0 - 1,000	1,001 - 4,000	4,001 - 1,000,000	1,000,001 - 2,000,000	More than 2,000,000	Monthly	
	\$	\$	\$	\$	\$	Base Rate	More than 1,000
2017	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2016	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2015	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2014	\$ 20.70	\$ 3.89	\$ 3.99	\$ 4.09	\$ 4.19	\$ 13.50	\$ 2.90
2013	\$ 20.70	\$ 0.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 11.60	\$ 2.85
2012	\$ 18.15	\$ 3.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 11.60	\$ 2.85
2011	\$ 11.05	\$ 3.69	\$ 3.79	\$ 3.89	\$ 3.99	\$ 11.25	\$ 2.80
2010	\$ 7.30	\$ 3.69	\$ 3.79	\$ 3.89	\$ 3.88	\$ 9.95	\$ 2.75
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
2017	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2016	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2015	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2014	\$ 24.06	\$ 5.84	\$ 5.99	\$ 6.14	\$ 6.29	\$ 20.25	\$ 4.35
2013	\$ 24.06	\$ 5.69	\$ 58.84	\$ 5.99	\$ 6.14	\$ 20.25	\$ 4.35
2012	\$ 22.69	\$ 3.79	\$ 3.89	\$ 3.99	\$ 4.09	\$ 17.40	\$ 4.28
2011	\$ 14.41	\$ 5.54	\$ 5.69	\$ 5.84	\$ 5.99	\$ 16.88	\$ 4.20
2010	\$ 10.66	\$ 5.53	\$ 5.63	\$ 5.73	\$ 5.83	\$ 14.93	\$ 4.13
2009	\$ 9.32	\$ 5.13	\$ 4.73	\$ 3.95	\$ 3.86	\$ 8.87	\$ 4.13
2008	\$ 9.32	\$ 5.13	\$ 4.73	\$ 3.95	\$ 3.86	\$ 8.87	\$ 4.13

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

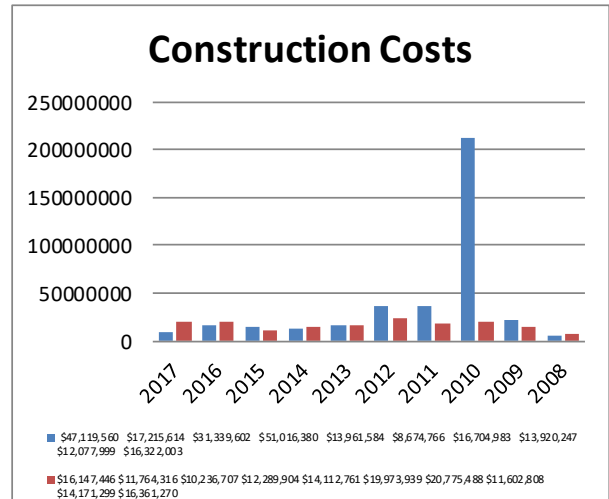
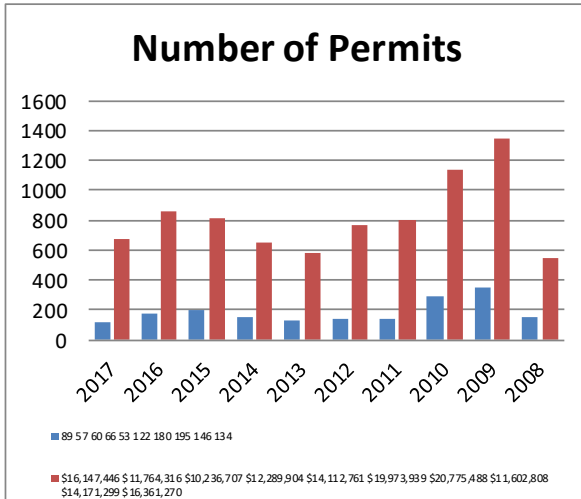
CITY OF SHAWNEE, OKLAHOMA
Water Utility User Categories
Last Nine Fiscal Years

Type of Customer	2017		2016		2015		2014		2013	
	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales
Residential	1,372,500	14,974	1,265,000	11,382	1,080,200	13,263	2,590,300	13,843	9,752,700	10,045
Builder	502,400,600	3,951,276	525,824,300	4,103,796	525,751,600	4,097,304	1,151,352,700	4,329,704	574,050,400	4,195,903
Residential Sprinkler	7,059,100	39,040	7,065,170	42,559	5,790,000	37,778	16,547,400	48,642	8,937,800	53,118
Commercial	415,199,350	1,972,588	461,629,130	2,162,858	444,395,900	2,097,682	1,169,695,000	2,680,660	258,006,500	1,502,194
Commercial Sprinkler	19,621,900	104,362	19,388,100	105,416	17,564,800	96,270	39,439,200	2,680,660	17,465,200	102,223
Schools	7,980,000	39,040	7,840,100	38,950	8,401,400	41,197	18,495,400	44,635	9,417,900	44,364
Schools Sprinkler	5,639,000	24,892	7,801,200	33,708	6,667,300	29,199	16,947,600	35,797	9,725,500	40,610
G Rate	1,619,500	8,616	2,305,500	11,550	2,048,100	10,528	7,414,000	17,182	499,738,000	1,875,814
Government	1,024,415,200	-	23,315,500	-	2,048,100	10,528	7,414,000	17,182	5,898,000	11,303
Total	1,985,307,150	\$ 6,154,789	1,056,434,000	\$ 65,102,219	1,011,699,300	\$ 642,322	2,422,481,600	\$ 7,170,463	1,392,992,000	\$ 7,835,574
Average Rate per Thousand		3.1000%		6.162%		6.349%		2.960%		5.625%

Type of Customer	2012		2011		2010		2009	
	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales
Residential	1,722,100	\$ 13,978	2,067,500	\$ 12,840	2,673,200	\$ 12,506	1,709,800	\$ 8,766
Builder	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	12,400,500	60,416	9,287,000	41,788	7,645,800	31,194	6,414,900	25,936
Commercial	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	26,836,000	123,299	22,568,300	95,866	18,908,400	72,007	17,792,500	64,621
Schools	10,306,100	45,813	9,258,500	39,229	9,796,700	36,921	9,241,100	32,702
Schools Sprinkler	14,235,900	57,426	11,352,100	44,046	2,980,800	10,669	1,231,500	4,453
G Rate	261,300,300	1,046,259	206,752,700	802,388	220,076,200	762,770	215,248,600	660,769
Government	5,744,300	10,018	4,955,900	7,079	4,551,000	7,731	4,927,500	8,099
Total	1,277,770,100	\$ 6,976,464	1,156,572,400	\$ 5,426,362	1,120,119,100	\$ 4,555,068	1,111,414,400	\$ 4,260,687
Average Rate per Thousand		5.460%		4.692%		4.067%		3.834%

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

CITY OF SHAWNEE, OKLAHOMA
Construction Permits
Last Ten Fiscal Years



Year	Commercial Construction (1)		Residential Construction (1)		
	Number of Permits	Construction Cost	Number of Permits	Construction Cost	Average Cost
2017	89	\$ 47,119,560	143	\$16,147,446	\$112,919
2016	57	\$ 17,215,614	140	\$11,764,316	\$84,031
2015	60	\$ 31,339,602	259	\$10,236,707	\$39,524
2014	66	\$ 51,016,380	111	\$12,289,904	\$110,720
2013	53	\$ 13,961,584	141	\$14,112,761	\$100,091
2012	122	\$ 8,674,766	671	\$19,973,939	\$29,767
2011	180	\$ 16,704,983	855	\$20,775,488	\$24,299
2010	195	\$ 13,920,247	808	\$11,602,808	\$14,360
2009	146	\$ 12,077,999	646	\$14,171,299	\$21,937
2008	134	\$ 16,322,003	582	\$16,361,270	\$28,112

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

DEBT CAPACITY

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			Business-Type Activities			Total Primary Government	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASE	NOTE PAYABLE	NOTE PAYABLE	NOTE PAYABLE	Government			
2017	\$ -	\$ 1,195,977	\$ 4,910,000	\$ -	13,239,477	\$ 19,345,454	3.43%	\$ 614.82	
2016	-	1,474,344	2,115,422	-	15,364,719	18,954,485	3.48%	605.85	
2015	-	1,744,918	2,736,266	-	17,717,966	22,199,150	2.82%	710.28	
2014	-	2,065,746	3,340,631	-	20,074,847	25,481,224	2.34%	822.64	
2013	-	-	689,996	-	21,612,098	22,302,094	2.70%	727.66	
2012	-	-	881,122	-	24,533,255	25,414,377	2.81%	833.78	
2011	-	-	-	-	23,558,763	23,558,763	2.52%	779.78	
2010	-	-	-	-	17,823,972	17,823,972	3.33%	596.98	
2009	-	21,448	-	-	19,170,489	19,191,937	3.05%	668.90	
2008	100,000	128,072	-	-	20,580,038	20,808,110	2.86%	700.37	

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		
2017	\$	10,085,537	\$	5,909,641	\$	4,175,896	\$	2,578,213	1.62	1.25
2016		10,159,914		5,696,784		4,463,130		817,474	5.46	1.25
2015		10,141,490		4,891,570		5,249,920		1,257,658	4.17	1.25
2014		10,760,193		5,958,355		4,801,838		1,312,789	3.66	1.25
2013		11,401,562		5,750,996		5,650,566		1,267,646	4.46	1.25
2012		10,744,073		4,843,247		5,900,826		2,005,087	2.94	1.25
2011		9,317,810		4,365,640		4,952,170		1,769,509	2.80	1.25
2010		7,564,314		4,323,215		3,241,099		1,526,008	2.12	1.25
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

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Year	Population (3)	Personal Income	Per Capita Personal Income (1)	Unemployment Rate (2)
2017	31,465	\$ 663,093	\$ 21,074	4.4
2016	31,286	659,187	21,063	5.0
2015	31,254	625,173	20,003	4.8
2014	30,975	596,113	19,245	4.8
2013	30,649	601,517	19,626	5.0
2012	30,481	714,261	23,433	4.8
2011	30,212	593,363	19,640	5.5
2010	29,857	593,258	19,870	6.1
2009	28,692	585,374	20,402	6.1
2008	29,710	594,259	20,002	3.5

(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

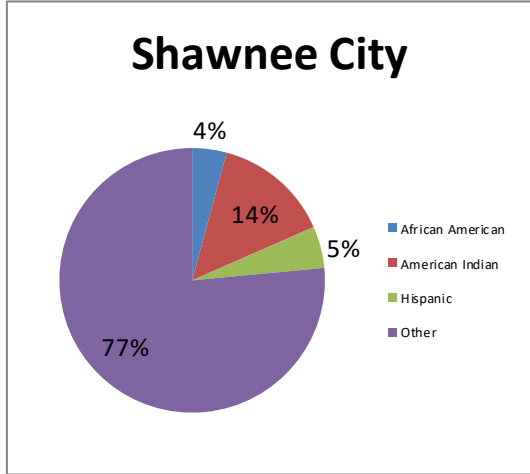
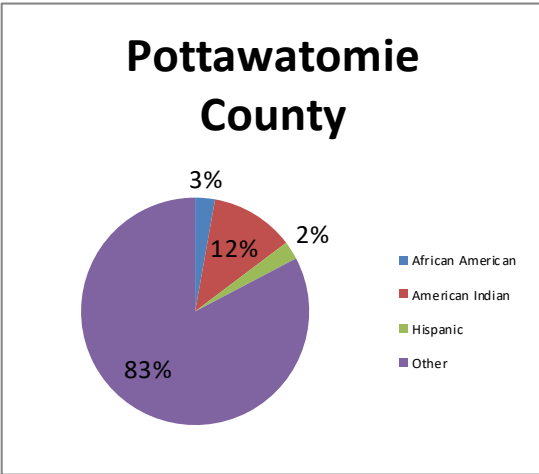
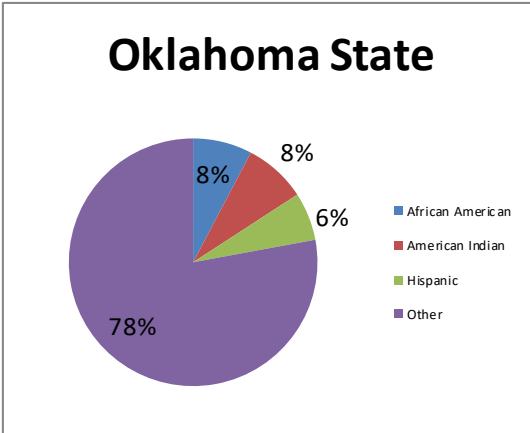
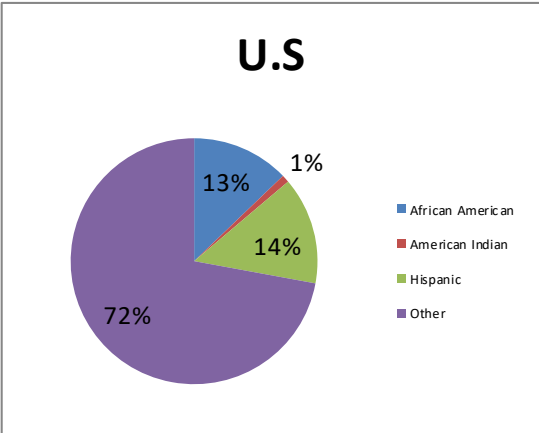
(3) Population for 2010-2012 is from the 2010 Census. Information from 2003-2009 is estimates by the Oklahoma Department of Commerce.

CITY OF SHAWNEE, OKLAHOMA

Ethnic Demographic Statistics

Comparative Ethnic Percentage Population

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



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

CITY OF SHAWNEE, OKLAHOMA

PRINCIPAL EMPLOYERS

Current year and Ten years ago

	2017			2007		
	Employees	RANK	% of Total Employment	Employees	RANK	% of Total Employment
Citizens Potawatomi Nation	2500	1	37.35%	750	1	3.51%
Shawnee Tubing Solutions	400	5	5.98%	450	6	2.11%
St Anthony's	500	3	7.47%	650	2	3.04%
Shawnee Public Schools	490	4	7.32%	600	3	2.81%
George Fischer	550	2	8.22%	-	-	0.00%
Walmart	400	6	5.98%	300	10	1.40%
Oklahoma Baptist	300	10	4.48%	400	7	1.87%
Eaton Corporation	350	7	5.23%	400	8	1.87%
Exxon Mobil (Jindal Films)	270	12	4.03%	500	4	2.34%
Absentee Shawnee	326	9	4.87%	-	-	0.00%
TDK Ferrites	275	11	4.11%	-	-	0.00%
City of Shawnee	332	8	4.96%	-	-	0.00%
	<u>6,693</u>		<u>100.00%</u>	<u>4,050</u>		<u>18.97%</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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Management Services	10.0	9.0	11.0	10.0	10.0	10.0	9.0	8.5	9.5	9.5
Finance	6.5	7.0	9.0	7.0	7.0	5.0	5.0	5.0	3.5	6.0
Planning	9.0	9.0	8.0	9.0	8.0	9.5	8.0	7.0	7.0	6.0
Other	10.5	11.0	13.0	13.0	12.0	13.0	12.0	11.5	10.0	13.0
Police:										
Officers	61.0	58.0	61.0	60.0	57.0	57.0	54.0	51.0	56.0	52.0
Civilians	24.0	27.0	25.0	27.0	23.0	21.5	21.5	21.0	19.0	20.0
Fire:										
Firefighters and Officers	53.0	54.0	53.0	54.0	46.0	43.0	46.0	45.0	48.0	49.0
Civilians	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Other Public Works:										
Engineering	4.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	3.0
Other	24.0	26.0	24.0	26.0	25.0	21.0	22.0	21.0	21.0	23.0
Redevelopment	1.5	2.0	1.5	1.5	2.5	3.0	3.5	3.0	3.0	3.0
Parks and Recreation	59.0	43.0	37.5	21.0	23.0	23.0	20.0	19.0	23.0	24.0
Water	40.5	40.0	40.0	40.5	36.5	33.0	32.0	30.0	30.0	28.0
Wastewater	26.0	27.0	23.0	19.5	19.0	19.0	19.5	19.0	19.0	19.0
Total	332.0	320.0	312.0	294.5	275.0	265.0	259.5	248.0	256.0	257.5

Source: City of Shawnee Human Resources Department

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

FUNCTION / PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:									
Stations	1	1	1	1	1	1	1	1	1
Zone Offices	2	2	2	2	2	2	2	2	2
Patrol Units	71	71	69	69	69	69	69	73	72
Gun Range	1	1	1	1	1	1	1	1	1
Fire:									
Stations	4	4	3	3	3	3	3	3	3
Engines/vehicles	18	18	18	18	18	18	18	18	18
Other Public Works:									
Streets (miles)	191	191	191	191	191	190	189	187	185
Highway Interstate (miles)	2.5	2.5	2.5	2.5	2.5	2.50	2.50	2.50	2.50
Traffic Signals	49	49	48	47	47	46	45	45	45
Culture and Recreation									
Acerage	137.36	137.36	137.36	137.36	137.36	137.36	137.36	137.36	137.36
Playgrounds	33	33	33	33	33	33	33	33	33
Baseball/Softball Diamonds	9	9	9	9	9	9	9	9	9
Soccer/Football Fields	-	-	-	-	-	-	-	-	-
Community Centers	1	1	1	1	1	1	1	1	1
Municipal Pool	1	1	1	-	1	1	1	1	1
Splash Pads	2	2	2	-	-	-	-	-	-
Park and Recreation Reservations	380	380	380	392	392	340	348	451	518
Municipal Airport									
Terminals	1	1	1	1	2	1	1	1	1
Feet of runway	6000	6000	6000	6000	6000	6000	6000	6000	6000
T-Hangers	28	28	28	28	28	28	28	28	28
Box Hangers	4	4	4	4	4	4	4	4	4
Vehicles	3	3	3	2	2	2	2	2	2
Aircraft Tug	1	1	0	0	0	0	0	0	0
Weatherstation	1	1	1	1	1	1	1	1	1
Water:									
Water Mains (miles)	218	218	217	217	215	215	215	215	215
Fire Hydrants	1,374	1,374	1,415	1,413	1,403	1,340	1,340	1,340	1,240
Storage Capacity (thousands of gallons)	2.5m	2.5m	2.5m	2.5m	2.5m	2.5m	2.5m	2.5 m	2.5m
Water Towers	3	3	3	3	3	3	3	3	3
Wastewater:									
Sanitary Sewers (miles)	220	220	200	200	175	175	175	175	175
Treatment Capacity (thousands of gallons)	6m	6m	6m	6m	6m	6m	6m	6m	6m
Manholes *	3,526	3,526	-	-	-	-	-	-	-
Plants	2	2	2	2	2	2	2	2	2

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

CITY OF SHAWNEE, OKLAHOMA
Operating Indicators
Last Ten Fiscal Years

FUNCTION / PROGRAM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Airport- **										
Takeoffs	9,445	8,640	8,456	-	-	-	-	-	-	-
Fuel Sales	74,923	73,378	51,141	-	-	-	-	-	-	-
Police:										
Physical Arrests	1,062	2,118	2,255	2,067	2,350	1,944	1,985	1,347	1,117	1,734
Total Parking and Traffic Citations	2,884	4,832	5,302	5,566	6,726	5,355	7,747	6,518	6,770	6,381
Fire:										
Emergency Responses	5,587	5,368	5,265	4,637	4,768	3,212	4,426	4,390	4,107	4,071
Fires Extinguished	288	256	214	301	282	227	330	214	242	377
Inspections	133	224	333	297	12	12	61	107	23	25
Culture and Recreation										
Attendance-Pool	41,242	34,904	28,588	-	-	-	-	-	-	-
Park and Recreation Reservations	268	240	380	392	392	340	348	451	518	501
Community Development										
Building Permits	232	197	319	177	194	793	1,035	1,003	792	716
Building Inspections	3,675	3,321	2,834	2,460	2,579	2,987	2,961	3,013	3,196	4,218
Streets:										
Street Resurfacing (Lane Blocks)	142	195	187	98	134	172	150	162	145	258
Potholes Repaired	3,900	3,900	2,925	3,900	775	891	1,162	996	1,074	1,980
Economic Development: ***										
Home loans	54	55	-	-	-	-	-	-	-	-
New loans	6	11	-	-	-	-	-	-	-	-
First time homebuyers	1	2	-	-	-	-	-	-	-	-
Water:										
New Connections	164	835	738	60	490	47	28	23	10	43
Water Main Breaks	69	107	70	117	146	97	241	138	77	79
Average Daily Consumption (thousands of gallons)	3	4,590	3,609	3,914	4,589	4,671	4,341	3,793	3,822	4,235
Peak Daily Consumption (thousands of gallons)	4,400	4,962	5,502	5,881	7,458	7,624	6,990	6,140	6,879	6,979
Wastewater:										
Average Daily Sewer Treatment (thousands of gallons)*	4.04	3.39	2.24	2.819	3.086	3.09	2.91	2.63	3.92	2.943
Sanitation: ***										
Large polycarts	9,518	11,018	-	-	-	-	-	-	-	-
Small polycarts	592	536	-	-	-	-	-	-	-	-
Recycle bins	10,357	10,194	-	-	-	-	-	-	-	-

* MGD Million gallons per day

**Began record keeping in 2015

*** Began tracking information in 2016

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma (the "City"), as of and for the year ended June 30, 2017, 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 29, 2017. Other auditors audited the financial statements of the Shawnee Civic and Cultural Development Authority as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as findings 2017-01 and 2017-02.

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.



December 29, 2017