

CITY OF SHAWNEE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003

CITY OF SHAWNEE, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
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FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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CITY OF SHAWNEE, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

City Commission

Chris Harden	Mayor
Robert J. Downing	Vice Mayor, Ward VI
Tom Claybrook	Ward I
Robert M. Pettyjohn	Ward II
James Harrod	Ward III
Bob Weaver	Ward IV
Linda Peterson	Ward V

Administration

Terry Powell	City Manager
Hank Land	Director of Administration & Public Safety
Terry Compton	City Treasurer / Finance Director
Robert Jones	Municipal Judge
Diana Hallcock	City Clerk
Jerry Bower	Fire Chief
Ken Etchieson	Exposition Center Manager
Michael A. Southard	Community Development Director
James Cole	Public Works Director
John Krywicki	City Engineer

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

Honorable Mayor and City Commission
City of Shawnee, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Shawnee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Shawnee Industrial Development Authority included as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for the Shawnee Industrial Development Authority is 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely-presented component units, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Pension Plan Schedule of Funding Progress, and General Fund Budgetary Comparison Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

For the year ended June 30, 2003, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements –*

Honorable Mayor and City Commission
City of Shawnee, Oklahoma
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and Management's Discussion and Analysis - for State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures which have altered the format and content of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shawnee's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and other supplemental schedules, listed as Other Supplementary Information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and other supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2004, on our consideration of the City of Shawnee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Crawford & Associates, P.C.

January 29, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Shawnee's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2003, the City's total net assets were \$54,294,296. This includes governmental activities having \$27,644,811 in net assets and \$26,649,485 for business-type activities. The City has completed the first inventory of fixed assets since 1994. Asset records are now being maintained in a computerized fixed asset program which integrates with our accounting system.
- During the year, the City's expenses for governmental activities were \$16,879,827 and were funded by program revenues of \$1,682,939 and by further funding of taxes and other general revenues that totaled \$15,196,888.
- In the City's business activities, such as the municipal and airport authorities, expenses exceeded program revenues by \$1,334,115.
- At June 30, 2003, the General Fund reported a budgetary basis fund balance of \$1,347,598, an increase of 105% from the prior year.

The Financial Statements

The financial statements presented herein include all of the activities of the City of Shawnee (the "City") and its component units using the integrated approach as prescribed by GASB Statement No. 34. This is the first year that the City is reporting in accordance with the Governmental and Accounting Standards Board's (GASB) Statement 34. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with two discretely-presented component units.

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. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Is the City better off than it was last year?" The Statement of Net Assets and the Statement of Activities (on pages 11 & 12, respectively) report information about the City as a whole

and about its activities in a way that helps answer this question. These statements include all assets and liabilities 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 assets and changes in them from the prior year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. However, you must consider other nonfinancial factors, such as changes in the City's property tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

As mentioned above, in the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **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 and trash utilities are reported here, along with the airport enterprise.
- **Discretely-presented component units** – These account for activities of the City's reporting entity that do not meet the criteria for blending. The Shawnee Civic and Cultural Development Authority activity is reported here, along with the Shawnee Industrial Development Authority.

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. 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.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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 each Governmental Fund financial statement.

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. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City as a Whole

For the year ended June 30, 2003, net assets changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning net assets	\$27,776,475	\$28,004,344	\$55,780,819
Increase/(Decrease)	(131,664)	(1,354,859)	(1,486,523)
Ending net assets	<u>\$27,644,811</u>	<u>\$26,649,485</u>	<u>\$54,294,296</u>

The above numbers reflect a slight decrease of less than one percent (.5%) for governmental activities and a decrease of approximately five percent (4.8%) for business-type activities. Overall, the net assets for both governmental and business-type activities decreased 2.66% for this last fiscal year. The results indicate the City, as a whole, did not improve its financial condition, when in fact, it has deteriorated slightly.

Since this is the first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not possible (with exception of the above comparison). However in future years, this section will explain the difference between the current and prior year assets, liabilities and changes in net assets.

Governmental Activities

Again because this is the first year to report governmental activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in next year's discussion this section will show a condensed financial comparison of revenues and expenses and provide explanation for significant differences.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government	Licenses and permits, rental revenue, oil and gas permits.
Community Development	CDBG and HOME grants.
Economic Development	Operating contributions.
Public Safety	Fine and forfeitures, fire run revenue, animal control fees; U.S. Department of Justice grants, OK Department of Civil Emergency Management grants, and Homeland Security grants.
Public Works	Cemetery revenue, licenses and permits.
Culture and Recreation	Donations, OK Arts Council grant, OK Department of Agriculture grant.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose:

For the year ended June 30, 2003, total expenses for governmental activities amounted to \$16,879,827. Of these total expenses, taxpayers and other general revenues funded \$15,065,224, while those directly benefiting from the program funded \$1,032,700 from grants and other contributions and \$650,239 from charges for services, which resulted in the decrease in net assets of \$131,664.

Business-type Activities

In reviewing the departmental net (expense)/revenue, all business-type functions (including water, sewer, sanitation, and airport) the charges for services in FY2003 were not sufficient to cover expenses. Management has been aware of this fact for some time and once again recommends that the City review and adjust rates to make sure they are currently sufficient to cover costs of operations. In addition to this measure, management recommends that operating expenses need continued and persistent scrutiny.

Total business-type activities reported program revenues of \$6,689,672, yet expenses came to \$8,023,787, leaving a loss of \$1,334,115.

With the implementation of the new accounting standards, an analysis of current and prior year governmental fund (in particular the general fund) balance sheets is difficult to do. In subsequent years, this section will discuss and analyze significant differences.

General Fund Budgetary Highlights

Over the course of the year, the City Commission revised the General Fund budget numerous times. The revised budget included a slight increase in overall revenue projections of less than one percent (.3%) or \$42,399 and a slight increase in appropriations of less than one percent (.3%) or \$42,399.

Capital Asset and Debt Administration

Capital Assets

At the end of June 30, 2003, the City had \$66.1 million invested in capital assets including police and fire equipment, buildings, park facilities, roads, water and sewer lines, and water rights.

Primary Government Capital Assets
(Net of accumulated depreciation)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Land	\$2,259,095	\$1,481,715	\$3,740,810
Buildings	3,132,886	881,577	4,014,463
Imp. other than buildings	932,461	3,723,867	4,656,328
Machinery and equipment	3,290,656	1,228,934	4,519,590
Infrastructure	10,257,267	-	10,257,267
Utility property	-	25,324,321	25,324,321
Water rights	-	12,967,959	12,967,959
Construction in progress	200,750	458,051	658,801
Totals	<u><u>\$20,073,115</u></u>	<u><u>\$46,066,424</u></u>	<u><u>\$66,139,539</u></u>

Debt Administration

At year-end, the City had \$26,950,782 in outstanding notes, bonds and capital leases. Additionally the City had \$3,810,012 in accrued compensated absences, claims and judgments payable, due to other governments and utility deposits. These debts are further detailed below as follows:

Primary Government Long-Term Debt

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$600,000	-	\$600,000
Capital lease obligations	509,023	-	509,023
Accrued comp absences	1,220,937	\$254,295	1,475,232
Claims and judgments payable	1,764,039	-	1,764,039
Deposits subject to refund	-	516,611	516,611
Due to other governments	-	54,130	54,130
Notes and revenue notes payable	-	25,841,759	25,841,759
Totals	<u><u>\$4,093,999</u></u>	<u><u>\$26,666,795</u></u>	<u><u>\$30,760,794</u></u>

The only new debt issued in FY2003 consisted of an advanced refunding revenue note issue.

See Note 3.E. to the financial statements for more detail information on the City's long-term debt and changes therein.

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 City Treasurer's Office at 9th and Broadway, Shawnee, Oklahoma or phone at (405) 878-1611.

BASIC FINANCIAL STATEMENTS

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF NET ASSETS
June 30, 2003

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Shawnee Civic & Cultural Development Authority	Shawnee Industrial Development Authority
ASSETS:					
Cash and cash equivalents	\$7,710,344	\$5,338,026	\$13,048,370	\$793,592	\$8,678
Investments	55,920	1,253,826	1,309,746	-	-
Interest receivable	7,949	5,248	13,197	-	-
Accounts receivable, net of allowance of \$169,755	-	983,852	983,852	-	-
Franchise tax receivable	106,318	-	106,318	-	-
Court fine receivable, net of allowance of \$378,808	66,848	-	66,848	-	-
Internal balances	1,402,386	(1,402,386)	-	-	-
Due from component unit	174,896	107,661	282,557	-	-
Assessment receivable	-	355,998	355,998	-	-
Notes receivable	257,847	-	257,847	-	-
Due from other governments	2,255,918	-	2,255,918	-	-
Other receivables	65,344	410	65,754	-	-
Prepaid items	2,700	-	2,700	-	-
Net pension asset	594,180	321,107	915,287	61,019	-
Capital assets:					
Land and construction in progress	2,459,844	1,939,766	4,399,610	2,498,310	-
Water rights	-	12,967,959	12,967,959	-	-
Other capital assets, net of depreciation	17,613,271	31,158,699	48,771,970	3,287,699	-
Unamortized note issuance costs	-	304,813	304,813	-	-
Total assets	32,773,765	53,334,979	86,108,744	6,640,620	8,678
LIABILITIES:					
Accounts payable	550,430	297,271	847,701	989	-
Due to primary government	-	-	-	282,557	-
Accrued interest payable	5,798	237,273	243,071	-	-
Accrued liabilities	406,372	92,958	499,330	16,579	-
Amounts held in escrow	-	189,887	189,887	-	-
Deferred revenue	72,355	27,676	100,031	424,234	-
Long-term liabilities:					
Due within one year	919,478	750,825	1,670,303	6,221	-
Due in more than one year	3,174,521	25,089,604	28,264,125	63,076	-
Total liabilities	5,128,954	26,685,494	31,814,448	793,656	-
NET ASSETS:					
Invested in capital assets, net of related debt	18,964,092	21,355,844	40,319,936	5,786,009	-
Restricted for:					
Capital projects	2,699,108	-	2,699,108	-	-
Debt service	136,642	1,519,134	1,655,776	-	-
Community development	33,735	-	33,735	-	-
Economic development	63,797	-	63,797	-	-
Public safety	367,517	-	367,517	-	-
Public works	3,858,887	-	3,858,887	-	-
Unrestricted	1,521,033	3,774,507	5,295,540	60,955	8,678
Total net assets	\$27,644,811	\$26,649,485	\$54,294,296	\$5,846,964	\$8,678

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Civic & Cultural Development Authority	Industrial Development Authority
Primary Government:									
Governmental activities:									
General government & administration	\$1,901,959	\$290,886	-	-	(\$1,611,083)	-	(\$1,611,083)	-	-
Community development	802,714	-	\$494,730	-	(307,984)	-	(307,984)	-	-
Economic development	290,193	-	14,666	-	(275,527)	-	(275,527)	-	-
Public safety	7,994,454	324,579	148,071	\$68,939	(7,452,865)	-	(7,452,865)	-	-
Public works	2,480,379	34,774	267,956	-	(2,177,649)	-	(2,177,649)	-	-
Culture and recreation	801,418	-	38,338	-	(763,080)	-	(763,080)	-	-
Payments to component unit	2,546,622	-	-	-	(2,546,622)	-	(2,546,622)	-	-
Interest on long-term debt	62,078	-	-	-	(62,078)	-	(62,078)	-	-
Total governmental activities	16,879,627	650,239	963,761	68,939	(15,196,888)	-	(15,196,888)	-	-
Business-type activities:									
Water operations	4,059,537	3,490,542	-	-	-	(\$568,995)	(568,995)	-	-
Sewer operations	2,279,742	1,954,926	-	-	-	(324,816)	(324,816)	-	-
Sanitation operations	1,130,418	975,585	-	-	-	(154,833)	(154,833)	-	-
Airport operations	554,090	64,619	-	204,000	-	(285,471)	(285,471)	-	-
Total business-type activities	8,023,787	6,485,672	-	204,000	-	(1,334,115)	(1,334,115)	-	-
Total primary government	\$24,903,814	\$7,135,911	\$963,761	\$272,939	(15,196,888)	(1,334,115)	(16,531,003)		
Component Units:									
Culture and recreation	\$1,482,223	\$791,943	-	-				(\$690,280)	-
Total component units	\$1,482,223	\$791,943	-	-				(690,280)	-
General revenues:									
Taxes:									
Sales and use taxes					12,773,100	-	12,773,100	-	-
Property taxes					84,581	-	84,581	-	-
Franchise and public service taxes					1,347,189	-	1,347,189	-	-
Other taxes					10,159	-	10,159	-	-
E-911 taxes					117,302	-	117,302	-	-
Hotel/Motel taxes					96,260	-	96,260	-	-
Payment from City of Shawnee					-	-	-	2,546,622	-
Intergovernmental revenue not restricted to specific programs					243,098	-	243,098	-	-
Investment income					150,770	142,345	293,115	3,101	\$50
Miscellaneous					137,891	73,060	210,951	10,888	-
Special item - Gain (loss) on forgiveness of debt					(131,275)	-	(131,275)	131,275	-
Transfers - Internal activity					236,149	(236,149)	-	-	-
Total general revenues and transfers					15,065,224	(20,744)	15,044,480	2,691,886	50
Change in net assets					(131,684)	(1,354,859)	(1,486,523)	2,001,606	50
Net assets - beginning					27,776,475	28,004,344	55,780,819	3,845,358	8,628
Net assets - ending					\$27,644,811	\$26,649,485	\$54,294,296	\$5,846,964	\$8,678

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2003

	General	Capital Improvement Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$622,134	\$2,588,577	\$3,482,326	\$1,012,154	\$7,705,191
Investments	-	-	-	55,920	55,920
Receivables:					
Accrued interest receivable	967	4,282	1,889	811	7,949
Due from other funds	1,446,081	-	-	-	1,446,081
Due from component unit	174,896	-	-	-	174,896
Due from other governments	1,459,247	266,313	298,939	231,419	2,255,918
Franchise tax receivable	106,318	-	-	-	106,318
Court fines receivable, net of allowance of \$378,808	66,848	-	-	-	66,848
Other receivables	26,107	-	-	17,872	43,979
Notes receivable	-	-	-	257,847	257,847
Prepaid items	-	-	-	200	200
Total assets	\$3,902,598	\$2,859,172	\$3,783,154	\$1,576,223	\$12,121,147
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$186,485	\$98,131	\$146,309	\$114,200	545,125
Due to other funds	653,548	-	-	59,191	712,739
Accrued liabilities	406,372	-	-	-	406,372
Deferred revenue	49,503	61,933	-	258,694	370,130
Total liabilities	1,295,908	160,064	146,309	432,085	2,034,366
Fund Balances:					
Reserved for:					
Encumbrances	55,480	62,672	581,050	3,810	703,012
L.E.P.G. grant programs	3,969	-	-	-	3,969
Hazard mitigation	4,036	-	-	-	4,036
Land acquisition	-	-	-	71,701	71,701
Prepaid items	-	-	-	200	200
Unreserved	2,543,205	2,636,436	3,055,795	-	8,235,436
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	857,733	857,733
Debt service fund	-	-	-	142,440	142,440
Capital project funds	-	-	-	68,254	68,254
Total fund balances	2,606,690	2,699,108	3,636,845	1,144,138	10,086,781
Total liabilities and fund balances	\$3,902,598	\$2,859,172	\$3,783,154	\$1,576,223	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$19,259,672.	20,073,115
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Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Court fines receivable, net of allowance for doubtful accounts of \$378,808	30,817
Notes receivable	257,847
Receivable from other governments	9,111
	<u>297,775</u>

Certain assets are not reported in the funds which use the modified accrual basis of accounting; however, in the government-wide financial statements they are reported due to the accrual basis of accounting being used	
Net pension asset	594,180

Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued interest payable	(5,798)
Capital lease obligations payable	(509,023)
General obligation bonds payable	(600,000)
Accrued compensated absences	(1,220,937)
Claims and judgments payable	(1,071,282)
	<u>(3,407,040)</u>

Net assets of governmental activities	<u>\$27,644,811</u>
---------------------------------------	---------------------

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	General Fund	Capital Improvement Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$10,030,086	\$1,588,890	\$1,793,908	\$806,822	\$14,219,706
Intergovernmental	300,475	140,360	-	815,817	1,256,652
Charges for services	96,711	-	-	218,862	315,573
Fines and forfeitures	321,486	-	-	-	321,486
Licenses and permits	174,943	-	-	24,628	199,571
Investment income	14,267	69,038	40,708	26,757	150,770
Miscellaneous	122,262	47,735	-	61,225	231,222
Total Revenues	<u>11,060,230</u>	<u>1,846,023</u>	<u>1,834,616</u>	<u>1,954,111</u>	<u>16,694,980</u>
Expenditures:					
Current:					
General government & administration	1,772,199	-	-	-	1,772,199
Community development	261,598	-	-	567,547	829,145
Economic development	-	-	-	290,193	290,193
Public safety	7,490,408	-	-	73,607	7,564,015
Public works	1,563,679	-	-	233,907	1,797,586
Culture and recreation	552,079	-	-	71,342	623,421
Capital outlay	5,911	3,361,487	1,976,603	1,702	5,345,703
Debt service:					
Principal retirement	-	65,055	-	165,621	230,676
Interest and fiscal charges	-	13,560	-	43,055	56,615
Total Expenditures	<u>11,645,874</u>	<u>3,440,102</u>	<u>1,976,603</u>	<u>1,446,974</u>	<u>18,509,553</u>
Excess (deficiency) of revenues over expenditures	(585,644)	(1,594,079)	(141,987)	507,137	(1,814,573)
Other Financing Sources (Uses):					
Transfers in	1,705,111	-	150,000	64,536	1,919,647
Transfers out	(49,536)	(657,649)	-	(820,111)	(1,527,296)
Transfer to component unit	(376,927)	-	-	-	(376,927)
Capital lease proceeds	-	38,667	-	-	38,667
Total Other Financing Sources (Uses)	<u>1,278,648</u>	<u>(618,982)</u>	<u>150,000</u>	<u>(755,575)</u>	<u>54,091</u>
Special Item:					
Loss on forgiveness of debt	(131,275)	-	-	-	(131,275)
Net change in fund balances	561,729	(2,213,061)	8,013	(248,438)	(1,891,757)
Fund balances - beginning, restated (Note 3.G.)	2,044,961	4,912,169	3,628,832	1,392,576	11,978,538
Fund balances - ending	<u>\$2,606,690</u>	<u>\$2,699,108</u>	<u>\$3,636,845</u>	<u>\$1,144,138</u>	<u>\$10,086,781</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

Net change in fund balances - total governmental funds (\$1,891,757)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	2,685,044
Depreciation expense	(1,076,873)
	1,608,171

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

Deferred revenue	(4,506)

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

Capital lease proceeds received	(38,667)
Settlement charges paid	11,592
Capital lease obligation principal payments	130,676
General obligation bond principal payments	100,000
	203,601

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable	(5,463)
Accrued compensated absences	(41,710)
	(47,173)

Change in net assets of governmental activities (\$131,664)

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2003

	Enterprise Funds			Internal Service Funds
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$211,006	\$2,840	\$213,846	\$5,153
Restricted cash and cash equivalents	818,318	-	818,318	-
Interest receivable	3,430	38	3,468	-
Accounts receivable, net of allowance of \$169,755	983,852	-	983,852	-
Assessments receivable	47,582	-	47,582	-
Other receivables	410	-	410	21,365
Due from other funds	-	-	-	669,044
Due from component unit	107,661	-	107,661	-
Prepaid items	-	-	-	2,500
Total current assets	2,172,259	2,878	2,175,137	698,062
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	4,305,862	-	4,305,862	-
Investments	1,253,826	-	1,253,826	-
Interest receivable	1,780	-	1,780	-
Assessment receivable	308,416	-	308,416	-
Net pension asset	312,418	8,689	321,107	-
Capital assets, net	28,340,865	4,757,600	33,098,465	-
Water rights contract	12,967,959	-	12,967,959	-
Unamortized debt issuance costs	304,813	-	304,813	-
Total noncurrent assets	47,795,939	4,766,289	52,562,228	-
Total assets	49,968,198	4,769,167	54,737,365	698,062
LIABILITIES:				
Current Liabilities:				
Accounts payable	288,325	8,946	297,271	5,305
Accrued interest payable	237,273	-	237,273	-
Due to other funds	1,402,386	-	1,402,386	-
Accrued liabilities	92,958	-	92,958	-
Escrow liability	189,887	-	189,887	-
Deferred revenue	-	27,676	27,676	-
Estimated liability for claims	-	-	-	366,486
Deposits subject to refund	103,322	-	103,322	-
Due to other governments	18,000	-	18,000	-
Notes and revenue notes payable, net	604,073	-	604,073	-
Accrued compensated absences	25,430	-	25,430	-
Total current liabilities	2,961,654	36,622	2,998,276	371,791
Noncurrent liabilities:				
Estimated liability for claims	-	-	-	326,271
Deposits subject to refund	413,289	-	413,289	-
Due to other governments	36,130	-	36,130	-
Notes and revenue notes payable, net	24,411,320	-	24,411,320	-
Accrued compensated absences	228,865	-	228,865	-
Total noncurrent liabilities	25,089,604	-	25,089,604	326,271
Total liabilities	28,051,258	36,622	28,087,880	698,062
NET ASSETS:				
Invested in capital assets, net of related debt	16,598,244	4,757,600	21,355,844	-
Restricted for:				
Debt service	1,519,134	-	1,519,134	-
Unrestricted	3,799,562	(25,055)	3,774,507	-
Total net assets	\$21,916,940	\$4,732,545	\$26,649,485	-

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2003

	Enterprise Funds			Internal
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Service Funds
Operating Revenues:				
Charges for services:				
Water	\$3,430,226	-	\$3,430,226	-
Sewer	1,888,870	-	1,888,870	-
Sanitation	962,251	-	962,251	-
Penalties/late charges	87,778	-	87,778	-
Sewer tap inspection fees	4,700	-	4,700	-
Water taps	12,600	-	12,600	-
Industrial pretreatment fees	34,628	-	34,628	-
Other	23,796	-	23,796	\$654,596
Miscellaneous:				
Rental revenue	11,212	\$64,619	75,831	-
Total operating revenues	6,456,061	64,619	6,520,680	654,596
Operating Expenses:				
Utility billing	254,150	-	254,150	-
Utility administration	1,590,355	-	1,590,355	-
Lake operations	66,175	-	66,175	-
Water production	915,702	-	915,702	-
Water distribution	785,441	-	785,441	-
North sewer treatment plant	483,902	-	483,902	-
South sewer treatment plant	580,474	-	580,474	-
Sewer collection	366,213	-	366,213	-
Water projects	140,777	-	140,777	-
Airport operations	-	158,506	158,506	-
Claims expense	-	-	-	654,604
Depreciation	961,816	395,584	1,357,400	-
Amortization expense	16,815	-	16,815	-
Total operating expenses	6,161,820	554,090	6,715,910	654,604
Operating income (loss)	294,241	(489,471)	(195,230)	(8)
Non-Operating Revenues (Expenses):				
Investment income	141,462	883	142,345	8
Miscellaneous	12,509	25,543	38,052	-
Interest expense and fiscal charges	(1,306,645)	-	(1,306,645)	-
Gain (loss) on disposal of fixed assets	(1,232)	-	(1,232)	-
Total non-operating revenues (expenses)	(1,153,906)	26,426	(1,127,480)	8
Net income (loss) before contributions and transfer	(859,665)	(463,045)	(1,322,710)	-
Capital contributions	156,202	204,000	360,202	-
Transfers in	657,649	-	657,649	-
Transfers out	(1,050,000)	-	(1,050,000)	-
Change in net assets	(1,095,814)	(259,045)	(1,354,859)	-
Total net assets - beginning, restated (Note 3.G.)	23,012,754	4,991,590	28,004,344	-
Total net assets - ending	\$21,916,940	\$4,732,545	\$26,649,485	-

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2003

	Enterprise Funds			Internal
	Shawnee Municipal Authority	Shawnee Airport Authority	Total	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$6,377,820	\$72,459	\$6,450,279	-
Payments to suppliers	(2,288,818)	(123,307)	(2,412,125)	(\$634,445)
Payments to employees	(2,805,953)	(45,619)	(2,851,572)	-
Receipts of customer meter deposits	147,148	-	147,148	-
Customer meter deposits refunded or applied	(125,146)	-	(125,146)	-
Other receipts (payments)	948,183	25,543	973,726	639,590
Net Cash Provided by (Used in) Operating Activities	2,253,234	(70,924)	2,182,310	5,145
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	657,649	-	657,649	-
Transfers to other funds	(1,050,000)	-	(1,050,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(392,351)	-	(392,351)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from refunding issue	18,850,000	-	18,850,000	-
Refunded portion of debt	(18,475,000)	-	(18,475,000)	-
Purchases of capital assets	(1,039,294)	(7,838)	(1,047,132)	-
Bond issue costs paid	(188,500)	-	(188,500)	-
Bond premium received	96,120	-	96,120	-
Loss on refunding	(931,372)	-	(931,372)	-
Principal paid on capital debt	(939,650)	-	(939,650)	-
Interest paid on capital debt	(1,658,985)	-	(1,658,985)	-
Net Cash Used in Capital and Related Financing Activities	(4,286,681)	(7,838)	(4,294,519)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(66,366)	-	(66,366)	-
Interest and dividends	179,997	929	180,926	8
Net Cash Provided by (Used in) Investing Activities	113,631	929	114,560	8
Net Increase (Decrease) in Cash and Cash Equivalents	(2,312,167)	(77,833)	(2,390,000)	5,153
Balances - beginning of the year	7,647,353	80,673	7,728,026	-
Balances - end of the year	\$5,335,186	\$2,840	\$5,338,026	\$5,153

(Continued)

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2003

Reconciliation of operating income (loss) to net cash provided

by operating activities:				
Operating income (loss)	\$294,241	(\$489,471)	(\$195,230)	(\$8)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	961,816	395,584	1,357,400	-
Other non-operating revenues	12,509	25,543	38,052	-
Amortization expense	16,815	-	16,815	-
Change in assets and liabilities:				
Receivables, net	(54,465)	8,124	(46,341)	-
Other receivables	4,494	-	4,494	(21,365)
Assessment receivable	104,085	-	104,085	-
Due from component unit	(107,661)	-	(107,661)	-
Due from other funds	-	-	0	31,032
Prepaid expenses	-	-	0	-
Accounts payables	38,979	(10,420)	28,559	5,305
Estimated liability for claims	-	-	0	14,854
Escrow liability	63,144	-	63,144	-
Deferred revenue	(132,355)	(284)	(132,639)	-
Customer meter deposits payable	22,002	-	22,002	-
Due to other funds	1,043,335	-	1,043,335	(24,673)
Accrued liabilities	11,059	-	11,059	-
Due to other governments	(19,500)	-	(19,500)	-
Accrued compensated absences	(5,264)	-	(5,264)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$2,253,234</u>	<u>(\$70,924)</u>	<u>\$2,182,310</u>	<u>\$5,145</u>
Noncash activities:				
Contributed capital assets	<u>\$156,202</u>	<u>\$204,000</u>	<u>\$360,202</u>	<u>-</u>
Change in fair value of investments	<u>\$21,124</u>	<u>-</u>	<u>\$21,124</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2003

	URM/DEPCA Agency Fund
ASSETS:	
Cash and cash equivalents	<u>\$3,398</u>
LIABILITIES:	
URM/DEPCA payable	<u>\$3,398</u>

See accompanying notes to the basic financial statements.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
INDEX
June 30, 2003

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In accordance with GASB Statement Nos. 20 and 34, for its governmental and business-type activities, enterprise funds and similar discretely presented component units the City has elected to apply Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

For the year ended June 30, 2003, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures* which have altered the format and content of the basic financial statements.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Shawnee
Blended Component Units:	Shawnee Municipal Authority Shawnee Airport Authority
Discretely Presented Component Units:	Shawnee Civic & Cultural Development Authority Shawnee Industrial Development Authority

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", and includes all component units of which the City is fiscally accountable.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-obligation debt and to enable the City Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, in most cases, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Blended Component Units

Blended component units are separate legal entities that meet the GASB 14 component unit criteria and whose governing body is the same or substantially the same as the City Commission or the component unit provides services entirely to the City. These component units' funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:, (Continued)

1.A. FINANCIAL REPORTING ENTITY, (Continued)

Component units that are blended into the reporting fund types of the City's report are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund Type</u>
Shawnee Municipal Authority (SMA)	Created November 11, 1968, to finance, develop and operate the water, sewer and solid waste activities. The current City Commission serves as its entire governing body (Trustees) of the SMA. Any issuance of debt would require a two-thirds approval of the City Commission.	SMA Enterprise Fund
Shawnee Airport Authority (SAA)	Created March 18, 1974, to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control and regulate air transportation facilities. The current City Commission serves as its entire governing body (Trustees) of the SAA. Any issuance of debt would require a two-thirds approval of the City Commission.	SAA Enterprise Fund

DISCRETELY PRESENTED COMPONENT UNITS

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

<u>Component Unit</u>	<u>Brief Description of Unit</u>
Shawnee Civic & Cultural Development Authority (SCCDA)	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 carrying out an authority or proper function of the City. The governing body consists of seven members; the City Manager of the Beneficiary, a management level employee of the Shawnee News Star, three citizens representing the general public appointed by the SCCDA trustees, and two residents of Pottawatomie County appointed by the Commissioners of Pottawatomie County and approved by the SCCDA trustees. Any issuance of debt requires a two-thirds approval of the City Commission.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

<u>Discretely Presented Component Unit</u>	<u>Brief Description of Unit</u>
Shawnee Industrial Development Authority (SIDA)	Created June 30, 1979, to promote the development of industry and culture and industrial, manufacturing, cultural and educational activities within and without the territorial limits of the City. The SIDA governing body is comprised of five members appointed by the City Commission from a list of three qualified individuals prepared by the Trustees of the SIDA. Any issuance of debt would require a two-thirds approval of the City Commission.

Complete financial statements of the SIDA discretely presented component units can be obtained from their respective administrative offices.

ADMINISTRATIVE OFFICES:
Shawnee Industrial Development Authority
P.O. Box 1222
Shawnee, OK 74802-1222

The Shawnee Civic & Cultural Development Authority which did not issue separate annual financial statements.

RELATED ORGANIZATIONS

The following related organizations are not included in the financial reporting entity.

Shawnee Industrial Authority (SIA) - A Title 60 Public Trust created July 19, 1971, to acquire, construct or improve facilities for use by governmental, corporate or other entities; to promote the development of industry within and without the State of Oklahoma; and to provide funds for the cost of financing or refinancing the acquisition, construction or expansion of properties by such entities. Trustee vacancies are replaced by vote of the remaining Trustees.

Shawnee Housing Authority - a non-stock, non-profit corporation acting as an instrumentality of the City for the purpose of assisting in financial dwelling accommodations for persons of low income. The Corporation issued first lien revenue bonds after approval by the City Commission. The bonds do not constitute debt of the City and are secured by revenues received from the United States Department of Housing and Urban Development. The revenues represent monthly housing assistance payments for project units occupied by eligible low income tenants.

Shawnee Urban Renewal Board - This board currently has no assets or liabilities and had no financial activity for the year. The Shawnee Urban Renewal Board serves in an advisory capacity.

Shawnee Economic Development Foundation - a non-stock, non-profit corporation contracting with the City for the purpose of assisting and promoting the economic development and civic growth of the City of Shawnee. The City pays the Foundation \$100,000 annually for these contractual services.

1.B BASIS OF PRESENTATION

Government-Wide Financial Statements:

The statement of net assets and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity except for fiduciary activities. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the three major fund categories: governmental, proprietary and fiduciary. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the primary operating fund of the City. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

Special Revenue Funds

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. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
Street & Alley Fund	Accounts for the operation and maintenance of local streets and thoroughfares. Financing is provided primarily through motor vehicle and excise taxes collected by the County.
E-911 Fund	Accounts for the operations and maintenance of the City's 911 emergency services. Financing is provided primarily through telephone service fees.
Revolving Oil & Gas Fund	Accounts for the inspection and monitoring of oil and gas wells. Financing is provided primarily through user licenses and fees.
Economic Development Fund	Accounts for the promotion of economic development. Financing is provided primarily through sales tax revenues.
Spay & Neuter Fund	Accounts for the City's animal adoption program. Financing is provided primarily through participant fees.
Hotel/Motel Surcharge Fund	Accounts for the collection of the City's hotel/motel surcharge. Funds received from this surcharge are used for the promotion of tourism.
Police Sales Tax Fund	Accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for police officers.
Fire Sales Tax Fund	Accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for firefighters.
CDBG & HOME Grants Fund	Accounts for federal grant funds received by the City and expenditures related to the operation of these grants.
Library Fund	Accounts for the maintenance of the municipal library. The Shawnee Municipal Library is part of the Pioneer Library System, a multi-county system. Funded by operating transfers from City of Shawnee.
Cemetery Care Fund	Accounts for the continuing care and maintenance as well as future Capital investments of the City owned cemetery, which is funded by a portion of the proceeds of every cemetery lot sale (12.5%) in accordance with state statutes.
Senior Citizens Fund	Accounts for the maintenance of the senior citizens center.
Gifts & Contributions Fund	Accounts for monies donated for various park projects, economic development, civic events, police and fire donations.

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Sister Cities Fund

Accounts for the financial activity of the sister cities program. Funded by transfers from Economic Development Fund and various donations.

Debt Service Fund

The Debt Service Fund is used to account for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related interest expense and fiscal agent fees.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds.

<u>Fund</u>	<u>Brief Description</u>
Capital Improvement Fund	Accounts for the purchase of capital equipment and construction of facilities. Financing is provided primarily through sales tax.
Street Improvement Fund	Accounts for the construction or major reconstruction of street projects. Financing is provided primarily through sales tax.
1994 Street Improvement Project	Accounts for general obligation bond proceeds designated for the construction of specific street projects.

PROPRIETARY FUNDS

Enterprise funds are used to account for businesslike activities provided to the general public. Internal service funds are used to account for businesslike activities provided to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise and internal service funds.

Enterprise Funds

<u>Fund</u>	<u>Brief Description</u>
Shawnee Municipal Authority	Accounts for operation, maintenance and capital facility construction related to water, sewer and sanitary services. Financing is provided primarily through user charges.
Shawnee Airport Authority	Accounts for operation, maintenance and capital facility construction related to the Shawnee Municipal Airport. Financing is provided primarily through user charges.

Internal Service Fund

<u>Fund</u>	<u>Brief Description</u>
Workers Compensation Self-Insurance	Accounts for activities related to the City's self-insurance for workers compensation. Financing is provided through General Fund and Municipal Authority transfers.

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FIDUCIARY FUND

Agency Fund

Agency funds account for assets held by the City in a fiduciary capacity. The reporting entity presently includes no trust or pension funds but does include one agency fund. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations. The agency fund of the City includes the following:

<u>Fund</u>	<u>Description</u>
URM/DEPCA Fund	Accounts for pre-tax payroll deductions received from employees for unreimbursed medical and dependant care reimbursements.

COMPONENT UNITS

Discretely presented component units are separate legal entities whose governing body (in majority) is appointed by the Mayor or City Commission, but whose governing body is not substantially the same as the City Commission nor an entity established to provide services primarily to the City. Since these component units are not as closely associated with the City as are the blended component units, they are reported in a discretely presented column on the combined financial statements labeled Component Units. The reporting entity includes the following discretely presented component units:

<u>Component Units</u>	<u>Brief Description</u>
Shawnee Civic & Cultural Development Authority	Accounts for operation, maintenance and capital facility construction relating to the Heart of Oklahoma Exposition Center.
Shawnee Industrial Development Authority	Accounts for revenues and expenditures of the public trust used in establishing and operating industrial development activities.

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

Major:

General Fund

Capital Project Funds:

Capital Improvement Fund
Street Improvement Fund

Enterprise Funds:

Shawnee Municipal Authority
Shawnee Airport Authority

Non-Major:

Special Revenue Funds:

Street and Alley Fund
E911 Fund
Revolving Oil and Gas Fund
Economic Development Fund
Spay and Neuter Fund
Hotel/Motel Tax Fund
Police Sales Tax Fund
Fire Sales Tax Fund
CDBG & HOME Grants Fund
Library Fund
Cemetery Care Fund
Senior Citizens Fund
Gifts and Contributions Fund
Sister Cities Fund

Debt Service Fund

Capital Project Fund:

1994 Street Improvement Project

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe how transactions are recorded within the financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

Government-wide, Proprietary and Fiduciary Fund Financial Statements

In the government-wide Statement of Net Assets and the Statement of Activities, and the proprietary and fiduciary fund statements the "economic resources" measurement focus is applied. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Governmental Fund Financial Statements

In the governmental fund financial statements, a "current financial resources" measurement focus is applied. Under this focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

In the government-wide Statement of Net Assets and Statement of Activities, and the proprietary fund financial statements the accrual basis of accounting is applied. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental Fund Financial Statements

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City has defined "available" as collected within 60 days after year end. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

1.D. ASSETS, LIABILITIES AND NET ASSETS

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. Investments in open ended mutual fund-money market accounts are also considered cash equivalents and are reported at the funds current share price.

CITY OF SHAWNEE, OKLAHOMA
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Investments

Investments are reported at fair value using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in long-term U.S. government securities are carried at fair value from quoted market prices. Additional cash and investment disclosures are presented in Note 2.C. and Note 3.A.

Receivables

Material receivables in governmental fund types include revenue accruals such as sales tax, franchise tax, court fines and grants and other similar intergovernmental revenues since they are usually both measurable and available. Revenue from non-exchange transactions collectible but not available are deferred in accordance with GASB 33. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary funds and similar component units 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 type receivables.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

The City has chosen to record consumable materials and supplies as expenditures in the governmental funds at the time of purchase, and year-end inventory on hand is not material; therefore, no balances for inventory on-hand are reported on the Statement of Net Assets for such funds. The City also considers all proprietary funds and similar discretely presented component unit inventory on hand as immaterial, and therefore records inventory purchases as expense when purchased.

Capital Assets and Depreciation

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. The City's capitalization threshold is \$2,500. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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- Buildings	40 years
- Improvements Other Than Buildings	20 - 50 years
- Infrastructure	20 - 100 years
- Machinery and Equipment	5 - 10 years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, claims and judgments payable, capital lease obligations, general obligation bonds, notes payable, revenue notes payable, and estimated liability for claims.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

The City's policies regarding vacation, sick leave and holiday leave permit employees to accumulate varying amounts as determined by management and contracts with employee groups.

The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary, and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

Equity Classifications

Government-Wide and Proprietary Fund Financial Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - 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 improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. The reservations include (1) fund balances not available for appropriation, such as reserves for encumbrances and reserves for prepaid items, and (2) fund balances legally restricted to specific purposes, such as reserves for grant programs, hazard mitigation and land acquisition.

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Government-Wide Financial Statements:

Interfund activity and balances, 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 receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements 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 are not eliminated in the statement of activities.
3. Primary government and component unit activity and balances - resource flows between the primary government (the City and SMA) and the discretely-presented component units (the Civic and Cultural Development Authority and Industrial Development Authority) are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary fund and fiduciary 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.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City presently 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. Two cents of the sales tax received is to be recorded as sales tax revenue within the General Fund and the remaining one cent distributed to various funds based on prescribed percentages. These percentages, initially set by ordinance, have been further restricted by management and governing body approval as follows:

Capital Improvement Fund	38.75%
Street Improvement Fund	43.75%
Economic Development Fund	5.00%
Police Sales Tax Fund	6.25%
Fire Sales Tax Fund	<u>6.25%</u>
Total	<u>100.00%</u>

Sales tax resulting from sales occurring prior to year-end and received by the City after year end have been accrued and are included under the caption *Due from Other Governments* because they represent taxes on sales occurring during the reporting period.

Property Tax

Under State law, 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. At the present time, the City levies a property tax to fund the annual debt service requirements of the general obligation bonds.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2003, the City's net assessed valuation of taxable property was \$111,933,141. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2003 was \$0.56.

Expenditures/Expenses

In the government-wide statement of activities, 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 proprietary fund financial statements, expenses are reported by object or activity. Fiduciary funds report additions and deductions to net assets.

1.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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET ASSETS

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2003, the City reported no individual fund deficits.

2.B. BUDGET REQUIREMENTS

The City prepares its annual operating budget under the provisions of the Municipal Budget Act (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 Commission a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Commission.
- d. The adopted budget is filed with the Office of State Auditor and Inspector within 30 days of the start of the year.

The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All transfers of appropriations within and between account groups, departments and supplemental appropriations require City Commission approval. Budget supplements must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, all of the City's Title 60 Public Trusts (accounted for as enterprise funds and similar component units) 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 level of control.

2.C. DEPOSITS AND INVESTMENTS REQUIREMENTS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, and letters of credit. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized.

Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indenture.

For the year ended June 30, 2003, the City complied, in all material respects, with these revenue restrictions.

2.D. DEBT RESTRICTIONS AND COVENANTS

General Long-Term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

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Revenue Note and Promissory Note Debt

The various bond and note indentures relating to the revenue bond and promissory note issuances of the Shawnee Municipal Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, a debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authorities' level of compliance thereon as of June 30, 2003.

<u>Requirement</u>	<u>Level of Compliance</u>
a. Flow of Funds:	
1. Revenue Notes and OWRB Loans:	All funds have been established.
- Municipal Authority Fund	
Interest Account	
Principal Account	
Reserve Account	
Project Account	
b. Reserve Account Requirement:	
1. 2003 Utility Revenue Notes:	
Account balance should equal \$1,233,350.	Account balance at June 30, 2003 is \$1,291,858.
2. 1997B OWRB Loan:	
Account balance should equal \$160,459.	Account balance at June 30, 2003 is \$161,064.
c. Promissory Note Coverage:	
1. 1997B OWRB Promissory Note:	
Net operating revenue of the Authority's pledged systems must equal 1.25 times maximum annual debt service on the 2003 Utility Revenue Notes and the 1997A & 1997B OWRB Promissory Notes.	For the year ended June 30, 2003, net revenues available amounted to \$1,981,191; maximum annual debt service on the notes and any subordinate debt amounted to \$1,533,200. Actual coverage was 1.29 times.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

The City's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were secured with collateral at year end. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name,

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name,

CITY OF SHAWNEE, OKLAHOMA
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Category 3 -Uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement.

Primary Government

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Custody Credit Risk Category</u>			
		<u>1</u>	<u>2</u>	<u>3</u>	
Insured deposits	\$107,164	\$107,164	\$ -	\$ -	
Uninsured deposits:					
Collateralized	<u>483,543</u>	<u>-</u>	<u>483,543</u>	<u>-</u>	Total Carrying Value
Total Deposits	<u>\$590,707</u>	<u>\$107,164</u>	<u>\$483,543</u>	<u>\$ -</u>	\$3,530,957
Petty Cash					1,960
Total					<u>\$3,532,917</u>

Reconciliation to Statement of Net Assets:

Cash and cash equivalents	\$13,048,370
Investments	1,309,746
Less:	
Investments in mutual funds	(9,515,453)
Investments in government securities	(1,253,826)
Corporate bonds	<u>(55,920)</u>
	<u>\$3,532,917</u>

Component Units

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Custody Credit Risk Category</u>			
		<u>1</u>	<u>2</u>	<u>3</u>	
Insured deposits	\$217,181	\$217,181	-	-	
Uninsured deposits:					
Collateralized	<u>585,418</u>	<u>-</u>	<u>\$585,418</u>	<u>-</u>	Total Carrying Value
Total Deposits	<u>\$802,599</u>	<u>\$217,181</u>	<u>\$585,418</u>	<u>\$ -</u>	<u>\$802,270</u>

Reconciliation to Statement of Net Assets:

Cash and cash equivalents:	
Shawnee Civic & Cultural Development Authority	\$793,592
Shawnee Industrial Development Authority	<u>8,678</u>
	<u>\$802,270</u>

CITY OF SHAWNEE, OKLAHOMA
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Investments

The City's policies and applicable laws regarding investments are discussed in Note 1.E. and 2.C. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the City (or public trust) based upon whether the investments are insured or registered and upon who holds the security at June 30, 2003. The categories of credit risk are defined as follows:

- Category 1 - Insured or registered, with securities held by the entity or its agent in the entity's name.
- Category 2 - Uninsured and unregistered with securities held by counterparty's trust department or agent in the entity's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparts or by its trust department or agent but not in the City's name.

Primary Government

<u>Type of Investments</u>	<u>Custody Credit Risk Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Corporate bonds	\$55,920	-	-	\$55,920
U.S. Government securities	1,253,826	-	-	1,253,826
Totals	<u>\$1,309,746</u>	<u>-</u>	<u>-</u>	1,309,746
Mutual funds (not subject to custody credit risk classification)				<u>9,515,453</u>
Total Investments				<u>\$10,825,199</u>

Reconciliation to Statement of Net Assets:

Investments	\$1,309,746
Add:	
Investments in mutual funds	<u>9,515,453</u>
	<u>\$10,825,199</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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3. B. RESTRICTED ASSETS

The amounts reported as restricted assets of the enterprise funds on the combining Statement of Net Assets are comprised of cash and investments held by the trustee bank on behalf of the various public trusts (Authorities) related to their required revenue bond and note accounts as described in Note 2.E. The restricted assets as of June 30, 2003 were as follows:

Type of Restricted Assets	Current Cash and Cash Equivalents	Non-current Cash and Cash Equivalents	Non-current Investments	Non-current Accrued Interest	Total
Primary Government:					
Municipal Authority:					
Revenue Bond and Note Trustee Accounts	\$301,707	\$4,305,862	\$1,253,826	\$1,780	\$1,557,313
Meter Deposit Accounts	516,611	-	-	-	516,611
Total Municipal Authority	<u>\$818,318</u>	<u>\$4,305,862</u>	<u>\$1,253,826</u>	<u>\$1,780</u>	<u>\$2,073,924</u>

3. C. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Restated Balance at July 1, 2002	Additions	Disposals	Balance at June 30, 2003
Governmental activities:				
Non-depreciable:				
Land	\$2,209,012	\$50,082	-	\$2,259,094
Construction-in-progress	53,640	147,110	-	200,750
Total non-depreciable assets at historical cost	<u>2,262,652</u>	<u>197,192</u>	<u>-</u>	<u>2,459,844</u>
Depreciable:				
Buildings	5,878,888	14,807	-	5,893,695
Improvements	1,478,134	200,143	-	1,678,277
Machinery and equipment	7,313,273	323,770	-	7,637,043
Infrastructure	23,585,906	1,949,132	-	25,535,038
Total depreciable assets at historical cost	<u>38,256,201</u>	<u>2,487,852</u>	<u>-</u>	<u>40,744,053</u>
Less accumulated depreciation				
Buildings	(2,607,223)	(153,585)	-	(2,760,808)
Improvements	(678,853)	(66,963)	-	(745,816)
Machinery and equipment	(3,836,258)	(510,129)	-	(4,346,387)
Infrastructure	(14,931,575)	(346,196)	-	(15,277,771)
Total accumulated depreciation	<u>(22,053,909)</u>	<u>(1,076,873)</u>	<u>-</u>	<u>(23,130,782)</u>
Net depreciable assets	<u>16,202,292</u>	<u>1,410,979</u>	<u>-</u>	<u>17,613,271</u>
Governmental activities capital assets, net	<u>\$18,464,944</u>	<u>\$1,608,171</u>	<u>-</u>	<u>\$20,073,115</u>

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

	Restated Balance at July 1, 2002	Additions	Disposals	Balance at June 30, 2003
Business-type activities				
Non-depreciable:				
Land	1,481,715	-	-	1,481,715
Construction-in-progress	22,200	435,851	-	458,051
Total non-depreciable assets at historical cost	<u>1,503,915</u>	<u>435,851</u>	<u>-</u>	<u>1,939,766</u>
Depreciable:				
Buildings	954,426	207,838	-	1,162,264
Improvements	8,420,779	3,186	-	8,423,965
Machinery and equipment	2,774,225	83,676	-	2,857,901
Utility property	36,803,946	676,783	(2,112)	37,478,617
Totals depreciable assets at historical cost	<u>48,953,376</u>	<u>971,483</u>	<u>(2,112)</u>	<u>49,922,747</u>
Less accumulated depreciation				
Buildings	(250,503)	(30,184)	-	(280,687)
Improvements	(4,311,639)	(388,459)	-	(4,700,098)
Machinery and equipment	(1,462,869)	(166,098)	-	(1,628,967)
Utility property	(11,382,517)	(772,659)	880	(12,154,296)
Total accumulated depreciation	<u>(17,407,528)</u>	<u>(1,357,400)</u>	<u>880</u>	<u>(18,764,048)</u>
Net depreciable assets	<u>31,545,848</u>	<u>(385,917)</u>	<u>(1,232)</u>	<u>31,158,699</u>
Business-type capital assets, net	<u>\$ 33,049,763</u>	<u>\$ 49,934</u>	<u>\$ (1,232)</u>	<u>\$ 33,098,465</u>
	Restated Balance at July 1, 2002	Additions	Disposals	Balance at June 30, 2003
Comonent Unit Activities:				
Shawnee Civic & Cultural Development Authority:				
Non-depreciable:				
Land	94,493	-	-	94,493
Construction-in-progress	126,461	2,277,356	-	2,403,817
Total non-depreciable assets at historical cost	<u>220,954</u>	<u>2,277,356</u>	<u>-</u>	<u>2,498,310</u>
Depreciable:				
Buildings	4,354,247	-	-	4,354,247
Improvements	2,219,755	54,635	-	2,274,390
Machinery and equipment	539,275	18,120	-	557,395
Totals depreciable assets at historical cost	<u>7,113,277</u>	<u>72,755</u>	<u>-</u>	<u>7,186,032</u>
Less accumulated depreciation				
Buildings	(1,716,487)	(108,856)	-	(1,825,343)
Improvements	(1,517,414)	(76,891)	-	(1,594,305)
Machinery and equipment	(449,962)	(28,723)	-	(478,685)
Total accumulated depreciation	<u>(3,683,863)</u>	<u>(214,470)</u>	<u>-</u>	<u>(3,898,333)</u>
Net depreciable assets	<u>3,429,414</u>	<u>(141,715)</u>	<u>-</u>	<u>3,287,699</u>
Component unit capital assets, net	<u>\$ 3,650,368</u>	<u>\$ 2,135,641</u>	<u>\$ -</u>	<u>\$ 5,786,009</u>

CITY OF SHAWNEE, OKLAHOMA
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Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:

General government & administration	\$ 89,905
Community development	15,944
Public safety	310,193
Public works	521,697
Culture and recreation	139,134
Total governmental activities depreciation expense	<u>\$ 1,076,873</u>

Depreciation expense charged to business-type activities:

Water	\$ 456,937
Sewer	502,247
Sanitation	2,632
Airport	395,584
Total business-type activities depreciation expense	<u>\$ 1,357,400</u>

Component Unit:

Culture and recreation	214,470
Total depreciation expense for component unit activities	<u>\$ 214,470</u>

3. D. WATER RIGHTS CONTRACT

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) The debt service payments made by SMA on their Series 2003 Note will be used by the PCDA to make their debt service payments on their Series 2003 Bonds.

SMA acquired a contractual interest in the water rights 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 rights contract with PCDA. Pursuant to an agreement dated December 1, 2001, between the SMA, the PCDA and a trustee Bank, during the 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 rights contract with PCDA. The balance is \$12,967,959 at June 30, 2003.

The term of the water rights 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 is considered similar to land and is not being amortized.

CITY OF SHAWNEE, OKLAHOMA
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June 30, 2003

3.E. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities, business-type activities and component units.

Governmental Activities Long-Term Debt

As of June 30, 2003, the governmental activities long-term debt consisted of the following:

General Obligation Bonds:

\$1,400,000 General Obligation Limited Access Facilities Bonds of 1994, due in annual installments of \$100,000, final installment due February 1, 2009 with interest rates at 3.5% to 6.5%	<u>\$600,000</u>
Total General Obligation Bonds	<u>\$600,000</u>
Current Maturities	\$100,000
Long-Term Liabilities	<u>500,000</u>
Total	<u>\$600,000</u>

Capital Lease Obligations (Requiring annual renewal and appropriation):

Capital lease obligation of backhoe loader payable in monthly installments of \$1,686 including principal and interest at 6.75%, final payment due June 2005	\$38,847
Capital lease obligation of backhoe loader payable in monthly installments of \$1,557 including principal and interest at 6.75%, final payment due June 2005	36,897
Capital lease obligation of communication equipment payable in monthly installments of \$8,439 including principal and interest at 5.946%, final payment due July 2005	190,813
Capital lease obligation of motor grader payable in monthly installments of \$1,450 including principal and interest at 5.385%, final payment of \$60,000 due July 2003	60,909
Capital lease obligation for computer software payable in monthly installments of \$5,524 including principal and interest at 5.95%, final payment anticipated for January 2005	<u>181,557</u>
Total Capital Lease Obligations	<u>\$509,023</u>
Current Maturities	\$268,292
Long-Term Liabilities	<u>240,731</u>
Total	<u>\$509,023</u>

CITY OF SHAWNEE, OKLAHOMA
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Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation, holiday, and vested sick leave:

Current Portion	\$122,094
Non-current portion	<u>1,098,843</u>
Total Accrued Compensated Absences	<u>\$1,220,937</u>

Claims and Judgments Payable:

Estimated long-term liability for a workers compensation claim for injuries sustained to an employee in the line of work to be funded from governmental resources. The amount of claim liability estimated by a third party administrator.

Current Portion	\$429,092
Non-current portion	<u>1,334,947</u>
Total Claims and Judgments Payable	<u>\$1,764,039</u>

Business-Type Activities Long-Term Debt

As of June 30, 2003, the long-term debt payable from enterprise fund resources consisted of the following:

Notes and Revenue Notes Payable:

2003 Series Utility Revenue Note, original issue amount of \$18,850,000, dated April 2003 issued by the Shawnee Municipal Authority, secured by utility revenues, interest rates from 2.0% to 5.0%, final maturity July 1, 2026	\$18,850,000
1997A SRF Promissory Note payable to Oklahoma Water Resources Board, original amount of \$1,073,279, dated September 2, 1997 by the Shawnee Municipal Authority, secured by utility revenues, administrative fee of 0.5%	762,593
1997B Promissory Note payable to Oklahoma Water Resources Board, original amount of \$1,900,000, dated September 1, 1997 by the Shawnee Municipal Authority, secured by utility revenues, interest rates ranging from 3.895% to 5.245%.	1,545,000
2001 Sales Tax Revenue Note, original issue amount of \$5,350,000, dated December 2001 issued by the Shawnee Municipal Authority, secured by sales tax revenue pledged, interest rate 4.25%, final maturity November 28, 2011	<u>4,684,166</u>
Total Notes and Revenue Notes Payable	25,841,759
Less: Unamortized Loss on Refunding	(921,464)
Add: Unamortized Premium	<u>95,098</u>
Total Notes and Revenue Notes Payable, Net	<u>\$25,015,393</u>

CITY OF SHAWNEE, OKLAHOMA
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Current Maturities	\$604,073
Long-Term Liabilities	<u>24,411,320</u>
Total	<u>\$25,015,393</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation, holiday and vested sick leave:

Current portion	\$25,430
Non-current portion	<u>228,865</u>
Total Accrued Compensated Absences	<u>\$254,295</u>

Deposits Subject to Refund:

Deposits subject to refund reported in the business-type activities are reported as follows:

Current portion	\$103,322
Non-current portion	<u>413,289</u>
Total Deposits Subject to Refund	<u>\$516,611</u>

Component Unit Long-Term Debt

Accrued Compensated Absences:

Accrued compensated absences reported as a fund liability within the component unit statement of net assets are as follows:

Current portion	\$6,221
Non-current portion	<u>55,993</u>
Total Accrued Compensated Absences	<u>\$62,214</u>

Lease Contracts Payable:

Lease contracts payable are reported as a fund liability within the component unit statement of net assets are as follows:

Current portion	\$ -
Non-current portion	<u>7,083</u>
Total Lease Contracts Payable	<u>\$7,083</u>

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2003:

	Restated Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$700,000	\$ -	\$100,000	\$600,000	\$100,000
Capital Lease Obligations	601,032	38,667	130,676	509,023	268,292
Accrued Compensated Absences	1,179,227	41,710	-	1,220,937	122,094
Claims and Judgments Payable	1,760,777	675,969	672,707	1,764,039	429,092
Total Governmental Long-Term Debt	\$4,241,036	\$756,346	\$903,383	\$4,093,999	\$919,478
Business-type Activities:					
Deposits subject to refund	\$ 494,609	\$147,148	\$125,146	\$516,611	\$103,322
Due to other governments	73,630	-	19,500	54,130	18,000
Notes and Revenue Notes Payable	26,406,409	18,850,000	19,414,650	25,841,759	604,073
Accrued Compensated Absences	259,559	-	5,264	254,295	25,430
Total Business-type Debt	\$27,234,207	\$18,997,148	\$19,564,560	\$26,666,795	\$750,825
Component Unit:					
Lease contracts payable	\$ 7,037	\$46	\$ -	\$7,083	\$ -
Capital Lease Obligations	13,374	-	13,374	-	-
Accrued Compensated Absences	53,947	8,267	-	62,214	6,221
Total Component Unit Debt	\$74,358	\$8,313	\$13,374	\$69,297	\$6,221

Interest Expense Allocated by Function

Interest expense, including fiscal agent fees, on long-term debt was charged to functions in the Statement of Activities as follows:

Business-Type Activities:	
Water	\$1,224,442
Sewer	<u>82,203</u>
	\$ 1,306,645

Debt Service Requirements to Maturity - Primary Government

The annual debt service requirements to maturity for long-term debt, excluding accrued compensated absences, claims and judgments payable, due to other governments, deposits subject to refund, and lease contracts payable as of June 30, 2003 are as follows:

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

<u>Governmental Activities</u>				
<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 100,000	\$ 28,200	\$ 268,292	\$ 41,574
2005	100,000	23,800	157,472	10,087
2006	100,000	19,300	62,989	3,303
2007	100,000	14,700	20,270	244
2008	100,000	9,900	-	-
2009	100,000	5,000	-	-
Total	<u>\$ 600,000</u>	<u>\$ 100,900</u>	<u>\$ 509,023</u>	<u>\$ 55,208</u>

<u>Business-Type Activities</u>		
<u>Year Ending June 30,</u>	<u>Notes and Revenue Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 604,073	\$ 827,866
2005	1,019,336	985,611
2006	1,240,479	950,370
2007	1,272,537	911,981
2008	1,310,552	870,759
2009-2013	6,262,074	3,650,294
2014-2018	4,637,708	2,707,788
2019-2023	4,765,000	1,724,633
2024-2027	4,730,000	450,010
Total	<u>\$ 25,841,759</u>	<u>\$ 13,079,312</u>

Defeased Bonds Outstanding

The City, through its public trusts, has in substance defeased an outstanding revenue note payable by placing deposits in irrevocable trusts, escrow accounts, for the purchase of U.S. Government Securities to pay principal and interest on the refunded notes payable as they are due and payable. For financial reporting purposes, both the defeased notes outstanding and the escrowed securities have been excluded from the financial statements. At year end, the remaining outstanding defeased debt issues were as follows:

1993A Revenue Note	<u>\$18,475,000</u>
--------------------	---------------------

Advanced Refunding of Debt

In April 2003, the Shawnee Municipal Authority issued \$18,850,000 of Refunding Revenue Notes Series 2003 to provide funds to advance refund the outstanding debt obligation of the 1993A Series Revenue Notes and to pay certain expenses related to the issuance of the Notes.

The advanced refunding resulted in an in-substance defeasance of the 1993A Series Refunding Revenue Notes by placing deposits in an irrevocable trust and escrow account for the purchase of U.S. government securities to pay the principal and interest on the defeased bonds as they are due and payable. For financial reporting purposes, both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. At year-end, the remaining outstanding defeased notes were \$18,475,000.

CITY OF SHAWNEE, OKLAHOMA
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Based upon the portion of debt issued to finance the advanced refunding of the 1993A Series Refunding Revenue Notes, the advanced refunding resulted in a gross savings on debt service requirements of \$3,090,898 and an economic gain of \$1,904,220.

3.F. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at June 30, 2003 consist of the following:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General	CDBG & HOME Grants Fund	\$59,191	Operating expenses
General	Shawnee Municipal Authority	1,386,890	Operating expenses
Worker's Comp Fund	General	653,548	Operating expenses
Worker's Comp Fund	Shawnee Municipal Authority	15,496	Operating expenses

Interfund transfers for the year ended June 30, 2003 were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	Library Fund	\$ 49,000	Operating subsidy
General Fund	CDBG & HOME Grants Fund	536	Reimburse grant for City costs
Capital Improvement Fund	Shawnee Municipal Authority	657,649	Reclassification of debt payments
Economic Development Fund	Sister Cities Fund	15,000	Operating subsidy
Economic Development Fund	Street Improvement Fund	150,000	Operating subsidy
Police Sales Tax Fund	General Fund	325,000	Reimbursement of salaries expense
Fire Sales Tax Fund	General Fund	325,000	Reimbursement of salaries expense
CDBG & HOME Grants Fund	General Fund	5,111	Reimbursement of grant expenditures
Shawnee Municipal Authority	General Fund	1,050,000	Operating subsidy

3.G. ALLOCATION OF INDIRECT EXPENSES

Certain indirect expenses (expenses benefiting more than one function) have been allocated to specific functions in the Statement of Activities, while other indirect expenses have not been allocated.

Indirect expenses reported in the Statement of Activities under the function of General Government have not been allocated for governmental purposes.

Indirect expenses of the proprietary funds, classified in the proprietary funds statement of revenues, expenses and changes in net assets as Lake, have been allocated entirely to the Water function in the Statement of Activities. Also, indirect expenses classified as Utility Billing and Utility Administration, have been allocated on a percentage of total expenses basis to the business-type activity functions in the Statement of Activities as follows, with actual expenses related to Sanitation allocated in its entirety:

Business-Type Activities:

Water	\$459,390
Sewer	257,329
Sanitation	<u>1,127,786</u>
	<u>\$ 1,844,505</u>

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

3.H. FUND BALANCES AND NET ASSETS

Restricted Net Assets

The restricted for debt service net assets of the business-type activities are made up of restricted assets relating to revenue and promissory note trustee accounts. The balance at June 30, 2003, is comprised of the following:

	Primary Government Enterprise Funds
Restricted Assets in:	
2003 Revenue Note Accounts	\$1,498,894
1997 OWRB Note Accounts	<u>255,733</u>
	\$1,754,627
Accrued Interest Receivable	1,780
Less: Accrued Interest Payable	<u>(237,273)</u>
Reserve for Debt Service	<u>\$1,519,134</u>

Prior Period Adjustments

Certain adjustments were needed to restate the beginning fund balance/net assets of certain funds.

The schedule below outlines the adjustments:

	General Fund	Police Sales Tax	Fire Sales Tax	SMA	SAA	SCCDA
Beginning Fund Balance/Net Assets, As Previously Reported	<u>\$2,036,551</u>	<u>\$216,797</u>	<u>\$216,363</u>	<u>\$23,384,494</u>	<u>4,701,923</u>	<u>\$3,859,855</u>
Correction of previous accounting period:						
Understatement of cash and cash equivalents	2,036	-	-	-	-	-
Under(Over)statement of interest receivable	-	(217)	217	-	-	-
Under(Over)statement of capital assets	-	-	-	(271,954)	289,667	(12,997)
Overstatement of accounts payable	6,374	-	-	-	-	-
Understatement of deposits payable	-	-	-	-	-	(1,500)
Understatement of deferred revenue	-	-	-	(99,786)	-	-
Total Prior Period Adjustments	<u>8,410</u>	<u>(217)</u>	<u>217</u>	<u>(371,740)</u>	<u>289,667</u>	<u>(14,497)</u>
Beginning Fund Balance/Net Assets, Restated	<u><u>\$2,044,961</u></u>	<u><u>\$216,580</u></u>	<u><u>\$216,580</u></u>	<u><u>\$23,012,754</u></u>	<u><u>\$4,991,590</u></u>	<u><u>\$3,845,358</u></u>

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFITS PLANS

The City participates in four employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer – Defined Contribution Plan

Oklahoma Police and Firefighters Pension and Retirement Systems

The City of Shawnee, as the employer, participates in two state-wide cost-sharing multi-employer defined benefit plans on behalf of the policemen and firefighters. The systems are funded by contributions from participants, employers, insurance premium taxes and state appropriations as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

A. Eligibility Factors, Contribution Methods, and Benefit Provisions

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Firefighters Pension & Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	8%
City's contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Period required to vest	10 years	10 years

CITY OF SHAWNEE, OKLAHOMA
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Eligibility and benefits for distribution (full-time)	20 years credited service, 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits
Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in Louisiana Plan.	Yes, 20 years credited service with continued service for a maximum of 30 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

B. Trend Information

Contributions required by State statute:

Fiscal Year	Oklahoma Police Pension and Retirement System		Oklahoma Firefighter's Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2001	\$240,643	100%	\$266,480	100%
2002	276,598	100%	267,656	100%
2003	262,645	100%	287,165	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their respective separate annual financial reports.

C. Related Party Investments

As of June 30, 2003, the Systems held no related-party investments of the City or of its related entities.

Oklahoma Municipal Retirement Fund - Defined Benefit Plan

A. Plan Description Eligibility Factors, Contribution Methods, and Benefit Provisions

1. Plan Description

The City contributes to the City of Shawnee Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Commission. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. Bank One of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements which may be obtained by contracting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, Oklahoma 73102. The following plan provisions reflect revisions to the plan effective October 1, 2001.

CITY OF SHAWNEE, OKLAHOMA
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2. Eligibility Factors, Contribution Methods, and Benefit Provisions

<u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authorities upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization By City Ordinance	Yes
- Actuarially Determined	5.52% of covered payroll
- Employer Rate	0.00% of earnings
- Employee Rate	
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	<ul style="list-style-type: none">- Normal retirement at the earlier of: Age 65 with 7 years of service, or when age plus service years equal 80 points. Minimum age is 55 with 7 years of service.- Early retirement at age 55 with 7 years of service- Disability retirement upon disability with 7 years of service- Death benefit with 7 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service.
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average salary multiplied by credited years of service.
- Early Retirement	Actuarially reduced benefit based upon age, final average salary, and years of service at termination.
- Disability Retirement	Same as normal retirement
- In-service Death Benefit Before Vesting	Return of member contributions with interest
Married, vested	50% of employee's accrued benefit, but terminates upon spouse death or re-marriage.
Single, vested	50% of employee's accrued benefit payable over 60 months certain.
- Prior to 7 Years Service	Return of employee contributions with accrued interest.
g. Form of Benefit Payments	Normal form is a 60-month certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

B. Annual Pension Costs

1. Current Year Contribution Information

For the year ended June 30, 2003, the City's annual required contribution and annual pension cost totaled \$271,798.

Due to the plan's overfunded status, the funding requirement for the 2002-2003 year is less than the value of benefits accruing (13.59%, as measured by the entry age normal cost). Funding requirements may increase in the future as benefits accrue.

2. <u>Actuarial Assumptions:</u>	For Plan Year
Date of Last Actuarial Valuation	<u>July 1, 2003</u>
a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	5.0%
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase.
f. Amortization Method of Unfunded Actuarial Accrued Liability	Level percentage of projected payroll.
g. Remaining Amortization Period	Due to the use of the aggregate actuarial cost method, unfunded actuarial liabilities are not amortized.
h. Asset Valuation Method	A tentative actuarial value, calculated as a 7.5% yield on the actuarial value at the beginning of the period, increased or decreased by a cumulative adjustment using a range of 90% to 110% of the current market value of the fund.

C. Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
June 30, 2001	-0-	N/A	(792,101)
June 30, 2002	-0-	N/A	(976,306)
June 30, 2003	\$271,798	100%	(976,306)

In accordance with GASB Statement 27, any material positive net pension obligation is required to be recorded as an asset in proprietary type funds. Governmental funds are excluded from this requirement.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

Oklahoma Municipal Retirement Fund - Defined Contribution Plan

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 System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by Bank One, N.A. The defined contribution plan is available to all full-time employees except those participating in state fire or police program. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and must make a mandatory minimum pre-tax contribution of 4.25%. Employees are allowed to contribute in excess of the 4.25%; however, these contributions are not pre-tax. By City ordinance, the City, as employer, is required to make variable contributions to the plan, based on availability of funds. The employee is fully vested after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rests with the City Commission.

For the year ended June 30, 2003, the following amounts related to the defined contribution plan:

Employee contributions made	\$209,199
Employer (City) contributions made	\$271,711

4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. General Liability: - Torts - Errors and omissions	Participation in Oklahoma Municipal Assurance Group risk entity pool	(1)
b. Physical Property: - Theft - Damage to assets - Natural disasters	Purchased commercial insurance for all major facilities and structures.	Entire risk of loss retained for all minor facilities and structures.
c. Workers Compensation: - Employee injuries	Self-insured with third-party administration of the claim process. Workers Compensation Internal Service Fund used to account for activities with participating funds charged through an estimated annual claim cost for each fund.	Risk of loss retained. Stop loss insurance obtained for losses over \$300,000. Claim liability determined through estimate of loss by third-party.
d. Health and Life: - Medical	Purchased commercial insurance.	None

The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan (risk entity pool) as follows.

CITY OF SHAWNEE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays of all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claim incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, 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 fund, changes in the claims liability for the City from July 1, 2001 to June 30, 2003 are as follows.

	<u>Worker's Compensation</u>
Claim liability, June 30, 2001	\$999,517
Claims and changes in estimate	284,835
Claims payments	<u>(606,449)</u>
Claim liability, June 30, 2002	\$677,903
Claims and changes in estimate	675,969
Claims payments	<u>(661,115)</u>
Claim liability, June 30, 2003	<u>\$692,757</u>

In addition to the above estimated claim liability related to worker's compensation, an estimated claim liability in the amount of \$1,071,282 is reported in the governmental activities at the government-wide Statement of Net Assets. This liability is the result of a catastrophic claim reported by one of the City's police officers. This estimated claim liability is anticipated to be repaid from General Fund resources, therefore, it is not reported in the Worker's Compensation Self-Insurance Fund.

4.C. COMMITMENTS AND CONTINGENCIES

Commitments:

Construction Commitments

At June 30, 2003 the following construction commitments were outstanding:

<u>Fund/Project</u>	<u>Original Contract</u>	<u>Balance Remaining</u>
Capital Project Funds:		
Industrial Park Access Paving Project	\$ 431,042	\$ 354,722
Enterprise Fund:		
Water Treatment Plant Project (Phase II)	2,757,000	2,490,819
Water/Sewer Line Relocation (No. Harrison/Hwy.18)	254,700	66,830
Component Unit:		
Expo Conference Center – Exhibit Hall	2,651,000	247,183

Contingencies:

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loan agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Oklahoma Housing Finance Agency

The OHFA requires the City to maintain records supporting the banked match that is necessary for participation in the Home Grant Program. As of June 30, 2003 the City's records indicate that the City's banked match of the Home Grant Program totaled \$306,845.

Litigation

The City is a party to various legal proceedings which normally occur in the course of governments operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. This statutory taxing ability is not available to the City's public trusts (Authorities).

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or insurance would not have a material adverse effect on the financial condition of the City, but could substantially increase the City's ad valorem tax levy.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHAWNEE, OKLAHOMA
PENSION PLAN SCHEDULE OF FUNDING PROGRESS
June 30, 2003

OMRF Agent Multiple Employer Defined Pension Plan - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) — Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	(1) Covered Payroll	Overfunded AAL as a Percentage of Covered Payroll
1/1/1998	\$14,485,687	\$13,200,100	(\$1,285,587)	109.7%	\$4,010,361	32.1%
1/1/1999	\$17,166,334	\$14,670,486	(\$2,495,848)	117.0%	\$4,008,020	62.3%
1/1/2000	\$20,116,523	\$14,668,807	(\$5,447,716)	137.1%	\$4,101,801	132.8%
1/1/2001	\$20,721,347	\$14,717,465	(\$6,003,882)	140.8%	\$4,331,334	138.6%
1/1/2002	\$21,491,773	\$18,552,363	(\$2,939,410)	115.8%	\$4,692,782	62.6%
1/1/2003	\$19,398,530	\$18,661,318	(\$737,212)	104.0%	\$4,692,250	15.7%

(1) Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$1,650,617	\$1,650,617	\$655,503	(\$995,114)
Resources (Inflows):				
TAXES:				
Sales tax	8,276,502	8,276,502	8,201,262	(75,240)
Use tax	399,104	399,104	470,014	70,910
Franchise tax	1,522,237	1,522,237	1,318,195	(204,042)
Occupational tax	13,345	13,345	14,000	655
Other taxes	5,821	5,821	13,432	7,611
Total Taxes	10,217,009	10,217,009	10,016,903	(200,106)
INTERGOVERNMENTAL:				
Alcoholic beverage tax	71,057	71,057	75,011	3,954
Grants	54,879	60,084	47,414	(12,670)
Interlocal agreement revenue	158,947	158,947	164,945	5,998
Other intergovernmental revenue	-	12,400	12,400	-
Total Intergovernmental	284,883	302,488	299,770	(2,718)
CHARGES FOR SERVICES:				
Rental revenue	92,759	92,759	93,983	1,224
Fire run revenue	2,000	2,000	2,728	728
Total Charges for Services	94,759	94,759	96,711	1,952
FINES AND FORFEITURES	337,192	337,192	330,986	(6,206)
LICENSES AND PERMITS	178,622	178,622	174,943	(3,679)
INVESTMENT INCOME	58,374	58,374	15,240	(43,134)
MISCELLANEOUS:				
Oil and gas royalties	19,948	19,948	18,879	(1,069)
Cemetery revenue	10,245	10,245	32,106	21,861
Other	121,234	146,028	68,555	(77,473)
Total Miscellaneous	151,427	176,221	119,540	(56,681)
OTHER FINANCING SOURCES:				
Transfers from other funds	1,700,000	1,700,000	1,705,111	5,111
Prior year encumbrances cancelled	-	-	16,150	16,150
Repayment of allocated costs	-	-	1,193,343	1,193,343
Total Other Financing Sources	1,700,000	1,700,000	2,914,604	1,214,604
Amounts available for appropriation	14,672,883	14,715,282	14,624,200	(91,082)

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
GENERAL GOVERNMENT & ADMINISTRATION:				
City Manager				
Personal services	157,276	166,276	161,816	4,460
Materials and supplies	4,545	4,545	1,479	3,066
Other services and charges	188,270	188,270	169,102	19,168
Total City Manager	350,091	359,091	332,397	26,694
City Attorney:				
Other services and charges	71,200	71,200	63,500	7,700
Accounting:				
Personal services	348,004	361,004	353,321	7,683
Materials and supplies	5,100	6,538	6,210	328
Other services and charges	50,741	68,613	65,797	2,816
Total Accounting	403,845	436,155	425,328	10,827
Information Systems:				
Personal services	67,382	103,583	99,447	4,136
Materials and supplies	1,200	4,100	3,922	178
Other services and charges	19,300	22,470	15,128	7,342
Total Information Systems	87,882	130,153	118,497	11,656
City Clerk:				
Personal services	191,173	197,173	192,449	4,724
Materials and supplies	6,700	4,500	3,680	820
Other services and charges	45,851	38,546	26,456	12,090
Total City Clerk	243,824	240,219	222,585	17,634
Human Resources:				
Personal services	176,872	144,672	133,536	11,136
Materials and supplies	2,260	2,260	1,850	410
Other services and charges	46,930	79,130	81,796	(2,666)
Total Human Resources	226,062	226,062	217,182	8,880
Action Center:				
Personal services	89,746	93,746	89,651	4,095
Materials and supplies	1,500	1,500	1,386	114
Other services and charges	32,316	42,566	38,714	3,852
Total Action Center	123,562	137,812	129,751	8,061
Building Maintenance:				
Materials and supplies	5,200	5,200	2,173	3,027
Other services and charges	56,917	54,517	56,976	(2,459)
Total Building Maintenance	62,117	59,717	59,149	568
Equipment Services:				
Personal services	209,639	205,239	188,100	17,139
Materials and supplies	7,030	7,280	7,239	41
Other services and charges	11,553	15,753	15,548	205
Total Equipment Services	228,222	228,272	210,887	17,385
Municipal Court:				
Personal services	154,452	154,452	149,519	4,933
Materials and supplies	1,769	1,719	1,596	123
Other services and charges	56,074	61,565	52,743	8,822
Total Municipal Court	212,295	217,736	203,858	13,878

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Centralized Costs:				
Materials and supplies	176,083	173,083	182,183	(9,100)
Other services and charges	993,973	1,050,278	1,002,127	48,151
Total Centralized Costs	1,170,056	1,223,361	1,184,310	39,051
Contingency:				
Other services and charges	130,225	88,246	-	88,246
TOTAL GENERAL GOVERNMENT & ADMINISTRATION	3,309,381	3,418,024	3,167,444	250,580
COMMUNITY DEVELOPMENT:				
Code Enforcement:				
Personal services	135,881	125,266	101,003	24,263
Materials and supplies	2,706	2,706	1,926	780
Other services and charges	5,674	16,289	15,483	806
Total Code Enforcement	144,261	144,261	118,412	25,849
Planning:				
Personal services	91,950	91,950	83,148	8,802
Materials and supplies	2,100	2,100	1,749	351
Other services and charges	71,100	72,170	71,461	709
Total Planning	165,150	166,220	156,358	9,862
TOTAL COMMUNITY DEVELOPMENT	309,411	310,481	274,770	35,711
PUBLIC SAFETY:				
Police - Administration:				
Personal services	163,556	163,556	157,981	5,575
Materials and supplies	18,281	16,981	10,258	6,723
Other services and charges	72,344	136,444	113,632	22,812
Total Police - Administration	254,181	316,981	281,871	35,110
Police - Patrol:				
Personal services	2,557,766	2,488,766	2,419,144	69,622
Materials and supplies	41,082	40,462	37,944	2,518
Other services and charges	84,379	93,129	87,664	5,265
Total Police - Patrol	2,683,207	2,622,357	2,544,952	77,405
Police - Criminal Investigation:				
Personal services	442,682	442,682	399,494	43,188
Materials and supplies	10,765	9,966	7,962	2,004
Other services and charges	18,326	19,120	10,964	8,156
Total Police - Criminal Investigation	471,774	471,768	418,420	53,348
Police - Animal Control:				
Personal services	142,541	142,541	126,028	16,513
Materials and supplies	8,156	7,106	5,195	1,911
Other services and charges	12,173	12,173	10,881	1,292
Total Police - Animal Control	162,870	161,820	142,104	19,716
Police - Dispatch:				
Personal services	434,132	409,632	379,325	30,307
Materials and supplies	4,724	4,224	2,077	2,147
Other services and charges	5,366	4,866	1,016	3,850
Total Police - Dispatch	444,222	418,722	382,418	36,304
Fire Prevention:				
Personal services	298,524	321,524	317,402	4,122
Materials and supplies	2,992	2,992	2,354	638
Other services and charges	11,210	10,240	5,564	4,676
Total Fire Prevention	312,726	334,756	325,320	9,436

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Suppression:				
Personal services	2,340,165	2,352,165	2,359,170	2,995
Materials and supplies	42,608	32,608	26,535	6,073
Other services and charges	78,060	73,560	60,339	13,221
Total Fire Suppression	2,460,833	2,468,333	2,446,044	22,289
Fire Training:				
Personal services	68,345	73,845	69,737	4,108
Materials and supplies	1,000	1,000	123	877
Other services and charges	29,099	27,599	13,104	14,495
Total Fire Training	98,444	102,444	82,964	19,480
Emergency Management:				
Personal services	254,108	216,857	207,114	9,743
Materials and supplies	11,121	12,442	10,140	2,302
Other services and charges	17,729	16,358	9,448	6,910
Total Emergency Management	282,958	245,657	226,702	18,955
L.E.P.C.:				
Materials and supplies	-	4,083	1,103	2,980
Capital outlay	-	3,400	2,411	989
Total L.E.P.C.	-	7,483	3,514	3,969
Hazard Mitigation:				
Other services and charges	-	5,200	1,964	3,236
Capital outlay	-	4,300	3,500	800
Total Hazard Mitigation	-	9,500	5,464	4,036
TOTAL PUBLIC SAFETY	7,171,215	7,159,821	6,859,773	300,048
PUBLIC WORKS:				
Public Works - Administration:				
Personal services	169,383	170,353	165,912	4,451
Materials and supplies	2,000	2,000	1,996	4
Other services and charges	17,950	17,950	17,754	196
Total Public Works - Administration	189,313	190,313	185,662	4,651
Streets:				
Personal services	516,001	496,001	459,839	36,162
Materials and supplies	179,500	163,500	126,891	36,609
Other services and charges	228,350	206,350	197,422	8,928
Total Streets	923,851	865,851	784,152	81,699
Traffic Control:				
Personal services	133,474	148,474	141,421	7,053
Materials and supplies	25,800	24,800	20,790	4,010
Other services and charges	18,700	17,700	16,075	1,625
Total Traffic Control:	177,974	190,974	178,286	12,688
Cemetery:				
Personal services	145,899	142,227	137,895	4,331
Materials and supplies	7,970	7,970	7,619	351
Other services and charges	9,600	9,600	6,736	2,864
Total Cemetery	163,469	159,797	152,251	7,546
Engineering:				
Personal services	258,731	263,731	259,961	3,770
Materials and supplies	4,709	4,709	4,525	184
Other services and charges	34,690	24,690	14,783	9,907
Total Engineering	298,130	293,130	279,269	13,861
TOTAL PUBLIC WORKS	1,752,737	1,700,065	1,579,620	120,445

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
CULTURE AND RECREATION:				
Municipal Auditorium:				
Materials and supplies	500	1,000	971	29
Other services and charges	4,348	3,848	1,031	2,817
Total Municipal Auditorium	4,848	4,848	2,002	2,846
Community Center:				
Materials and supplies	1,500	1,500	1,344	156
Other services and charges	6,200	6,200	2,275	3,925
Total Community Center	7,700	7,700	3,619	4,081
Senior Citizens:				
Materials and supplies	200	200	-	200
Other services and charges	53,540	53,540	51,897	1,643
Total Senior Citizens	53,740	53,740	51,897	1,843
Parks:				
Personal services	363,563	356,315	351,246	5,069
Materials and supplies	32,000	32,000	29,142	2,858
Other services and charges	75,450	75,450	65,926	9,524
Total Parks	471,013	463,765	446,314	17,451
TOTAL CULTURE AND RECREATION	537,301	530,053	503,832	26,221
OTHER FINANCING USES:				
Transfers to other funds	510,236	514,236	514,236	-
Transfers to component units	376,927	376,927	376,927	-
Total Other Financing Uses	887,163	891,163	891,163	-
Total Charges to Appropriations	13,957,208	14,009,607	13,276,602	733,005
Ending Budgetary Fund Balance	\$705,675	\$705,675	\$1,347,598	\$641,923

CITY OF SHAWNEE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the fiscal year ended June 30, 2003

Budgetary Accounting

The annual operating budget for the General Fund is prepared and presented on the modified cash basis of accounting for all revenues. The modified accrual basis of accounting is used for the budgeting of expenditures with the exception of the net effect of certain year-end accruals (i.e. payroll and allocation of shared costs). 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. Encumbrances outstanding at year-end are considered expenditures for budgetary purposes and are reported as a reservation of fund balance.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available appropriation" from the budgetary comparison schedule	\$14,624,200
Differences – budget to GAAP:	
Repayment of allocated costs	(1,193,343)
Prior year encumbrances cancelled	(16,150)
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(655,503)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,705,111)
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>6,137</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$11,060,230</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$13,276,602
Differences – budget to GAAP:	
The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	43,394
The City budgets for centralized and indirect costs in the General Fund; however, for reporting purposes these expenditures are allocated among various funds, including the General Fund.	(1,193,343)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(55,480)
Prior year encumbrances paid in current year.	37,985
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(891,163)
Additional accrual related to worker's compensation premiums	(37,357)
Worker's compensation premiums paid by General Fund. Recorded as transfers for budgetary reporting purposes.	<u>465,236</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$11,645,874</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF SHAWNEE, OKLAHOMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2003

	SPECIAL REVENUE FUNDS								
	STREET & ALLEY FUND	E-911 FUND	REVOLVING OIL & GAS FUND	ECONOMIC DEVELOPMENT FUND	SPAY & NEUTER FUND	HOTEL/MOTEL SURCHARGE FUND	POLICE SALES TAX FUND	FIRE SALES TAX FUND	CDBG & HOME GRANTS FUND
ASSETS									
Cash and cash equivalents	\$91,665	\$39,736	\$89,734	\$34,649	\$23,252	\$14,815	\$106,774	\$106,774	\$59,744
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accrued interest receivable	46	20	46	30	12	-	61	61	-
Due from other governments	22,872	-	-	34,164	-	-	42,705	42,705	87,288
Other receivables	-	8,624	-	-	-	9,248	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	257,847
Prepaid items	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$114,583</u>	<u>\$48,380</u>	<u>\$89,780</u>	<u>\$68,843</u>	<u>\$23,264</u>	<u>\$24,063</u>	<u>\$149,540</u>	<u>\$149,540</u>	<u>\$404,879</u>
LIABILITIES									
Accounts payable	\$24,449	\$3,107	-	\$10,625	\$100	\$18,484	-	-	\$54,106
Due to other funds	-	-	-	-	-	-	-	-	59,191
Deferred revenue	-	-	-	-	-	-	-	-	257,847
Total Liabilities	<u>24,449</u>	<u>3,107</u>	<u>-</u>	<u>10,625</u>	<u>100</u>	<u>18,484</u>	<u>-</u>	<u>-</u>	<u>371,144</u>
FUND BALANCES									
Reserved for:									
Encumbrances	-	-	-	-	-	-	-	-	-
Land acquisition	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Capital project funds	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-
Special revenue funds	<u>90,134</u>	<u>45,273</u>	<u>\$89,780</u>	<u>58,218</u>	<u>23,164</u>	<u>5,579</u>	<u>\$149,540</u>	<u>\$149,540</u>	<u>33,735</u>
Total fund balances	<u>90,134</u>	<u>45,273</u>	<u>89,780</u>	<u>58,218</u>	<u>23,164</u>	<u>5,579</u>	<u>149,540</u>	<u>149,540</u>	<u>33,735</u>
Total Liabilities and Fund Balances	<u>\$114,583</u>	<u>\$48,380</u>	<u>\$89,780</u>	<u>\$68,843</u>	<u>\$23,264</u>	<u>\$24,063</u>	<u>\$149,540</u>	<u>\$149,540</u>	<u>\$404,879</u>
									(Continued)

(Continued)

CITY OF SHAWNEE, OKLAHOMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2003

	SPECIAL REVENUE FUNDS (Cont.)					DEBT SERVICE	CAPITAL PROJECT	TOTAL
	LIBRARY FUND	CEMETERY CARE FUND	SENIOR CITIZENS FUND	GIFTS & CONTRIBUTIONS FUND	SISTER CITIES FUND	SINKING FUND	1994 STREET IMPROVEMENT PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	\$20,138	\$131,840	\$26,248	\$38,256	\$18,776	\$141,534	\$68,219	\$1,012,154
Investments	-	-	-	55,920	-	-	-	55,920
Receivables:								
Accrued interest receivable	12	68	13	327	12	68	35	811
Due from other governments	-	-	-	-	-	1,685	-	231,419
Other receivables	-	-	-	-	-	-	-	17,872
Notes receivable	-	-	-	-	-	-	-	257,847
Prepaid items	-	-	-	200	-	-	-	200
Total Assets	<u>\$20,150</u>	<u>\$131,908</u>	<u>\$26,261</u>	<u>\$94,703</u>	<u>\$18,788</u>	<u>\$143,287</u>	<u>\$68,254</u>	<u>\$1,576,223</u>
LIABILITIES								
Accounts payable	\$3,329	-	-	-	-	-	-	\$114,200
Due to other funds	-	-	-	-	-	-	-	59,191
Deferred revenue	-	-	-	-	-	\$847	-	258,694
Total Liabilities	<u>3,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>847</u>	<u>-</u>	<u>432,085</u>
FUND BALANCES								
Reserved for:								
Encumbrances	3,007	-	-	-	\$803	-	-	3,810
Land acquisition	-	\$71,701	-	-	-	-	-	71,701
Unreserved, reported in:								
Capital project funds	-	-	-	-	-	-	\$68,254	68,254
Debt service fund	-	-	-	-	-	142,440	-	142,440
Special revenue funds	13,814	60,207	\$26,261	\$94,703	17,985	-	-	857,933
Total fund balances	<u>16,821</u>	<u>131,908</u>	<u>26,261</u>	<u>94,703</u>	<u>18,788</u>	<u>142,440</u>	<u>68,254</u>	<u>1,144,138</u>
Total Liabilities and Fund Balances	<u>\$20,150</u>	<u>\$131,908</u>	<u>\$26,261</u>	<u>\$94,703</u>	<u>\$18,788</u>	<u>\$143,287</u>	<u>\$68,254</u>	<u>\$1,576,223</u>

CITY OF SHAWNEE, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2003

	SPECIAL REVENUE FUNDS								
	STREET & ALLEY FUND	E-911 FUND	REVOLVING OIL & GAS FUND	ECONOMIC DEVELOPMENT FUND	SPAY & NEUTER FUND	HOTEL/MOTEL SURCHARGE FUND	POLICE SALES TAX FUND	FIRE SALES TAX FUND	CDBG & HOME GRANTS FUND
Revenues:									
Taxes	-	-	-	\$205,018	-	-	\$256,273	\$256,273	-
Intergovernmental	\$263,369	-	-	-	-	-	-	-	\$545,073
Charges for services	-	\$117,302	-	-	\$5,300	\$96,260	-	-	-
Licenses and permits	2,668	-	\$21,960	-	-	-	-	-	-
Investment income	1,030	469	887	317	286	-	1,687	1,687	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total Revenues	267,067	117,771	22,847	205,335	5,586	96,260	257,960	257,960	545,073
Expenditures:									
Current:									
Community development	-	-	-	-	-	-	-	-	567,547
Economic development	-	-	-	163,450	-	95,353	-	-	-
Public safety	-	40,412	-	-	5,695	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Public works	233,907	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									1,353
Principal retirement	-	65,621	-	-	-	-	-	-	-
Interest and fiscal charges	-	10,330	-	-	-	-	-	-	-
Total Expenditures	233,907	116,363	-	163,450	5,695	95,353	-	-	568,900
Excess (deficiency) of revenues over expenditures	33,160	1,408	22,847	41,885	(109)	907	257,960	257,960	(23,827)
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	-	-	-	-	536
Transfers out	-	-	-	(165,000)	-	-	(325,000)	(325,000)	(5,111)
Total Other Financing Sources (Uses)	-	-	-	(165,000)	-	-	(325,000)	(325,000)	(4,575)
Net change in fund balances	33,160	1,408	22,847	(123,115)	(109)	907	(67,040)	(67,040)	(28,402)
Fund balances - beginning, restated	56,974	43,865	66,933	181,333	23,273	4,672	216,580	216,580	62,137
Fund balances - ending	\$90,134	\$45,273	\$89,780	\$58,218	\$23,164	\$5,579	\$149,540	\$149,540	\$33,735

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CITY OF SHAWNEE, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2003

	SPECIAL REVENUE FUNDS (Cont.)					DEBT SERVICE	CAPITAL PROJECT	TOTAL
	LIBRARY FUND	CEMETERY CARE FUND	SENIOR CITIZENS FUND	GIFTS & CONTRIBUTIONS FUND	SISTER CITIES FUND	SINKING FUND	1994 STREET IMPROVEMENT PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS
Revenues:								
Taxes	-	-	-	-	-	\$89,258	-	\$806,822
Intergovernmental	-	-	-	\$7,375	-	-	-	815,817
Charges for services	-	-	-	-	-	-	-	218,862
Licenses and permits	-	-	-	-	-	-	-	24,628
Investment income	\$235	\$1,552	\$313	15,318	\$334	1,827	\$815	28,757
Miscellaneous	-	4,587	-	41,972	14,666	-	-	61,225
Total Revenues	<u>235</u>	<u>6,139</u>	<u>313</u>	<u>64,665</u>	<u>15,000</u>	<u>91,085</u>	<u>815</u>	<u>1,954,111</u>
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	567,547
Economic development	-	-	-	-	31,390	-	-	290,193
Public safety	-	-	-	27,500	-	-	-	73,607
Culture and recreation	45,139	-	-	26,203	-	-	-	71,342
Public works	-	-	-	-	-	-	-	233,907
Capital outlay	349	-	-	-	-	-	-	1,702
Debt service:								
Principal retirement	-	-	-	-	-	100,000	-	165,621
Interest and fiscal charges	-	-	-	-	-	32,725	-	43,055
Total Expenditures	<u>45,488</u>	<u>-</u>	<u>-</u>	<u>53,703</u>	<u>31,390</u>	<u>132,725</u>	<u>-</u>	<u>1,446,974</u>
Excess (deficiency) of revenues over expenditures	(45,253)	6,139	313	10,962	(16,390)	(41,640)	815	507,137
Other Financing Sources (Uses):								
Transfers in	49,000	-	-	-	15,000	-	-	64,536
Transfers out	-	-	-	-	-	-	-	(820,111)
Total Other Financing Sources (Uses)	<u>49,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>(755,575)</u>
Net change in fund balances	3,747	6,139	313	10,962	(1,390)	(41,640)	815	(248,438)
Fund balances - beginning, restated	13,074	125,769	25,948	83,741	20,178	184,080	67,439	1,392,576
Fund balances - ending	<u>\$16,821</u>	<u>\$131,908</u>	<u>\$26,261</u>	<u>\$94,703</u>	<u>\$18,788</u>	<u>\$142,440</u>	<u>\$68,254</u>	<u>\$1,144,138</u>

CITY OF SHAWNEE, OKLAHOMA
COMBINING BALANCE SHEET SCHEDULE - GRANT FUNDS AND ACCOUNTS
CDBG & HOMEGRANT FUNDS
June 30, 2003

<u>ASSETS</u>	<u>CDBG 97 ACCOUNT</u>	<u>CDBG 98 ACCOUNT</u>	<u>CDBG 99 ACCOUNT</u>	<u>CDBG 00 ACCOUNT</u>	<u>CDBG 01 ACCOUNT</u>	<u>CDBG 02 ACCOUNT</u>	<u>HOME 01 ACCOUNT</u>	<u>HOME 02 ACCOUNT</u>	<u>CDBG ESCROW</u>	<u>TOTALS</u>
Cash and cash equivalents	-	-	-	-	-	-	-	\$57,244	\$2,500	\$59,744
Due from other governments	-	-	-	\$12,707	\$39,991	\$34,590	-	-	-	87,288
Notes receivable	-	-	-	-	-	-	-	-	257,847	257,847
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$12,707</u>	<u>\$39,991</u>	<u>\$34,590</u>	<u>-</u>	<u>\$57,244</u>	<u>\$260,347</u>	<u>\$404,879</u>
<u>LIABILITIES</u>										
Accounts payable and accrued liabilities	-	-	-	-	\$22,312	\$5,785	-	\$23,509	\$2,500	\$54,106
Due to other funds	-	-	-	\$12,707	17,679	28,805	-	-	-	59,191
Deferred revenue	-	-	-	-	-	-	-	-	257,847	257,847
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,707</u>	<u>39,991</u>	<u>34,590</u>	<u>-</u>	<u>23,509</u>	<u>260,347</u>	<u>371,144</u>
<u>FUND EQUITY</u>										
Fund Balance:										
Unreserved	-	-	-	-	-	-	-	33,735	-	33,735
Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,735</u>	<u>-</u>	<u>33,735</u>
Total Liabilities and Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$12,707</u>	<u>\$39,991</u>	<u>\$34,590</u>	<u>-</u>	<u>\$57,244</u>	<u>\$260,347</u>	<u>\$404,879</u>

CITY OF SHAWNEE, OKLAHOMA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CDBG & HOME GRANT FUND/ACCOUNTS
 For the fiscal year ended June 30, 2003

	<u>CDBG 97 ACCOUNT</u>	<u>CDBG 98 ACCOUNT</u>	<u>CDBG 99 ACCOUNT</u>	<u>CDBG 00 ACCOUNT</u>	<u>CDBG 01 ACCOUNT</u>	<u>CDBG 02 ACCOUNT</u>	<u>HOME 01 ACCOUNT</u>	<u>HOME 02 ACCOUNT</u>	<u>TOTALS</u>
REVENUES:									
Intergovernmental	\$916	\$3,611	\$5,689	\$3,565	\$386,102	\$106,421	-	\$38,769	\$545,073
Total Revenues	<u>916</u>	<u>3,611</u>	<u>5,689</u>	<u>3,565</u>	<u>386,102</u>	<u>106,421</u>	<u>-</u>	<u>38,769</u>	<u>545,073</u>
EXPENDITURES:									
Current:									
Community development	1	2,782	2,322	3,565	384,749	106,421	25,272	42,435	567,547
Capital outlay	-	-	-	-	1,353	-	-	-	1,353
Total Expenditures	<u>1</u>	<u>2,782</u>	<u>2,322</u>	<u>3,565</u>	<u>386,102</u>	<u>106,421</u>	<u>25,272</u>	<u>42,435</u>	<u>568,900</u>
Revenues over (under) expenditures	915	829	3,367	-	-	-	(25,272)	(3,666)	(23,827)
Other Financing Sources (Uses):									
Transfers in	-	-	-	-	-	-	536	37,401	37,937
Transfers out	<u>(915)</u>	<u>(829)</u>	<u>(3,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,401)</u>	<u>-</u>	<u>(42,512)</u>
Revenues and other sources over (under) expenditures and other uses	-	-	-	-	-	-	(62,137)	33,735	(28,402)
Fund Balance - beginning of year, Restated	-	-	-	-	-	-	62,137	-	62,137
Fund Balance - end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$33,735</u>	<u>\$33,735</u>

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	SPECIAL REVENUE - STREET & ALLEY FUND				SPECIAL REVENUE - E-911 FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$264,051	\$264,081	\$263,734	(\$347)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	\$120,750	\$120,750	\$117,567	(\$3,183)
Licenses and permits	3,357	3,357	2,668	(689)	-	-	-	-
Investment income	2,729	2,729	1,031	(1,698)	1,020	1,020	496	(524)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	270,167	270,167	267,433	(2,734)	121,770	121,770	118,063	(3,707)
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	45,819	45,819	40,412	5,407
Culture and recreation	-	-	-	-	-	-	-	-
Public works	274,385	274,385	233,907	40,478	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	75,951	75,951	75,951	-
Total Expenditures	274,385	274,385	233,907	40,478	121,770	121,770	116,363	5,407
Revenues over (under) expenditures	(4,218)	(4,218)	33,526	37,744	-	-	1,700	1,700
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Prior year encumbrances cancelled	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(4,218)	(4,218)	33,526	37,744	-	-	1,700	1,700
Fund Balance - beginning of year	13,188	13,188	33,690	20,502	24,482	24,482	34,929	10,447
Fund Balance - end of year	\$8,970	\$8,970	\$67,216	\$58,246	\$24,482	\$24,482	\$36,629	\$12,147

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	SPECIAL REVENUE - REVOLVING OIL & GAS FUND				SPECIAL REVENUE - ECONOMIC DEVELOPMENT FUND			
	Budgeted Amounts		Actual Amounts	Variance with	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:								
Taxes	-	-	-	-	\$206,912	\$206,912	\$205,032	(\$1,880)
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	\$4,250	\$4,250	\$21,960	\$17,710	-	-	-	-
Investment income	1,855	1,855	920	(935)	3,759	3,759	493	(3,266)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	6,105	6,105	22,880	16,775	210,671	210,671	205,525	(5,146)
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	183,450	183,450	183,450	20,000
Public safety	13,500	13,500	-	13,500	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	13,500	13,500	-	13,500	183,450	183,450	183,450	20,000
Revenues over (under) expenditures	(7,395)	(7,395)	22,880	30,275	27,221	27,221	42,075	14,854
Other Financing Sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(15,000)	(165,000)	(165,000)	-
Prior year encumbrances cancelled	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(15,000)	(165,000)	(165,000)	-
Revenues and other sources over (under) expenditures and other uses	(7,395)	(7,395)	22,880	30,275	12,221	(137,779)	(122,925)	14,854
Fund Balance - beginning of year	67,053	67,053	68,854	(195)	147,929	147,929	146,949	(980)
Fund Balance - end of year	\$59,658	\$59,658	\$89,734	\$30,076	\$160,150	\$10,150	\$24,024	\$13,874

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	SPECIAL REVENUE - SPAY & NEUTER FUND				SPECIAL REVENUE - HOTEL/MOTEL SURCHARGE FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	\$4,768	\$4,768	\$5,300	\$532	\$100,318	\$100,318	\$97,709	(\$2,609)
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	735	735	302	(433)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	5,503	5,503	5,602	99	100,318	100,318	97,709	(2,609)
Expenditures:								
Current:								
Community development	-	-	-	-	102,315	102,315	95,353	6,962
Economic development	-	-	-	-	-	-	-	-
Public safety	23,000	23,000	5,695	17,305	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	23,000	23,000	5,695	17,305	102,315	102,315	95,353	6,962
Revenues over (under) expenditures	(17,497)	(17,497)	(93)	17,404	(1,997)	(1,997)	2,356	4,353
Other Financing Sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Prior year encumbrances cancelled	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(17,497)	(17,497)	(93)	17,404	(1,997)	(1,997)	2,356	4,353
Fund Balance - beginning of year	23,918	23,918	23,245	(673)	4,506	4,506	(6,025)	(10,531)
Fund Balance - end of year	\$8,421	\$6,421	\$23,152	\$16,731	\$2,509	\$2,509	(\$3,669)	(\$6,178)

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	SPECIAL REVENUE - POLICE SALES TAX FUND				SPECIAL REVENUE - FIRE SALES TAX FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$258,640	\$258,640	\$256,290	(\$2,350)	\$258,640	\$258,640	\$256,290	(\$2,350)
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	6,021	6,021	1,843	(4,178)	6,021	6,021	1,843	(4,178)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	264,661	264,661	258,133	(6,528)	264,661	264,661	258,133	(6,528)
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-
Revenues over (under) expenditures	264,661	264,661	258,133	(6,528)	264,661	264,661	258,133	(6,528)
Other Financing Sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(325,000)	(325,000)	(325,000)	-	(325,000)	(325,000)	(325,000)	-
Prior year encumbrances cancelled	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(325,000)	(325,000)	(325,000)	-	(325,000)	(325,000)	(325,000)	-
Revenues and other sources over (under) expenditures and other uses	(60,339)	(60,339)	(66,867)	(6,528)	(60,339)	(60,339)	(66,867)	(6,528)
Fund Balance - beginning of year	175,253	175,253	173,641	(1,612)	175,253	175,253	173,641	(1,612)
Fund Balance - end of year	\$114,914	\$114,914	\$106,774	(\$8,140)	\$114,914	\$114,914	\$106,774	(\$8,140)

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2005

	SPECIAL REVENUE - CDBG & HOME GRANTS FUND				SPECIAL REVENUE - LIBRARY FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	\$1,402,829	\$570,438	(\$832,391)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	\$803	\$803	\$244	(\$559)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	-	1,402,829	570,438	(\$832,391)	803	803	244	(559)
Expenditures:								
Current:								
Community development	-	1,317,535	567,547	749,988	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	49,790	53,790	44,968	8,822
Public works	-	-	-	-	-	-	-	-
Capital outlay	-	102,683	1,353	101,330	-	3,240	3,239	1
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	-	1,420,218	568,900	851,318	49,790	57,030	48,207	8,823
Revenues over (under) expenditures	-	(17,389)	1,538	18,927	(48,987)	(56,227)	(47,963)	8,264
Other Financing Sources:								
Transfers in	-	-	37,937	37,937	45,000	49,000	49,000	-
Transfers out	-	(42,512)	(42,512)	-	-	-	-	-
Prior year encumbrances cancelled	-	-	700	700	-	-	868	868
Total Other Financing Sources (Uses)	-	(42,512)	(3,875)	38,637	45,000	49,000	49,868	868
Revenues and other sources over (under) expenditures and other uses	-	(59,901)	(2,337)	57,564	(3,987)	(7,227)	1,905	9,132
Fund Balance - beginning of year	-	65,988	(51,216)	(117,204)	10,171	10,171	12,060	1,889
Fund Balance - end of year	-	\$8,087	(\$53,553)	(\$59,640)	\$6,184	\$2,944	\$13,965	\$11,021

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	SPECIAL REVENUE - CEMETERY CARE FUND				SPECIAL REVENUE - SENIOR CITIZENS FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	\$3,551	\$3,551	\$1,833	(\$1,918)	\$775	\$775	\$331	(\$444)
Miscellaneous	4,500	4,500	4,587	87	-	-	-	-
Total Revenues	8,051	8,051	6,220	(1,831)	775	775	331	(444)
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	26,815	26,815	-	26,815
Public works	29,000	29,000	-	29,000	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	29,000	29,000	-	29,000	26,815	26,815	-	26,815
Revenues over (under) expenditures	(20,949)	(20,949)	6,220	27,169	(26,040)	(26,040)	331	26,371
Other Financing Sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Prior year encumbrances cancelled	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(20,949)	(20,949)	6,220	27,169	(26,040)	(26,040)	331	26,371
Fund Balance - beginning of year	126,237	126,237	125,620	(617)	26,040	26,040	25,917	(123)
Fund Balance - end of year	\$105,288	\$105,288	\$131,840	\$26,552	-	-	\$26,248	\$26,248

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2002

	SPECIAL REVENUE - GIFTS & CONTRIBUTIONS FUND				SPECIAL REVENUE - SISTER CITIES FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	\$7,375	\$7,375	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	\$1,257	4,937	4,338	(\$601)	\$900	\$900	\$355	(\$545)
Miscellaneous	3,680	40,272	41,972	1,700	12,115	12,115	14,668	2,551
Total Revenues	4,937	52,584	53,683	1,099	13,015	13,015	15,021	2,006
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	49,404	49,404	32,193	17,211
Public safety	3,458	31,481	27,500	3,991	-	-	-	-
Culture and recreation	36,944	55,693	26,046	29,647	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	40,402	87,184	53,546	33,638	49,404	49,404	32,193	17,211
Revenues over (under) expenditures	(35,465)	(34,600)	137	34,737	(36,389)	(36,389)	(17,172)	19,217
Other Financing Sources:								
Transfers in	-	-	-	-	15,000	15,000	15,000	-
Transfers out	-	-	-	-	-	-	-	-
Prior year encumbrances canceled	-	-	193	193	-	-	-	-
Total Other Financing Sources (Uses)	-	-	193	193	15,000	15,000	15,000	-
Revenues and other sources over (under) expenditures and other uses	(35,465)	(34,600)	330	34,930	(21,389)	(21,389)	(2,172)	19,217
Fund Balance - beginning of year	35,465	35,465	83,034	47,569	21,389	21,389	20,146	(1,244)
Fund Balance - end of year	-	\$865	\$83,364	\$82,499	-	-	\$17,973	\$17,973

(Continued)

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2003

	DEBT SERVICE - SINKING FUND				CAPITAL PROJECT - 1994 STREET IMPROVEMENT PROJECT FUND			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$142,418	\$142,418	\$90,866	(\$51,553)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	4,317	4,317	1,971	(2,346)	\$1,957	\$1,957	\$860	(\$1,097)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	<u>146,735</u>	<u>146,735</u>	<u>92,836</u>	<u>(53,899)</u>	<u>1,957</u>	<u>1,957</u>	<u>860</u>	<u>(1,097)</u>
Expenditures:								
Current:								
Community development	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	133,450	133,450	132,725	725	-	-	-	-
Total Expenditures	<u>133,450</u>	<u>133,450</u>	<u>132,725</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	13,285	13,285	(39,889)	(53,174)	1,957	1,957	860	(1,097)
Other Financing Sources:								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Prior year encumbrances cancelled	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	13,285	13,285	(39,889)	(53,174)	1,957	1,957	860	(1,097)
Fund Balance - beginning of year	178,768	178,768	181,423	2,655	67,579	67,579	67,399	(220)
Fund Balance - end of year	<u>\$192,053</u>	<u>\$192,053</u>	<u>\$141,534</u>	<u>(\$50,519)</u>	<u>\$69,536</u>	<u>\$69,536</u>	<u>\$68,218</u>	<u>(\$1,317)</u>

CITY OF SHAWNEE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS (CAPITAL PROJECT FUNDS)
For the fiscal year ended June 30, 2003

	CAPITAL IMPROVEMENT FUND				STREET IMPROVEMENT FUND			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
				Positive (Negative)				Positive (Negative)
Beginning Budgetary Fund Balance	\$2,349,241	\$2,370,961	\$2,321,870	(\$49,091)	\$2,075,366	\$2,075,366	\$2,577,278	\$501,912
Resources (Inflows):								
Taxes	1,603,573	1,588,890	1,588,995	105	1,810,485	1,810,485	1,794,026	(16,459)
Intergovernmental	-	77,031	143,488	66,457	-	205,000	-	(205,000)
Investment income	36,708	36,708	73,425	36,717	96,457	96,457	42,914	(53,543)
Miscellaneous	-	46,235	47,735	1,500	-	-	-	-
Transfers in	-	-	-	-	-	150,000	150,000	-
Prior year encumbrances cancelled	-	-	28,242	28,242	-	-	445,514	445,514
Amounts available for appropriation	<u>3,989,522</u>	<u>4,119,825</u>	<u>4,203,755</u>	<u>83,930</u>	<u>3,982,308</u>	<u>4,337,308</u>	<u>5,009,732</u>	<u>672,424</u>
Charges to appropriations (outflows):								
Capital outlay	3,250,231	3,380,534	1,039,717	2,340,817	3,982,308	4,337,308	2,254,765	2,082,543
Debt service	<u>739,291</u>	<u>739,291</u>	<u>736,264</u>	<u>3,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>3,989,522</u>	<u>4,119,825</u>	<u>1,775,981</u>	<u>2,343,844</u>	<u>3,982,308</u>	<u>4,337,308</u>	<u>2,254,765</u>	<u>2,082,543</u>
Ending Budgetary Fund Balance	<u>-</u>	<u>-</u>	<u>\$2,427,774</u>	<u>\$2,427,774</u>	<u>-</u>	<u>-</u>	<u>\$2,754,967</u>	<u>\$2,754,967</u>

CITY OF SHAWNEE, OKLAHOMA
SCHEDULE OF DEBT SERVICE COVERAGE
For the fiscal year ended June 30, 2003

	SHAWNEE MUNICIPAL AUTHORITY
Gross Revenue Available for Debt Service:	
Charges for services	\$5,493,810
Investment income	141,462
	<hr/>
Total Gross Revenues Available	5,635,272
	<hr/>
Operating Expenses	6,161,820
Less:	
Depreciation	961,816
Amortization	16,815
Sanitation expense	999,417
Allocation of indirect costs	529,691
	<hr/>
Net Operating Expenses	3,654,081
	<hr/>
Net Revenues Available for Debt Service	\$1,981,191
	<hr/>
Debt Service Requirements:	
Maximum annual debt service - 2003 Revenue Note and 1997 Promissory Notes	\$1,533,200
	<hr/>
Computed Coverage	129%
	<hr/>
Coverage Requirement	125%
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NOTE: The above gross revenue and operating expenses only include the activities of the water and sewer systems, excluding depreciation and amortization. Sanitation revenues have been excluded along with a portion of Utility Administration expense related to sanitation.

CITY OF SHAWNEE, OKLAHOMA
 SCHEDULE OF RESERVE ACCOUNT BALANCE REQUIREMENTS
 SHAWNEE MUNICIPAL AUTHORITY
 June 30, 2003

	2003 UTILITY REVENUE NOTE RESERVE	1997B OWRB PROMISSORY NOTE RESERVE
Required Balance, June 30, 2003	<u>\$1,233,350</u>	<u>\$160,459</u>
Balance in Trustee Account, June 30, 2003	<u>1,291,858</u>	<u>161,064</u>
Amount over (under) required balance	<u><u>\$58,508</u></u>	<u><u>\$605</u></u>

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