
City of Shawnee, Oklahoma



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

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Prepared By
The Finance Department
Rebecca S. Cragin, Finance Director/ City Treasurer

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INTRODUCTORY SECTION



CITIZENS OF SHAWNEE

MAYOR AND COMMISSIONERS

CITY TREASURER

CITY MANAGER

MUNICIPAL JUDGE

CITY ATTORNEY

AIRPORT

POLICE DEPARTMENT

PATROL

C.I.O.

HUMANE

AUXILIARY

COMMUNITY DEV.

PLANNING

CODE ENFORCEMENT

PARKS

CEMETERY

HUMAN RESOURCES

PERSONNEL DIR.

BENEFITS & COMPENSATION

SAFETY

FIRE DEPT.

PREVENTION

SUPPRESSION

TRAINING

ENGINEERING DEPT.

PROJECT DESIGN/MAPPING

CONSTRUCTION INSPECTOR

DRAFTING DEPT.

STREETS DEPT.

TRAFFIC CONTROL

EQUIPMENT SERVICES

UTILITY DEPT.

LINE MAINT. DIVISION

WATER PROD. DIVISION

WASTEWATER PROD. DIVISION

WASTEWATER COLLECTION DIV.

LAKE OPERATIONS

FINANCE

ACCOUNTING

DATA PROCESSING

CITY CLERK

RECORDS & LICENSING

UTILITY BILLING

MUNICIPAL COURT

EXPO CENTER

PERSONNEL ADMINISTRATION

CITY OF SHAWNEE 222 BROADWAY SHAWNEE, OKLAHOMA	
DATE IN	DATE OUT
NAME IN	NAME OUT
PROJECT NO.	SCALE
13.07.2008	1:1



December 19, 2006

To The Honorable Mayor and members of the City Commission and Citizens of the City of Shawnee, Oklahoma

It is our pleasure to submit the Comprehensive Annual financial Report of the City of Shawnee, Oklahoma for the fiscal year ended June 30, 2006. State law requires that all municipal governments publish within six months of the close of each fiscal year a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

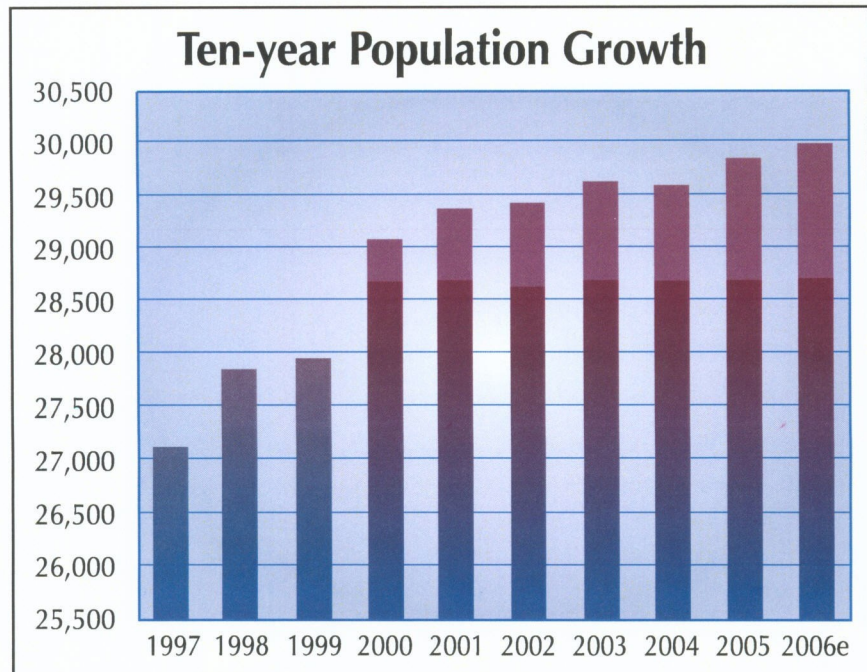
Financial Statements of the City have been audited by Joseph E. Carlson, CPA, a licensed certified public accountant. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2006 are free of material misstatement. Based upon the audit, the independent auditor concluded, that the City's financial statements for the fiscal year ended June 30, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of City of Shawnee

Shawnee is situated in the heart of the State, 40 miles from Oklahoma City. The City was incorporated in 1894 and covers an area of 44 square miles. The City, the county seat of Pottawatomie County, has an estimated population of 29,944. The county has an estimated population of 69,521. The city has adopted a charter and operates under a Commission-Manager form of government. The City Commission is the governing body of the City. The Commission is comprised of the Mayor and six Commissioners. The City is divided into six wards with one commissioner from each ward. The members of the City Commission are also the trustees of the Shawnee Municipal Authority and the Shawnee Airport Authority. The City Commission appoints the City Manager who is the chief executive officer of the City and is responsible to the City Commission for the administration of all City services.



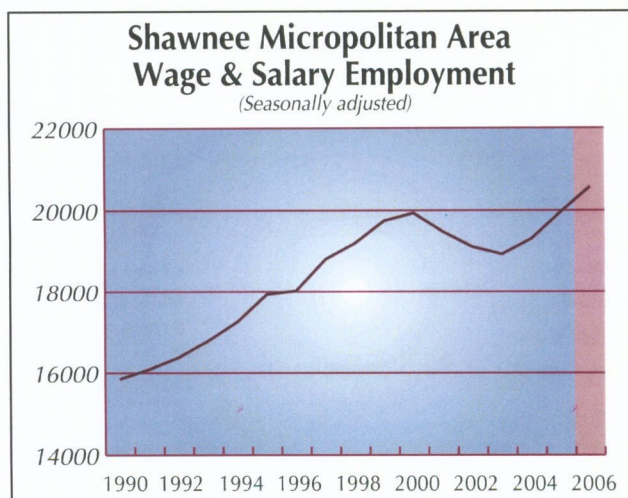
The city provides the full range of governmental services, including police and fire protection, street construction and maintenance, water and sanitary sewer services and parks. Extended planning on the city's infrastructure needs occurs on an ongoing basis.

The annual budget serves as the foundation of the City's financial planning and control. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, department (e.g., police), and category (e.g., personnel services). The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and budget amendments require approval of the City Commission.

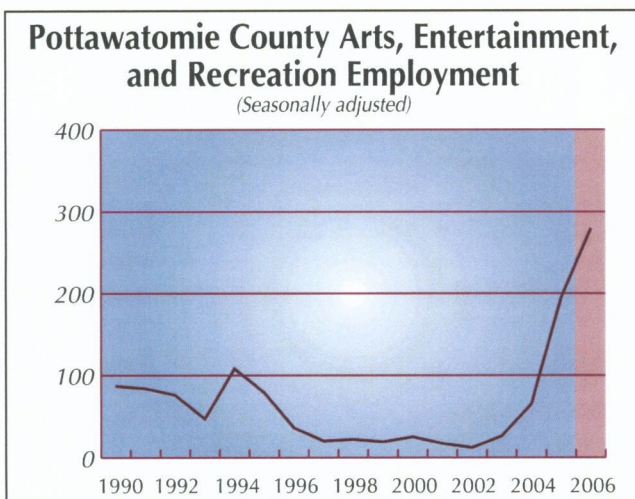
Economic Conditions and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The expansion in the Shawnee area economy since early 2004 continues to generate impressive results and outpace the expansion at the state level. Job growth reached 3.4% in 2005 and should reach 3.1% for all of 2006. These gains are more than a full percentage point above the state job growth rate in the same periods. Tinker AFB hiring remains stable and the integration of Pottawatomie County into the Oklahoma City metropolitan area continues. Most major industry sectors are producing job gains and increases in income. Wage and salary income is expected to increase 6.3% for 2006, after rising 5.9% in 2005, and the City of Shawnee and Pottawatomie County should see retail sales gains of 5%+ for 2006.



Tribal business enterprises are highly visible in Pottawatomie County and are beginning to show up in the economic data in an important way. Tribal hiring is driving growth in arts, entertainment, and recreation services (gaming), accommodation and food services, and local government. Gaming-related hiring has increased from a dozen jobs to more than 300 jobs since early 2004. Food service jobs in the county have increased at a more than 4% annual rate the past three years.

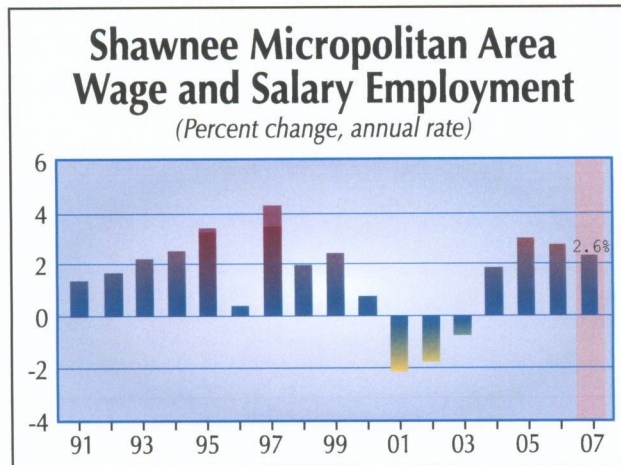


The largest impact is seen in the local government sector, which has added approximately 1,000 jobs since 2002. More than half of the net new jobs can be attributed to tribal government activities.

The 2007 outlook for the Shawnee Micropolitan area calls for continued rapid job growth next year, with local payrolls expanding 2.8% (580 jobs). The local job growth should reach a rate more than double that of the state and nation. Nearly half of the job growth will be related to tribal enterprises. Only the local oil and gas sector in Pottawatomie County is expected to significantly trail job growth at the state level. The ongoing local expansion is all the more impressive given that the county is

receiving relatively little job stimulus from the rapid expansion in the state's energy sector.

The area economy is enjoying impressive income gains and gaining ground relative to the nation in per-capita income. Wage and salary income is on pace to increase 6.3% for all of 2006 but is forecasted to



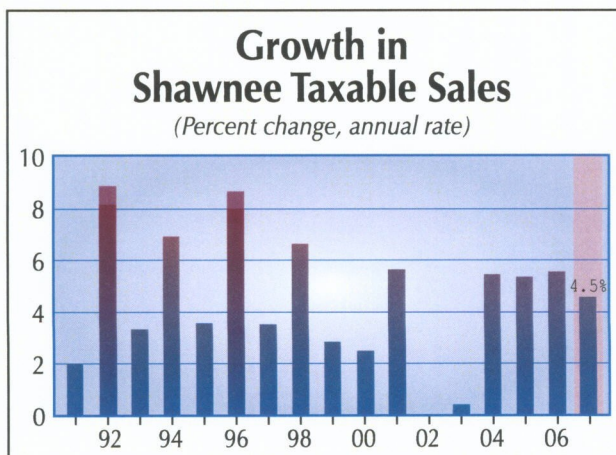
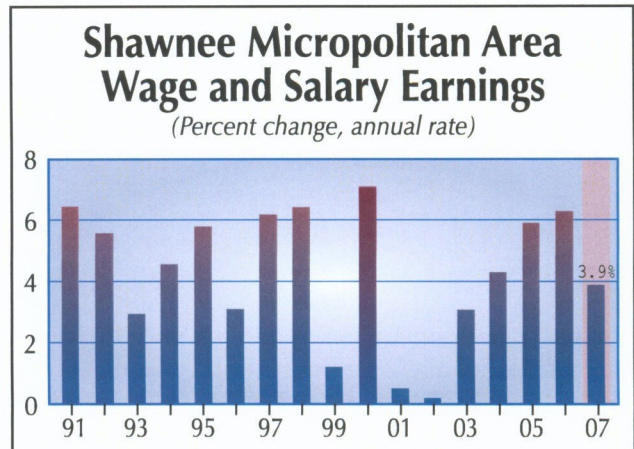
slow to a more sustainable 3.9% growth rate in 2007. Personal income gains will reach 8.6% in 2006 and is forecasted to increase 7.4% in 2007.

Per capita personal income in the Shawnee region should increase from 67% (\$18,631) of the national average in 1999 to an estimated 72% (\$27,565) in 2007. In comparison, the Oklahoma City metropolitan area per capita income in 2007 is an estimated 92% (\$35,203) of the national average (\$38,269).

The income gains this year have pushed the expected growth rate in city and county taxable retail activity to 5.5% and 4.9%, respectively, for all

of 2006. Our 2006 estimates call for a slight slowing along with income to approximately 4.5% growth for the city and 3.7% for the county

The latest Census population release suggests that both the City of Shawnee and Pottawatomie County experienced a surge in population beginning in 2005. County and city population increased 1.8% and 0.9%, respectively, in 2005 according to Census estimates. Internal Revenue Service migration data confirm strong in-migration in 2005 that has likely continued through 2006. Our estimates suggest that county population should increase 0.9% in 2006 and 1.4% in 2007, with the county exceeding the 70,000 resident mark for the first time. City population is expected to increase 0.4% this year and 1.1% next year, as the city exceeds 30,000 residents.



Long-term Financial Planning

The City has a commitment to achieve a strong financial position. This position requires regular long-term planning of operating and capital requirements for its major government and enterprise funds. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

A stated financial goal of the City for many years has been to maintain a 10% undesignated fund balance level in the General Fund. This goal has not been reached in recent years. This year the City returned to this fundamental commitment and the fund balance increased significantly.

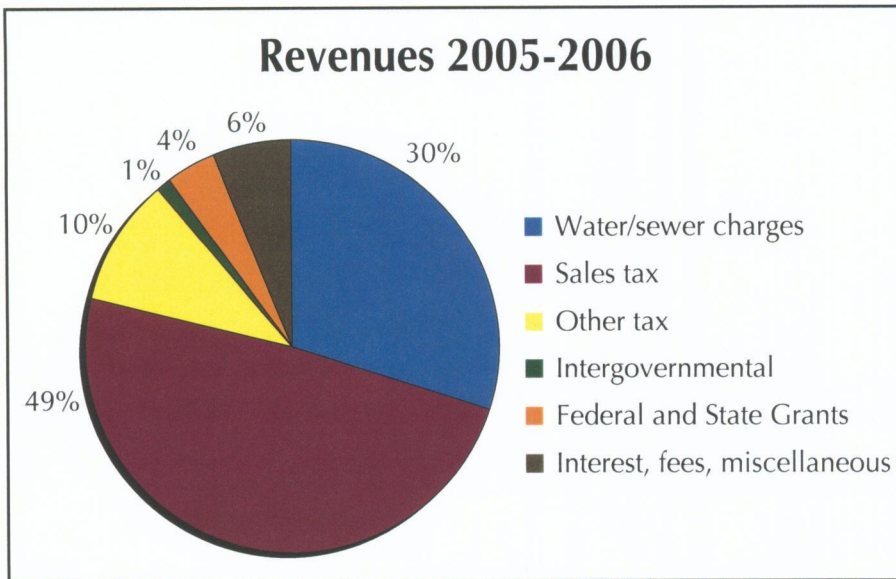
The long-term Capital Improvement Program includes continued progress towards improving the City's infrastructure through the street program and significant improvements to the water treatment process. It also includes funding for a regional park, a skate park and for the widening of Kickapoo Street south of MacArthur to Kickapoo Spur.

Major Initiatives

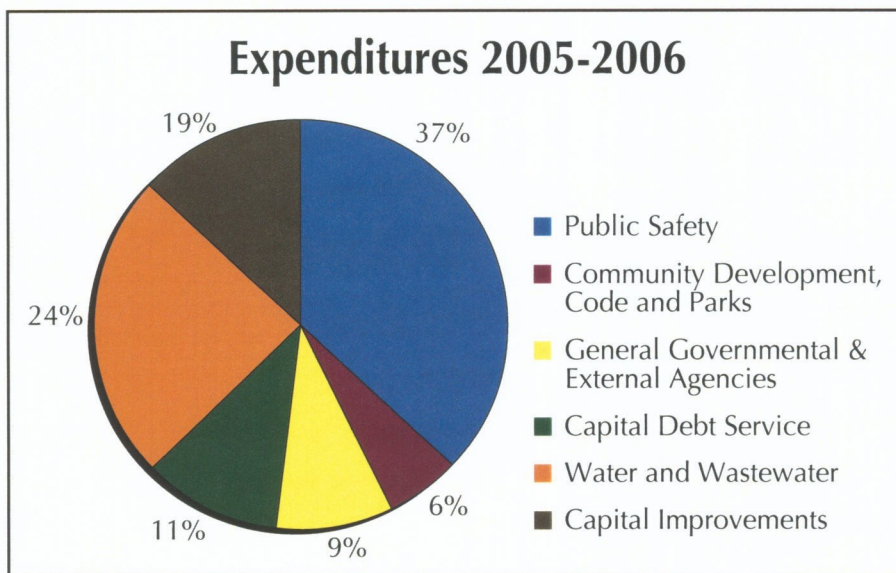
For the Year 2005-2006

In response to the direction set by the Mayor and the City Commission, top priority was given to water quality, water supply, and citizen services during the 2005-2006 fiscal year. The City is proud of the following accomplishments enhancing services to the citizens of Shawnee:

- Water Tower Maintenance
- Replacement of Chlorinators
- Twin Lakes monitoring project
- Lagoon cleaning
- Rebuilding trickling filters
- Rifle Range Improvements
- Upgrading Police Radios and other Equipment & Software
- Police Vehicle Replacement
- MacArthur Street/Airport Drive Signal & Street Rehab
- Overlay of Lake Road



All major city programs were continued. Capital improvements in 2005-2006 also included traditional funding to the street system, utility projects, stormwater projects, technology projects and other general public projects



For the Future

For fiscal year 2006-2007, the budget was recommended and adopted in accordance with the budget policy. The City Commission continues to develop strategies to achieve its overall goal of making the City a great place to live, work, and play. These strategies include a commitment to continue to improve the City's financial strength, a commitment to providing adequate water resources for the future, a commitment to the City's employees, and a commitment to quality of life improvements. To this end, several key initiatives in the 2006/2007 fiscal year include

- Continuing Neighborhood Revitalization. The City will continue to preserve older neighborhoods through various neighborhood program initiatives and support of neighborhood improvement projects through grants.
- Continue planning for the Regional Park, the SkatePark, and the Airport Trail Extension
- Construction of a classroom and equipment for the Police Department
- Implementation of a City-Wide Geographic Information System
- Vehicle Replacements for the Police Department
- City Hall Heating and Air Replacement

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department and administrative department. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Shawnee's finances.

Respectfully submitted,


James C. Collard
City Manager



Rebecca S. Cragin
Finance Director/City Treasurer

- (1) Much of the Economic Forecast Data was provided by
Mark C. Snead, Ph.D.
Director, Center for Applied Economic Research
Research Economist, Oklahoma State Econometric Model
Oklahoma State University

City of Shawnee, Oklahoma Municipal Officials June 30, 2006

City Commission

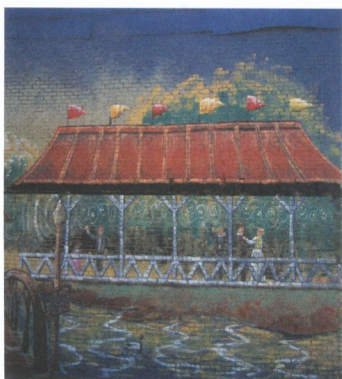
Chuck Mills
Tom Claybrook
Thomas Schrzan
Marva O'Neal
Wes Beck
Linda Peterson
Vacant

Mayor
Ward I
Ward II
Ward III
Ward IV
Ward V
Ward VI

Administration

James C. Collard
John Canavan
Diana Hallock
Rebecca Cragin
Mike Southard
John Krywicki
Jerry Bower
Robert Jones
William Mathis
Afsaneh Jabbar

City Manager
City Attorney
City Clerk
City Treasurer/Finance Director
Planning Director/Parks
City Engineer/Streets
Fire Chief
Municipal Judge
Police Chief
Utility Director



FINANCIAL SECTION



Joseph E. Carlson, CPA

Independent Auditor's Report

November 21, 2006

City Commission
City of Shawnee
Shawnee, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, as of and for the year ended June 30, 2006, which collectively comprise the City of Shawnee's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Shawnee's management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the Shawnee Civic & Cultural Development Authority as of December 31, 2005 and for the six months then ended, a discretely presented component unit, which represent 6.57% and 2.71%, respectively, of the assets and revenues of the City of Shawnee, Oklahoma. Those financial statements were audited by other auditors whose report thereon has been furnished to me, and my opinion, in so far as relates to the amounts included for the Shawnee Civic & Cultural Development Authority, is based on the report of other auditors.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Shawnee's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, as of June 30, 2006, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2006, on my consideration of the City of Shawnee's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

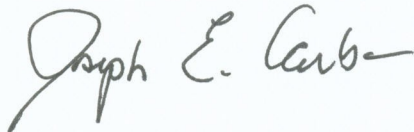
Post Office Box 331
Shawnee, Oklahoma 74802-0331
www.AuditsRUs.com

Phone (405) 275-1159
Fax (405) 788-0055

Joseph E. Carlson, CPA

The management's discussion and analysis and budgetary comparison information on pages 12 through 21 and 55 through 59 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming my opinion on the financial statements that collectively comprise the City of Shawnee's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying required supplementary information, combining nonmajor fund financial statements, and the financial schedules listed under supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of OMB Circular A-133 or the basic financial statements. Such information has been subjected to the auditing procedures applied, by me, in the audit of the basic financial statements and, in my opinion, based on my report and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I express no opinion on them.

A handwritten signature in cursive script that reads "Joseph E. Carlson". The signature is written in dark ink and is positioned below the main body of text.

City of Shawnee, Oklahoma
Management's Discussion and Analysis
June 30, 2006

The following discussion and analysis of the City of Shawnee's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the City's financial statements, which begin on page 22.

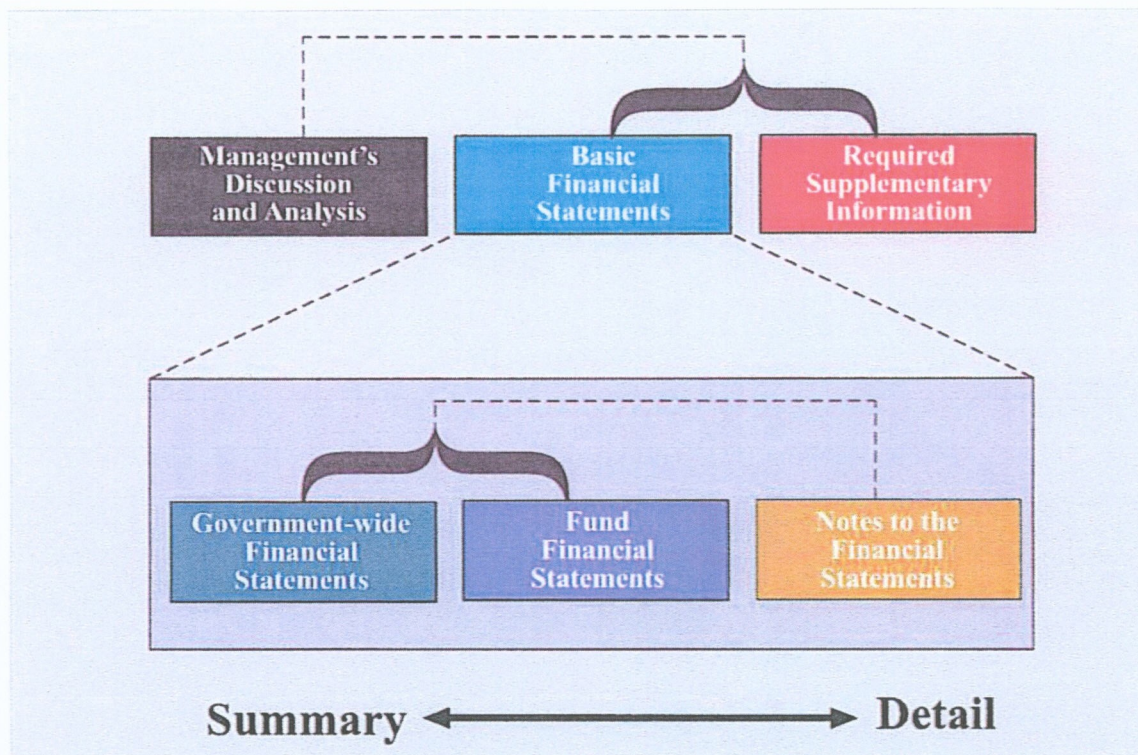
Financial Highlights

- ❖ The assets of the City of Shawnee exceeded its liabilities at the close of the most recent fiscal year by \$ 59,222,295 (net assets). Of this amount, \$ 2,369,426 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors and \$ 46,186,090 is invested in capital assets, net of related debt.
- ❖ The overall financial position of the City improved as evidenced by an increase in total net assets of \$ 3,926,903 for the year ended June 30, 2006. This increase was from both governmental \$ 2,069,934, business-type activities \$ 1,380,520, and a restatement of \$ 476,449 to beginning net assets of the business-type activities. General revenues, primarily sales, franchise and other taxes, increased by \$ 1,887,214, grants by \$ 293,595, and operating revenues by \$ 727,264 while overall expenditures for the year decreased by (\$ 118,886).
- ❖ As of the close of the current fiscal year, the City of Shawnee's governmental funds reported combined ending fund balances of \$ 12,830,388, an increase of \$ 2,714,848 in comparison with the prior year. The focus of the governmental funds, in contrast to the government-wide financial statements is to provide current information on inflows, outflows, and balances of spendable resources.
- ❖ At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 3,944,537, or 29.7% of total general fund expenditures.
- ❖ The City of Shawnee's total debt decreased by \$ 1,141,131, during the current fiscal year. The key factor in this decrease was the continued payment on notes and revenue notes payable by the Shawnee Municipal Authority offset by increases in liabilities for claims and judgments and accrued compensated absences.
- ❖ For the general fund, the original budgeted ending fund balance was \$ 1,142,450 and the actual ending fund balance was \$ 1,551,524.

Overview of the Financial Statements

This management discussion and analysis is intended to introduce the City of Shawnee's basic financial statements. The City of Shawnee's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The following diagram shows how the required components of this annual report are arranged and relate to one another.



Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad view of the City of Shawnee's finances, similar to a private-sector business.

The statement of net assets presents information on all of the City of Shawnee's assets and liabilities except fiduciary funds with the difference reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial health of the City of Shawnee is improving or deteriorating.

The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes earned but unused, vacation leave).

The government-wide activities financial statements are divided into two categories:

Governmental activities – Most of the City's basic services are included here, such as public safety, community planning and development, sales and use taxes, streets, and grants and contributions that help to finance many of these activities.

Business-type activities – The City charges fees to customers to cover the costs of certain services provided such as the City's water and sewer system.

The government-wide financial statements include not only the City of Shawnee itself (known as the primary government), but also the legally separate authorities (Shawnee Municipal

Authority, Shawnee Airport Authority, Shawnee Civic & Cultural Development Authority) for which the City of Shawnee is financially accountable. Financial information for the Shawnee Municipal Authority and the Shawnee Airport Authority component units is blended with the primary government itself. The Shawnee Civic & Cultural Development Authority is a legally separate operation, and therefore has been included as discretely presented component unit.

The government-wide financial statements can be found on pages 22-24 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Shawnee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Shawnee can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

Governmental funds. Most of the City's basic services are included in governmental funds, which focus on the in-flow and out-flow of cash and other financial assets that can readily be converted to cash. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvement fund, and the street improvement fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for the General Fund, as well as several other funds. A budgetary comparison statement is presented for the General Fund using the City's budgetary basis of accounting. This statement reflects the following (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the variance between the final budget and the actual resources. Because the budgetary basis of accounting differs from the modified accrual basis used in the funds statements, a reconciliation is provided at the end of the statement.

The basic governmental fund financial statements can be found on pages 25-27 of this report.

Proprietary funds. Services for which the City charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide similar information, but in more detail, as found in the government-wide financial statements. The City maintains two types of proprietary funds. Enterprise funds are used to report the City's functions which are similar to business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, and sanitation of the Shawnee Municipal Authority as well as the Shawnee Airport Authority.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its workers' compensation activities. Because this service predominantly benefits governmental rather than business-type functions, its operations have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 28–31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City has one fiduciary fund, the URM/DEPCA fund.

The fiduciary fund financial statements can be found on page 32 of the report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 33–54 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund. Required supplementary information can be found on pages 55–59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budget and actual revenues and expenditures for the major governmental fund. Combining statements and schedules can be found on pages 60–63 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$ 59,222,295 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (77.9%) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Shawnee
Net Assets
June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current assets	\$ 14,337,765	\$ 11,681,280	\$ 5,140,706	\$ 3,901,421	\$ 19,478,471	\$ 15,582,701
Capital and other	22,643,570	22,566,528	46,848,387	47,134,024	69,491,957	69,700,552
Total assets	<u>36,981,335</u>	<u>34,247,808</u>	<u>51,989,093</u>	<u>51,035,445</u>	<u>88,970,428</u>	<u>85,283,253</u>
Current liabilities	1,805,687	1,600,336	2,183,497	1,944,189	3,989,184	3,544,525
Long-term liabilities	3,896,290	3,438,048	21,862,659	23,005,486	25,758,949	26,443,534
Total liabilities	<u>5,701,977</u>	<u>5,038,384</u>	<u>24,046,156</u>	<u>24,949,675</u>	<u>29,748,133</u>	<u>29,988,059</u>
Net assets:						
Invested in capital assets, net of related debt	22,334,445	22,556,528	23,851,645	19,117,948	46,186,090	41,674,476
Restricted	8,118,799	5,986,778	2,547,980	6,758,643	10,666,779	12,745,421
Unrestricted	826,114	666,118	1,543,312	209,377	2,369,426	875,495
Total net assets	<u>\$ 31,279,358</u>	<u>\$ 29,209,424</u>	<u>\$ 27,942,937</u>	<u>\$ 26,085,968</u>	<u>\$ 59,222,295</u>	<u>\$ 55,295,392</u>

An additional portion of the City's net assets (18.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$ 2,369,426) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets increased by \$ 3,405,454, during the current fiscal year. After taking into account a restatement of prior net assets of \$ 476,449, aggregate net assets increased by \$ 3,926,903. This increase represents the excess of revenues over expenses, transfers to other entities, and other changes.

Governmental activities. For the year ended June 30, 2006, the City's net assets were increased by the governmental activities by \$ 2,069,934. The key element of this increase is the improvement in sales tax revenues and maintaining cost structures, more specifically in personnel costs.

City of Shawnee
Statement of Activities
June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Program revenues:						
Charges for services	\$ 1,120,409	\$ 669,421	\$ 8,055,502	\$ 7,779,226	\$ 9,175,911	\$ 8,448,647
Grants/contributions	1,569,936	1,421,738	279,786	134,389	1,849,722	1,556,127
General revenues	17,563,327	16,044,333	460,376	92,156	18,023,703	16,136,489
Total revenues	20,253,672	18,135,492	8,795,664	8,005,771	29,049,336	26,141,263
Expenses:						
General government/ administration	3,449,724	2,336,909			3,449,724	2,336,909
Public safety	9,620,606	8,113,937			9,620,606	8,113,937
Public works	1,808,092	5,259,587			1,808,092	5,259,587
Culture and recreation	937,539	853,773			937,539	853,773
Utilities			7,157,774	6,890,071	7,157,774	6,890,071
Community development	791,563	685,087			791,563	685,087
Economic development	519,386	418,162			519,386	418,162
Interest expense	27,099		737,099	610,242	764,198	610,242
Total liabilities	17,154,009	17,667,455	7,894,873	7,500,313	25,048,882	25,167,768
Increase (decrease) in net assets before transfers	3,099,663	468,037	900,791	505,458	4,000,454	973,495
Transfers, net	(1,029,729)		479,729		(550,000)	0
Increase (decrease) in net assets	2,069,934	468,037	1,380,520	505,458	3,450,454	973,495
Net assets, beginning, as restated	29,209,424	28,741,387	26,562,417	25,580,510	55,771,841	54,321,897
Net assets, ending	\$ 31,279,358	\$ 29,209,424	\$ 27,942,937	\$ 26,085,968	\$ 59,222,295	\$ 55,295,392

The major sources of General Revenues for the years ended June 30, 2006 and 2005 were as follows:

	2006	2005
Sales taxes	\$ 14,517,341	\$ 13,242,506
Franchise taxes	1,618,472	1,384,864
Other taxes	718,626	1,133,103
Total	<u>\$ 16,854,439</u>	<u>\$ 15,760,473</u>

Grants and contributions for the governmental activities consisted of the following:

	2006	2005
Operating Grants and Contributions	\$ 1,182,892	\$ 666,854
Capital Grants and Contributions	387,037	754,884
Total	<u>\$ 1,569,929</u>	<u>\$ 1,421,738</u>

The following table provides a comparison of the revenues and expenses relative to the major functional areas of the governmental activities.

City of Shawnee				
Governmental Activities				
June 30, 2006 and 2005				
	Program Revenues		Cost of Service	
	2006	2005	2006	2005
General government	\$ 392,489	\$ 94,764	\$ 3,449,724	\$ 2,336,909
Public safety	978,504	525,626	9,620,606	8,113,937
Public works	600,333	754,884	1,808,092	5,259,587
Culture and recreation	111,474	715,885	937,539	853,773
Community development	607,545		791,563	685,087
Economic development			519,386	418,162
Total revenues	<u>\$ 2,690,345</u>	<u>\$ 2,091,159</u>	<u>\$ 17,126,910</u>	<u>\$ 17,667,455</u>

Business-type activities. Business-type activities increased the City's net assets by \$ 1,380,520. The key element of this increase was the improvement in revenues of \$ 276,276 and transfers in of \$ 479,729, offset by increased operating expenses of \$ 394,560.

City of Shawnee
Business-Type Activities
June 30, 2006 and 2005

	Program Revenues		Cost of Service	
	2006	2005	2006	2005
Water	\$ 4,441,134	\$ 4,232,605	\$ 3,341,064	\$ 3,579,342
Wastewater	2,435,353	2,399,874	2,718,577	2,324,463
Airport and lake	380,147	222,189	737,099	610,242
Sanitation	1,078,654	1,058,947	1,098,133	986,266
Total revenues	<u>\$ 8,335,288</u>	<u>\$ 7,913,615</u>	<u>\$ 7,894,873</u>	<u>\$ 7,500,313</u>

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 12,830,388, an increase of \$ 2,714,848 in comparison with the prior year. A portion of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for capital improvements, or 2) to pay debt service.

The general fund is the chief operating fund of the City. As of the end of the current fiscal year, unreserved fund balance of the general fund was \$ 3,944,537 as found on the Balance Sheet of the Governmental Funds.

The fund balance of the City's general fund increased by \$ 607,092 during the current fiscal year. The key factor in this increase was maintaining expenditures within the amount of additional revenues.

The capital improvement and street improvement funds had total fund balances of \$ 2,828,021 and \$ 4,896,198. The net increase in fund balance during the current year was \$ 181,156 and \$ 1,845,917 respectively. The increase in net assets for both of these funds were the result of tax revenues being more than the amount of capital outlay expenditures and transfers out. In particular, the fund balance for the Street Improvement Fund increased by \$ 1,845,917 since taxes of \$ 2,050,160 and intergovernmental income of \$ 300,000 exceeded capital outlays by \$ 590,772 by \$ 1,759,438.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Shawnee Municipal Authority as of the end of the year amounted to \$ 1,632,831. The total increase in net assets was \$ 1,476,847. Operating revenues increased by \$ 214,396 over the previous year due to increased water sales revenues. This increase was primarily due to a 30% increase in water rates passed in a previous fiscal year. Operating expenses increased by \$ 495,334 in expenses primarily as the result of a recognition of \$ 259,359 in amortization expense related to water rights.

General Fund Budgetary Highlights

There were slight differences between the original budget and the final budget for the general fund. Overall, actual revenues on the budgetary basis of \$ 13,088,856 were \$ 451,233 more than the estimated revenues in the budget of \$ 12,637,623. Actual expenditures of \$ 13,282,796 were \$ 276,872 less than the \$ 13,559,668 approved in budget appropriations. After net transfers of \$ 530,768, the City added \$ 336,827 to its carry forward funds.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$ 56,327,856 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

- Water Tower Maintenance
- Replacement of Chlorinators
- Rebuilding of trickling filters
- Twin Lakes monitoring project
- Lagoon cleaning
- Rifle Range Improvements
- Upgrading Police Radios and other Equipment and Software
- Police Vehicle Replacement
- MacArthur Street/Airport Drive Signal and Street Rehab
- Overlay of Lake Road

City of Shawnee Capital Assets June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 2,259,094	\$ 2,259,094	\$ 1,481,715	\$ 931,354	\$ 3,740,809	\$ 3,190,448
Construction in progress	714,060	25,411	231,761	433,278	945,821	458,689
Buildings and improvements	3,409,535	3,632,283	3,436,514	378,803	6,846,049	4,011,086
Equipment	3,535,572	3,695,936	949,954	1,007,731	4,485,526	4,703,667
Infrastructure	12,725,309	12,953,804			12,725,309	12,953,804
Utility property			27,584,342	27,727,310	27,584,342	27,727,310
Water rights			12,708,600	12,967,959	12,708,600	12,967,959
Capital assets, net	<u>\$ 22,643,570</u>	<u>\$ 22,566,528</u>	<u>\$ 46,392,886</u>	<u>\$ 43,446,435</u>	<u>\$ 69,036,456</u>	<u>\$ 66,012,963</u>

Additional information of the City's capital assets can be found in Note V.D and V.E. on pages 43-44 of this report.

Long-term debt. As of the end of the current fiscal year, the City had total debt outstanding of \$ 27,080,894. This represents debt secured solely by specified revenue sources (i.e., revenue notes) of \$ 22,541,241, general obligation bonds of \$ 300,000, capital lease obligations totaling \$ 309,123, accrued compensated absences of \$ 1,602,646, and \$ 2,327,884 for claims and judgments payable.

City of Shawnee
Outstanding Debt
June 30, 2006 and 2005

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 300,000	\$ 400,000			\$ 300,000	\$ 400,000
Capital lease obligations	309,123	451,548			309,123	451,548
Accrued compensated absences	1,335,684	1,181,808	\$ 266,962	\$ 233,291	1,602,646	1,415,099
Claims and judgments	2,327,884	2,165,573			2,327,884	2,165,573
Notes and revenue notes payable			22,541,241	23,789,805	22,541,241	23,789,805
Total revenues	<u>\$ 4,272,691</u>	<u>\$ 4,198,929</u>	<u>\$ 22,808,203</u>	<u>\$ 24,023,096</u>	<u>\$ 27,080,894</u>	<u>\$ 28,222,025</u>

The City's total debt decreased by \$ 1,141,131 during the current fiscal year. The key factor in this decrease was the continued payment on notes and revenue notes payable by the Shawnee Municipal Authority offset by increases in liabilities for claims and judgments and accrued compensated absences.

Additional information on the City's long-term debt can be found in Notes V.F. and V.G. on pages 45– 48 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal-year 2006 budget, tax rates, and fees that will be charged for the proprietary fund type activities. One of these factors is the economic recovery that began in 2004.

These indicators were taken into account when adopting the general fund budget for 2007.

- ❖ Revenues for the City's general fund are expected to increase slightly overall. Expenditures appropriated for 2007 were approximately 4.34% higher than those for 2006.
- ❖ As for the City's proprietary fund activities, I expect a growth in the revenues for 2007 over those received in 2006.

All of these factors were considered in preparing the City's budget for the 2007 fiscal year.

Requests for Information

This financial report is designed to provide my citizens, taxpayers, customers, and investors 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 of Shawnee's city manager, City of Shawnee, Post Office Box 1448, Shawnee, Oklahoma 74802-1448.

BASIC FINANCIAL STATEMENTS



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City of Shawnee, Oklahoma
Statement of Net Assets
June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,826,274	\$ 2,130,159	\$ 11,956,433
Investments	55,920		55,920
Receivables, net of allowance for uncollectibles:			
Accounts	133,237	1,105,362	1,238,599
Taxes	2,411,807		2,411,807
Accrued interest	11,594	1,780	13,374
Assessments		8,524	8,524
Court fines	192,429		192,429
Due from other governments	66,455	0	66,455
Due from component unit	25,041	278,461	303,502
Internal balances	1,536,560	(1,536,560)	0
Prepaid items	78,448	0	78,448
Restricted assets - cash and investments		3,152,980	3,152,980
Total current assets	<u>14,337,765</u>	<u>5,140,706</u>	<u>19,478,471</u>
Noncurrent assets:			
Intangible assets		12,708,600	12,708,600
Receivables:			
Deferred assessments		203,724	203,724
Debt issuance costs, net of accumulated amortization		251,777	251,777
Capital assets, not being depreciated	2,973,154	931,354	3,904,508
Capital assets, net of accumulated depreciation	19,670,416	32,752,932	52,423,348
Total noncurrent assets	<u>22,643,570</u>	<u>46,848,387</u>	<u>69,491,957</u>
Total assets	<u>36,981,335</u>	<u>51,989,093</u>	<u>88,970,428</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	805,701	270,679	1,076,380
Customer deposits		560,690	560,690
Current portion of long-term obligations	523,890	1,352,128	1,876,018
Due to other governments		0	0
Due to primary government			
Short term claims	476,096		476,096
Total current liabilities	<u>1,805,687</u>	<u>2,183,497</u>	<u>3,989,184</u>

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

Component Unit
Civic &
Cultural
Development
Authority

\$ 412,541

2,008

(19,841)

394,708

5,459,403
5,459,403
5,854,111

8,035
12,755
44,412

65,202

City of Shawnee, Oklahoma
Statement of Net Assets
June 30, 2006
(continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Noncurrent liabilities:			
Capital lease obligations	\$ 209,301		\$ 209,301
Bonds payable	200,000	\$ 21,222,786	21,422,786
Accrued interest payable		388,089	388,089
Accrued compensated absences	1,011,616	233,291	1,244,907
Long-term claims	2,422,830		2,422,830
Unearned revenue	52,543	18,493	71,036
Escrow liability			0
Other long-term liabilities			
Total noncurrent liabilities	<u>3,896,290</u>	<u>21,862,659</u>	<u>25,758,949</u>
Total liabilities	<u>5,701,977</u>	<u>24,046,156</u>	<u>29,748,133</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,334,445	23,851,645	46,186,090
Restricted for:			
Capital projects	7,346,667	0	7,346,667
Debt service	132,195	2,547,980	2,680,175
Economic development	317,568		317,568
Public safety	179,144		179,144
Public works	117,953		117,953
Community development	25,272		25,272
Unrestricted	826,114	1,543,312	2,369,426
Total net assets	<u>\$ 31,279,358</u>	<u>\$ 27,942,937</u>	<u>\$ 59,222,295</u>

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

Component Unit
Civic &
Cultural
Development
Authority

\$	278,461
	<u>278,461</u>
	<u>343,663</u>

5,136,529

	373,919
\$	<u>5,510,448</u>

City of Shawnee, Oklahoma
Statement of Activities
Year Ended June 30, 2006

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 3,449,724	\$ 346,655	\$ 45,834	
Public safety	9,620,606	662,280	270,555	\$ 45,669
Public works	1,808,092		258,965	341,368
Culture and recreation	937,539	111,474		
Community development	791,563		607,545	
Economic development	519,386			
Interest expense	27,099			
Total governmental activities	<u>17,154,009</u>	<u>1,120,409</u>	<u>1,182,899</u>	<u>387,037</u>
Business-type activities:				
Water	3,341,064	4,441,134		
Wastewater	2,718,577	2,435,353		
Airport and lake	737,099	100,361		279,786
Sanitation	1,098,133	1,078,654		
Total business-type activities	<u>7,894,873</u>	<u>8,055,502</u>	<u>0</u>	<u>279,786</u>
Total government	<u>\$ 25,048,882</u>	<u>\$ 9,175,911</u>	<u>\$ 1,182,899</u>	<u>\$ 666,823</u>
COMPONENT UNIT				
Civic & Cultural Development Authority	\$ 1,092,127	\$ 734,647		
Total component units	<u>\$ 1,092,127</u>	<u>\$ 734,647</u>	<u>\$ 0</u>	<u>\$ 0</u>

General revenues:

Taxes:

Sales and use
Franchise
Other

Transfers

Interest income

Miscellaneous

Total general revenues and transfers

Change in net assets

NET ASSETS, beginning, as restated

NET ASSETS, ending

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Civic & Cultural Development Authority
\$ (3,057,235)		\$ (3,057,235)	
(8,642,102)		(8,642,102)	
(1,207,759)		(1,207,759)	
(826,065)		(826,065)	
(184,018)		(184,018)	
(519,386)		(519,386)	
(27,099)		(27,099)	
<u>(14,463,664)</u>		<u>(14,463,664)</u>	
	1,100,070	1,100,070	
	(283,224)	(283,224)	
	(356,952)	(356,952)	
	(19,479)	(19,479)	
0	<u>440,415</u>	<u>440,415</u>	
<u>(14,463,664)</u>	<u>440,415</u>	<u>(14,023,249)</u>	
			(357,480)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(357,480)</u>
14,517,341		14,517,341	
1,618,472		1,618,472	
718,626		718,626	
		0	
(1,029,729)	479,729	(550,000)	275,000
298,249	243,736	541,985	876
410,639	216,640	627,279	(6,861)
<u>16,533,598</u>	<u>940,105</u>	<u>17,473,703</u>	<u>269,015</u>
2,069,934	1,380,520	3,450,454	(88,465)
<u>29,209,424</u>	<u>26,562,417</u>	<u>55,771,841</u>	<u>5,598,913</u>
<u>\$ 31,279,358</u>	<u>\$ 27,942,937</u>	<u>\$ 59,222,295</u>	<u>\$ 5,510,448</u>

City of Shawnee, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2006

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 922,714	\$ 2,609,400	\$ 4,914,455
Investments			
Receivables:			
Accounts, net of allowance for uncollectibles	131,394		
Taxes	1,884,476	311,667	
Accrued interest	10,410	556	628
Court fines	192,429		
Due from other governments	32,730	10,000	
Other			
Prepaid items	78,448		
Due from other funds	1,314,035		
Due from component unit	25,041		
Total assets	<u>\$ 4,591,677</u>	<u>\$ 2,931,623</u>	<u>\$ 4,915,083</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 303,867	\$ 103,602	\$ 18,885
Due to other funds	273,383		
Unearned revenue	51,696		
Total liabilities	<u>628,946</u>	<u>103,602</u>	<u>18,885</u>
Fund balances:			
Reserved for:			
Encumbrances	18,194	169,785	80
Unreserved, reported in:			
General fund	3,944,537		
Capital projects		2,658,236	4,896,118
Special revenue funds			
Total fund balances	<u>3,962,731</u>	<u>2,828,021</u>	<u>4,896,198</u>
Total liabilities and fund balances	<u>\$ 4,591,677</u>	<u>\$ 2,931,623</u>	<u>\$ 4,915,083</u>

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.

Other assets and balances

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds:

General obligation bonds

Capital lease obligations

Claims and judgments payable

Accrued compensated absences

NET ASSETS OF GOVERNMENTAL ACTIVITIES

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

Other Governmental Funds	Total Governmental Funds
\$ 963,229	\$ 9,409,798
55,920	55,920
978	132,372
140,753	2,336,896
	11,594
	192,429
23,725	66,455
74,911	74,911
	78,448
	1,314,035
	25,041
<u>\$ 1,259,516</u>	<u>\$ 13,697,899</u>

\$ 54,962	\$ 481,316
60,269	333,652
847	52,543
<u>116,078</u>	<u>867,511</u>

73,004	261,063
	3,944,537
	7,554,354
1,070,434	1,070,434
<u>1,143,438</u>	<u>12,830,388</u>
<u>\$ 1,259,516</u>	

22,643,569
80,209
(300,000)
(309,123)
(2,330,000)
(1,335,685)
<u>\$ 31,279,358</u>

City of Shawnee, Oklahoma
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
Year Ended June 30, 2006

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>
REVENUES			
Taxes	\$ 11,593,804	\$ 1,815,856	\$ 2,050,160
Licenses and permits	264,953		
Intergovernmental	640,043	221,266	300,000
Fines and forfeitures	585,129		
Charges for services	32,494		
Other	84,402	47,542	
Interest	49,784	105,439	108,529
Rental	108,567		
Total revenues	<u>13,359,176</u>	<u>2,190,103</u>	<u>2,458,689</u>
EXPENDITURES			
Current:			
General government	2,281,059		
Engineering	304,758		
Building maintenance	330,925		
Culture and recreation			
Animal Control/E911	171,704		
Cemetery	176,116		
Police	4,246,630		
Police communication	468,032		
Fire	3,384,371		
Civil defense	282,867		
Library			
Streets	868,479		
Parks and recreation	500,014		
Community center	128,651		
Community development	139,246		
Debt service:			
Bond principal		138,294	
Interest		16,164	
Economic development			
Capital outlay		696,760	590,772
Total expenditures	<u>13,282,852</u>	<u>851,218</u>	<u>590,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,324</u>	<u>1,338,885</u>	<u>1,867,917</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,479,768		
Transfers (out)	(949,000)	(1,157,729)	(22,000)
Total other financing sources (uses)	<u>530,768</u>	<u>(1,157,729)</u>	<u>(22,000)</u>
Net change in fund balances	607,092	181,156	1,845,917
FUND BALANCES, beginning	<u>3,355,639</u>	<u>2,646,865</u>	<u>3,050,281</u>
FUND BALANCES, ending	<u>\$ 3,962,731</u>	<u>\$ 2,828,021</u>	<u>\$ 4,896,198</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 1,199,848	\$ 16,659,668
12,195	277,148
813,884	1,975,193
	585,129
119,140	151,634
66,105	198,049
31,125	294,877
	108,567
<u>2,242,297</u>	<u>20,250,265</u>
	2,281,059
	304,758
	330,925
47,630	47,630
38,118	209,822
990	177,106
	4,246,630
	468,032
	3,384,371
	282,867
46,854	46,854
260,666	1,129,145
	500,014
	128,651
	139,246
109,650	247,944
10,935	27,099
1,059,062	1,059,062
6,941	1,294,473
<u>1,580,846</u>	<u>16,305,688</u>
<u>661,451</u>	<u>3,944,577</u>
64,000	1,543,768
(644,768)	(2,773,497)
<u>(580,768)</u>	<u>(1,229,729)</u>
80,683	2,714,848
<u>1,062,755</u>	<u>10,115,540</u>
<u>\$ 1,143,438</u>	<u>\$ 12,830,388</u>

City of Shawnee, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2006

Net change in fund balances – total governmental funds	\$ 2,914,848
Adjustments for the statement of activities:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as a depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current reporting period.	
Capital outlay expenditures, net	1,294,473
Depreciation expense	(1,217,432)
	<u>77,041</u>
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. While changes in long-term debt liabilities for worker's compensation and accrued compensated absences do not use current funds.	
Principal payments on capital lease obligations, net of issuances	100,000
Principal payments on general obligation bonds	138,346
Increase in worker's compensation claims payable	(858,218)
Accrued compensated absences	(153,876)
Other expenses	(165)
Operations of workers compensation fund	(148,042)
	<u>(921,955)</u>
Change in net assets of governmental activities	<u>\$ 2,069,934</u>

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

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City of Shawnee, Oklahoma
Statement of Net Assets – Proprietary Funds
June 30, 2006

	Business-Type Activities – Enterprise Funds		
	Shawnee Municipal Authority	Shawnee Airport Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents	2,130,159		\$ 2,130,159
Receivables:			
Accounts, net of allowance for uncollectibles	1,090,508	\$ 245	1,090,753
Accrued interest	1,780		1,780
Other	14,609		14,609
Assessments	8,524		8,524
Due from other funds	64,113	(64,113)	0
Due from other governments			0
Due from component unit	278,461		278,461
Prepaid expenses			0
Restricted assets - cash and investments	3,152,980		3,152,980
Other assets			
Total current assets	<u>6,741,134</u>	<u>(63,868)</u>	<u>6,677,266</u>
Noncurrent assets:			
Intangible assets	12,708,600		12,708,600
Receivables:			
Deferred assessments	203,724		203,724
Debt issuance costs, net of accumulated	251,777		251,777
Capital assets, net of accumulated depreciation	29,798,639	3,885,647	33,684,286
Total noncurrent assets	<u>42,962,740</u>	<u>3,885,647</u>	<u>46,848,387</u>
Total assets	<u>49,703,874</u>	<u>3,821,779</u>	<u>53,525,653</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	264,127	6,552	270,679
Accrued interest payable	388,089		388,089
Due to other funds	1,536,560		1,536,560
Due to other governments			0
Customer deposits	556,635	4,055	560,690
Short term claims			0
Unearned revenue	3,449	15,044	18,493
Current portion of long-term obligations	1,352,128		1,352,128
Total current liabilities	<u>4,100,988</u>	<u>25,651</u>	<u>4,126,639</u>
Noncurrent liabilities:			
Revenue bonds payable	21,222,786		21,222,786
Accrued compensated absences	233,291		233,291
Long-term claims			
Total noncurrent liabilities	<u>21,456,077</u>	<u>0</u>	<u>21,456,077</u>
Total liabilities	<u>25,557,065</u>	<u>25,651</u>	<u>25,582,716</u>

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

Governmental
Activities –
Internal
Service
Funds

\$ 416,477

865

556,177

973,519

0

973,519

37,207

476,096

513,303

380,006

380,006

893,309

City of Shawnee, Oklahoma
Statement of Net Assets – Proprietary Funds
June 30, 2006
(continued)

	<u>Business-Type Activities – Enterprise Funds</u>		
	<u>Shawnee Municipal Authority</u>	<u>Shawnee Airport Authority</u>	<u>Total</u>
NET ASSETS			
Invested in capital assets, net of related debt	19,965,998	3,885,647	23,851,645
Restricted:			
Debt service	2,547,980		2,547,980
Unrestricted (deficit)	1,632,831	(89,519)	1,543,312
Total net assets	<u>\$ 24,146,809</u>	<u>\$ 3,796,128</u>	<u>\$ 27,942,937</u>

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

Governmental
Activities –
Internal
Service
Funds

80,210
\$ 80,210

City of Shawnee, Oklahoma
Statement of Revenues, Expenses, and Changes in
Fund Net Assets – Proprietary Funds
Year Ended June 30, 2006

	Business-Type Activities – Enterprise Funds		
	Shawnee Municipal Authority	Shawnee Airport Authority	Total
OPERATING REVENUES			
Charges for services:			
Water	\$ 4,297,105		\$ 4,297,105
Wastewater	2,435,353		2,435,353
Sanitation	1,078,654		1,078,654
Other	62,703		62,703
Penalties/late charges	144,029		144,029
Miscellaneous	137,032	16,906	153,938
Rental	9,832	\$ 90,529	100,361
Total operating revenues	<u>8,164,708</u>	<u>107,435</u>	<u>8,272,143</u>
OPERATING EXPENSES			
General and administration	618,115		618,115
Lake operations	195,690		195,690
Water	1,736,238		1,736,238
Wastewater	1,406,652		1,406,652
Sanitation	1,009,185		1,009,185
Airport		122,359	122,359
Claims expense			0
Depreciation and amortization	1,457,575	361,341	1,818,916
Total operating expenses	<u>6,423,455</u>	<u>483,700</u>	<u>6,907,155</u>
Net operating income (loss)	1,741,253	(376,265)	1,364,988
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental		279,786	279,786
Interest income	243,583	152	243,735
Interest expense and fiscal charges	(987,718)		(987,718)
Total nonoperating revenues (expenses)	<u>(744,135)</u>	<u>279,938</u>	<u>(464,197)</u>
Income (loss) before contributions and transfers	997,118	(96,327)	900,791
OPERATING TRANSFERS			
Transfers in	1,379,729		1,379,729
Transfers (out)	(900,000)		(900,000)
Total operating transfers	<u>479,729</u>	<u>0</u>	<u>479,729</u>
Change in net assets	1,476,847	(96,327)	1,380,520
NET ASSETS, beginning, as restated	22,669,962	3,892,455	26,562,417
NET ASSETS, ending	<u>\$ 24,146,809</u>	<u>\$ 3,796,128</u>	<u>\$ 27,942,937</u>

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

Governmental
Activities –
Internal
Service
Funds

541,132

33

541,165

692,579

692,579

(151,414)

3,372

3,372

(148,042)

200,000

200,000

51,958

28,252

\$ 80,210

City of Shawnee, Oklahoma
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2006

	Business-Type Activities – Enterprise Funds	
	Shawnee Municipal Authority	Shawnee Airport Authority
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 8,154,949	\$ 107,435
Payments to suppliers	(2,793,200)	(66,625)
Payments to employees	(1,667,140)	(52,376)
Net cash provided (used) by operating activities	<u>3,694,609</u>	<u>(11,566)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Change in interfund receivables/payables	(183,458)	
Increase (decrease) in customer deposits	35,153	490
Operating transfers in (out)	956,178	
Net cash provided (used) by noncapital financing activities	<u>807,873</u>	<u>490</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Increase (decrease) in other liabilities	3,449	
Principal paid on long-term debt	(1,248,564)	
Interest expense and fiscal charges	(987,718)	
Intergovernmental revenue		414,174
(Increase) decrease in restricted assets	4,784,993	
(Acquisition) disposition of capital assets	(1,225,293)	(340,104)
Net cash provided (used) by capital and related financing activities	<u>1,326,867</u>	<u>74,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	243,583	152
Net cash provided (used) by investing activities	<u>243,583</u>	<u>152</u>
Net increase (decrease) in cash and cash equivalents	6,072,932	63,146
CASH AND CASH EQUIVALENTS, beginning	<u>(3,878,660)</u>	<u>(127,259)</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 2,194,272</u>	<u>\$ (64,113)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Net operating income (loss)	1,741,253	(376,265)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	1,457,575	361,341
Changes in assets and liabilities:		
(Increase) decrease in receivables	127,273	(245)
Increase (decrease) in accounts payable	165,798	6,359
Increase (decrease) in accrued expenses	168,868	
(Increase) decrease in other assets	33,842	(2,756)
Total adjustments	<u>1,953,356</u>	<u>364,699</u>
Net cash provided (used) by operating activities	<u>\$ 3,694,609</u>	<u>\$ (11,566)</u>

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

Business-Type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds	
Totals			
\$	8,262,384	\$	3,699,308
	(2,859,825)		(3,754,516)
	(1,719,516)		
	<u>3,683,043</u>		<u>(55,208)</u>
	(183,458)		
	35,643		141,857
	956,178		200,000
	<u>808,363</u>		<u>341,857</u>
	3,449		61,863
	(1,248,564)		
	(987,718)		
	414,174		
	4,784,993		
	(1,565,397)		
	<u>1,400,937</u>		<u>61,863</u>
	243,735		3,372
	<u>243,735</u>		<u>3,372</u>
	6,136,078		351,884
	(4,005,919)		64,593
\$	<u>2,130,159</u>	\$	<u>416,477</u>
	1,364,988		(151,414)
	1,818,916		
	127,028		
	172,157		
	168,868		96,206
	31,086		
	<u>2,318,055</u>		<u>96,206</u>
\$	<u>3,683,043</u>	\$	<u>(55,208)</u>

City of Shawnee, Oklahoma
Statement of Fiduciary Net Assets – Fiduciary Fund
For the Year Ended June 30, 2006

	Agency Fund URM /DEPCA
ASSETS	
Cash and cash equivalents	\$ 3,371
Total assets	<u>\$ 3,371</u>
LIABILITIES	
URM/DEPCA payable	\$ (3,371)
Total liabilities	<u>\$ (3,371)</u>

City of Shawnee, Oklahoma
Statement of Changes In Assets and Liabilities – Fiduciary Fund
For the Year Ended June 30, 2006

	June 30, 2005	Additions	Deletions	June 30, 2006
Cash and cash equivalents	\$ 3,371			\$ 3,371
URM/DEPCA payable	(3,371)			(3,371)
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

City of Shawnee, Oklahoma
Notes to Financial Statements
June 30, 2006

I. Organization

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

II. Summary of significant accounting policies

A. Reporting entity

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

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

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

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

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

Discretely presented component units. Shawnee Civic & Cultural Development Authority (SCCDA) was created January 5, 1976, to acquire by lease and to operate, regulate and administer all physical properties, real or personal which shall be of public use or of civic and/or cultural benefit or incident to carrying out an authority or proper function of the City. The governing body consists of seven members; the City Manager of the Beneficiary, four (4) citizens representing the general public to be selected by the governing board of the Beneficiary, and two (2) residents of Pottawatomie County appointed by the Commissioners of Pottawatomie County and approved by the SCCDA trustees. Any issuance of debt requires a two-thirds approval of the City Commission.

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

During the year ended June 30, 2006, the SCCDA adopted a December 31st year end to better represent its business cycle. Accordingly, the financial information contained in these financial statements for the SCCDA is as of December 31, 2005 and for the six months then ended.

Affiliated organizations

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

Shawnee Industrial Authority – (405) 273-6092

Shawnee Economic Development Foundation – (405) 273-7490

Pottawatomie County Development Authority – (405) 273-8064

B. Government-wide and fund financial statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities

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

Sales and use taxes, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The capital improvement fund accounts for the purchase of capital equipment and construction of facilities.

The street improvement fund accounts for the construction or major reconstruction of street projects.

The City reports the following major proprietary funds:

The Shawnee Municipal Authority accounts for the City's water, sewer, and sanitation operations.

The Shawnee Airport Authority accounts for the City's airport operations.

Additionally, the City reports the following fund type:

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

Finally, included in the aggregated governmental fund totals are the following funds:

The street and alley fund accounts for the operation and maintenance of local streets and thoroughfares.

The E-911 fund accounts for the operations and maintenance of the City's 911 emergency services.

The revolving oil & gas fund accounts for the inspection and monitoring of oil and gas wells.

The economic development fund accounts for the promotion of economic development.

The spay and neuter fund accounts for the City's animal adoption program.

The hotel/motel surcharge fund accounts for the collection of the City's hotel/motel surcharge.

The police sales tax fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for police officers.

The fire sales tax fund accounts for the 1/16 cent of a one-cent dedicated sales tax revenue for firefighters.

The CDBG & HOME grants accounts for federal funds received by the City and expenditures related to the operation of these grants.

The library fund accounts for the maintenance of the municipal library.

The cemetery care fund accounts for the continuing care and maintenance as well as future capital investments of the City owned cemetery.

The senior citizens fund accounts for the maintenance of the senior citizens center.

The gifts & contributions fund accounts for monies donated for various park projects, economic development, civic events, police, and fire donations.

The sister cities fund accounts for the financial activity of the sister cities program.

The debt service fund accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related expense and fiscal agent fees.

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

The City maintains one Fiduciary Fund, the URM/DEPCA agency fund which holds funds related to employee withholding for dependant care.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Shawnee Municipal Authority and Shawnee Airport Authority enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital

assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

3. Restricted assets

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks) are reported in the applicable governmental or business-type

activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$ 2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Assets	Years
Buildings	40
Improvements other than buildings	20-50
Infrastructure	20-100
Furniture, equipment, and vehicles	5-10

5. *Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave may be accumulated up to a maximum of 120 days. Accumulated sick leave is paid to employees only upon retirement at a rate of one day's pay for every three days accumulated sick leave, up to a maximum of 40 days. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are unearned and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as unearned charges and amortized over the term of the related debt.

7. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

III. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term

liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this difference are as follows:

Bonds payable	\$ 300,000
Claims and judgments payable	2,330,000
Capital leases payable	309,123
Accrued compensated absences	1,335,685
Other assets and balances	<u>119,790</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 4,394,598</u>

Another difference concerns capital and other long-term asset reporting. The cost of capital assets, net of accumulated depreciation, are reported on the government-wide statement of net assets, but not on the governmental fund financial statements since they are not financial resources. The details of this difference are as follows:

Capital assets, net of accumulated depreciation	
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 22,643,569</u>
	<u><u>\$ 22,643,569</u></u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay expenditures, net	\$ 1,294,473
Depreciation expense	<u>(1,217,432)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 77,041</u></u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are unearned and amortized in the statement of activities. The details of this difference are as follows:

Principal repayments:	
General obligation bonds	\$ 100,000
Capital lease obligations, net of issuances	138,346
Increase in worker's compensation claims payable	(858,218)
Increase in compensated absences	(153,876)
Decreases in other assets - long-term	(165)
Operations of worker's compensation fund	(148,042)
Net adjustment to decrease net changes in fund balances - total	
governmental funds to arrive at changes in net assets of	
governmental activities	<u>\$ (921,955)</u>

IV. Stewardship, compliance, and accountability

Budgetary information

Annual budgets are adopted for the majority of governmental funds, the Shawnee Municipal Authority, and the Shawnee Municipal Airport Authority. All unencumbered, annual appropriations lapse at fiscal year-end. Actual expenditures within a fund may exceed the adopted budget plus available fund balance until 90% of the budgeted revenues have been received.

Prior to June of each year, all department heads of the City submit requests for appropriations to the city manager so that a budget may be prepared. The city council meets with the city manager and city financial officer to review the needs estimates and requests of the departments. The council holds a public hearing prior to June 15, and a final budget is formally approved and adopted by the city council in July.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments within a fund require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

V. Detailed notes on all funds

A. Deposits and investments

Deposits

The City's carrying amount of deposits was \$ 14,504,413 as of June 30, 2006, and the bank balances totaled \$ 14,579,615. Deposits are carried at cost.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be collateralized by either FDIC insurance or pledged collateral.

Investments

As of June 30, 2006, the City had the following investments.

Investment	Maturities	Fair Value
AIM Short-term Treasury Fund	< 1 year	\$ 605,000
Certificates of Deposit	< 1 year	1,000,000
U.S. Treasury	< 1 year	55,978
Total		<u>\$ 1,660,978</u>

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

- The portfolio, as a whole, shall have an average maturity of not more than two (2) years, unless specifically otherwise designated by the Treasurer.
- Individual securities shall be limited as follows:
 - Banker's acceptances shall not exceed two hundred seventy (270) days to maturity;
 - Commercial paper shall not exceed one hundred eighty (180) days to maturity.

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

Concentration of Credit Risk. The City places the following limit on the amount it may invest in any one issuer:

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

Type of Investment	Percentage of Cash Available for Investment Not to Exceed
Negotiable certificates of deposit	50%
Bankers' acceptances	50%
Commercial paper	50%
Obligations of state and local governments	50%
#847	50%

B. Receivables

Receivables as of June 30, 2006, for the City of Shawnee's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Major Governmental Funds	Nonmajor Governmental Funds	Business-Type Activities	Total
Receivables:					
Taxes	\$ 1,884,476	\$ 311,667	\$ 215,664		\$ 2,411,807
Accounts	131,394		978	\$ 1,436,834	1,569,206
Due from other governments	32,730		23,275		56,005
Other	493,406			23,133	516,539
Accrued interest	10,410	1,184		1,780	13,374
Gross receivables	2,552,416	312,851	239,917	1,461,747	4,566,931
Less: Allowance for uncollectibles	(300,977)			(346,081)	(647,058)
Net total receivables	<u>\$ 2,251,439</u>	<u>\$ 312,851</u>	<u>\$ 239,917</u>	<u>\$ 1,115,666</u>	<u>\$ 3,919,873</u>

C. Restricted assets

The Shawnee Municipal Authority's various revenue notes include restricted cash and investments for the unexpended portion of the project fund, a debt service fund for repayment of the principal and interest when due, and a debt service reserve to be used for payment of principal and interest provided sufficient funds are not available in the debt service fund. All funds are on deposit with the trustee bank.

Restricted assets:	
Debt service	\$ 1,102,456
Reserves	1,445,524
Project fund	605,000
Total restricted assets	<u>\$ 3,152,980</u>

D. Capital assets

Capital asset balances and activities for the year ended June 30, 2006, were as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,259,094			\$ 2,259,094
Construction in progress	25,411	\$ 714,060	\$ (25,411)	714,060
Total capital assets, not being depreciated	2,284,505	\$ 714,060	\$ (25,411)	2,973,154
Capital assets, being depreciated				
Buildings and improvements	7,621,635			7,621,635
Equipment	8,608,503	333,005	(124,668)	8,816,840
Infrastructure	29,131,422	272,819		29,404,241
Total capital assets, being depreciated	45,361,560	605,824	(124,668)	45,842,716
Less accumulated depreciation for:				
Buildings and improvements	(3,989,352)	(222,748)		(4,212,100)
Equipment	(4,912,567)	(493,369)	124,668	(5,281,268)
Infrastructure	(16,177,618)	(501,314)		(16,678,932)
Total accumulated depreciation	(25,079,537)	(1,217,431)	124,668	(26,172,300)
Total capital assets, being depreciated, net	20,282,023	(611,607)	0	19,670,416
Governmental activities capital assets, net	\$ 22,566,528	\$ 102,453	\$ (25,411)	\$ 22,643,570

	Beginning Balance	Increases	Decreases	Ending Balance
Shawnee Municipal Authority				
Capital assets, not being depreciated				
Land	\$ 931,354			\$ 931,354
Construction in progress	433,278		\$ (433,278)	0
Total capital assets, not being depreciated	1,364,632	\$ 0	\$ (433,278)	931,354
Capital assets, being depreciated				
Buildings and improvements	1,332,362	4,989		1,337,351
Equipment	2,679,731	167,306		2,847,037
Utility property	41,597,537	825,284		42,422,821
Total capital assets, being depreciated	45,609,630	997,579	0	46,607,209
Less accumulated depreciation for:				
Buildings and improvements	(953,559)	(29,829)		(983,388)
Equipment	(1,672,000)	(246,057)		(1,918,057)
Utility property	(13,870,227)	(968,252)		(14,838,479)
Total accumulated depreciation	(16,495,786)	(1,244,138)	0	(17,739,924)
Total capital assets, being depreciated, net	29,113,844	(246,559)	0	28,867,285
Shawnee Municipal Authority capital assets, net	30,478,476	(246,559)	(433,278)	29,798,639

	Beginning Balance	Increases	Decreases	Ending Balance
Shawnee Airport Authority				
Capital assets, not being depreciated				
Land	\$ 550,361			\$ 550,361
Construction work in progress		\$ 231,761		231,761
Total capital assets, not being depreciated	550,361	231,761	\$ 0	782,122
Capital assets, being depreciated				
Buildings and improvements	8,382,984	105,576		8,488,560
Equipment	172,542	2,767		175,309
Total capital assets, being depreciated	8,555,526	108,343	0	8,663,869
Less accumulated depreciation for:				
Buildings and improvements	(5,049,586)	(356,423)		(5,406,009)
Equipment	(149,450)	(4,885)		(154,335)
Total accumulated depreciation	(5,199,036)	(361,308)	0	(5,560,344)
Total capital assets, being depreciated, net	3,356,490	(252,965)	0	3,103,525
Shawnee Airport Authority capital assets, net	3,906,851	(21,204)	0	3,885,647
Business-type activities capital assets, net	\$ 34,385,327	\$ (267,763)	\$ (433,278)	\$ 33,684,286

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

Governmental activities:	
General government	\$ 101,640
Public safety	350,681
Public works	589,792
Community development	18,027
Culture and recreation	157,292
Total depreciation expense - governmental activities	\$ 1,217,432
Business-type activities	
Water	\$ 515,590
Wastewater	566,712
Operations	438,356
Sanitation	2,970
Total depreciation expense - business-type activities	\$ 1,523,628

E. Deposits subject to refund

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2006, cash and investments included \$ 579,185 available for refund of customer deposits, while the identified liability to customers was \$ 509,890.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2006, \$ 2,934 was being held that was subject to refund.

F. Long-term debt

Long-term liabilities of the City of Shawnee as of June 30, 2006, are summarized as follows:

Governmental activities

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%. The debt service fund typically has been used to liquidate this liability.	\$ 300,000
Total general obligation bonds	<u>300,000</u>

Capital lease obligations:

Capital lease, dated July 28, 2004, in the amount of \$ 400,000, payable in monthly installments of \$ 22,062 including interest at 3.81%, due September 2009, for a Fire Engine. The Capital Improvement fund typically pays this liability.	287,901
Capital lease, dated February 28, 2001, in the amount of \$ 185,557 payable in monthly installments of \$ 5,524 including interest at 5.95%, due October 2006, for computer software. The Capital Improvement fund typically pays this liability.	<u>21,222</u>
Total capital lease obligations	<u>309,123</u>

Accrued compensated absences. The general fund typically has been used to liquidate this liability.	<u>1,335,684</u>
Claims and judgments payable. The general fund typically has been used to liquidate this liability.	<u>2,327,884</u>
Total governmental activities	<u>\$ 4,272,691</u>

Business-type activities

Shawnee Municipal Authority

Notes payable:

\$ 18,850,000 Series 2003 Utility Revenue Note dated April, 2003, payable in semiannual installments ranging from \$ 390,000 to \$ 1,265,000, interest from 2.0% to 5.0% through July 1, 2026, to fund utility improvements. The Shawnee Municipal Authority typically has been used to liquidate this liability.	\$ 17,875,000
\$ 1,073,279 1997A SFR Promissory Note to Oklahoma Water Resources Board, dated September, 2, 1997, payable in annual installments of \$ 57,000, with no interest and a 0.05% administrative fee. The Shawnee Municipal Authority typically has been used to liquidate this liability.	596,128
\$ 1,900,000 1997B Promissory Note to Oklahoma Water Resources Board, dated September, 1, 1997, payable in semiannual installments of approximately \$ 80,000, interest from 3.895% to 5.245% through 2017. The SMA typically pays this liability.	1,290,000

\$ 5,350,000 2001 Sales Tax Revenue Note, to a financial institution, dated September, 1, 1997, payable in 120 installments of \$ 54,804, interest at 4.25% through November 28, 2011. The Shawnee Municipal Authority typically has been used to liquidate this liability. 3,220,366

\$ 395,000 Series 2003 Sales Tax Revenue Note dated September 25, 2003, payable in 99 installments of \$ 4,739, interest at 4.25% through December 28, 2011. The Shawnee Municipal Authority typically has been used to liquidate this liability. 278,460

Unearned loss on 2003 refunding (801,424)

Bond premium 82,711

Total Shawnee Municipal Authority 22,541,241

Accrued compensated absences. The Shawnee Municipal Authority typically has been used to liquidate this liability. 266,962

Total business-type activities 22,808,203

Total primary government \$ 27,080,894

Primary Government

Long-term liabilities transactions for the year ended June 30, 2006, and changes therein were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
General obligation bonds	\$ 400,000		\$ 100,000	\$ 300,000	\$ 100,000
Capital lease obligations	451,548		142,425	309,123	99,822
Claims and judgments payable	2,165,573	\$ 542,201	379,890	2,327,884	476,096
Accrued compensated absences	1,181,808	477,944	324,068	1,335,684	324,068
Total governmental activities	4,198,929	1,020,145	946,383	4,272,691	999,986
Business-type activities					
Notes and revenue notes payable	23,789,805		1,248,564	22,541,241	1,318,456
Accrued compensated absences	233,291	55,544	21,873	266,962	33,672
Total business-type activities	24,023,096	55,544	1,270,437	22,808,203	1,352,128
Total primary government	\$ 28,222,025	\$ 1,075,689	\$ 2,216,820	\$ 27,080,894	\$ 2,352,114

Changes in the liability for claims and judgments for the prior fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Claims and judgments payable	\$ 2,061,639	\$ 103,934		\$ 2,165,573

Interest expense on long-term debt includes amortization of unearned loss refunding of \$ 40,069, debt issuance costs of \$ 19,646, and a premium amortization of \$ 4,137. Interest expense allocated to functions was charged as follows:

Business-Type Activities	
Water	\$ 925,287
Wastewater	62,431
Total	<u>\$ 987,718</u>

Approximately \$ 57,000 of interest expense was effectively paid by an associated entity.

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

Year Ending June, 30	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Capital Lease Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 100,000	\$ 14,700	\$ 78,600	\$ 9,113	\$ 1,318,456	\$ 919,962
2008	100,000	9,900	81,430	6,068	1,358,460	877,032
2009	100,000	5,000	84,536	2,879	1,409,548	830,720
2010			64,557	617	1,451,767	780,890
2011					1,409,548	731,060
2012-2016					5,391,741	3,132,450
2017-2022					5,670,434	2,933,300
2023-2027					5,250,000	226,396
Totals	<u>\$ 300,000</u>	<u>\$ 29,600</u>	<u>\$ 309,123</u>	<u>\$ 18,677</u>	<u>\$ 23,259,954</u>	<u>\$ 10,431,810</u>

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 of the reservoir by issuing their Series 1990B Note. They issued the note totaling \$ 18,180,000 and received restricted funds back from PCDA to establish a reserve fund totaling \$ 1,263,881. The net amount of the note face value less the reserve fund, which totals \$ 16,916,119, represented SMA's investment in the water contract with PCDA. Pursuant to an agreement dated December 1, 2001, between the SMA, the PCDA and a trustee Bank, during a prior fiscal year, the SMA received \$ 3,948,160 in surplus bond proceeds remaining in the PCDA trust funds to be used for SMA utility system improvements. These proceeds have been accounted for as a reduction in the investment in the water contract with PCDA. The balance is \$ 12,708,600 at June 30, 2006, net of amortization of \$ 259,359.

The term of the water agreement shall be for a period of one hundred (100) years from its effective date and may be extended by written agreement of the parties. Upon the expiration of the term of this agreement and any extension thereof, PCDA shall by quit claim deed and

bill of sale, convey to each party, an undivided fractional interest in the facilities and all personal property titled in PCDA that is used in the operation of the facilities except PCDA's files and records.

During the year ended June 30, 2006, the SMA determined that amortizing this water agreement over 50 years is reasonable as an estimate of the life of the economic interest. Included as an expense for the year ended June 30, 2006, is \$ 259,359 of amortization expense.

Unearned 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 June 30, 2006, the remaining outstanding defeased debt issues were as follows:

1993 Revenue Note	<u>\$ 18,080,000</u>
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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 \$ 18,080,000.

G. Debt issuance costs

Debt issuance costs of \$ 314,812 have been capitalized on enterprise fund revenue notes and are being amortized on the straight-line basis over the term of the relevant debt issues. During the year ended June 30, 2006, \$ 19,646 in debt issuance costs was amortized.

H. Compensated absences

Full-time employees with at least one year of service earn vacation of ten to twenty days per year depending on years of service completed. A maximum of ten to thirty days may be carried over from one benefit year into another, depending on years of service completed. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation as follows:

Governmental activities	1,335,684
Business-type activities	<u>266,963</u>
Total accrued compensated absences	<u>\$ 1,602,647</u>

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

I. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	
General fund	Nonmajor governmental funds	\$ 60,269
General fund	Shawnee Municipal Authority	1,253,766
Worker's compensation fund	General	273,383
	Shawnee Municipal Authority	282,794
Total		<u>\$ 1,870,212</u>

Interfund balances occur from using a central cash pool and are liquidated periodically.

Interfund transactions:

	General Fund	Shawnee Municipal Authority	Transfers In		Total
			Nonmajor Governmental & Worker's Compensation	Discretely Presented Component Units	
Transfers Out:					
General fund		\$ 200,000	\$ 249,000	\$ 500,000	\$ 949,000
Shawnee Municipal Authority	\$ 900,000				900,000
Nonmajor governmental	579,768		15,000	50,000	644,768
Street improvements		22,000			22,000
Capital improvements		1,157,729			1,157,729
Totals	<u>\$ 1,479,768</u>	<u>\$ 1,379,729</u>	<u>\$ 264,000</u>	<u>\$ 550,000</u>	<u>\$ 3,673,497</u>

Interfund transfers result primarily from taxes being collected in one fund to be used for purposes other than in that fund and from amounts being transferred to pay for capital outlays, payment of debt service, and services for the benefit of another fund.

VI. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property and general liability, and is self-insured for workers' compensation and unemployment, with applicable excess loss coverage for workers' compensation. A third party workers' compensation administrator is used to evaluate claims and estimate the City's liability for outstanding claims not assumed by the issuer. The City is self-insured up to \$ 300,000 per occurrence and \$ 1,000,000 in the aggregate, and has obtained overlying insurance coverage for claims in excess of these amounts. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgments against the City may be paid by a property tax assessment over a three-year period.

B. Commitments and contingent liabilities

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

The Oklahoma Housing Finance agency requires the City to maintain records supporting the banked match that is necessary for participation in the Home Grant Program. As of June 30, 2006, the City's records indicate that the City's banked match of the Home Grant Program totaled \$ 472,172.

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

The following construction project commitments were outstanding at June 30, 2006:

<u>Fund/Project</u>	<u>Original Contract</u>	<u>Balance Remaining</u>
Governmental Activities:		
Regional park	\$ 1,000,000	\$ 891,994
Neighborhood action plan	20,000	20,000
Wayfinding study	20,000	20,000
Zoning development code	80,000	80,000
Skate park	75,000	72,162
City hall heat/air replacement	300,000	290,864
Traffic signal installations	402,332	193,899
Larkins meadows/northridge drainage	255,000	255,000
Kickapoo street/45th paving	297,500	291,380
Kickapoo street south	1,000,000	1,000,000
Total governmental activities	<u>3,449,832</u>	<u>3,115,299</u>
Business-type Activities:		
Shawnee Municipal Authority Projects	635,000	616,599
Shawnee Airport Authority	98,000	95,200
Total business-type activities	<u>733,000</u>	<u>711,799</u>
Total primary government	<u>\$ 4,182,832</u>	<u>\$ 3,827,098</u>

C. Employee retirement systems and pension plans

The City of Shawnee participates in the Oklahoma State Police Pension and Retirement System and the Oklahoma State Firefighters' Pension and Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Copies of the State of Oklahoma sponsored multiple-employer plans and a schedule of funding progress is available, for each, from the Plan. The State of Oklahoma is responsible for any funding deficiencies. Additionally, for other City employees not covered by the other plans, the City of Shawnee maintains the Oklahoma Municipal Retirement Fund.

Oklahoma State Police Pension and Retirement System (OPPRS)

Plan Description – The OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OPPRS. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the police employees of the City. That report may be obtained by writing to the Oklahoma State Police Pension and Retirement System, 1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116-7335, or by calling 1-405-840-3555.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary, and the City of Shawnee contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OPPRS for the year ended June 30, 2006, for employees and employer were \$ 130,079 and \$ 263,211, respectively, on covered payroll of \$2,023,228.

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

Fiscal Year	Required	Contributed
2005-2006	\$ 263,211	\$ 263,211
2004-2005	274,059	274,059
2003-2004	275,579	275,579

Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

Plan Description – The OFPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OFPRS. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the firefighting employees of the City. That report may be obtained by writing to the Oklahoma State Firefighters' Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105-3414, or by calling 1-405-525-7813.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary, and the City of Shawnee contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OFPRS for the year ended June 30, 2006, for employees and employer were \$ 193,003 and \$ 318,842, respectively, on covered payroll of \$ 2,468,292.

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

Fiscal Year	Required	Contributed
2005-2006	\$ 318,842	\$ 318,842
2004-2005	320,878	320,878
2003-2004	299,782	299,782

Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma

Plan Description – The City maintains a defined benefit retirement plan, the Oklahoma Municipal Retirement Fund Employee Retirement System of Shawnee, Oklahoma (the Plan), which covers employees not covered by other plans. The Plan operates as a trust maintained by the Oklahoma Municipal Retirement Fund (OMRF). The OMRF board of trustees retains BankOne as custodian to hold the Plan's assets which are invested by various professional managers. All regular, full-time City employees not covered by other plans are required to participate in the Plan. Benefits vest after seven years of service. Employees, who retire at age 65 with completion of seven years of service, are entitled to an annual retirement benefit, payable monthly in an amount equal to 2.625% of final average compensation multiplied by the number of years of credited service. Final average compensation is defined as the average of the five highest consecutive annual salaries out of the last ten calendar years of service.

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

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

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

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

The actuarial accrued liability was computed as part of an actuarial valuation performed as of July 1, 2006. Significant actuarial assumptions used in the valuation include 1) a rate of return on the investment of present and future assets of 7.5% compounded annually, and 2) future salary increases based on the age of the employee.

Total actuarial accrued liability was more than net assets available for benefits by \$ 1,830,808 as of January 1, 2006, as follows:

Actuarial accrued liability	\$ 23,744,809
Net assets available for benefits (actuarial value)	21,914,001
Underfunded actuarial accrued liability	<u>\$ 1,830,808</u>

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so sufficient assets will be available to pay benefits when due. Required contributions are determined using the

aggregate entry age normal cost method. Unfunded actuarial accrued liabilities are being amortized as a level percentage of payroll over a closed period of thirty years.

Significant actuarial assumptions used for the Plan are as follows:

Rate of return on investments 7.5% compounded annually

Projected salary increases 6% average

(A high scale at younger age levels, becoming progressively lower as age advances)

Inflation rate 3% per annum

Post retirement benefit increases method Entry age normal cost

For the year ended June 30, 2006, employees were required to contribute 0.0% of annual compensation while the City contributed 16.33%. Contributions to the Plan for the year ended June 30, 2006, for employees and employer were \$ 0 and \$ 827,838, respectively. For the year ended June 30, 2006, the City's covered payroll was \$ 5,070,381 out of total payroll of \$ 5,196,405. Covered payroll refers to all compensation paid by the City of Shawnee to active employees covered by the Plan on which contributions are based.

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

Fiscal Year	<u>Required</u>	<u>Contributed</u>
2005-2006	\$ 827,838	\$ 827,838
2004-2005	788,289	788,289
2003-2004	582,527	582,527

The schedule of funding progress for the Plan for the past eight years is as follows:

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/06	\$ 21,914,001	\$ 23,744,809	\$ 1,830,808	92.29 %	\$ 4,952,709	37.00 %
01/01/05	21,548,548	22,838,766	1,290,218	94.35 %	4,767,083	27.07 %
01/01/04	19,956,987	20,893,487	936,500	95.52 %	5,273,332	17.76 %
01/01/03	19,398,530	18,661,318	(737,212)	103.95 %	4,692,250	15.71 %
01/01/02	21,491,773	18,552,363	(2,939,410)	115.84 %	4,692,782	62.64 %
01/01/01	20,721,347	14,717,465	(6,003,882)	140.79 %	4,331,334	138.62 %
01/01/00	20,116,523	14,668,807	(5,447,716)	137.14 %	4,101,801	132.81 %
01/01/99	17,166,334	14,670,486	(2,495,848)	117.01 %	4,008,020	62.27 %
01/01/98	14,485,687	13,200,100	(1,285,587)	109.74 %	4,010,361	32.06 %

Oklahoma Municipal Retirement Fund (the Plan)

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

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

Funding Policy – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees 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. Contributions to the plan for the year ended June 30, 2006, for employees and employer were \$ 215,491 and \$ 0, respectively, on a covered payroll of \$ 5,070,386. No employer contributions were made during the years ended June 30, 2006, 2005, and 2004 due to budget constraints.

City of Shawnee 457 Deferred Compensation Plan (DC Plan)

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

Funding Policy – DC Plan participants may contribute up to \$ 14,000 of eligible compensation per year. During the year ended June 30, 2006, employees contributed \$ 156,095 to the DC Plan.

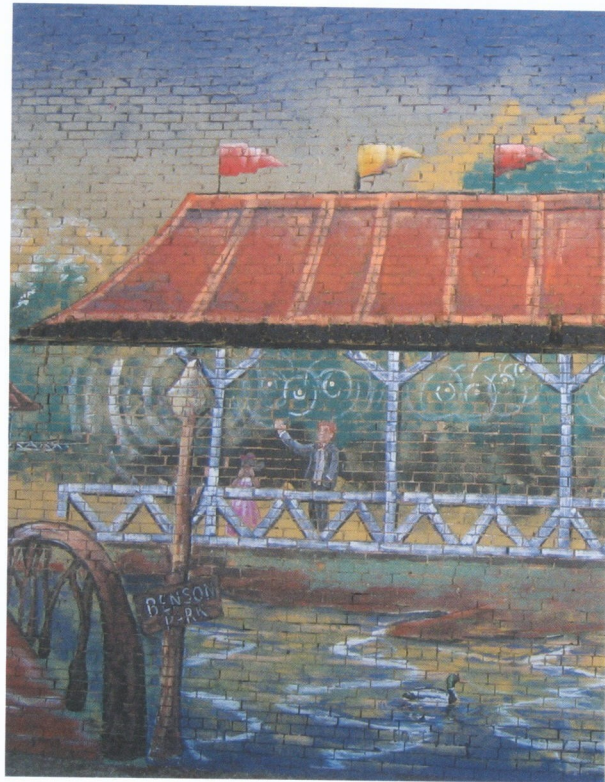
ICMA Retirement Deferred Compensation Plan

In addition to the above plans, the City of Shawnee offers a retirement plan through ICMA which is totally employee funded. Employee contributions to the plan for the year ended June 30, 2006, were \$ 4,618. Separate audited GAAP – basis financial statements are not available.

D. Restatement

During the year ended June 30, 2006, the Shawnee Municipal Authority restated its beginning net asset \$ 476,449 to account for interfund balances related to cash and liabilities.

Required Supplementary Information



City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Sales Tax	\$ 8,933,333	\$ 9,266,666	\$ 9,280,229	\$ 13,563
Use Tax	600,000	600,000	591,937	(8,063)
Alcoholic Beverage Tax	80,000	80,000	83,046	3,046
Cigarette Tax	60,000	210,936	205,344	(5,592)
ONG Franchise Tax	210,000	210,000	292,105	82,105
OG&E Franchise Tax	1,000,000	1,000,000	1,079,576	79,576
Southwestern Bell Franchise	112,000	112,000	97,901	(14,099)
Charter Cable Franchise	110,000	110,000	108,299	(1,701)
Occupational Tax	15,000	15,000	11,950	(3,050)
CVEC Franchise			11,038	11,038
Other Taxes	13,000	13,000	16,083	3,083
Total Tax Revenues	<u>11,133,333</u>	<u>11,617,602</u>	<u>11,777,508</u>	<u>159,906</u>
Intergovernmental Revenue				
Federal Grant Revenue			28,247	28,247
State Grant Revenue			45,834	45,834
Civil Defense Grant Revenue	12,000	12,000		(12,000)
Incarceration Costs	25,000	25,000	47,379	22,379
Drug Forfeitures (County)			912	912
Gordon Cooper Interlocal	38,000	38,000	35,212	(2,788)
Shawnee Housing Authority	42,000	42,000	42,735	735
Independent School District	64,000	64,000	64,204	204
RE-ACT - IA	15,000	15,000	16,202	1,202
LEPC Grant Revenue			1,000	1,000
Other Intergovernmental Revenue	90,000	25,000		(25,000)
Total Intergovernmental Revenue	<u>286,000</u>	<u>221,000</u>	<u>281,725</u>	<u>60,725</u>
Licenses and Permits				
Licenses	7,000	7,000	6,944	(56)
Building Permits	35,000	83,800	118,275	34,475
Plumbing Permits	20,000	20,000	21,103	1,103
Electrical Permits	11,000	11,000	5,745	(5,255)
Zoning Permits & Applications	9,000	9,000	13,828	4,828
Heating & A/C Permits	22,000	22,000	26,398	4,398
Lake Permits	12,000		29,302	29,302
Registrations	18,000	18,000	25,600	7,600
Lakeside Inspections	1,500	1,500	1,538	38
Pet Licenses & Pound Fee	21,000	21,000	29,925	8,925
Garage Sale Permits	12,000	12,000	15,337	3,337
Other Permits	6,000	6,000	11,696	5,696
Total Licenses and Permits	<u>174,500</u>	<u>211,300</u>	<u>305,690</u>	<u>94,390</u>

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES (continued)				
Fines & Forfeitures				
Municipal Court Fines	235,000	235,000	318,932	83,932
Municipal Court Costs	75,000	75,000	123,041	48,041
Juvenile Admin. Costs	3,000	3,000	3,756	756
Juvenile Fines	6,000	6,000	6,334	334
Incarceration Costs			60	60
Total Fines & Forfeitures	<u>319,000</u>	<u>319,000</u>	<u>452,124</u>	<u>133,124</u>
Rental Revenue				
Lakeside Lease Rental Revenue	56,000	56,000	36,713	(19,288)
COEDD Bldg. Rental Revenue	16,596	16,596	16,597	1
Sears Bldg Rental Revenue	10,325	10,325	7,525	(2,800)
T-Mobile Tower Rental	6,000	6,000	6,990	990
Other Rental Revenue			5	5
Total Rental Revenue	<u>88,921</u>	<u>88,921</u>	<u>67,829</u>	<u>(21,092)</u>
Interest Income				
Interest Income	8,000	8,000	26,945	18,945
Interest Income - Sales Tax	6,000	6,000	11,489	5,489
Interest Income - Use Tax	300	300	940	640
Total Interest Income	<u>14,300</u>	<u>14,300</u>	<u>39,374</u>	<u>25,074</u>
Other Revenues				
Oil & Gas Royalties	20,000	20,000	19,990	(10)
Cemetery Lot Sales	20,000	20,000	14,228	(5,773)
Other Cemetery Revenue	22,000	22,000	23,269	1,269
Fire Runs			3,725	3,725
Sale of Surplus Property	6,500	24,500	24,663	163
Property Resale Distribution			4	4
Miscellaneous Gifts and Donations			1,646	1,646
Cash Long/Short			(302)	(302)
Other Misc. Revenue	9,000	9,000	19,323	10,323
Refunds & Reimbursements	4,000	4,000	3,469	(531)
Project Heart Revenue	6,000	6,000	5,500	(500)
Phone Reimbursements			1,564	1,564
Planning Copy/Map Fees			704	704
Engineering Copy/Spec. Fees			1,155	1,155
Safe Room Rebate Revenue	60,000	60,000	45,669	(14,331)
Total Other Revenues	<u>147,500</u>	<u>165,500</u>	<u>164,606</u>	<u>(895)</u>
Total Revenues	<u>\$ 12,163,554</u>	<u>\$ 12,637,623</u>	<u>\$ 13,088,856</u>	<u>\$ 451,233</u>

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES				
City Manager	395,893	410,493	406,652	3,841
City Attorney	83,300	95,300	95,288	12
Accounting	430,560	421,860	416,318	5,542
Information Systems	170,213	232,149	226,129	6,020
Municipal Court	277,441	279,841	276,511	3,330
City Clerk	227,810	215,810	211,282	4,528
Human Resources	293,007	310,007	307,242	2,765
Code Enforcement	308,945	345,945	341,536	4,409
Planning	128,257	141,072	139,246	1,826
Police Administration	499,859	523,859	482,894	40,965
Police Patrol	2,998,099	3,339,099	3,329,988	9,111
Criminal Investigation Division	383,262	442,262	433,748	8,514
Animal Control	166,594	174,594	171,704	2,890
Dispatch	455,621	475,021	468,032	6,989
Fire Prevention	265,644	399,144	392,033	7,111
Fire Suppression	3,124,318	2,953,018	2,903,742	49,276
Fire Training	91,273	90,773	88,595	2,178
Emergency Management	222,400	240,400	237,512	2,888
L.E.P.C.		5,832	48	5,784
Hazard Mitigation	60,000	46,000	45,137	863
Engineering	302,909	309,909	304,758	5,151
Streets	761,058	751,058	678,775	72,283
Traffic Control	203,892	193,892	189,704	4,188
Parks	503,463	515,263	500,014	15,249
Cemetery	169,828	178,828	176,116	2,712
Municipal Auditorium	20,050	21,050	20,903	147
Community Center	50,150	51,700	51,542	158
Senior Citizens	57,480	57,480	56,206	1,274
Equipment Services	292,832	280,832	274,449	6,383
Building Maintenance	50,977	57,177	56,692	485
Total Expenditures	<u>12,995,135</u>	<u>13,559,668</u>	<u>13,282,796</u>	<u>276,872</u>
Excess of Revenues Over Expenditures	<u>(831,581)</u>	<u>(922,045)</u>	<u>(193,941)</u>	<u>728,104</u>

City of Shawnee, Oklahoma
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Ttransfer From SMA	900,000	900,000	900,000	
Transfer From Police Tax Fund	279,167	289,884	289,884	
Transfer From Fire Tax Fund	279,167	289,884	289,884	
Transfer From Street Improvement	300,000	300,000		(300,000)
	<u>1,758,334</u>	<u>1,779,768</u>	<u>1,479,768</u>	<u>(300,000)</u>
Transfers Out				
Transfers	999,000	1,225,833	949,000	276,833
Total Other Financing Sources and Uses	759,334	553,935	530,768	(23,167)
Net Change in Fund Balances	(72,247)	(368,110)	336,827	704,937
Fund Balances - Beginning	<u>1,214,697</u>	<u>1,214,697</u>	<u>1,214,697</u>	
Fund Balances - Ending	<u>\$ 1,142,450</u>	<u>\$ 846,587</u>	<u>\$ 1,551,524</u>	<u>\$ 704,937</u>

City of Shawnee, Oklahoma
Explanation of Differences between Revenues, Expenditures, and Other
Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and
GAAP General Fund on a GAAP Basis
Year Ended June 30, 2006

<u>BUDGETARY FUNDS</u>	<u>General Fund</u>
<u>FINANCIAL STATEMENT MAJOR FUNDS</u>	
REVENUES	
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 13,088,856
Adjustments:	
<i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis	<u>270,320</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u><u>\$ 13,359,176</u></u>
EXPENDITURES	
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 13,282,796
Adjustments:	
Encumbrances for goods and services 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 GAAP reporting	<u>56</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u><u>\$ 13,282,852</u></u>

Supplementary Information



City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2006

	Special Revenue			
	Street and Alley Fund	E-911	Revolving Oil & Gas Fund	Economic Development Fund
ASSETS				
Cash and cash equivalents	\$ 85,606	\$ 129,414	\$ 135,993	\$ 100,476
Investments				
Receivables:				
Accounts, net				
Taxes				40,215
Notes				
Accrued interest				
Other taxes		8,764		
Due from other funds				
Due from other governments	23,286			
Total assets	<u>\$ 108,892</u>	<u>\$ 138,178</u>	<u>\$ 135,993</u>	<u>\$ 140,691</u>
LIABILITIES				
Accounts payable and accrued liabilities				\$ 3,167
Due to other funds				
Unearned revenue				
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,167</u>
FUND BALANCES				
Reserved for:				
Encumbrances				
Unreserved:				
Designated	108,892	138,178	135,993	137,524
Total fund balances	<u>108,892</u>	<u>138,178</u>	<u>135,993</u>	<u>137,524</u>
Total liabilities and fund balances	<u>\$ 108,892</u>	<u>\$ 138,178</u>	<u>\$ 135,993</u>	<u>\$ 140,691</u>

Special Revenue					
Spay & Neuter Fund	Hotel/Motel Surcharge Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG & Home Grants Fund	Library Fund
\$ 17,477				\$ 35,327	\$ 28,665
		\$ 50,269	\$ 50,269		
	\$ 66,147				
<u>\$ 17,477</u>	<u>\$ 66,147</u>	<u>\$ 50,269</u>	<u>\$ 50,269</u>	<u>\$ 35,766</u>	<u>\$ 28,665</u>
\$ 160	\$ 21,399			\$ 23,884	\$ 455
	697	\$ 29,786	\$ 29,786		
<u>160</u>	<u>22,096</u>	<u>\$ 29,786</u>	<u>\$ 29,786</u>	<u>23,884</u>	<u>455</u>
					500
<u>17,317</u>	<u>44,051</u>	<u>20,483</u>	<u>20,483</u>	<u>11,882</u>	<u>27,710</u>
<u>17,317</u>	<u>44,051</u>	<u>20,483</u>	<u>20,483</u>	<u>11,882</u>	<u>28,210</u>
<u>\$ 17,477</u>	<u>\$ 66,147</u>	<u>\$ 50,269</u>	<u>\$ 50,269</u>	<u>\$ 35,766</u>	<u>\$ 28,665</u>

City of Shawnee, Oklahoma
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2006
(continued)

	Special Revenue			
	Cemetery Care Fund	Senior Citizens Fund	Gifts & Contributions Fund	Sister Cities Fund
ASSETS				
Cash and cash equivalents	\$ 151,776	\$ 20,720	\$ 43,719	\$ 11,516
Investments			55,920	
Receivables:				
Accounts, net				
Taxes				
Notes				
Accrued interest				
Other taxes				
Due from other funds				
Due from other governments				
Total assets	<u>\$ 151,776</u>	<u>\$ 20,720</u>	<u>\$ 99,639</u>	<u>\$ 11,516</u>
LIABILITIES				
Accounts payable and accrued liabilities			\$ 3,635	\$ 2,262
Due to other funds				
Unearned revenue				
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,635</u>	<u>2,262</u>
FUND BALANCES				
Reserved for:				
Encumbrances	71,701			803
Unreserved:				
Designated	80,075	20,720	96,004	8,451
Total fund balances	<u>151,776</u>	<u>20,720</u>	<u>96,004</u>	<u>9,254</u>
Total liabilities and fund balances	<u>\$ 151,776</u>	<u>\$ 20,720</u>	<u>\$ 99,639</u>	<u>\$ 11,516</u>

<u>Debt Service</u>	<u>Capital Project</u>	
<u>Sinking Fund</u>	<u>1994 Street Improvement Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 132,064	\$ 70,476	\$ 963,229
		55,920
978		978
		140,753
		74,911
		23,725
<u>\$ 133,042</u>	<u>\$ 70,476</u>	<u>\$ 1,259,516</u>
		\$ 54,962
		60,269
<u>\$ 847</u>		<u>847</u>
<u>847</u>	<u>\$ 0</u>	<u>116,078</u>
		73,004
<u>132,195</u>	<u>70,476</u>	<u>1,070,434</u>
<u>132,195</u>	<u>70,476</u>	<u>1,143,438</u>
<u>\$ 133,042</u>	<u>\$ 70,476</u>	<u>\$ 1,259,516</u>

City of Shawnee, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2006

	Special Revenue		
	Street and Alley Fund	E-911	Revolving Oil & Gas Fund
REVENUES			
Taxes			
Licenses and permits	\$ 1,235		\$ 10,960
Intergovernmental	258,966		
Charges for services		\$ 113,855	
Other			
Interest	3,286	2,903	3,694
Total revenues	<u>263,487</u>	<u>116,758</u>	<u>14,654</u>
EXPENDITURES			
Current:			
Culture and recreation			
Animal Control/E911		32,298	
Cemetery			
Library			
Streets	260,666		
Debt service:			
Bond principal			
Interest			
Economic development			
Capital outlay			
Total expenditures	<u>260,666</u>	<u>32,298</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,821</u>	<u>84,460</u>	<u>14,654</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>2,821</u>	<u>84,460</u>	<u>14,654</u>
FUND BALANCES, beginning	<u>106,071</u>	<u>53,718</u>	<u>121,339</u>
FUND BALANCES, ending	<u>\$ 108,892</u>	<u>\$ 138,178</u>	<u>\$ 135,993</u>

Special Revenue					
Economic Development Fund	Spay & Neuter Fund	Hotel/Motel Surcharge Fund	Police Sales Tax Fund	Fire Sales Tax Fund	CDBG & Home Grants Fund
\$ 234,304		\$ 257,452	\$ 292,880	\$ 292,880	
	\$ 5,285				\$ 554,918
3,132	498		416	416	
<u>237,436</u>	<u>5,783</u>	<u>257,452</u>	<u>293,296</u>	<u>293,296</u>	<u>554,918</u>
	5,820				
169,167		246,950			577,683
<u>169,167</u>	<u>5,820</u>	<u>246,950</u>	<u>0</u>	<u>0</u>	<u>577,683</u>
<u>68,269</u>	<u>(37)</u>	<u>10,502</u>	<u>293,296</u>	<u>293,296</u>	<u>(22,765)</u>
(65,000)			(289,884)	(289,884)	
<u>(65,000)</u>	<u>0</u>	<u>0</u>	<u>(289,884)</u>	<u>(289,884)</u>	<u>0</u>
3,269	(37)	10,502	3,412	3,412	(22,765)
<u>134,255</u>	<u>17,354</u>	<u>33,549</u>	<u>17,071</u>	<u>17,071</u>	<u>34,647</u>
<u>\$ 137,524</u>	<u>\$ 17,317</u>	<u>\$ 44,051</u>	<u>\$ 20,483</u>	<u>\$ 20,483</u>	<u>\$ 11,882</u>

City of Shawnee, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2006
(continued)

	Special Revenue		
	Library Fund	Cemetery Perpetual Fund	Senior Citizens Fund
REVENUES			
Taxes			
Licenses and permits			
Intergovernmental			
Charges for services			
Other		\$ 5,459	
Interest	\$ 792	4,189	\$ 745
Total revenues	<u>792</u>	<u>9,648</u>	<u>745</u>
EXPENDITURES			
Current:			
Culture and recreation			
Animal Control/E911			
Cemetery		990	
Library	46,854		
Streets			
Debt service:			
Bond principal			
Interest			
Economic development			
Capital outlay			6,941
Total expenditures	<u>46,854</u>	<u>990</u>	<u>6,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,062)</u>	<u>8,658</u>	<u>(6,196)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	49,000		
Transfers (out)			
Total other financing sources (uses)	<u>49,000</u>	<u>0</u>	<u>0</u>
Net change in fund balances	2,938	8,658	(6,196)
FUND BALANCES, beginning	<u>25,272</u>	<u>143,118</u>	<u>26,916</u>
FUND BALANCES, ending	<u>\$ 28,210</u>	<u>\$ 151,776</u>	<u>\$ 20,720</u>

Special Revenue		Debt Service	Capital Project	Total Nonmajor Governmental Funds
Gifts & Contributions Fund	Sister Cities Fund	Sinking Fund	1994 Street Improvement Project Fund	
		\$ 122,332		\$ 1,199,848
				12,195
				813,884
				119,140
\$ 37,827	\$ 22,819			66,105
5,144	423	3,524	\$ 1,963	31,125
42,971	23,242	125,856	1,963	\$ 2,242,297
47,630				47,630
				38,118
				990
				46,854
				260,666
		109,650		109,650
		10,935		10,935
	65,262			1,059,062
				6,941
47,630	65,262	120,585	0	1,580,846
(4,659)	(42,020)	5,271	1,963	661,451
	15,000			64,000
				(644,768)
0	15,000	0	0	(580,768)
(4,659)	(27,020)	5,271	1,963	80,683
100,663	36,274	126,924	68,513	1,062,755
\$ 96,004	\$ 9,254	\$ 132,195	\$ 70,476	\$ 1,143,438

City of Shawnee, Oklahoma
Schedule of Funding Progress

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/06	\$ 21,914,001	\$ 23,744,809	\$ 1,830,808	92.29 %	\$ 4,952,709	37.00
01/01/05	21,548,548	22,838,766	1,290,218	94.35 %	4,767,083	27.07
01/01/04	19,956,987	20,893,487	936,500	95.52 %	5,273,332	17.76
01/01/03	19,398,530	18,661,318	(737,212)	103.95 %	4,692,250	15.71
01/01/02	21,491,773	18,552,363	(2,939,410)	115.84 %	4,692,782	62.64
01/01/01	20,721,347	14,717,465	(6,003,882)	140.79 %	4,331,334	138.62
01/01/00	20,116,523	14,668,807	(5,447,716)	137.14 %	4,101,801	132.81
01/01/99	17,166,334	14,670,486	(2,495,848)	117.01 %	4,008,020	62.27
01/01/98	14,485,687	13,200,100	(1,285,587)	109.74 %	4,010,361	32.06

See disclaimer in accompanying Independent Auditor's Report

City of Shawnee, Oklahoma
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2006

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Ad Valorem Taxes - Current	\$ 102,000	\$ 102,000	\$ 97,930	\$ (4,070)
Ad Valorem Taxes - Prior	2,500	2,500	3,110	610
Pmt. In Lieu of Taxes	22,500	22,500	21,292	(1,208)
Total Tax Revenues	<u>127,000</u>	<u>127,000</u>	<u>122,332</u>	<u>(4,668)</u>
Interest Income				
Interest Income	<u>100</u>	<u>100</u>	<u>3,524</u>	<u>3,424</u>
Total Revenues	<u>127,100</u>	<u>127,100</u>	<u>125,857</u>	<u>(1,243)</u>
EXPENDITURES				
Debt Service				
Bond Principal	100,000	100,000	100,000	
Interest	24,000	24,000	19,300	4,700
Other Fees	1,250	1,250	1,286	(36)
Total Expenditures	<u>125,250</u>	<u>125,250</u>	<u>120,586</u>	<u>4,664</u>
Excess of Revenues Over Expenditures	1,850	1,850	5,271	3,421
Fund Balances - Beginning	<u>126,924</u>	<u>126,924</u>	<u>126,924</u>	
Fund Balances - Ending	<u>\$ 128,774</u>	<u>\$ 128,774</u>	<u>\$ 132,195</u>	<u>\$ 3,421</u>

City of Shawnee, Oklahoma
Street & Alley Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Taxes			
Motor Vehicle Tax	\$ 206,000	\$ 204,085	\$ (1,915)
Excise Tax	68,000	54,881	(13,119)
Total Taxes	<u>274,000</u>	<u>258,966</u>	<u>(15,034)</u>
Licenses & Permits	3,500	1,235	(2,265)
Interest Income	266	3,286	3,020
Total Revenues	<u>277,766</u>	<u>263,487</u>	<u>(14,279)</u>
EXPENDITURES			
Electricity	<u>254,000</u>	<u>260,666</u>	<u>(6,666)</u>
Excess of Revenues Over Expenditures	23,766	2,821	20,945
Fund Balances - Beginning	<u>106,071</u>	<u>106,071</u>	
Fund Balances - Ending	<u>\$ 129,837</u>	<u>\$ 108,892</u>	<u>\$ 20,945</u>

City of Shawnee, Oklahoma
E-911 Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Taxes	\$ 125,000	\$ 113,855	\$ (11,145)
Interest Income	100	2,904	2,804
Total Revenues	<u>125,100</u>	<u>116,760</u>	<u>(8,340)</u>
EXPENDITURES			
Materials And Supplies	2,500	366	2,134
Other Services & Charges	34,000	31,932	2,068
Capital Outlay	<u>76,000</u>		<u>76,000</u>
Total Expenditures	<u>112,500</u>	<u>32,298</u>	<u>80,202</u>
Excess of Revenues Over Expenditures	12,600	84,462	71,862
Fund Balances - Beginning	<u>53,718</u>	<u>53,718</u>	
Fund Balances - Ending	<u>\$ 66,318</u>	<u>\$ 138,180</u>	<u>\$ 71,862</u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Revolving Oil & Gas Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Licenses & Permits			
Drilling Permits	\$ 3,500	\$ 750	\$ (2,750)
Renewal Permits	2,000	10,210	8,210
Plugging Fees	350		(350)
Interest Income	150	3,694	3,544
Total Revenues	<u>6,000</u>	<u>14,654</u>	<u>8,654</u>
EXPENDITURES			
Contingency	<u>2,000</u>		<u>2,000</u>
Excess of Revenues			
Over Expenditures	4,000	14,654	10,654
Fund Balances - Beginning	<u>95,742</u>	<u>95,742</u>	
Fund Balances - Ending	<u><u>\$ 99,742</u></u>	<u><u>\$ 110,396</u></u>	<u><u>\$ 10,654</u></u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Economic Development Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Sales Tax	\$ 231,666	\$ 234,304	\$ 2,638
Interest Income	<u>275</u>	<u>3,132</u>	<u>2,857</u>
Total Revenues	<u>231,941</u>	<u>237,436</u>	<u>5,495</u>
EXPENDITURES			
Other Services & Charges	<u>211,333</u>	<u>169,167</u>	<u>42,166</u>
Excess of Revenues			
Over Expenditures	20,608	68,269	47,661
OTHER FINANCING USES			
Transfers Out	<u>65,000</u>	<u>65,000</u>	
Net Change in Fund Balances	<u>(44,392)</u>	<u>3,269</u>	<u>47,661</u>
Fund Balances - Beginning	<u>134,255</u>	<u>134,255</u>	
Fund Balances - Ending	<u><u>\$ 89,863</u></u>	<u><u>\$ 137,524</u></u>	<u><u>\$ 47,661</u></u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Spay & Neuter Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Interest Income	\$ 50	\$ 498	\$ 448
Spay & Neuter Revenue	<u>5,000</u>	<u>5,285</u>	<u>285</u>
Total Revenues	<u>5,050</u>	<u>5,783</u>	<u>733</u>
EXPENDITURES			
Other Services & Charges	<u>8,720</u>	<u>5,820</u>	<u>2,900</u>
Deficiency of Revenues Under Expenditures	(3,670)	(37)	3,633
Fund Balances - Beginning	<u>17,354</u>	<u>17,354</u>	
Fund Balances - Ending	<u>\$ 13,684</u>	<u>\$ 17,317</u>	<u>\$ 3,633</u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Hotel / Motel Surcharge Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Hotel / Motel Surcharge	\$ 180,000	\$ 257,452	\$ 77,452
EXPENDITURES			
Other Contractual Services	178,200	246,950	(68,750)
Excess of Revenues			
Over Expenditures	1,800	10,502	8,702
Fund Balances - Beginning	33,549	33,549	
Fund Balances - Ending	<u>\$ 35,349</u>	<u>\$ 44,051</u>	<u>\$ 8,702</u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Police Sales Tax Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Sales Tax	\$ 289,584	\$ 292,880	\$ 3,296
Interest Income	300	417	117
Total Revenues	<u>289,884</u>	<u>293,297</u>	<u>3,413</u>
OTHER FINANCING USES			
Transfers Out	<u>289,884</u>	<u>289,884</u>	
Net Change in Fund Balances		3,413	3,413
Fund Balances - Beginning	<u>17,071</u>	<u>17,071</u>	
Fund Balances - Ending	<u>\$ 17,071</u>	<u>\$ 20,484</u>	<u>\$ 3,413</u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Fire Sales Tax Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Final Budgeted</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
REVENUES			
Sales Tax	\$ 289,584	\$ 292,880	\$ 3,296
Interest Income	300	417	117
Total Revenues	<u>289,884</u>	<u>293,297</u>	<u>3,413</u>
 OTHER FINANCING USES			
Transfers Out	<u>289,884</u>	<u>289,884</u>	
Net Change in Fund Balances		3,413	3,413
 Fund Balances - Beginning	<u>17,071</u>	<u>17,071</u>	
 Fund Balances - Ending	<u>\$ 17,071</u>	<u>\$ 20,484</u>	<u>\$ 3,413</u>

Original and Final Budgeted Amounts the same.

City of Shawnee, Oklahoma
Capital Improvement Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
From Inception and For the Year Ended June 30, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Taxes	\$ 363,000	\$ 1,798,044	\$ 1,798,044	\$ 1,795,416
Intergovernmental Revenue		186,828	186,828	182,202
Interest Income		104,883	104,883	31,000
Other Revenues		4,029	4,029	5,000
Total Revenues	<u>363,000</u>	<u>2,093,784</u>	<u>2,093,784</u>	<u>2,013,618</u>
EXPENDITURES				
City Manager		558	558	600
Accounting		2,593	2,593	2,600
Information Systems		36,183	36,183	36,200
Municipal Court		3,431	3,431	3,890
City Clerk		316	316	330
Human Resources				
Code Enforcement		1,270	1,270	3,000
Planning	36,086	90,652	90,652	1,271,358
Action Center				
Police Administration		8,494	8,494	41,800
Police Patrol		274,049	274,049	285,000
Criminal Investigation		13,163	13,163	15,750
Animal Control		3,540	3,540	4,000
Dispatch		2,838	2,838	3,900
Fire Prevention		4,570	4,570	5,200
Fire Suppression		117,488	117,488	124,462
Emergency Management		12,158	12,158	15,630
Engineering				
Other Projects				
Streets	101,696	12,997	12,997	135,000
Traffic Control		2,680	2,680	10,500
Parks		14,051	14,051	95,750
Cemetery		4,800	600	5,300
Water Production				
Water Distribution				
North Waste Water Plant				
South Sewer Treatment Plant				
Sewer Collection				
Library				
Municipal Auditorium		12,020	12,020	12,439
Community Center		6,081	6,081	7,561
Equipment Services		6,394	6,394	6,516
Building Maintenance		12,782	12,782	303,800
Debt Service		812,189	812,189	1,633,012
Transfers		500,000	500,000	500,000
Shared Costs (Vehicles)	86,280	300,812	300,812	539,813
Total Expenditures	<u>224,062</u>	<u>2,256,109</u>	<u>2,251,909</u>	<u>5,063,411</u>

City of Shawnee, Oklahoma
Capital Improvement Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
From Inception and For the Year Ended June 30, 2006
(continued)

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 138,938</u>	(162,325)	<u>\$ (158,125)</u>	<u>\$</u>
Fund Balances - Beginning		<u>2,646,865</u>		
Fund Balances - Ending		<u>\$ 2,484,540</u>		

Project Authorization Cumulative.

City of Shawnee, Oklahoma
Street Improvement Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
From Inception and For the Year Ended June 30, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Taxes	\$ 1,266,101	\$ 2,030,050	\$ 2,030,050	\$ 2,027,084
Intergovernmental Revenue		300,000	300,000	300,000
Interest Income		107,597	107,597	26,583
Other Revenues		303	303	
Total Revenues	<u>1,266,101</u>	<u>2,437,950</u>	<u>2,437,950</u>	<u>2,353,667</u>
EXPENDITURES				
Planning				48,000
Engineering		208,433	208,433	857,332
New Street Projects	1,000,000	1,310,000	6,120	2,310,000
Overlay Projects		263,113	263,113	350,000
Street Rehab Projects	266,101	551,102	551,102	781,101
Other Projects				22,500
Streets				100,000
Traffic Control		45,454	45,454	50,000
Transfers		22,000	22,000	120,000
Total Expenditures	<u>1,266,101</u>	<u>2,400,102</u>	<u>1,096,222</u>	<u>4,638,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$ 37,848</u>	<u>\$ 1,341,728</u>	<u>\$</u>
Fund Balances - Beginning		<u>3,050,281</u>		
Fund Balances - Ending		<u>\$ 3,088,129</u>		

Project Authorization Cumulative.

City of Shawnee, Oklahoma
Schedule of Reserve Account Balance Requirements –
Shawnee Municipal Authority
June 30, 2006

	2003 Utility Revenue Note Reserve	1997B OWRB Promissory Note Reserve
Required balance, June 30, 2006	\$ 1,223,350	\$ 156,774
Balance in trustee account, June 30, 2006	1,288,750	156,774
Amount over (under) required balance	\$ 65,400	\$ 0

City of Shawnee, Oklahoma
Schedule of Debt Service Coverage –
Shawnee Municipal Authority
Year Ended June 30, 2006

GROSS REVENUES AVAILABLE FOR DEBT SERVICE

Charges for services	\$ 7,086,054
Investment income	243,583
Total gross revenues available	<u>7,329,637</u>

EXPENSES

Operating	6,423,455
Less:	
Depreciation and amortization	(1,457,575)
Sanitation expense	(1,009,185)
Net operating expenses	<u>3,956,695</u>

Net revenues available for debt service	<u>\$ 3,372,942</u>
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Debt service requirements:	
Maximum annual debt service	<u>\$ 1,533,200</u>

Computed coverage	<u>220%</u>
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Coverage requirement	<u>125%</u>
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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 related thereto. Sanitation revenues and expenses have been excluded.

City of Shawnee, Oklahoma
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 2,259,094	\$ 2,259,094
Building and building improvements	3,409,535	3,632,283
Machinery and equipment	3,535,572	3,695,936
Infrastructure	12,725,309	12,953,804
Construction in progress	714,060	25,411
Total governmental funds capital assets	<u>\$ 22,643,570</u>	<u>\$ 22,566,528</u>
Investments in governmental funds capital assets by source		
General fund	\$ 1,999,427	\$ 1,992,624
Special revenue funds	4,478,898	4,463,659
Capital projects funds	1,591,843	1,586,427
Grants	12,857,019	12,813,275
Donations	1,716,383	1,710,543
Total governmental funds capital assets	<u>\$ 22,643,570</u>	<u>\$ 22,566,528</u>

City of Shawnee
Capital Assets Used in the Operation of Governmental Funds
Schedule by Activity
Year Ended June 30, 2006

<u>Activity</u>	<u>Beginning Balance</u>	<u>Buildings and Improvements</u>	<u>Other Improvements</u>
Management	\$ 2,074,712	\$ 468,554	\$ 25,654
Municipal court			
Human resources			
City clerk			
Community services			29,018
Recreation			789,314
Streets		287,461	13,354
Parks	50,082	778,194	70,972
Fire		595,416	319,591
Police		163,260	25,774
Drainage			
Total governmental funds capital assets	<u>\$ 2,124,793</u>	<u>\$ 2,292,885</u>	<u>\$ 1,273,678</u>

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Ending Balance</u>
\$ 166,534			\$ 2,735,454
7,563			7,563
2,875			2,875
45,535			45,535
3,166			32,184
			789,314
975,366	\$ 8,025,006		9,301,188
345,799	199,679		1,444,726
1,892,214			2,807,221
591,703			780,737
	4,468,039	\$ 228,733	4,696,772
<u>\$ 4,030,756</u>	<u>\$ 12,692,724</u>	<u>\$ 228,733</u>	<u>\$ 22,643,570</u>

City of Shawnee, Oklahoma
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Activity
Year Ended June 30, 2006

<u>Activity</u>	<u>Land</u>	<u>Increases</u>	<u>Decreases</u>	<u>Total</u>
Management	\$ 342,560	\$ 2,392,894		\$ 2,735,454
Municipal court	3,836	3,727		7,563
Human resources	3,385		\$ (510)	2,875
City clerk	33,624	11,911		45,535
Community services	20,987	11,197		32,184
Recreation	504,362	284,952		789,314
Streets	13,070,307		(3,769,119)	9,301,188
Parks	1,788,849		(344,123)	1,444,726
Fire	1,150,442	1,656,779		2,807,221
Police	951,405		(170,667)	780,738
Drainage	4,696,772			4,696,772
Total governmental funds capital assets	<u>\$ 22,566,529</u>	<u>4,361,460</u>	<u>(4,284,419)</u>	<u>\$ 22,643,570</u>

Joseph E. Carlson, CPA

Independent Auditor's Report on Internal Control and on Compliance and Other Matters Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

November 21, 2006

City Commission
City of Shawnee
Shawnee, Oklahoma

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shawnee, Oklahoma, as of and for the year ended June 30, 2006, and have issued my report thereon dated November 21, 2006. I did not audit management's discussion and analysis, the budgetary comparison schedules, which are required supplementary information, and the introductory section, combining nonmajor fund financial statements, and statistical tables listed under supplementary information, and therefore expressed no opinion on it. I did not audit the financial statements of the Shawnee Civic & Cultural Development Authority, a discretely presented component unit. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Shawnee's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to management of the City of Shawnee in a separate letter dated November 21, 2006.

Compliance and Other Matters

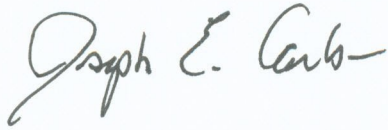
As part of obtaining reasonable assurance about whether the City of Shawnee's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Post Office Box 331
Shawnee, Oklahoma 74802-0331
www.AuditsRUs.com

Phone (405) 275-1159
Fax (405) 788-0055

Joseph E. Carlson, CPA

This report is intended solely for the information and use of the city commissioners and the management of the City of Shawnee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Joseph E. Carlson". The signature is written in a cursive style with a horizontal line at the end.

STATISTICAL SECTION



City of Shawnee, Oklahoma
Net Assets by Component
Last Four Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 22,334,445	\$ 22,556,528	\$ 20,779,219	\$ 18,964,092
Restricted	8,118,799	5,986,778	5,878,675	7,159,586
Unrestricted	826,114	666,118	2,083,493	1,521,033
Total governmental activities net assets	<u>\$ 31,279,358</u>	<u>\$ 29,209,424</u>	<u>\$ 28,741,387</u>	<u>\$ 27,644,711</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 23,851,645	\$ 19,117,948	\$ 18,944,499	\$ 21,355,844
Restricted	2,547,980	6,758,643	6,312,995	1,519,134
Unrestricted	1,543,312	209,377	323,016	3,774,507
Total business-type activities net assets	<u>\$ 27,942,937</u>	<u>\$ 26,085,968</u>	<u>\$ 25,580,510</u>	<u>\$ 26,649,485</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 46,186,090	\$ 41,674,476	\$ 39,723,718	\$ 40,319,936
Restricted	10,666,779	12,745,421	12,191,670	8,678,720
Unrestricted	2,369,426	875,495	2,406,509	5,295,540
Total primary government net assets	<u>\$ 59,222,295</u>	<u>\$ 55,295,392</u>	<u>\$ 54,321,897</u>	<u>\$ 54,294,196</u>

City of Shawnee, Oklahoma
Changes in Net Assets
Last Four Fiscal Years

EXPENSES	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:				
General government	\$ 3,449,724	\$ 2,336,909	\$ 3,309,105	\$ 1,964,047
Public safety	9,620,606	8,113,937	8,406,912	7,994,454
Public works	1,808,092	5,259,587	2,572,811	2,480,379
Culture and recreation	937,539	853,773	834,722	801,418
Community development	791,563	685,087	1,146,625	802,714
Economic development	519,386	418,162	284,397	290,193
Other	27,099		349,107	2,546,622
Total governmental activities expenses	<u>17,154,009</u>	<u>17,667,455</u>	<u>16,903,679</u>	<u>16,879,827</u>
Business-type activities				
Water	3,341,064	3,579,342	3,268,075	4,059,537
Wastewater	2,718,577	2,324,463	2,645,892	2,279,742
Airport and lake	737,099	610,242	697,304	554,090
Sanitation	1,098,133	986,266	1,063,587	1,130,418
Total business-type activities expenses	<u>7,894,873</u>	<u>7,500,313</u>	<u>7,674,858</u>	<u>8,023,787</u>
Total primary government expenses	<u>\$ 25,048,882</u>	<u>\$ 25,167,768</u>	<u>\$ 24,578,537</u>	<u>\$ 24,903,614</u>
 PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General Government	\$ 346,655	\$ 94,764	\$ 500,426	\$ 290,886
Public Safety	662,280	525,626	351,535	324,579
Public Works		754,884		34,774
Culture and recreation	111,474	715,885	71,470	
Operating grants and contributions	1,182,899	666,854	1,115,455	963,761
Capital grants and contributions	387,037	754,884	193,196	68,939
Total governmental activities program revenues	<u>2,690,345</u>	<u>3,512,897</u>	<u>2,232,082</u>	<u>1,682,939</u>
Business-type activities:				
Water	4,441,134	4,232,605	3,672,667	3,490,542
Wastewater	2,435,353	2,399,874	2,035,446	1,954,926
Airport and lake	100,361	87,800	69,168	64,619
Sanitation	1,078,654	1,058,947	1,059,201	975,585
Capital grants and contributions	279,786	134,389		204,000
Total business-type activities program revenues	<u>8,335,288</u>	<u>7,913,615</u>	<u>6,836,482</u>	<u>6,689,672</u>
Total primary government program revenues	<u>\$ 11,025,633</u>	<u>\$ 11,426,512</u>	<u>\$ 9,068,564</u>	<u>\$ 8,372,611</u>
 NET (EXPENSE)/REVENUE				
Governmental activities	\$ (14,463,664)	\$ (14,154,558)	\$ (14,671,597)	\$ (15,196,888)
Business-type activities	440,415	413,302	(838,376)	(1,334,115)
Total primary government net expense	<u>\$ (14,023,249)</u>	<u>\$ (13,741,256)</u>	<u>\$ (15,509,973)</u>	<u>\$ (16,531,003)</u>

City of Shawnee, Oklahoma
Changes in Net Assets
Last Four Fiscal Years

GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:				
Taxes:				
Sales and use	14,517,341	\$ 14,175,558	\$ 13,294,349	\$ 12,773,100
Franchise	1,618,472	1,408,468	1,455,739	1,347,189
Other	718,626	956,918	491,525	308,302
Payments from City of Shawnee				
Interest income	298,249	64,491	64,158	150,770
Miscellaneous	410,639	(561,101)	113,843	249,714
Transfers	(1,029,729)		348,559	236,149
Total governmental activities	<u>16,533,598</u>	<u>16,044,334</u>	<u>15,768,173</u>	<u>15,065,224</u>
Business-type activities:				
Investment earnings	243,736	122,170	79,135	142,345
Miscellaneous	216,640	351,099	15,853	73,060
Transfers	479,729	(381,113)	(348,559)	(236,149)
Total business-type activities	<u>940,105</u>	<u>92,156</u>	<u>(253,571)</u>	<u>(20,744)</u>
Total primary government	<u>\$ 17,473,703</u>	<u>\$ 16,136,490</u>	<u>\$ 15,514,602</u>	<u>\$ 15,044,480</u>
 CHANGE IN NET ASSETS				
Governmental activities	2,069,934	\$ 468,037	\$ 1,096,576	\$ (131,664)
Business-type activities	1,380,520	505,458	(1,068,975)	(1,354,859)
Total primary government	<u>\$ 3,450,454</u>	<u>\$ 973,495</u>	<u>\$ 27,601</u>	<u>\$ (1,486,523)</u>

CITY OF SHAWNEE, OKLAHOMA
TAX REVENUES BY SOURCE (1)
Last Ten Fiscal Years

Fiscal Year	Property Taxes (2)	Sales Taxes (3)	Use Taxes (4)	Hotel/Motel Taxes (5)	Alcoholic Beverage Taxes (4)	Franchise Taxes/ Fees (4)	Other Taxes (6)	Total
2006	122,332	13,940,365	576,976	257,452	84,423	1,618,473	254,422	16,854,441
2005	119,449	13,242,506	674,596	247,910	81,245	1,384,864	9,904	15,760,473
2004	117,974	12,534,442	610,714	94,402	76,752	1,429,851	14,589	14,878,723
2003	88,420	12,316,882	472,015	96,260	74,112	1,333,189	10,159	14,391,038
2002	250,571	12,143,173	403,557	98,822	72,140	1,316,709	11,088	14,296,059
2001	269,408	12,150,197	463,487	107,076	69,816	1,541,571	6,100	14,607,654
2000	286,651	11,371,534	635,695	100,166	69,233	1,230,829	6,296	13,700,403
1999	278,591	10,885,537	343,394	102,323	66,003	1,089,076	0	12,764,924
1998	289,759	10,451,365	366,592	97,859	64,990	1,208,999	0	12,479,564
1997	375,889	10,000,310	365,473	77,692	64,226	1,076,607	0	11,960,197

- (1) This schedule reports using the modified accrual basis of accounting.
- (2) These revenues are reported in the Debt Service Fund. The City does not levy property taxes for operations. Property taxes are used to service general obligation debt.
- (3) Sales taxes are reported in the General, Police, Fire, Economic Development, Capital Improvement and Street Improvement Fund.
- (4) These revenues are reported in the General Fund.
- (5) These revenues are reported in the Hotel/Motel Surcharge Fund.
- (6) These revenues are primarily comprised of the Nuisance Tax and are reported in the General Fund.

City of Shawnee, Oklahoma
Fund Balances – Governmental Funds
Last Four Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General fund				
Reserved	\$ 18,194	\$ 12,035	\$ 42,261	\$ 63,485
Unreserved	<u>3,944,537</u>	<u>3,343,604</u>	<u>2,495,688</u>	<u>2,543,205</u>
Total general fund	<u><u>\$ 3,962,731</u></u>	<u><u>\$ 3,355,639</u></u>	<u><u>\$ 2,537,949</u></u>	<u><u>\$ 2,606,690</u></u>
All other governmental funds				
Reserved	\$ 242,869	\$ 521,302	\$ 1,411,877	\$ 719,433
Unreserved, reported in:				
Special revenue funds	1,070,434	989,751	659,025	857,733
Capital project funds	7,554,354	5,248,848	3,833,844	5,760,485
Debt service funds			132,303	142,440
Total all other governmental funds	<u><u>\$ 8,867,657</u></u>	<u><u>\$ 6,759,901</u></u>	<u><u>\$ 6,037,049</u></u>	<u><u>\$ 7,480,091</u></u>

City of Shawnee, Oklahoma
Changes in Fund Balances – Governmental Funds
Last Four Fiscal Years

REVENUES	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Taxes	\$ 16,659,668	\$ 15,584,026	\$ 14,632,116	\$ 14,219,706
Licenses, fees, and permits	277,148	251,185	437,140	199,571
Fines and penalties	1,975,193	294,958	351,535	321,486
Charges for services	585,129	403,474	149,261	315,573
Intergovernmental	151,634	1,746,852	1,800,176	1,256,652
Investment earnings	198,049	64,531	64,079	150,770
Other revenues	403,444	316,654	254,311	231,222
Total revenues	<u>20,250,265</u>	<u>18,661,680</u>	<u>17,688,618</u>	<u>16,694,980</u>
EXPENDITURES				
General government	\$ 2,281,059	\$ 2,080,964	\$ 2,712,167	\$ 1,772,199
Police	5,207,351	4,209,209	4,354,226	4,397,144
Fire	3,384,371	3,556,724	3,361,133	3,166,871
Other public works	1,637,176	1,893,669	2,019,774	1,797,586
Culture and recreation	723,149	1,195,600	1,567,329	623,421
Capital outlay	1,599,231	2,768,551	4,378,904	5,345,703
Community and Economic Development	1,198,308	586,786	534,022	1,119,338
Payment to Component Unit	0	0	349,107	376,927
Debt service				
Interest	27,099	29,909	36,914	56,615
Principal	247,944	238,621	235,385	230,676
Total expenditures	<u>16,305,688</u>	<u>16,560,033</u>	<u>19,548,961</u>	<u>18,886,480</u>
Excess of revenues over (under) expenditures	<u>3,944,577</u>	<u>2,101,647</u>	<u>(1,860,343)</u>	<u>(2,191,500)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from borrowing	0	0	0	38,667
Loss on forgiveness of debt	0	0		(131,275)
Payments to escrow agent	0			
Transfers in	1,543,768	1,744,999	1,912,030	1,919,647
Transfers out	(2,773,497)	(2,306,101)	(1,563,471)	(1,527,296)
Total other financing sources (uses)	<u>(1,229,729)</u>	<u>(561,102)</u>	<u>348,559</u>	<u>(1,891,757)</u>
Net change in fund balances	<u>\$ 2,714,848</u>	<u>\$ 1,540,545</u>	<u>\$ (1,511,784)</u>	<u>\$ (4,083,257)</u>
Debt service as a percentage of expenditures	1.91%	1.99%	1.83%	2.17%
Total Debt Service (Interest plus Principal)	275,043	268,530	272,299	287,291
Noncapital expenditures	14,431,414	13,522,952	14,897,758	13,253,486

City of Shawnee, Oklahoma
Sales & Use Tax Rates
Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Sales Tax Rates										
General Fund	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%
Capital Improvement Fund	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3875%	0.3019%	0.3019%	0.3019%
Street Improvement Fund	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.4375%	0.5000%	0.5000%	0.5000%
Economic Development Fund	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%	0.0500%
Police Sales Tax Fund	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	NA	NA	NA
Fire Sales Tax Fund	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	0.0625%	NA	NA	NA
Debt Service								0.1481%	0.1481%	0.1481%
City of Shawnee Total (1)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%
Pottawatomie County (4)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	0.0000%
State of Oklahoma (4)	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%	4.5000%
Total	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	8.5000%	7.5000%
Use Tax Rates (4)	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%	3.0000%

(1) The source for City sales tax rates is the City of Shawnee Annual budget.

(2) City sales tax increases must be approved by voters.

(3) In March, 1999, the voters of the City approved a one percent sales tax. The vote made the sales tax permanent and approved the expansion of the purposes for which this additional tax may be used. (The voters originally authorized the additional sales tax on May 25, 1982, and then approved the reassignment of this tax on April 22, 1986 and again on July 19, 1988.) The city may use 7/8's of the sales tax or may transfer to any public trust of which the City is a beneficiary to be used for (i) capital improvements, (ii) economic development, or (iii) the payment of debt service and other requirements that may be required by any document securing the payment of bonds issued by the City or a public trust of which the City is the beneficiary. The remaining 1/8 of the sales tax shall be used for Public Safety. Prior to March, 1999, the use of the one percent sales tax was the same.

(4) The source for other sales tax rates is the State of Oklahoma Tax Commission. The Pottawatomie County 1% sales tax rate became effective July 1, 1998.

City of Shawnee, Oklahoma
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Taxable Assessed Value	Less Tax Exemption Property	Net Assessed Value	Estimated Fair Market Value	Ratio of Net Assessed to Fair Market Value
2006	\$ 96,095,788	\$ 31,188,381	\$ 10,943,500	\$ 138,227,669	\$ 6,456,590	\$ 131,771,079	\$ 1,047,935,324	12.6%
2005	91,076,450	29,679,022	11,189,118	131,944,590	6,068,399	125,876,191	1,000,315,711	12.6%
2004	86,076,128	25,973,711	10,237,128	122,286,967	6,098,762	116,188,205	925,126,900	12.6%
2003	80,440,568	27,454,515	10,250,040	118,145,123	6,211,982	111,933,141	887,889,800	12.6%
2002	78,356,778	28,680,225	9,411,615	116,448,618	6,203,215	110,245,403	873,364,263	12.6%
2001	73,109,725	23,786,350	8,934,980	105,831,055	6,192,135	99,638,920	791,370,369	12.6%
2000	69,342,184	22,670,881	9,571,130	101,584,195	6,206,795	95,377,400	781,673,181	12.2%
1999	67,075,324	22,532,692	9,774,514	99,382,530	6,314,027	93,068,503	762,685,700	12.2%
1998	65,277,184	25,020,362	9,408,440	99,705,986	6,303,848	93,402,138	763,868,196	12.2%
1997	57,975,185	16,187,021	9,032,222	83,194,428	5,996,084	77,198,344	728,286,170	10.6%

(1) The source of property value information is the Pottawatomie County Assessor's Office

(2) Voter approval is required to increase property tax rates. City property tax is levied to service general obligation debt.

Assessment Ratio Real Property (3)	12.00%
Assessment Ratio Personal Property (3)	14.00%
Average Millage Rate Real Property (3)	95.00
Average Millage Rate Personal Property (3)	90.00
Average Value of New Housing Unit (3)	\$65,000
Newly Attracted Employees Requiring New Housing (3)	75.00%
New Employees Absorbed by Existing Workforce (3)	10%
Pott Employment Residing Outside Pott County (3)	22.4%

(3) The source is the Center for Applied Economic Research at Oklahoma State University.

City of Shawnee, Oklahoma
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

<u>Fiscal year ended June 30,</u>	<u>City of Shawnee Debt Service Fund</u>	<u>Shawnee Public School Districts</u>	<u>Gordon Cooper Vo-Tech</u>	<u>Pottawatomie County</u>	<u>Total Tax Levy</u>
2006	\$ 0.69	\$ 61.55	\$ 15.18	\$ 20.81	\$ 98.23
2005	0.81	56.72	15.18	20.81	93.52
2004	0.82	59.55	15.18	20.81	96.36
2003	0.85	59.74	15.18	20.81	96.58
2002	0.56	59.23	15.18	20.81	95.78
2001	1.84	59.10	15.18	20.81	96.93
2000	2.65	59.79	12.18	20.81	95.43
1999	2.62	53.88	12.00	16.50	85.00
1998	3.12	54.69	12.00	16.50	86.31
1997	4.57	54.69	12.00	16.50	87.76

City of Shawnee, Oklahoma
Sales Taxes Collected by SIC Code
Last Ten Fiscal Years

Group	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Merchandise Store	\$ 2,693,623	\$ 2,745,704	\$ 2,838,857	\$ 2,992,988	\$ 3,171,936	\$ 3,220,319	\$ 3,232,288	\$ 3,128,861	\$ 4,115,395	\$ 4,588,355
Eating & Drinking Places	1,050,485	1,105,931	1,164,121	1,257,899	1,391,640	1,520,957	1,547,108	1,622,235	1,729,412	1,848,354
Building Materials	950,082	989,980	1,121,014	1,189,616	1,229,800	1,268,718	1,332,749	1,399,657	1,422,809	1,455,494
Misc Retail	739,232	821,216	850,612	925,898	928,778	923,071	989,555	1,014,466	941,590	931,147
Electric, Gas, & Sanitary Services	627,787	625,991	627,911	636,791	834,238	726,737	762,174	775,998	767,760	896,846
Food Store	1,457,969	1,510,801	1,519,464	1,551,758	1,609,657	1,338,884	1,352,657	1,299,888	941,984	775,220
Wholesale Trade-Durable Goods	355,454	372,253	389,997	389,816	388,223	435,916	460,735	554,296	633,102	721,095
Furniture, Home Furnishing & Equipr	346,063	376,898	391,542	421,782	404,332	419,328	440,910	452,759	453,710	493,741
Communications	369,392	408,909	416,332	461,649	485,873	510,978	486,232	493,583	502,391	490,117
Automotive Dealers & Gas Station	344,332	383,218	407,552	409,115	452,074	464,608	464,296	461,822	499,849	440,890
Apparel & Accessory Store	267,634	321,990	320,400	308,503	308,381	351,487	363,852	358,186	384,562	376,345
Business Services	127,807	127,205	162,933	156,005	196,083	194,200	202,133	196,055	182,972	185,277
Hotel	120,295	134,386	142,309	144,966	146,911	141,565	135,106	145,140	141,082	139,904
Motion Picture	102,053	108,960	107,338	114,538	113,642	124,475	119,682	135,726	112,508	128,160
Automotive Repair Services	91,202	105,234	109,692	120,165	117,104	114,882	106,984	115,177	117,899	109,206
Wholesale Trade-Nondurable Goods	145,592	131,604	125,393	118,824	123,497	89,230	87,820	89,639	85,856	103,206
Total	\$ 9,789,004	\$ 10,270,281	\$ 10,695,466	\$ 11,200,293	\$ 11,902,169	\$ 11,845,355	\$ 12,084,281	\$ 12,243,487	\$ 13,032,882	\$ 13,683,356
Total Sales Taxes	\$ 10,090,317	\$ 10,556,220	\$ 10,987,045	\$ 11,513,316	\$ 12,247,706	\$ 12,202,945	\$ 12,478,450	\$ 12,629,256	\$ 13,446,982	\$ 14,164,909
Percent Change		4.62%	4.08%	4.79%	6.38%	-0.37%	2.26%	1.21%	6.47%	5.34%

Information taken from Oklahoma Tax Commission

City of Shawnee, Oklahoma
Principal Property Tax Payers
Last Four Fiscal Years

TAXPAYER	2006				2005				2004				2003			
	Taxable Assessed		Percentage of Total City Taxable		Taxable Assessed		Percentage of Total City Taxable		Taxable Assessed		Percentage of Total City Taxable		Taxable Assessed		Percentage of Total City Taxable	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
OG&E	\$ 9,273,731	1	6.71%	1	\$ 8,990,550	1	6.81%	1	\$ 8,436,036	1	7.37%	1	\$ 8,230,231	1	6.97%	1
TDK Ferrites Corp	5,988,537	3	4.33%	3	6,301,735	3	4.78%	2	6,288,789	2	5.50%	2	6,336,269	2	5.36%	2
S.W. Bell Telephone	6,608,054	2	4.78%	2	6,647,086	2	5.04%	3	5,875,514	3	5.14%	3	4,374,215	5	3.70%	5
ONG / ONEOK	3,448,623	5	2.49%	5	3,454,690	5	2.62%	5	3,541,383	5	3.10%	5	4,863,993	3	4.12%	3
Eaton Hydraulics Inc.	3,882,727	4	2.81%	4	3,995,468	4	3.03%	4	3,879,610	4	3.39%	4	4,668,698	4	3.95%	4
Wolverine Tube Inc.	3,218,382	6	2.33%	6	2,848,345	7	2.16%	7	2,749,989	7	2.40%	7	2,701,525	7	2.29%	7
Central Plastics Co	2,858,627	8	2.07%	8	2,564,435	9	1.94%	8	2,715,257	8	2.37%	8	2,839,047	6	2.40%	6
EnoGex Inc.	2,312,160	10	1.67%	10	2,304,527	10	1.75%	9	2,298,508	9	2.01%	9	2,349,046	8	1.99%	8
Mobil/Exxon	3,042,405	7	2.20%	7	2,892,385	6	2.19%	6	2,852,726	6	2.49%	6	1,859,313	10	1.57%	10
Wal-Mart	2,535,029	9	1.83%	9	2,698,510	8	2.05%	8								
Valor Communications Inc.									2,134,871	10	1.87%	10	1,983,600	9	1.68%	9
WXI/Z Southwest Malls																
Total	\$ 43,168,275		31.23%		\$ 42,697,731		32.36%		\$ 40,772,683		35.64%		\$ 40,205,937		34.03%	

Total Assessed Property 138,227,669

114,393,324

118,145,123

City of Shawnee, Oklahoma
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Mill Levy
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2006	\$ 98,281	\$ 125,807	128%	\$ 2,710	\$ 128,518	102%	0.81
2005	94,406	119,411	126%	2,489	121,899	102%	0.81
2004	93,917	116,345	124%	1,629	117,974	101%	0.82
2003	84,519	83,773	99%	4,647	88,420	106%	0.85
2002	195,895	242,648	124%	7,923	250,571	103%	0.56
2001	244,608	262,548	107%	6,860	269,408	103%	1.84
2000	247,501	280,091	113%	6,560	286,651	113%	2.65
1999	243,393	270,718	111%	7,873	278,591	114%	2.62
1998	291,504	281,742	97%	8,017	289,759	99%	3.12
1997	352,660	375,570	106%	319	375,889	107%	4.57

City of Shawnee, Oklahoma
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal year ended June 30,	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General		Water Revenue Bonds	Capital Leases				
	Obligation Bonds							
2006	\$	300,000	\$	309,123	\$	23,869,077	3.06%	\$ 797
2005		400,000		451,548		25,395,993	3.32%	852
2004		500,000		282,296		26,385,261	3.70%	887
2003		600,000		509,023		26,950,782	4.02%	906
2002		700,000		601,032		27,707,441	4.32%	940
2001		880,000		613,089		23,238,658	3.76%	791
2000		1,055,000		686,435		24,008,493	4.14%	837
1999		1,300,000		172,152		24,245,698	4.65%	867
1998		1,550,000		458,273		25,933,442	5.20%	932
1997		1,800,000		741,351		26,677,453	5.64%	982

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

1. See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Shawnee, Oklahoma
Ratios of Outstanding Debt to Assessed Value
and Debt Per Capita
Last Ten Fiscal Years

Fiscal year ended June 30,	Outstanding General Obligations Bonds (1)	Net Assessed Value	Population (2)	Ratio of Debt To		Debt Per Capita
				Assessed Value	Assessed Value	
2006	\$ 300,000	131,771,079	29,824	0.23%	10.06	
2005	400,000	125,876,191	29,746	0.32%	13.45	
2004	500,000	114,393,324	29,746	0.44%	16.81	
2003	600,000	111,933,141	29,313	0.54%	20.47	
2002	700,000	110,245,403	29,313	0.63%	23.88	
2001	880,000	99,638,920	28,692	0.88%	30.67	
2000	1,055,000	95,377,400	28,692	1.11%	36.77	
1999	1,300,000	93,068,503	27,979	1.40%	46.46	
1998	1,550,000	93,402,138	27,824	1.66%	55.71	
1997	1,800,000	77,198,344	27,156	2.33%	66.28	

(1) Represents only General Obligation Bonds financed through ad valorem tax levies
(2) Population Data from U.S. Bureau of the Census.

City of Shawnee, Oklahoma
Direct and Overlapping Governmental Activities Debt
June 30, 2006

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental unit</u>	\$ 300,000	100.00%	0
Debt repaid with property taxes:	300,000	100.00%	0
 City direct debt	 \$ <u>300,000</u>	 100.00%	 <u>0</u>
Total direct and overlapping debt	<u><u>300,000</u></u>		<u><u>\$ 300,000</u></u>

City of Shawnee, Oklahoma
Legal Debt Margin Information
Last Four Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt margin	\$ 19,125,346	\$ 18,881,429	\$ 17,158,999	\$ 16,789,971
Total net debt applicable to limit	<u>208,889</u>	<u>296,476</u>	<u>404,237</u>	<u>537,075</u>
Legal debt margin	<u>\$ 18,916,458</u>	<u>\$ 18,584,953</u>	<u>\$ 16,754,762</u>	<u>\$ 16,252,897</u>
Total net debt applicable to the limit as a percentage of debt limit	1.09%	1.57%	2.36%	3.20%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value	\$ 127,502,307	\$ 125,876,191	114,393,324	111,933,141
Debt limit (15% of assessed value)	19,125,346	18,881,429	17,158,999	16,789,971
Debt applicable to limit:				
General obligation bonds	300,000	400,000	500,000	600,000
Less: Amount set aside for repayment of general obligation debt	<u>(91,112)</u>	<u>(103,524)</u>	<u>(95,763)</u>	<u>(62,925)</u>
Total net debt applicable to limit	<u>208,889</u>	<u>296,476</u>	<u>404,237</u>	<u>537,075</u>
Legal debt margin	<u>\$ 18,916,458</u>	<u>\$ 18,584,953</u>	<u>\$ 16,754,762</u>	<u>\$ 16,252,897</u>

City of Shawnee, Oklahoma
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal year ended June 30,	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 8,007,758	6,454,926	\$ 1,552,832	\$ 731,488	\$ 798,463	1.01
2005	7,712,701	5,635,475	2,077,226	531,488	812,278	1.55
2004	6,715,515	5,860,798	854,717	604,073	827,866	0.60
2003	6,444,849	6,161,820	283,029	939,650	1,658,985	0.11
2002	6,258,396	6,197,817	60,579	689,160	1,310,461	0.03
2001	6,632,437	4,705,782	1,926,655	471,488	1,263,582	1.11
2000	6,746,077	4,291,495	2,454,582	506,488	1,235,055	1.41
1999	6,745,899	4,219,363	2,526,536	1,045,000	1,410,468	1.03
1998	6,741,247	4,207,671	2,533,576	990,000	1,239,663	1.14
1997	6,044,566	4,098,880	1,945,686	1,015,000	1,218,320	0.87

City of Shawnee, Oklahoma **Demographic and Economic Statistics** **Last Ten Fiscal Years**

Year	Estimated Population			Personal Income (1)	Per Capita Income	
	Shawnee	Pottawatomie	Oklahoma		Pottawatomie	Oklahoma
2006e	29,944	69,521	3,583,363	779,113	\$26,019	\$36,646
2005	29,824	68,909	3,547,884	763,822	\$25,611	\$30,408
2004	29,746	67,719	3,523,553	712,714	\$23,960	\$28,155
2003	29,731	66,848	3,496,853	670,821	\$22,563	\$26,733
2002	29,476	66,788	3,493,714	640,808	\$21,740	\$25,943
2001	29,383	66,321	3,486,847	618,542	\$21,051	\$26,021
2000	28,692	65,704	3,454,408	579,980	\$20,214	\$24,007
1999	27,979	62,654	3,358,044	521,277	\$18,631	\$22,551
1998	27,824	62,291	3,339,478	498,550	\$17,918	\$21,930
1997	27,156	61,238	3,314,259	472,759	\$17,409	\$20,739

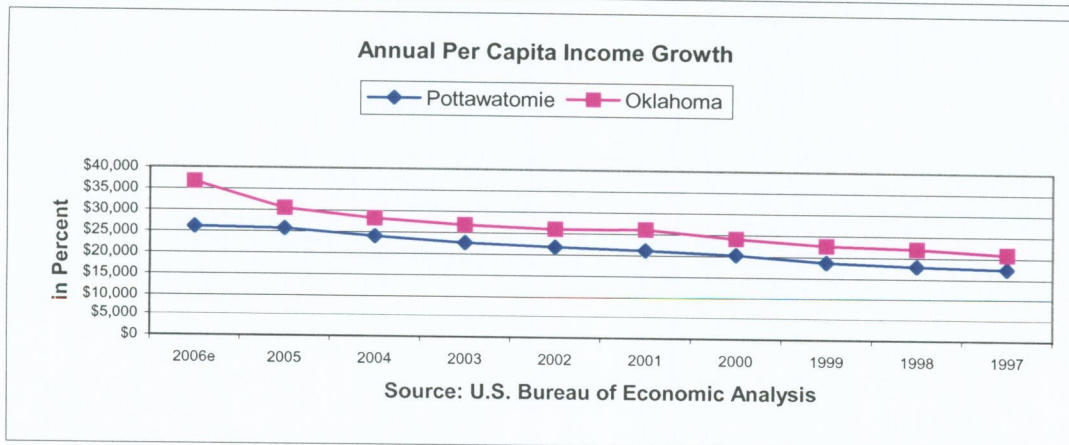
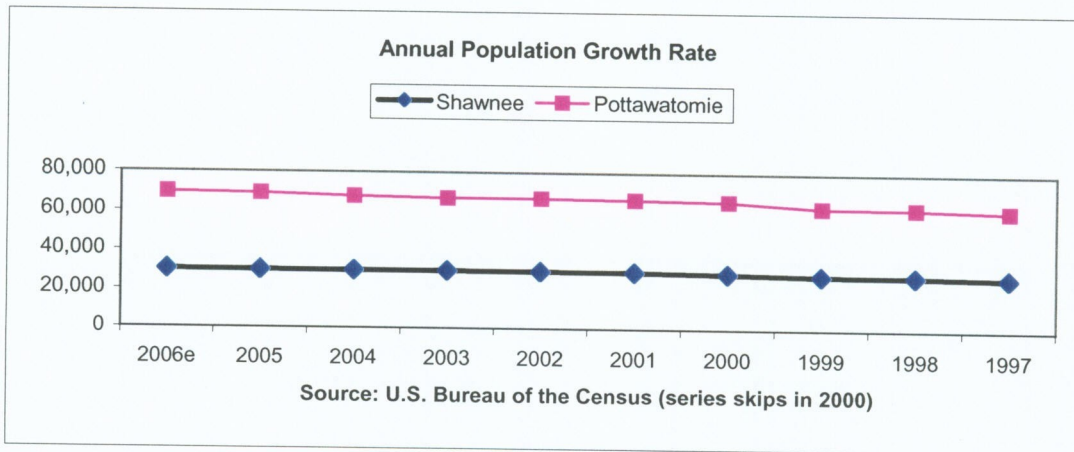
Population Data from U.S. Bureau of the Census.

Per Capita Income from Bureau of Economic Analysis

Labor Force from Bureau of Labor Statistics

Unemployment Rate and Number Employed from Bureau of Labor Statistics

(1) Amount expressed in thousands



City of Shawnee, Oklahoma
Principal Employers
Last Four Years

EMPLOYMENT BY NAICS INDUSTRY
POTTAWATOMIE COUNTY

Code	Catagory/Year (1)	2004	2003	2002	2001
10	Total employment	29689	28887	29008	29343
20	Wage and salary employment	21487	21124	21390	21814
40	Proprietors employment	8202	7763	7618	7529
50	Farm proprietors employment	1636	1675	1675	1659
60	Nonfarm proprietors employment	6566	6088	5943	5870
70	Farm employment	1710	1704	1764	1762
80	Nonfarm employment	27979	27183	27244	27581
90	Private employment	23512	22981	23045	23556
100	Forestry, fishing, related activities, and other	192	185	169	163
200	Mining	870	664	688	756
300	Utilities	116	128	142	145
400	Construction	1816	1748	1760	1751
500	Manufacturing	3096	2677	2692	2878
600	Wholesale trade	463	597	615	545
700	Retail trade	3420	3327	3443	3463
800	Transportation and warehousing	533	620	591	615
900	Information	316	277	262	493
1000	Finance and insurance	805	796	790	812
1100	Real estate and rental and leasing	663	632	622	590
1200	Professional and technical services	945	1267	1335	1334
1300	Management of companies and enterprises	33	54	44	37
1400	Administrative and waste services	1629	1497	1382	1540
1500	Educational services	1062	1014	1034	1013
1600	Health care and social assistance	2832	2850	2848	2739
1700	Arts, entertainment, and recreation	204	108	99	94
1800	Accommodation and food services	2481	2298	2320	2374
1900	Other services, except public administration	2036	2066	2042	1909
2000	Government and government enterprises	4467	4202	4199	4025
2001	Federal, civilian	177	186	190	195
2002	Military	309	325	325	327
2010	State and local	3981	3695	3689	3508
2011	State government	468	453	517	600
2012	Local government	3513	3191	3138	2878

(1) Information was provided by the Center for Applied Economic Research at Oklahoma State University

City of Shawnee, Oklahoma
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Full-time equivalent employees as of June 30									
FUNCTION/PROGRAM	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government:										
Management services	11	10	9	10	9	7	8	9	10	8
Finance	9	8	9	9	8	8	7	6	6	7
Planning	7	5	6	5	5	5	5	2	4	5
Other	2	5	5	5	6	4	4	7	8	8
Police:										
Officers	50	50	52	54	53	53	53	53	52	50
Civilians	17	19	22	20	20	22	23	24	22	20
Fire:										
Firefighters and officers	48	47	50	49	48	49	45	45	46	47
Civilians	3	3	3	4	5	5	5	5	5	6
Other public works:										
Engineering	4	4	5	5	5	5	4	4	5	5
Other	22	23	26	26	27	27	26	26	26	27
Redevelopment	4	4	4	4	5	5	5	5	6	5
Parks and recreation	23	24	23	22	22	24	23	23	21	20
Water	30	27	28	32	33	36	33	34	33	34
Wastewater	18	18	21	21	22	22	21	22	21	21
Total	248	247	263	266	268	272	262	265	265	263

City of Shawnee, Oklahoma
Operating Indicators by Function/Program
Last Four Fiscal Years

FUNCTION/PROGRAM	2006	2005	2004	2003
Police:				
Physical arrests	1456	1290	1229	1096
Total Parking and Traffic Citations	6484	4891	4233	4458
Fire:				
Emergency responses	3613	2648	3127	2978
Fires extinguished	541	328	315	360
Inspections	214	150	175	251
Other public works				
Street resurfacing (lane blocks)	69	279	130	116
Potholes repaired	739	4000	3900	3900
Water:				
New connections	87	312	312	312
Water main breaks	66	145	145	145
Average daily consumption (thousands of gallons)	4066	3500	3500	3500
Peak daily consumption (thousands of gallons)	8167	7500	7500	7500
Wastewater:				
Average daily sewer treatment (thousands of gallons)	1471	2600	2600	2600

City of Shawnee, Oklahoma
Capital Asset Statistics by Function/Program
Last Four Fiscal Years

FUNCTION/PROGRAM	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police:				
Stations	1	1	1	1
Zone offices	3	3	3	3
Patrol units	39	32	31	31
Fire stations	3	3	3	3
Other public works:				
Streets (miles)	195	195	190	187
Highway Interstate (miles)	2.5	2.5	2.5	2.5
Traffic signals	43	39	39	39
Parks and recreation:				
Acreage	107.36	107.36	107.36	107.36
Playgrounds	18	18	18	18
Baseball/softball diamonds	10	10	10	10
Soccer/football fields	3	3	3	3
Community centers	1	1	1	1
Park and Recreation Reservations	441	497	446	484
Community Center Admissions	37,672	36,612	43,056	39,450
Community Center Events	2,234	2,226	2,357	2,490
Water:				
Water mains (miles)	188	150	150	150
Fire hydrants	1,400	1,300	1,300	1,300
Storage capacity (thousands of gallons)	2,500	2,500	2,500	2,500
Wastewater:				
Sanitary sewers (miles)	162	135	135	135
Treatment capacity (thousands of gallons)	11,000	11,000	11,000	11,000

City of Shawnee, Oklahoma
Water and Sewer Rates
Last Five Fiscal Years

Fiscal year ended June 30,	Water Rate Per Gallons In City Limits					Sewer Rate In City Limits	
	0-1,000	1,001-4,000	4,001-1,000,000	1,000,000-2,000,000	More than 2,000,000	Monthly Base Rate	More than 1,000
2006	\$ 6.21	\$ 3.42	\$ 3.15	\$ 2.63	\$ 2.57	\$ 3.94	\$ 2.31
2005	6.21	3.42	3.15	2.63	2.57	3.94	2.31
2004	4.78	2.63	2.42	2.02	1.98	3.03	1.78
2003	4.78	2.63	2.42	2.02	1.98	3.03	1.78
2002	4.78	2.63	2.42	2.02	1.98	3.03	1.78

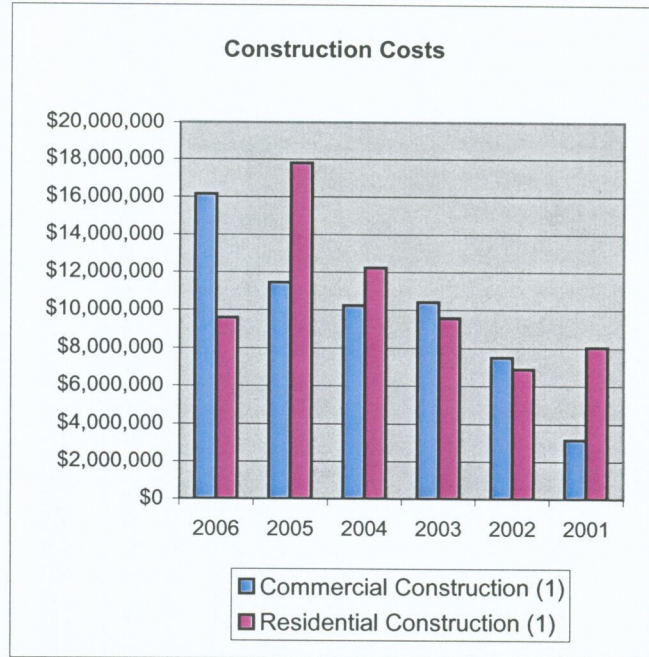
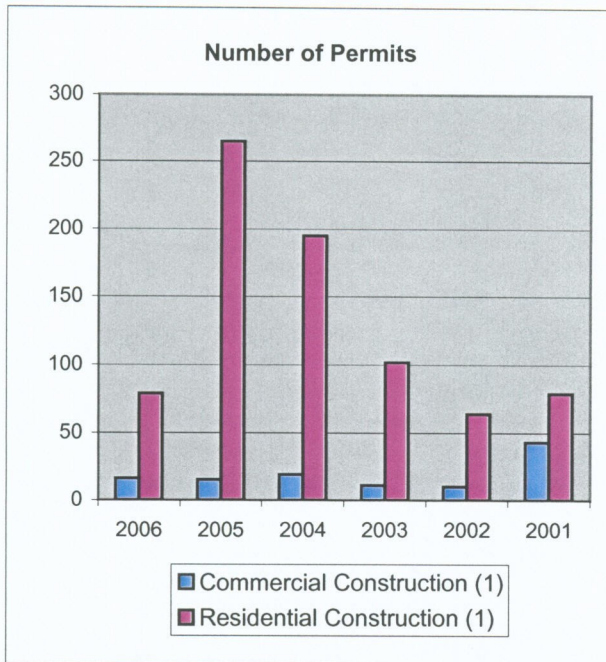
Fiscal year ended June 30,	Water Rate Per Gallons Outside City Limits					Sewer Rate Outside City Limits	
	0-1,000	1,001-4,000	4,001-1,000,000	1,000,000-2,000,000	More than 2,000,000	Monthly Base Rate	More than 1,000
2006	\$ 9.32	\$ 5.13	\$ 4.72	\$ 3.94	\$ 3.86	\$ 5.91	\$ 3.47
2005	9.32	5.13	4.72	3.94	3.86	5.91	3.47
2004	5.26	2.89	2.66	2.22	2.18	3.33	1.96
2003	5.26	2.89	2.66	2.22	2.18	3.33	1.96
2002	5.26	2.89	2.66	2.22	2.18	3.33	1.96

City of Shawnee, Oklahoma
Water Utility User Categories
Last Four Fiscal Years

Type of Customer	2006		2005		2004		2003	
	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales	Consumption Gallons	Sales
Residential								
Builder	1,844,900	\$ 8,106	1,362,800	\$ 6,281	1,027,400	\$ 4,138	1,055,100	\$ 3,617
Residential	600,909,100	2,333,035	475,276,100	2,209,329	663,290,200	1,954,929	639,290,200	1,888,474
Residential Sprinkler	10,082,000	34,785	6,448,700	23,234	8,353,500	4,263	7,045,200	19,519
Industrial	264,218,200	721,526	317,298,300	765,013	339,550,200	722,697	353,597,900	751,045
Commercial								
Commercial	271,597,100	896,436	282,555,300	902,048	304,898,700	779,597	301,340,100	770,409
Commercial Sprinkler	15,437,700	50,426	12,180,300	38,509	15,541,200	39,155	11,922,200	30,330
Schools	8,968,400	27,548	1,323,100	4,165	1,743,700	4,262	1,830,600	4,466
Schools Sprinkler	1,811,200	5,808	1,855,100	5,732	1,551,100	3,842	1,747,500	4,316
G Rate	*	*	530,300	2,495	240,600	643		
Government	2,191,400	NA	4,030,100	NA	4,518,100	NA	43,066	NA
Total	1,177,060,000	\$ 4,077,669	1,102,860,100	\$ 3,956,806	1,340,714,700	\$ 3,513,526	1,317,871,866	\$ 3,472,176
Average Rate per Thousand		3.464%		3.588%		2.621%		2.635%

G Rate is included in Government for 2006

City of Shawnee, Oklahoma
Construction Permits
Last Ten Fiscal Years



Commercial Construction (1)

Year	Number of Permits	Construction Costs
2006	16	\$16,146,400 (2)
2005	15	11,449,640
2004	19	10,237,264
2003	11	10,408,884
2002	10	7,499,900
2001	43	3,142,162
2000	23	12,366,351
1999	28	14,660,331
1998	37	8,157,254
1997	25	4,173,143

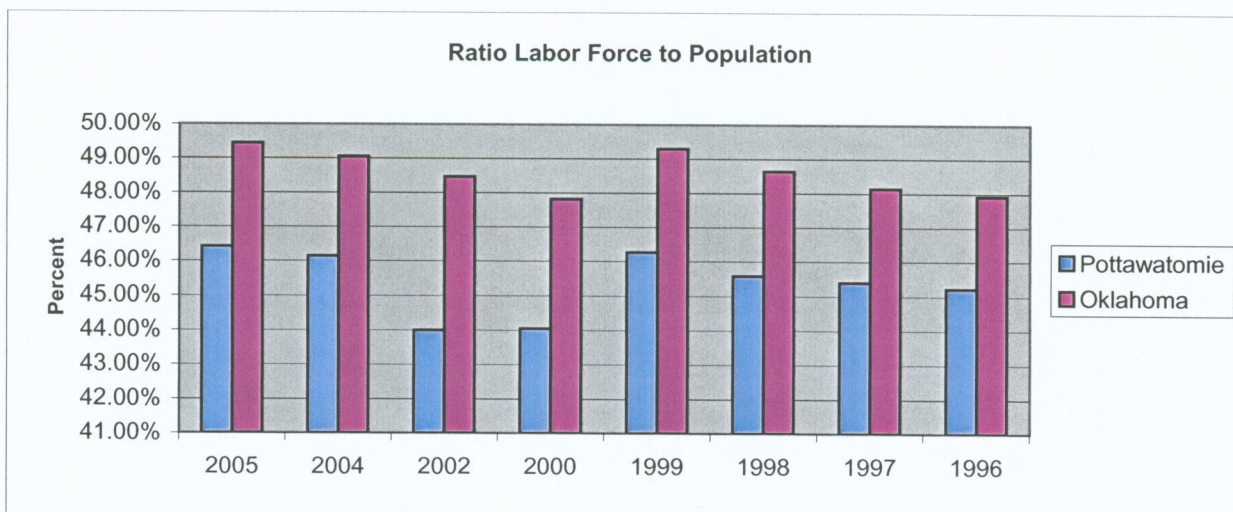
Residential Construction (1)

Number of Permits	Construction Costs	Average Cost
79	\$9,590,466	\$135,077
265	17,779,479	159,200
195	12,222,282	142,100
102	9,560,589	113,800
64	6,896,108	111,200
79	8,052,920	100,100
85	9,346,473	133,300
81	8,413,140	103,900
166	9,613,400	82,100
344	13,251,374	70,500

- (1) The source of this information is the City of Shawnee Planning Department
 (2) The year 2006 includes data through the month of August

City of Shawnee, Oklahoma
Demographic Labor Force Statistics
Last Ten Fiscal Years

Year	<u>Labor Force</u>		<u>Ratio Labor Force to Population</u>		<u>Unemploy</u>
	Pottawatomie	Oklahoma	Pottawatomie	Oklahoma	Pottawatomie
2005	31,437	1,741,753	46.42%	49.43%	5.1%
2004	30,845	1,714,746	46.14%	49.04%	5.5%
2002	29,384	1,693,150	44.00%	48.46%	5.2%
2000	28,938	1,651,780	44.04%	47.82%	3.4%
1999	28,987	1,654,805	46.27%	49.28%	3.7%
1998	28,393	1,624,039	45.58%	48.63%	5.4%
1997	27,800	1,595,372	45.40%	48.14%	4.8%
1996	27,797	1,575,990	45.22%	47.91%	4.7%

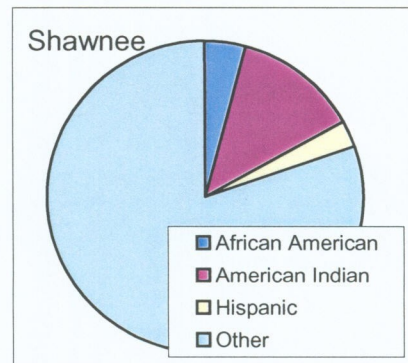
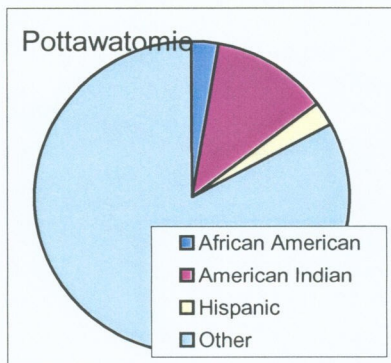
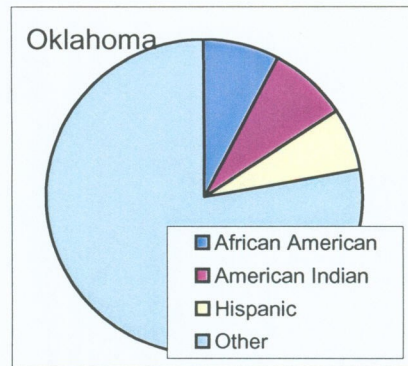
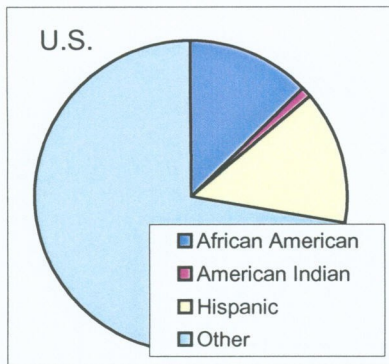


Data provided by the Oklahoma Employment Security Commission

City of Shawnee, Oklahoma Ethnic Demographic Statistics

Comparative Ethnic Percentage Population

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



Data provided by the U.S. Census Bureau

City of Shawnee, Oklahoma
Total Amount Paid to Date For Workers' Compensation Claims Between 7/1/1997 and 6/30/2006
Last Eight Fiscal Years

FISCAL YEAR	COMPENSATION	MEDICAL	OTHER	TOTAL PAID	TOTAL INCURRED	OUTSTANDING RESERVES
7/1/1997-6/30/1998	\$ 93,776	\$ 92,889	\$ 10,757	\$ 197,422	\$ 197,422	\$ 0
7/1/1998-6/30/1999	365,307	1,047,256	23,881	1,436,444	1,737,438	300,994
7/1/1999-6/30/2000	46,922	62,182	6,356	115,460	115,460	0
7/1/2000-6/30/2001	286,235	298,813	23,662	608,710	726,791	118,080
7/1/2001-6/30/2002	187,320	201,544	8,252	397,116	397,116	0
7/1/2002-6/30/2003	96,369	129,855	6,188	232,412	232,412	0
7/1/2003-6/30/2004	86,404	79,340	11,359	177,103	195,468	18,365
7/1/2004-6/30/2005	51,769	118,248	2,689	172,705	200,484	27,779
7/1/2005-6/30/2006	167,685	113,812	4,742	286,239	595,300	309,061
TOTAL-ALL CLAIMS	\$ 1,381,787	\$ 2,143,937	\$ 97,887	\$ 3,623,610	\$ 4,397,890	\$ 774,280

Single Audit



City of Shawnee, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grant - Entitlement Program	14.218		\$ 438,425
Pass-through Program From:			
Oklahoma Housing Financing Agency HOME Investment Partnerships Program	14.239		169,120
Total U.S. Department of Housing and Urban Development			<u>607,545</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		4,937
Pass-through Program From:			
Oklahoma Office of Juvenile Affairs Juvenile Accountability Block Grant	16.523	04-JAIGB-12	10,000
Total U.S. Department of Justice			<u>14,937</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Office for Domestic Preparedness Assistance to Firefighters Grant	97.044		78,192
Pass-through Program From:			
Oklahoma Office of Homeland Security:			
Oklahoma First Responder Equipment Program Phase 5	97.004	OKFREP5-97	11,908
Oklahoma First Responder Equipment Program Phase 7	97.004	OKFREP7-07	68,280
Oklahoma First Responder Equipment Program Phase 17	97.004	OKFREP17-03	15,740
Oklahoma Department of Emergency Management			
Oklahoma Wildfire Disaster	97.036	FEMA-1623-DR-OK	20,410
Emergency Management Performance Grant	97.042	2005	17,934
		2006	31,384
Total U.S. Department of Homeland Security			<u>243,848</u>

The accompanying notes are an integral part of this schedule.

City of Shawnee, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>FEDERAL PROGRAMS, continued</u>			
<u>U.S. Department of Transportation</u>			
Direct Program:			
Federal Aviation Administration			
Airport Improvement Program	20.106		285,421
Pass-through Program From:			
Pipeline & Hazardous Material Safety -			
Oklahoma Department of Emergency Management -			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants HMEP (LEPC)	20.703		2,000
National Highway Traffic Safety Administration			
Oklahoma Department of Public Safety			
State and Community Highway Safety	20.600	5859005515	9,770
Total U.S. Department of Transportation			<u>297,191</u>
<u>Federal Emergency Management Agency</u>			
Pass-Through Program From:			
Oklahoma Department of Emergency Management			
State-Local Disaster Assistance		FEMA 1355-1464	
Agreement / Safe Room Rebate Program	83.548	DR-OK (HMGP)	45,669
Total U.S. Emergency Management Agency			<u>45,669</u>
Total Expenditures of Federal Awards			<u>\$ 1,209,190</u>

The accompanying notes are an integral part of this schedule.

City of Shawnee, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

I. Basis of accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Shawnee and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Expenditures

Expenditures represent the current year federal grant/contract portion only.

III. Noncash awards

The City of Shawnee expended no form of noncash assistance during the year and had no loan or loan guarantees outstanding at June 30, 2006, which are required by OMB Circular A-133 to be included in the schedule of expenditures of federal awards.

IV. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the City of Shawnee provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Justice		
Pass-Through Programs from:		
Oklahoma Office of Juvenile Affairs		
Juvenile Accountability Block Grant	16.523	\$ 10,000

City of Shawnee, Oklahoma
Summary Schedule of Prior Audit Findings

No matters were reported.

Joseph E. Carlson, CPA

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

November 21, 2006

City Commission
City of Shawnee
Shawnee, Oklahoma

Compliance

I have audited the compliance of the City of Shawnee with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Shawnee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Shawnee's management. My responsibility is to express an opinion on the City of Shawnee's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Shawnee's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City of Shawnee's compliance with those requirements.

In my opinion, the City of Shawnee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

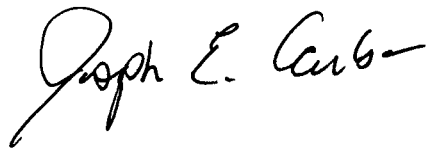
Internal Control Over Compliance

The management of the City of Shawnee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Shawnee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Joseph E. Carlson, CPA

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the city commission and management of the City of Shawnee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Joseph E. Carlson". The signature is written in a cursive, flowing style with a horizontal line at the end.

City of Shawnee, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant – Entitlement Program
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.