

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF SHAWNEE, KANSAS

Year Ended December 31, 2011

Prepared by the Finance Department

Maureen Rogers, Finance Director
Debbie Kelly, Accounting Manager
Shelley Oldham, Senior Accountant

CITY OF SHAWNEE, KANSAS
 Comprehensive Annual Financial Report
 Year ended December 31, 2011

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - vi
City Organizational Chart	vii
List of Principal Officials	viii
Map of Shawnee Boundaries	ix
2011 Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association	x
FINANCIAL SECTION	
Independent Auditor's Report on the Basic Financial Statements	1 - 2
Management's Discussion and Analysis	3 - 11
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Government Wide Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget	
General Fund	18 - 20
Parks and Recreation Land Use Fund	21
Parks and Pipes Fund	22
Statement of Net Assets - Fiduciary Funds	23
Statement of Changes in Net Assets - Fiduciary Funds	24
Notes to the Basic Financial Statements	25 - 50
Required Supplementary Information	
Employee Supplemental Pension Plan	51
Net Other Post Employment Benefits	52

CITY OF SHAWNEE, KANSAS
 Comprehensive Annual Financial Report
 Year ended December 31, 2011

Table of Contents - Continued

	<u>Page</u>
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	53
Combining Balance Sheet - Nonmajor Special Revenue Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	55
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:	
Public Safety Equipment Fund	56
Special Narcotics Fund	57
Special Highway Aid Fund	58
Special Parks and Recreation Fund	59
Special Alcohol Abuse Fund	60
Convention and Tourism Fund	61
Cemetery Fund	62
Stormwater Utility Fund	63
Public Safety Fund	64
Neighborhood Revitalization Fund	65
Equipment Reserve Fund	66
Debt Service Fund	67
Fiduciary Fund Descriptions	68
Combining Statement of Net Assets - Fiduciary Funds – Private Purpose Trust	69
Combining Statement of Net Assets – Fiduciary Funds – Agency Funds	70
Combining Statement of Changes in Net Assets - Pension Trust Fund	71
Combining Statement of Changes in Assets and Liabilities - Agency Funds	72
 STATISTICAL SECTION	
Net Assets by Component - Last Nine Years	73
Change in Net Assets - Last Nine Years	74
Fund Balances, Governmental Funds - Last Ten Years	75
Changes in Fund Balances of Governmental Funds - Last Ten Years	76
Governmental Fund Types Revenues by Source - Last Ten Years	77
Property Tax Levies and Collections - Last Ten Years	78

CITY OF SHAWNEE, KANSAS
Comprehensive Annual Financial Report
Year ended December 31, 2011

Table of Contents - Continued

	<u>Page</u>
STATISTICAL SECTION - CONTINUED	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Years	79
Direct and Overlapping Property Tax Rates - Last Ten Years	80
Principal Property Taxpayers	81
Sales Tax Rates - Last Ten Years	82
Taxable Retail Sales Chart	83
Ratios of Outstanding Debt by Type - Last Ten Years	84
Schedule of Direct and Overlapping Debt	85
Legal Debt Margin - Last Ten Years	86
Demographic and Economic Statistics - Last Ten Years	87
Principal Employers - Current Year and Nine Years Ago	88
Operating Indicators by Function/Program - Last Eight Years	89
Full Time City Employees by Function/Program - Last Ten Years	90
Capital Asset Statistics by Function/Program - Last Ten Years	91
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	92
Notes to Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Questioned Costs	94 - 95
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	96 - 97
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133	98 - 99

CITY OF SHAWNEE

CITY HALL

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SHAWNEE, KS 66203
(913) 631-2500
FAX (913) 631-7351

CIVIC CENTRE

13817 JOHNSON DRIVE
SHAWNEE, KS 66216
(913) 631-5200
FAX (913) 631-4651

FIRE

6501 QUIVIRA ROAD
SHAWNEE, KS 66216
(913) 631-1080
FAX (913) 631-1628

POLICE

5850 RENNER ROAD
SHAWNEE, KS 66217
(913) 631-2155
FAX (913) 631-6389

MUNICIPAL COURT

5860 RENNER ROAD
SHAWNEE, KS 66217
(913) 742-6003
FAX (913) 962-0983

June 25, 2012

To the Honorable Mayor,
Members of the City Council,
And the Citizens of the City of Shawnee,

With great pleasure we submit the Comprehensive Annual Financial Report (CAFR) of the City of Shawnee for the fiscal year ended December 31, 2011. The purpose of the report is to provide the Mayor, City Council, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City's operations and financial position.

This report was prepared by the City's Finance Department in accordance with generally accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. The City's financial statements have been audited by Mize Houser & Company, P.A. (the Auditor) as required by Kansas Statute 75-1122. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for fiscal year ended December 31, 2011 are free of material misstatement. The independent audit involves 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; and evaluating the overall financial statement presentation. The Auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with GAAP. The Auditor's Report is presented as the first component of the financial section of this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The Management's Discussion and Analysis (MD&A) section can be found immediately following the Auditor's report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shawnee for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Financial Reporting Entity

The Governmental Accounting Standards Board has established the criteria to determine the financial reporting entity for a municipal government's financial report. Therefore, the City used these criteria to examine the relationship of the City to other associated but legally separate entities to determine if their inclusion in this report would be necessary to fairly present the financial position of the City. This criterion generally focuses on financial benefit or burden and levels of influence over the activities of these organizations. The financial reporting entity includes all funds of the City of Shawnee. The City does not report any discretely presented component units.

Profile of the Government

One of the State's earliest towns, Shawnee was also the site of the first territorial legislature, and home to the first territorial governor. Located at the intersection of early military and territorial roads leading to the Santa Fe Trail, Shawnee also became the first county seat of Johnson County. In 1856, when Kansas City was barely seven years old, Gum Spring became Shawneetown and was incorporated in 1922. The City became a City of the First Class in 1971.

Shawnee is a river city located in northwestern Johnson County adjacent to I-35 and I-435. The area of the City is 42.5 square miles. The City has a mayor-council-manager form of government, with the mayor being elected at large and council members being elected by ward. The Mayor and council members serve four-year overlapping terms of office.

The City provides a full range of services, including police and fire protection, emergency preparedness, emergency medical response, street and storm drainage maintenance, comprehensive recreation and cultural events, planning and zoning management, codes administration and general administrative services.

Economic Condition and Outlook

Shawnee is a suburban community located in Johnson County, Kansas, approximately 9 miles southwest of downtown Kansas City. Its strategic location along several major transportation routes, and ease in access to the entire metro area has been a major factor in the City's growth and development.

Shawnee has experienced rapid growth and development during the past ten years, particularly in terms of commercial space. Similar to the rest of the Midwest, however, Shawnee's growth rate during the recession has continued to decline during the subsequent recovery. Since 1995, the number of businesses has continued to increase from 1,376 to 2,499. A total of 915 building permits were issued in 2011, with an estimated construction value of \$43,622,256. Of the 915 building permits, 58 were for new single family residential permits - a decrease of 8% from 2010. The average new home size decreased slightly from 3,158 square feet in 2010 to 2,929 square feet in 2011. The value of new single family home construction, excluding the lot, declined from \$294,369 in 2010 to \$282,932 in 2011.

Significant projects include:

- Shawnee Crossing Medical Office Building
- Self-Storage Building (7804 Meadow View Drive)

The City's civilian labor force was 33,066 in December of 2011, with a city unemployment rate of 5.0%, compared to the national average of 8.5%. Shawnee's rate of growth in both the total labor force and total employment has accelerated during the past decade. This trend has established Shawnee as a leader in residential and commercial development in the western portion of the Kansas City Metropolitan area. The City's unemployment rate continues to be lower than the state and county.

Today, with an official 2010 Census population of 62,209, Shawnee is one of the fastest growing cities in the State of Kansas. Shawnee has a projected population of 70,400 for 2020. The City's 2010 valuation for the 2011 fiscal year was \$686,743,405 (excluding motor vehicles and recreational vehicles) compared to \$717,093,636 in 2010, a 4.23% decrease. Further analysis and information on demographics are located in the statistical section of the CAFR.

2011 Initiatives and Highlights

Two street projects were completed in 2011 that significantly enhance economic development opportunities in the western portion of the City. Silver Heel Drive north of Shawnee Mission Parkway between 66th Street and Clear Creek Parkway was completed through creation of a benefit district in 2011. The State of Kansas has completed major improvements to K-7 Highway through the reconstruction of the divided four-lane highway between Shawnee Mission Parkway and 47th Street, with an interchange constructed at Johnson Drive and an overpass on Clear Creek Parkway.

Other projects underway in 2011 include the Justice Center Stormwater Quality BMP Retrofit, and Construction of "Shawnee Town 1929".

New commercial construction and renovation continues in the downtown area, resulting in nearly \$42.2 million in public and private investment since 2004. The reinvestment in this part of the community is a result of the adoption of several incentive programs geared to the older portion of the community.

The City completed a review of economic incentive packages. Changes included clarifying goals of the program and making incentives more business specific, with an emphasis on the biosciences and construction of multi-story buildings along major corridors. The City has enhanced these policies and now has a Tax Increment Financing Policy (TIF), Transportation Improvement District (TDD) and a CID (Community Improvement District) policy.

Unified School District No. 512 (Shawnee Mission) began classroom, fine arts and gymnasium improvements to Hocker Grove Middle School in September 2011. Recognizing growth in this portion of the school district, a needs assessment is being undertaken for the construction of additional classroom space at Niemen Elementary School.

The Johnson County Library District purchased property in 2011 for the construction of the Monticello branch library on 66th Street, just west of the intersection of Shawnee Mission Parkway and Hilltop.

Future/Planned Initiatives

Economic Development:

The City continues to encourage development through the creation of benefit districts for property owners to improve major streets in areas designated for commercial and industrial development. City staff has created a development team to work with the Shawnee Economic Development Corporation to review progress on attracting new development.

The City has completed a land use, site design, and utility study for a 320-acre site west of K-7 Highway along 43rd and 47th Streets. The Shawnee Eco-Commerce Center is anticipated to generate interest from office, office/warehouse, and logistics users seeking a location along K-7 Highway with nearby access to I-70 and K-10 Highways. The proposed business park is considered to provide long-term development opportunities for the City in an area that will be adjacent to the City's Riverfront Park, and the southern portion will be adjacent to a lake being created by Ash Grove Cement over a thirty-year period.

The City continues to focus on the following operational goals:

Reinvestment: Promote programs such as downtown financial incentives to stimulate private development in the older portion of the community and continue to provide infrastructure investment in this portion of the community. In order to continue to encourage reinvestment in some of the City's older neighborhoods, storm water improvements are being undertaken in the Seven Hills neighborhoods along 77th Street.

City Services: Continue to provide an excellent quality of life in the community that emphasizes the City's roots and a place new citizens and current residents feel a sense of pride. To ensure that adequate public services are provided to citizens in a rational manner to promote coordinated growth.

Stormwater Management: Implement the storm water management plan to identify, correct and construct improvements to the system as well as to assure new development adequately controls storm water collection using the latest design models.

Fiscal Responsibility: Continue the provision of exceptional value to residents of the City and provide opportunities to assure the long-term financial balance in the City's operational and capital improvement activities.

Financial Information

Internal Control Structure and Budgetary Controls

Management of the City is responsible for establishing and maintaining internal control processes designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Governing Body. Activities of the General Fund, Special Revenue Funds (unless exempted by a specific statute), and Debt Service Fund are included in the annual appropriated budget, as required by Kansas Statutes. Spending in funds which are not subject to said Statutes are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

Financial Policies

The City maintains financial policies which include Debt, Investment, Risk Management, Pension, Purchasing, and Economic Development Policies. There was no significant impact on the current period's financial statement due to these policies.

Acknowledgements

This CAFR has been a major undertaking for the Finance Department and could not have been completed without the incredible work done by our Accounting Manager, Debbie Kelly and Senior Accountant, Shelley Oldham. Finance relied heavily on the capable professionals in Public Works, Planning & Information Technology in order to comply with reporting requirements. This report could not have been completed without their help. They all have our sincere appreciation for their contributions made in preparation of this report.

In closing, without the leadership and support of the Governing Body, preparation of this report would not have been possible.

Sincerely,



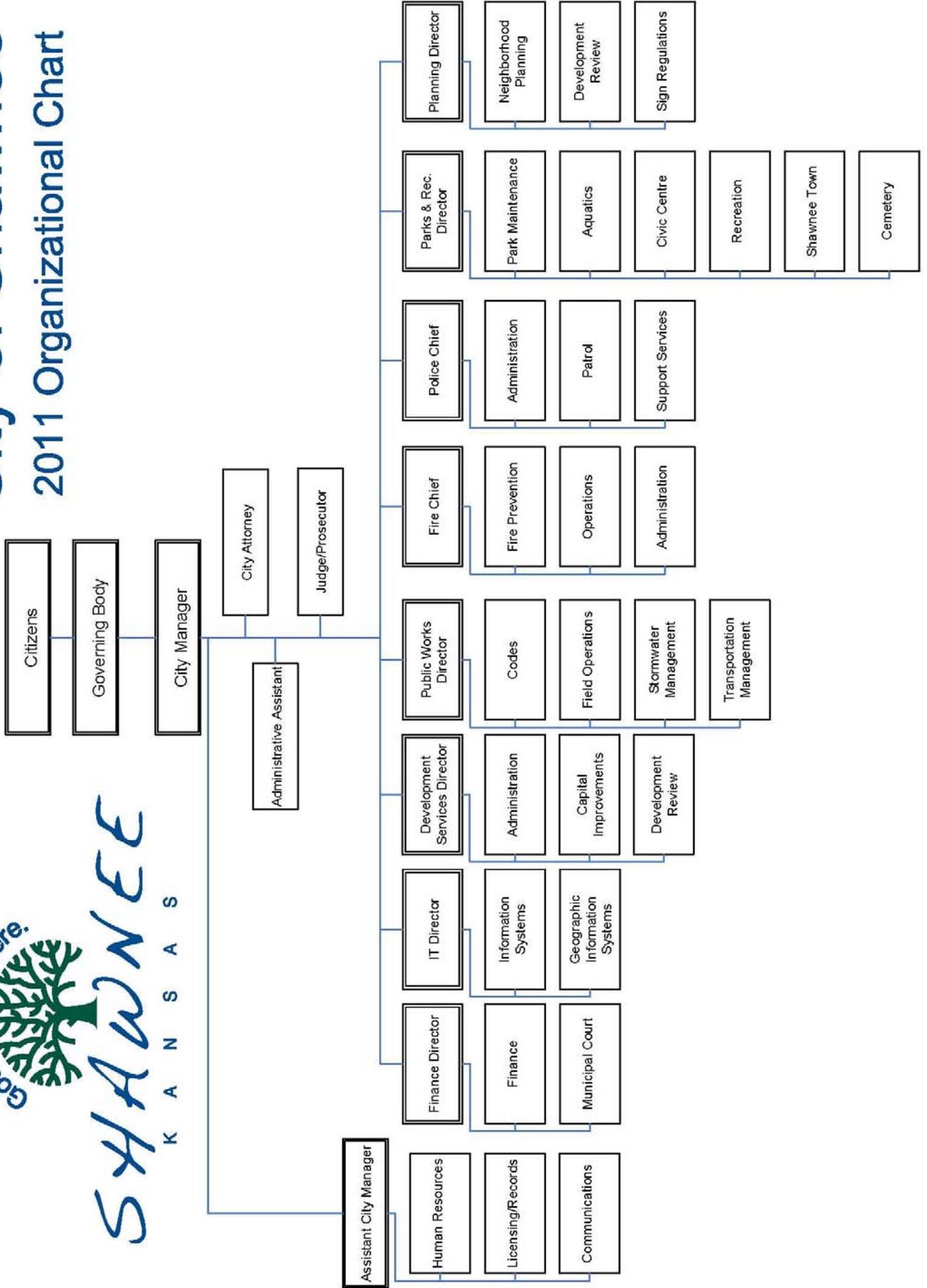
Carol Gonzales
City Manager



Maureen Rogers, CPA
Finance Director

City of Shawnee

2011 Organizational Chart





LIST OF PRINCIPAL OFFICIALS

MAYOR
JEFF MEYERS

CITY COUNCIL

WARD I
DAN PFLUMM
JIM NEIGHBOR

WARD II
DAVID MORRIS
NEAL SAWYER

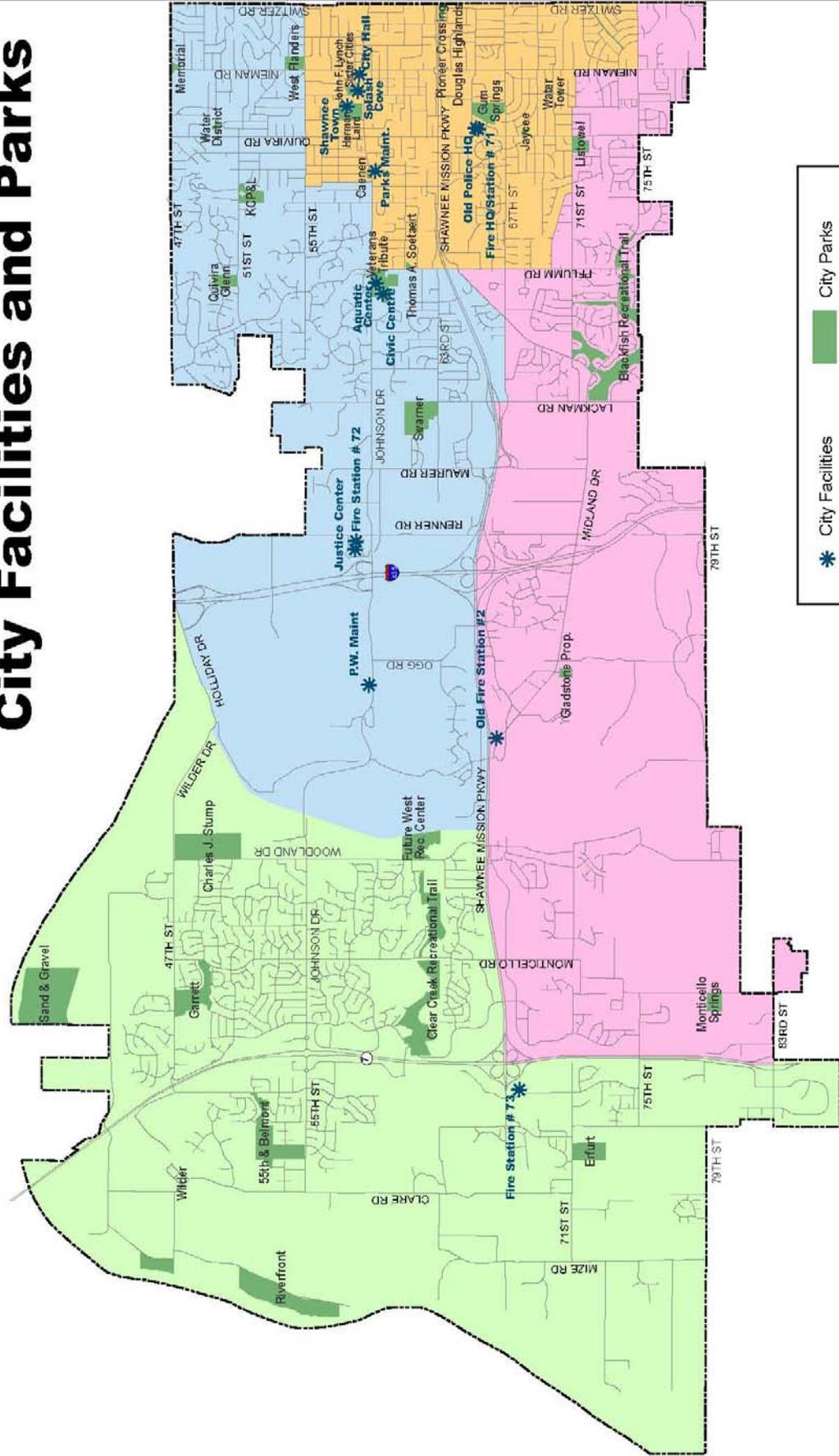
WARD III
DAWN KUHN
JEFF VAUGHT

WARD IV
MICHELLE DISTLER
MICKEY SANDIFER



City of Shawnee

City Facilities and Parks



	City Facilities
	City Parks
	Wards 1
	Wards 2
	Wards 3
	Wards 4

0 0.5 1 2 Miles

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Shawnee
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Enow

Executive Director



MIZE & HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Shawnee, Kansas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shawnee, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the "Kansas Municipal Audit Guide," and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shawnee, Kansas, at December 31, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Park and Recreation Land Use, and Parks and Pipes Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the City of Shawnee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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120 E Ninth ■ Lawrence, KS 66044-2682 ■ 785.842.8844 p ■ 785.842.9049 f
900 Massachusetts, Suite 301 ■ Lawrence, KS 66044-2868 ■ 785.749.5050 p ■ 785.749.5061 f

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the schedules of funding progress on pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mike Houser: Company PA

June 25, 2012

City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

As management of the City of Shawnee (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011.

Financial Highlights

- The City's total assets exceeded its total liabilities at the end of 2011 by \$660,588,897. Of this amount \$17,703,574 is unrestricted net assets.
- The City's total net assets decreased by \$3,303,897.
- As of the close of 2011, the City's governmental funds reported combined ending fund balances of \$30,529,507, an increase of \$5,308,953 from the prior year. The increase was due to controlling expenditures in the General Fund during this downturn in the economy, and an increase in sales tax revenue as the economy slowly pulls out of the recession. In addition, some infrastructure improvements were budgeted but construction was postponed due to lower staffing levels.
- At the end of 2011, the fund balance for the general fund was \$20,792,292, a healthy 51 percent of general fund expenditures.
- The City's total debt decreased \$5,984,672 during 2011. The City added a 2011 bond issue, and a new fire truck lease, but also retired \$11,330,000 in general obligation bonds and temporary notes.
- The net OPEB obligation at the close of 2011 was \$1,233,540.
- The City implemented GASB 54 in 2011.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

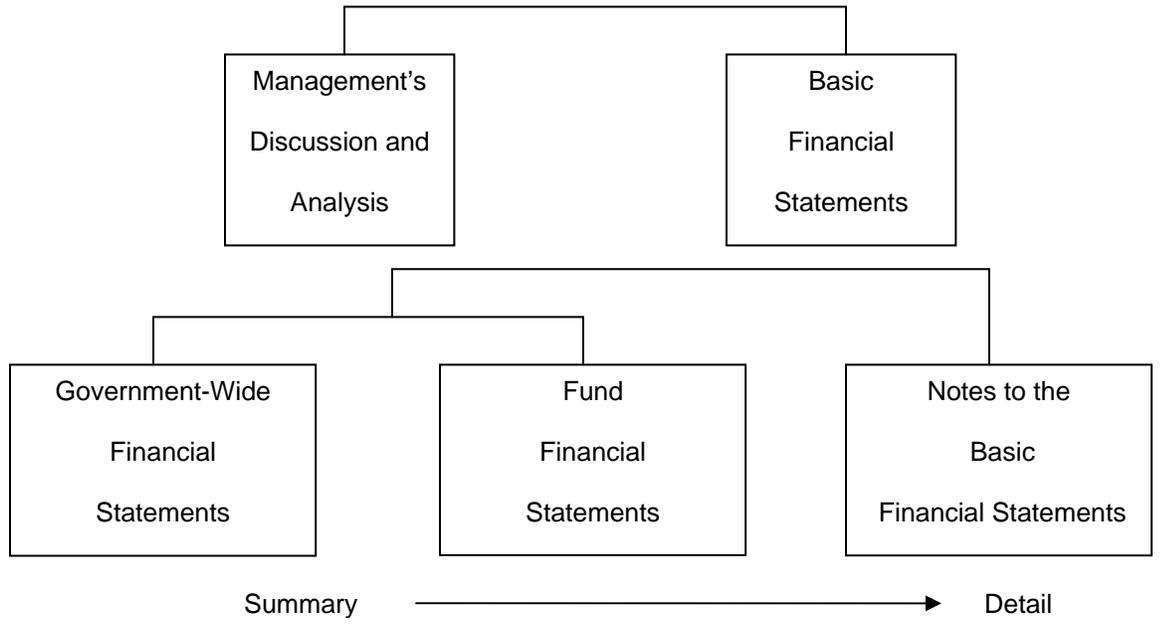
The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The government activities of the City include general government, public safety, public works, community services, and development services.

**City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011**

Required Components of Comprehensive Annual Financial Report



Fund financial statements

The City uses two types of funds to manage its resources: Governmental Funds and Fiduciary Funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of reporting specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, 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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and government activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Park and Recreation Land Use Fund, Parks and Pipes Fund, Debt Service Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation.

City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

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 appropriated budget for all funds excluding its capital project fund. A budgetary comparison statement has been provided for the General Fund, Park and Recreation Land Use Fund and the Parks and Pipes Fund to demonstrate compliance with this budget.

Fiduciary Funds are used by the City to account for resources held by the City for the benefit of a third party. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide statements. The City's fiduciary funds include the Pension Trust Fund as well as the following agency funds: Mayor's Christmas Tree Fund, Recycling Fund, Clearing Fund, Cafeteria Plan Fund and the Municipal Court Bond Fund.

Notes to the basic financial statements

The notes (pp. 25-50) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide supplemental pension benefits to its employees, and information regarding other post employment benefits. Required supplementary information can be found on pages 51 - 52 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 53 - 55 of this report.

Government-wide Financial Analysis

Net assets may serve over time as one useful indicator of a government's financial condition. The City's net assets decreased by \$3,303,897 or 0.5% for the fiscal year ended December 31, 2011. This decrease was due primarily to the accumulated depreciation of the City's capital assets.

The largest portion of the City's net assets (95 percent) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments 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, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011**

**Government-Wide Financial Statements
Net Assets**

	Governmental Activities	
	2011	2010
Current and other assets	\$ 60,451,605	\$ 53,972,860
Capital assets	712,843,561	729,114,300
Total assets	<u>\$ 773,295,166</u>	<u>\$ 783,087,160</u>
Long-term liabilities	\$ 94,887,014	\$ 100,453,592
Other liabilities	17,819,255	18,932,778
Total liabilities	<u>\$ 112,706,269</u>	<u>\$ 119,386,370</u>
Net assets		
Invested in capital assets, net of related debt	\$ 625,716,905	\$ 638,445,738
Restricted for:		
Enabling Legislation	5,026,874	5,384,123
Restricted	12,141,544	11,084,260
Unrestricted	17,703,574	8,786,669
Total net assets	<u>\$ 660,588,897</u>	<u>\$ 663,700,790</u>

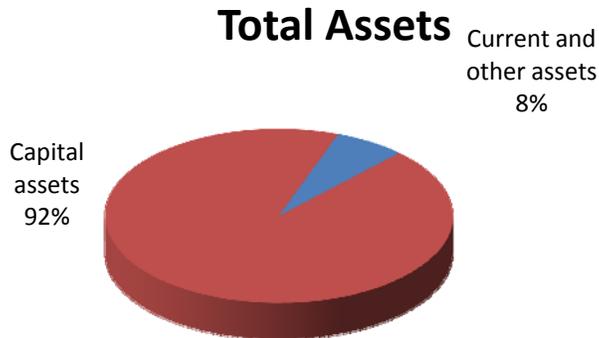
The largest portion of the City's net assets reflects its investment in capital assets.

A portion of the City's net assets (2.6 percent) represents resources that are subject to external restrictions on how they may be used.

**City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011**

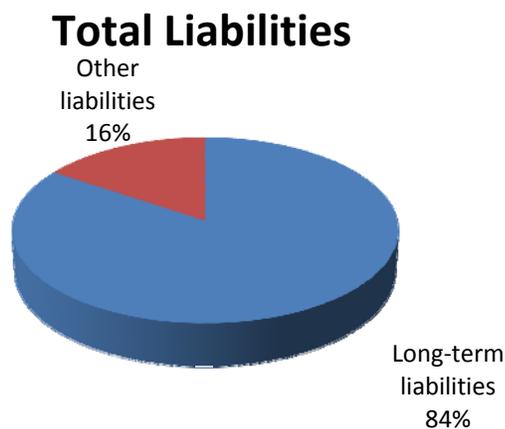
A review of the Government-wide Financial Statement of Net Assets reveals the following:

The City ended 2011 with positive net assets. Total assets for the City are \$773,295,166. Of these total assets, \$712,188,603 are capital assets and \$61,106,563 are other assets.



Total assets decreased by \$9.8 million during the year ended December 31, 2011. Substantial portions of this decrease can be attributed to capital asset depreciation and fewer infrastructure improvements than in the past.

Total liabilities for the City are \$112,706,269. Of the total liabilities, \$94,887,014 are for long-term liabilities and \$17,819,255 are for other liabilities. The majority of the long-term liabilities are debt issued for major capital projects. Debt issues are never extended longer than the useful life of the project for which debt is being issued.



Total liabilities decreased by \$6,680,101 during the year ended December 31, 2011. The City paid off temporary notes and refinanced revolving loans in 2011, which resulted in a net decrease in debt. The City also paid down principal on existing bond issues during 2011.

City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

The following table reflects the revenues and expenses for the City's activities for the year ended December 31:

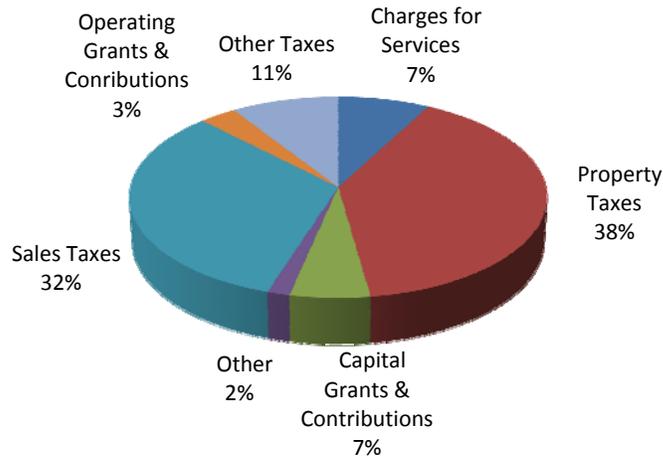
Government-Wide Financial Statements
Statement of Activities

	Governmental Activities	
	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 4,129,212	\$ 3,931,661
Operating grants & contributions	1,972,227	1,822,103
Capital grants and contributions	4,713,864	3,879,534
General revenues		
Property Taxes	20,643,022	21,291,725
Sales Taxes	19,168,426	17,620,422
Other Taxes	7,531,341	5,859,153
Other	781,524	1,216,149
Total revenues	<u>58,939,616</u>	<u>55,620,747</u>
Expenses		
General government	5,170,265	5,296,574
Community development	2,212,971	2,246,676
Public works	27,184,238	26,832,787
Public safety	19,699,726	19,551,129
Culture & recreation	4,592,542	4,304,236
Human resources	192,480	172,962
Interest on long-term debt	3,191,291	3,580,411
Total expenses	<u>62,243,513</u>	<u>61,984,775</u>
Increase in net assets	[3,303,897]	[6,364,028]
Net assets - beginning of year	663,700,790	670,086,472
Prior period adjustment	192,004	[21,654]
Net assets - beginning of year, restated	<u>663,892,794</u>	<u>670,064,818</u>
Net assets - end of year	<u>\$ 660,588,897</u>	<u>\$ 663,700,790</u>

**City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011**

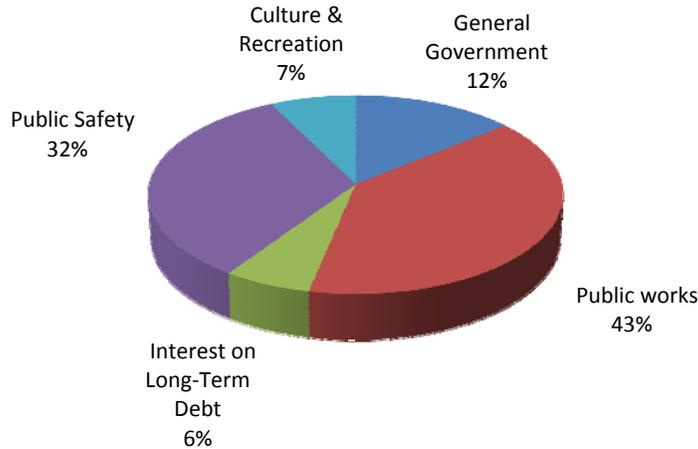
The total revenues for 2011 were \$58.9 million. The largest revenue source was property tax at \$20,643,022, followed closely by sales tax at \$19,168,426.

Revenues by Source



The total cost of services for 2011 was \$62.2 million; however \$10.8 million was funded by users directly benefiting from the services or by other organizations through grants and contributions. The remaining \$51.4 million of these services was funded primarily through property and sales taxes.

Net Costs of Services



City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of 2011, unassigned fund balance of the General Fund was \$19,654,056, and total fund balances were \$20,792,292. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 59 percent of the total General Fund expenditures, while total fund balance represents 62 percent.

The fund balance of the City's General Fund increased by \$2,122,288 during 2011. The increase was due to controlling expenditures by leaving multiple vacant positions unfilled during this downturn in the economy. These reductions also reduced the City's capacity to manage infrastructure improvements. At the same time, revenues began to slowly increase.

The Park and Recreation Land Use Fund accounts for fees received by local builders and for the City's portion of the county sales tax that has been designated for the City's neighborhood park program. At the end of 2011, fund balance was \$69,304. The fund balance of the Park and Recreation land use fund increased by \$21,817. There were no projects budgeted for 2011 – the fund balance is accumulating to pay for a concept plan for a new community center.

The Parks and Pipes Fund accounts for the proceeds from a 1/8 cent sales tax to be used for storm drainage and park improvements. At the end of 2011, fund balance was \$2,253,330, an increase of \$433,768. The increase can be attributed to accumulating the reserve in order to cash fund projects in 2012.

The Debt Service fund has a total fund balance of \$846,014, all of which is reserved for the payment of debt service. The net decrease in the fund balance during the current year in debt service was \$1,226,570. The decrease can be attributed to lower property tax revenues, and reduced transfers from other funds.

The Capital Project Fund has a total fund balance of \$520,704. The net increase in the fund balance during the current year in the capital projects fund was \$4,091,615. The increase can be attributed to proceeds from a bond issue in 2011.

General Fund Budgetary Highlights

The legally adopted budget for the General Fund was not amended by the City Council during 2011.

During the year, revenues were more than budgetary estimates by \$2,070,832 (5.8%). Sales tax was \$1,913,414 more than budget. Total expenditures were less than budgetary estimates by \$16,874,099 (33.5%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$15,244,939 (90.4%) is due to the reserve. Most areas of the City were below budget due to aggressive cost saving measures taken by the City due to the decline in the economy.

**City of Shawnee, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011**

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental activities as of December 31, 2011, was \$712,188,603 (net of accumulated depreciation). This investment in capital assets includes land, historical buildings, construction in process, buildings, land improvements, vehicles, equipment and infrastructure.

	Capital Assets	
	2011	2010
Land	\$ 21,382,963	\$ 21,382,963
Historical buildings	899,000	899,000
Construction in progress	2,864,329	12,238,850
Buildings	36,416,541	36,463,541
Land improvements	10,330,554	10,330,554
Motor vehicles	8,959,559	8,375,045
Machinery & equipment	5,683,262	5,107,291
Infrastructure	1,064,252,050	1,050,481,106
Total Capital Assets, cost	1,150,788,258	1,145,278,350
Less accumulated depreciation	[438,599,655]	[416,819,460]
Total Capital Assets, net	\$ 712,188,603	\$ 728,458,890

Additional information regarding the City's capital assets can be found in Note I, Item C, Section 3, as well as Note IV, Item C.

Long-term debt

At the end of 2011, the City had total bonded debt outstanding of \$84,072,290 which is entirely backed by the full faith and credit of the City.

The City's total debt decreased by \$5,984,672 during 2011. The City issued \$5,680,000 of new general obligation bonds during 2011, and paid down \$8,685,000 in general obligation bonds, \$2,645,000 in temporary notes and \$1,875,816 in revolving loans. The City maintains an "Aa1" rating from Moody's for its general obligation bonds.

State statutes limit the amount of general obligation debt a government entity may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$231,327,469, which is significantly in excess of the City's outstanding general obligation bonds.

Additional information regarding the City's long-term debt activity can be found in Note IV, Item E.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Shawnee, 11110 Johnson Drive, Shawnee, Kansas 66203.

CITY OF SHAWNEE, KANSAS

STATEMENT OF NET ASSETS

December 31, 2011

Assets	
Current assets:	
Cash and investments	\$ 26,503,942
Tax receivable	16,514,569
Accounts receivable	790,354
Special assessments receivable	
Due within one year	1,646,478
Due in more than one year	9,355,641
Inventory	998,381
Due from other governments	3,541,516
Bond issuance costs, net of amortization	1,100,724
Total current assets	<u>60,451,605</u>
Noncurrent assets:	
Net pension assets	<u>654,958</u>
Capital assets not being depreciated:	
Land	21,382,963
Historical buildings	899,000
Construction in progress	2,864,329
Total capital assets not being depreciated	<u>25,146,292</u>
Capital assets being depreciated	1,125,641,966
Less: accumulated depreciation	438,599,655
Total capital assets being depreciated, net	<u>687,042,311</u>
Total capital assets, net	<u>712,188,603</u>
Total noncurrent assets	<u>712,843,561</u>
Total assets	<u>\$ 773,295,166</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 668,694
Accrued payroll	397,671
Deposit held for others	238,321
Unearned revenue	16,514,569
Accrued interests on long-term debt	293,411
Current portion of compensated absences	935,939
Current portion of capital leases payable	355,125
Current portion of revolving loans payable	69,015
Current portion of general obligation bonds	9,433,801
Total current liabilities	<u>28,906,546</u>
Noncurrent liabilities:	
Compensated absences	5,952,426
Net other post employment benefits	1,233,540
Capital leases payable	1,853,118
Revolving loans payable	122,150
General obligations bonds payable	74,638,489
Total noncurrent liabilities	<u>83,799,723</u>
Total liabilities	<u>\$ 112,706,269</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 625,716,905
Restricted	
Debt service	12,141,544
Enabling legislation	5,026,874
Unrestricted	17,703,574
Total net assets	<u>\$ 660,588,897</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

	Expenses	Program Revenues			Net [expense] Revenue and Changes in Net Assets-Govt Activities
		Fees, fines, and charges for services	Operating grants and contributions	Capital grants and contribution	
Governmental activities:					
General government	\$ 5,170,265	\$ 2,880,161	\$ -	\$ -	\$ [2,290,104]
Community development	2,212,971	-	-	-	[2,212,971]
Public works	27,184,238	-	1,836,989	4,713,864	[20,633,385]
Public safety	19,699,726	-	95,140	-	[19,604,586]
Culture and recreation	4,592,542	1,249,051	39,798	-	[3,303,693]
Human resources	192,480	-	300	-	[192,180]
Interest on long-term debt	3,191,291	-	-	-	[3,191,291]
Total governmental activities	\$ 62,243,513	\$ 4,129,212	\$ 1,972,227	\$ 4,713,864	[51,428,210]
General Revenues:					
Property taxes levied for					
General purposes					14,236,327
Debt service					6,406,695
Sales and use tax					19,168,426
Motor vehicle tax					1,940,048
Liquor tax					714,025
Franchise tax					4,876,313
Excise tax					955
Investment earnings					133,409
Miscellaneous					648,115
Total general revenues					48,124,313
Change in net assets					[3,303,897]
Net assets - beginning					663,700,790
Prior period adjustment					192,004
Net assets - beginning, restated					663,892,794
Net assets - ending					\$ 660,588,897

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<u>General</u>	Park and Recreation Land <u>Use</u>
ASSETS		
Cash and investments	\$ 17,243,190	\$ 69,304
Receivables		
Taxes	10,042,156	-
Special assessments	-	-
Accounts	790,354	-
Inventory	998,381	-
Due from other governments	2,982,761	-
Total assets	<u>\$ 32,056,842</u>	<u>\$ 69,304</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 600,758	\$ -
Accrued liabilities	383,315	-
Deposits held for others	238,321	-
Deferred revenue		
Taxes	10,042,156	-
Special assessments	-	-
Total liabilities	<u>11,264,550</u>	<u>-</u>
Fund balance:		
Nonspendable	998,381	-
Restricted	-	-
Committed	-	69,304
Assigned	139,855	-
Unassigned	19,654,056	-
Total fund balance [deficit]	<u>20,792,292</u>	<u>69,304</u>
Total liabilities and fund balances	<u>\$ 32,056,842</u>	<u>\$ 69,304</u>

<u>Parks and Pipes</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,048,971	\$ 846,014	\$ 509,942	\$ 5,786,521	\$ 26,503,942
-	6,103,152	-	369,261	16,514,569
-	11,002,119	-	-	11,002,119
-	-	-	-	790,354
-	-	-	-	998,381
204,359	-	61,569	292,827	3,541,516
<u>\$ 2,253,330</u>	<u>\$ 17,951,285</u>	<u>\$ 571,511</u>	<u>\$ 6,448,609</u>	<u>\$ 59,350,881</u>
\$ -	\$ -	\$ 50,807	\$ 17,129	\$ 668,694
-	-	-	14,356	397,671
-	-	-	-	238,321
-	6,103,152	-	369,261	16,514,569
-	11,002,119	-	-	11,002,119
-	17,105,271	50,807	400,746	28,821,374
-	-	-	-	998,381
2,253,330	846,014	-	2,641,438	5,740,782
-	-	520,704	3,079,535	3,669,543
-	-	-	326,890	466,745
-	-	-	-	19,654,056
<u>2,253,330</u>	<u>846,014</u>	<u>520,704</u>	<u>6,047,863</u>	<u>30,529,507</u>
<u>\$ 2,253,330</u>	<u>\$ 17,951,285</u>	<u>\$ 571,511</u>	<u>\$ 6,448,609</u>	<u>\$ 59,350,881</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF SHAWNEE, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2011

Total Governmental Fund Balances		\$ 30,529,507
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. Those assets consist of:		
Land	21,382,963	
Historical building	899,000	
Construction in progress	2,864,329	
Infrastructure	1,065,365,535	
Buildings and improvements	46,794,095	
Vehicles and equipment	<u>13,482,336</u>	
	1,150,788,258	
Accumulated depreciation	<u>438,599,655</u>	712,188,603
Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets as follows:		
General obligation bonds payable	84,072,290	
Revolving loans payable	191,165	
Bond issuance costs, net of amortization	[1,100,724]	
Capital leases payable	2,208,243	
Interest payable	<u>293,411</u>	[85,664,385]
Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements.		
Special assessments		11,002,119
Net pension asset		654,958
The City's employee leave balances and net other post employment benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net other post employment benefits		[1,233,540]
Compensated absences		<u>[6,888,365]</u>
Net Assets of Governmental Activities		<u>\$ 660,588,897</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	<u>General</u>	Park and Recreation Land <u>Use</u>	Parks and <u>Pipes</u>
Revenues			
Taxes and special assessments	\$ 33,625,754	\$ -	\$ 1,180,857
Intergovernmental	39,798	-	-
Licenses and permits	645,166	21,600	-
Charges for services	2,015,008	-	-
Fines and forfeitures	1,414,063	-	-
Use of money and property	77,302	217	4,458
Miscellaneous	251,954	-	100
Total revenues	<u>38,069,045</u>	<u>21,817</u>	<u>1,185,415</u>
Expenditures			
Current:			
General government	4,813,439	-	-
Community development	1,981,282	-	-
Public works	4,625,743	-	-
Public safety	18,215,273	-	-
Culture and recreation	3,637,956	-	-
Human resources	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirements	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>33,273,693</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>4,795,352</u>	<u>21,817</u>	<u>1,185,415</u>
Other financing sources [uses]			
Transfers in	324,885	-	48,556
Transfers [out]	[2,997,949]	-	[800,203]
Revolving loan	-	-	-
Issuance of bonds	-	-	-
Total other financing sources [uses]	<u>[2,673,064]</u>	<u>-</u>	<u>[751,647]</u>
Net change in fund balances	<u>2,122,288</u>	<u>21,817</u>	<u>433,768</u>
Fund balances, beginning	18,670,440	47,487	1,819,562
Prior period adjustment	<u>[436]</u>	<u>-</u>	<u>-</u>
Fund balances, beginning, restated	<u>18,670,004</u>	<u>47,487</u>	<u>1,819,562</u>
Fund balances, ending	<u>\$ 20,792,292</u>	<u>\$ 69,304</u>	<u>\$ 2,253,330</u>

	Debt Service	Capital Projects	Other Governmental Funds	Total
\$	8,400,000	\$ -	\$ 4,136,178	\$ 47,342,789
	-	2,439,092	1,932,429	4,411,319
	-	-	-	666,766
	-	-	33,375	2,048,383
	-	-	-	1,414,063
	23,458	-	27,974	133,409
	241,490	-	154,571	648,115
	<u>8,664,948</u>	<u>2,439,092</u>	<u>6,284,527</u>	<u>56,664,844</u>
	-	-	17,937	4,831,376
	-	-	209,686	2,190,968
	-	-	3,312,269	7,938,012
	-	-	667,247	18,882,520
	-	-	222,426	3,860,382
	-	-	188,805	188,805
	-	2,907,614	149,165	3,056,779
	9,575,487	3,020,729	609,600	13,205,816
	2,413,456	70,213	854,485	3,338,154
	<u>11,988,943</u>	<u>5,998,556</u>	<u>6,231,620</u>	<u>57,492,812</u>
	<u>[3,323,995]</u>	<u>[3,559,464]</u>	<u>52,907</u>	<u>[827,968]</u>
	1,102,146	2,509,001	2,714,289	6,698,877
	-	-	[2,900,725]	[6,698,877]
	-	457,357	-	457,357
	995,279	4,684,721	-	5,680,000
	<u>2,097,425</u>	<u>7,651,079</u>	<u>[186,436]</u>	<u>6,137,357</u>
	<u>[1,226,570]</u>	<u>4,091,615</u>	<u>[133,529]</u>	<u>5,309,389</u>
	2,072,584	[3,570,911]	6,181,392	25,220,554
	-	-	-	[436]
	<u>2,072,584</u>	<u>[3,570,911]</u>	<u>6,181,392</u>	<u>25,220,118</u>
\$	<u>846,014</u>	\$ <u>520,704</u>	\$ <u>6,047,863</u>	\$ <u>30,529,507</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Total Net Change In Fund Balances - Governmental Funds \$ 5,309,389

Amounts reported for governmental activities in the statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	6,193,091	
Loss on disposal	[149,710]	
Depreciation expense	<u>[22,506,108]</u>	[16,462,727]

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.

[9,082]

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

Compensated absences		[201,782]
Net other post employment benefits		[409,012]
Change in net pension assets		[452]

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in intergovernmental revenues		2,274,772
--------------------------------------	--	-----------

Bond issuance costs are recorded as expenditures in the fund financial statements. However, for the statement of net assets, these costs are shown as assets and amortized over the life of the bonds.

8,543

The issuance of long-term debt 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 has any effect on net assets.

6,186,454

Changes In Net Assets of Governmental Activities

\$ [3,303,897]

CITY OF SHAWNEE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2011

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Revenues						
Taxes						
Ad valorem property tax	\$ 10,316,252	\$ -	\$ 10,316,252	\$ 10,019,600	\$ 10,019,600	\$ 296,652
Back tax property collections	208,766	-	208,766	159,800	159,800	48,966
Motor vehicle tax	1,179,701	-	1,179,701	1,089,500	1,089,500	90,201
Sales tax - county	7,359,866	-	7,359,866	6,211,600	6,211,600	1,148,266
Sales tax - city	9,446,848	-	9,446,848	8,681,700	8,681,700	765,148
Liquor tax	238,008	-	238,008	242,400	242,400	[4,392]
Utility franchise tax	4,876,313	-	4,876,313	4,696,133	4,696,133	180,180
Total taxes	33,625,754	-	33,625,754	31,100,733	31,100,733	2,525,021
Intergovernmental	39,798	-	39,798	1,200	1,200	38,598
Licenses and permits						
Occupational licenses	361,935	-	361,935	407,400	407,400	[45,465]
Building permits	199,282	-	199,282	280,400	280,400	[81,118]
Dog and cat tags	2,141	-	2,141	19,400	19,400	[17,259]
Other	81,808	-	81,808	69,000	69,000	12,808
Total licenses and permits	645,166	-	645,166	776,200	776,200	[131,034]
Charges for services						
Swimming pool admissions	474,572	-	474,572	499,950	499,950	[25,378]
Swimming pool concessions	74,405	-	74,405	80,800	80,800	[6,395]
Fees	1,466,031	-	1,466,031	1,352,530	1,352,530	113,501
Total charges for services	2,015,008	-	2,015,008	1,933,280	1,933,280	81,728
Fines and forfeitures						
Court fines	1,414,063	-	1,414,063	1,592,200	1,592,200	[178,137]
Investment earnings	77,302	-	77,302	250,000	250,000	[172,698]
Miscellaneous revenue	251,954	-	251,954	344,600	344,600	[92,646]
Total revenues	38,069,045	-	38,069,045	35,998,213	35,998,213	2,070,832
Expenditures						
General Government						
City Council:						
Personal services	106,239	-	106,239	97,400	97,400	[8,839]
Contractual services	76,988	-	76,988	106,700	106,700	29,712
Commodities	9,686	-	9,686	9,000	9,000	[686]
	192,913	-	192,913	213,100	213,100	20,187
City Manager:						
Personal services	305,663	-	305,663	241,800	241,800	[63,863]
Contractual services	49,687	-	49,687	22,800	22,800	[26,887]
Commodities	473	-	473	1,900	1,900	1,427
	355,823	-	355,823	266,500	266,500	[89,323]
City Clerk:						
Personal services	444,830	-	444,830	405,300	405,300	[39,530]
Contractual services	57,834	-	57,834	143,100	143,100	85,266
Commodities	3,144	-	3,144	6,200	6,200	3,056
	505,808	-	505,808	554,600	554,600	48,792
Finance:						
Personal services	434,546	-	434,546	431,600	431,600	[2,946]
Contractual services	113,178	-	113,178	116,000	116,000	2,822
Commodities	27,397	-	27,397	27,500	27,500	103
	575,121	-	575,121	575,100	575,100	[21]
General overhead:						
Contractual services	252,484	[13,069]	239,415	280,800	280,800	41,385
Commodities	9,112	-	9,112	9,100	9,100	[12]
Refunds	11,162	-	11,162	33,500	33,500	22,338
	272,758	[13,069]	259,689	323,400	323,400	63,711

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - CONTINUED
GENERAL FUND
For the Year Ended December 31, 2011

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Expenditures, continued						
Legal:						
Personal services	\$ 175,531	\$ -	\$ 175,531	\$ 195,400	\$ 195,400	\$ 19,869
Contractual services	380,191	-	380,191	325,900	325,900	[54,291]
Commodities	3,912	-	3,912	2,300	2,300	[1,612]
	<u>559,634</u>	<u>-</u>	<u>559,634</u>	<u>523,600</u>	<u>523,600</u>	<u>[36,034]</u>
Human resources:						
Personal services	224,727	-	224,727	213,100	213,100	[11,627]
Contractual services	129,405	-	129,405	151,500	151,500	22,095
Commodities	15,834	-	15,834	26,400	26,400	10,566
	<u>369,966</u>	<u>-</u>	<u>369,966</u>	<u>391,000</u>	<u>391,000</u>	<u>21,034</u>
Information technology:						
Personal services	934,869	-	934,869	1,024,400	1,024,400	89,531
Contractual services	420,073	15,720	435,793	537,300	537,300	101,507
Commodities	44,735	-	44,735	54,700	54,700	9,965
Capital outlay	111,085	-	111,085	135,000	135,000	23,915
	<u>1,510,762</u>	<u>15,720</u>	<u>1,526,482</u>	<u>1,751,400</u>	<u>1,751,400</u>	<u>224,918</u>
Municipal court:						
Personal services	393,797	-	393,797	447,800	447,800	54,003
Contractual services	56,526	-	56,526	56,400	56,400	[126]
Commodities	20,331	-	20,331	20,400	20,400	69
	<u>470,654</u>	<u>-</u>	<u>470,654</u>	<u>524,600</u>	<u>524,600</u>	<u>53,946</u>
Total general government	<u>4,813,439</u>	<u>2,651</u>	<u>4,816,090</u>	<u>5,123,300</u>	<u>5,123,300</u>	<u>307,210</u>
Community Development						
Economic development:						
Contractual services	338,897	[31,074]	307,823	326,800	326,800	18,977
Development Services:						
Personal services	992,513	-	992,513	1,036,700	1,036,700	44,187
Contractual services	35,159	7,980	43,139	138,400	138,400	95,261
Commodities	15,255	-	15,255	24,300	24,300	9,045
	<u>1,042,927</u>	<u>7,980</u>	<u>1,050,907</u>	<u>1,199,400</u>	<u>1,199,400</u>	<u>148,493</u>
Planning:						
Personal services	491,187	-	491,187	524,700	524,700	33,513
Contractual services	104,002	-	104,002	123,800	123,800	19,798
Commodities	4,269	-	4,269	8,200	8,200	3,931
	<u>599,458</u>	<u>-</u>	<u>599,458</u>	<u>656,700</u>	<u>656,700</u>	<u>57,242</u>
Total community development	<u>1,981,282</u>	<u>[23,094]</u>	<u>1,958,188</u>	<u>2,182,900</u>	<u>2,182,900</u>	<u>224,712</u>
Public works						
Street maintenance:						
Personal services	1,931,119	-	1,931,119	2,085,300	2,085,300	154,181
Contractual services	1,677,299	118,148	1,795,447	1,696,700	1,696,700	[98,747]
Commodities	629,009	-	629,009	755,600	755,600	126,591
Capital outlay	388,316	32,640	420,956	350,000	350,000	[70,956]
	<u>4,625,743</u>	<u>150,788</u>	<u>4,776,531</u>	<u>4,887,600</u>	<u>4,887,600</u>	<u>111,069</u>
Public safety						
Police:						
Personal services	9,627,991	-	9,627,991	10,062,300	10,062,300	434,309
Contractual services	937,526	-	937,526	1,167,500	1,167,500	229,974
Commodities	745,372	-	745,372	570,300	570,300	[175,072]
Capital outlay	43,503	-	43,503	-	-	[43,503]
	<u>11,354,392</u>	<u>-</u>	<u>11,354,392</u>	<u>11,800,100</u>	<u>11,800,100</u>	<u>445,708</u>
Fire:						
Personal services	5,593,859	-	5,593,859	5,834,500	5,834,500	240,641
Contractual services	467,287	-	467,287	466,900	466,900	[387]
Commodities	126,938	-	126,938	88,800	88,800	[38,138]
	<u>6,188,084</u>	<u>-</u>	<u>6,188,084</u>	<u>6,390,200</u>	<u>6,390,200</u>	<u>202,116</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET - CONTINUED
GENERAL FUND
For the Year Ended December 31, 2011

	GAAP Basis		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Actual	Adjustments		Original	Final	
Expenditures, continued						
Codes administration:						
Personal services	\$ 607,985	\$ -	\$ 607,985	\$ 657,700	\$ 657,700	\$ 49,715
Contractual services	57,461	-	57,461	117,300	117,300	59,839
Commodities	7,351	-	7,351	15,400	15,400	8,049
	<u>672,797</u>	<u>-</u>	<u>672,797</u>	<u>790,400</u>	<u>790,400</u>	<u>117,603</u>
Total public safety	<u>18,215,273</u>	<u>-</u>	<u>18,215,273</u>	<u>18,980,700</u>	<u>18,980,700</u>	<u>765,427</u>
Culture and recreation						
Parks maintenance:						
Personal services	608,832	-	608,832	639,200	639,200	30,368
Contractual services	721,685	[20,581]	701,104	681,500	681,500	[19,604]
Commodities	43,801	-	43,801	37,900	37,900	[5,901]
	<u>1,374,318</u>	<u>[20,581]</u>	<u>1,353,737</u>	<u>1,358,600</u>	<u>1,358,600</u>	<u>4,863</u>
Pools:						
Personal services	788,741	-	788,741	620,700	620,700	[168,041]
Contractual services	265,909	-	265,909	268,800	268,800	2,891
Commodities	65,211	-	65,211	92,000	92,000	26,789
	<u>1,119,861</u>	<u>-</u>	<u>1,119,861</u>	<u>981,500</u>	<u>981,500</u>	<u>[138,361]</u>
Civic Center:						
Personal services	234,811	-	234,811	258,600	258,600	23,789
Contractual services	212,010	-	212,010	195,300	195,300	[16,710]
Commodities	9,221	-	9,221	9,100	9,100	[121]
	<u>456,042</u>	<u>-</u>	<u>456,042</u>	<u>463,000</u>	<u>463,000</u>	<u>6,958</u>
Recreation and human services:						
Personal services	59,524	-	59,524	334,700	334,700	275,176
Contractual services	147,403	-	147,403	201,000	201,000	53,597
Commodities	19,726	-	19,726	31,300	31,300	11,574
	<u>226,653</u>	<u>-</u>	<u>226,653</u>	<u>567,000</u>	<u>567,000</u>	<u>340,347</u>
Old Shawnee Town:						
Personal services	301,930	-	301,930	304,300	304,300	2,370
Contractual services	150,092	-	150,092	150,800	150,800	708
Commodities	9,060	583	9,643	13,500	13,500	3,857
	<u>461,082</u>	<u>583</u>	<u>461,665</u>	<u>468,600</u>	<u>468,600</u>	<u>6,935</u>
Total culture and recreation	<u>3,637,956</u>	<u>[19,998]</u>	<u>3,617,958</u>	<u>3,838,700</u>	<u>3,838,700</u>	<u>220,742</u>
Contingency	-	-	-	15,244,939	15,244,939	15,244,939
Total expenditures	<u>33,273,693</u>	<u>110,347</u>	<u>33,384,040</u>	<u>50,258,139</u>	<u>50,258,139</u>	<u>16,874,099</u>
Excess [deficiency] of revenues over [under] expenditures	<u>4,795,352</u>	<u>[110,347]</u>	<u>4,685,005</u>	<u>[14,259,926]</u>	<u>[14,259,926]</u>	<u>18,944,931</u>
Other financing sources [uses]						
Transfers in	324,885	-	324,885	119,600	119,600	205,285
Transfers [out]	[2,997,949]	-	[2,997,949]	[1,453,600]	[1,453,600]	[1,544,349]
Total other financing sources [uses]	<u>[2,673,064]</u>	<u>-</u>	<u>[2,673,064]</u>	<u>[1,334,000]</u>	<u>[1,334,000]</u>	<u>[1,339,064]</u>
Net change in fund balance	<u>2,122,288</u>	<u>[110,347]</u>	<u>2,011,941</u>	<u>\$ [15,593,926]</u>	<u>\$ [15,593,926]</u>	<u>\$ 17,605,867</u>
Fund balance, beginning	18,670,440	[1,027,889]	17,642,551			
Prior period adjustment	[436]	-	[436]			
Fund balance, beginning, restated	<u>18,670,004</u>	<u>[1,027,889]</u>	<u>17,642,115</u>			
Fund balance, ending	<u>\$ 20,792,292</u>	<u>\$ [1,138,236]</u>	<u>\$ 19,654,056</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 PARK AND RECREATION LAND USE FUND
 For the Year Ended December 31, 2011

	GAAP	Adjustments	Budgetary	Budgeted Amounts		Variance Positive [Negative]
	Basis Actual		Basis Actual	Original	Final	
Revenues						
Licenses and permits	\$ 21,600	\$ -	\$ 21,600	\$ 30,600	\$ 30,600	\$ [9,000]
Use of money and property	<u>217</u>	<u>-</u>	<u>217</u>	<u>1,000</u>	<u>1,000</u>	<u>[783]</u>
Total revenues	<u>21,817</u>	<u>-</u>	<u>21,817</u>	<u>31,600</u>	<u>31,600</u>	<u>[9,783]</u>
Expenditures						
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,865</u>	<u>79,865</u>	<u>79,865</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,865</u>	<u>79,865</u>	<u>79,865</u>
Net change in fund balance	21,817	-	21,817	<u>\$ [48,265]</u>	<u>\$ [48,265]</u>	<u>\$ 70,082</u>
Fund balance, beginning	<u>47,487</u>	<u>-</u>	<u>47,487</u>			
Fund balance, ending	<u>\$ 69,304</u>	<u>\$ -</u>	<u>\$ 69,304</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
PARKS AND PIPES FUND

For the Year Ended December 31, 2011

	GAAP	Adjustments	Budgetary	Budgeted Amounts		Variance
	Basis		Basis	Original	Final	Positive
	Actual		Actual			[Negative]
Revenues						
Taxes	\$ 1,180,857	\$ -	\$ 1,180,857	\$ 1,085,208	\$ 1,133,365	\$ 47,492
Miscellaneous	100	-	100	-	-	100
Use of money and property	4,458	-	4,458	400	13,700	[9,242]
Total revenues	<u>1,185,415</u>	<u>-</u>	<u>1,185,415</u>	<u>1,085,608</u>	<u>1,147,065</u>	<u>38,350</u>
Expenditures						
Culture and recreation	-	-	-	1,161,095	2,039,800	2,039,800
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161,095</u>	<u>2,039,800</u>	<u>2,039,800</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,185,415</u>	<u>-</u>	<u>1,185,415</u>	<u>[75,487]</u>	<u>[892,735]</u>	<u>2,078,150</u>
Other financing sources [uses]						
Transfers in	48,556	-	48,556	-	-	48,556
Transfers [out]	[800,203]	-	[800,203]	-	-	[800,203]
Total other financing sources [uses]	<u>[751,647]</u>	<u>-</u>	<u>[751,647]</u>	<u>-</u>	<u>-</u>	<u>[751,647]</u>
Net change in fund balance	433,768	-	433,768	\$ [75,487]	\$ [892,735]	\$ 1,326,503
Fund balance, beginning	<u>1,819,562</u>	<u>-</u>	<u>1,819,562</u>			
Fund balance, ending	<u>\$ 2,253,330</u>	<u>\$ -</u>	<u>\$ 2,253,330</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	Pension Trust <u>Funds</u>	Agency <u>Funds</u>
Assets		
Cash	\$ -	\$ 81,642
Restricted cash	<u>20,207</u>	<u>-</u>
Restricted investments, at fair value		
U.S. government/agency obligations	2,857,860	-
Domestic stocks	5,314,943	-
Real estate investment trusts	<u>911,089</u>	<u>-</u>
Total restricted investments	<u>9,083,892</u>	<u>-</u>
Due from other funds	<u>-</u>	<u>731</u>
Due from others	<u>14,472</u>	<u>-</u>
Total assets	<u>\$ 9,118,571</u>	<u>\$ 82,373</u>
Liabilities		
Due to others	\$ -	\$ 81,642
Due to other funds	<u>-</u>	<u>731</u>
Total liabilities	<u>\$ -</u>	<u>\$ 82,373</u>
Net assets		
Held in trust for pension benefits	<u>\$ 9,118,571</u>	<u>\$ -</u>
Total net assets	<u>\$ 9,118,571</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 643,227
Total contributions	<u>643,227</u>
Investment Earnings:	
Interest and dividends on investments	301,023
Net increase/decrease in the fair value of investments	<u>[490,137]</u>
Total investment earnings	<u>[189,114]</u>
Total additions	<u>454,113</u>
Deductions:	
Benefits	198,855
Plan management fees	<u>29,131</u>
Total deductions	<u>227,986</u>
Changes in net assets	226,127
Net assets - beginning	<u>8,892,444</u>
Net assets - ending	<u>\$ 9,118,571</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Shawnee, Kansas (the City) was incorporated in 1922 and covers an area of approximately 42.0 square miles in Johnson County, Kansas. The City operates under a Mayor/Council/City Manager form of government and provides services which include law enforcement, fire protection, community enrichment and development, and various social services.

The City is governed by an elected eight-member council and a mayor. As required by accounting principles generally accepted in the United States, these financial statements present the City (the primary government). There are no component units related to the City that should be accounted for in the City's basic financial statements in conformity with Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 39.

The accompanying basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described in further detail in the following paragraphs.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the City as a whole, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. The statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Under Kansas State Statutes, property taxes levied during any year are considered revenues to be used to finance the budget of the ensuing year. Therefore, property taxes levied during the current year are reported as unearned revenue on the statement of net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 in program revenues are reported instead as general revenues.

Program revenues reported on the statement of activities include charges for services, operational and capital grants. Program revenues are netted with program expenses to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is considered to be a separate accounting entity, accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Governmental resources are allocated to and accounted for within individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate.

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.

Property, sales, and utility franchise taxes are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Other major revenues susceptible to accrual include interest on investments and intergovernmental revenue. Licenses and permits, fines, and recreational fees are not susceptible to accrual because they generally are not measurable until received in cash.

Property taxes levied during any year are, under Kansas State Statutes, revenues to be used to finance the budget of the ensuing year. Therefore, property taxes are recognized in the fund financial statements as taxes receivable and deferred revenue at the levy date.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. Also, amounts paid to reduce long-term indebtedness are reported as fund expenditures.

The financial statements for the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due, as the City has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The City reports the following major governmental funds:

The *General Fund* is the government'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 *Parks and Recreation Land Use Fund* accounts for fees received by local builders and for City receipts of its share of County Sales Taxes that have been designated for the City's Neighborhood park program.

The *Parks and Pipes Fund* accounts for the proceeds from a 1/8 cent sales tax to be used for storm drainage and park improvements.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Debt Service Fund* is used to account for the payment of principal and interest on all general obligation debt.

The City's *Capital Projects Fund* accounts for the financing and construction of major capital outlays including streets, drainage improvement projects and park improvements.

Additionally the City reports the following fiduciary funds:

Pension Trust Fund, which reports the Employee Supplemental Retirement Plan.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting. The following activities are accounted for in the agency funds:

The *Mayor's Christmas Tree Fund* is used to account for the amounts collected for the City Christmas tree.

The *Recycling Fund* is used to account for the amounts collected for recycling.

The *Clearing Fund* is used to account for the payroll clearing transactions.

The *Cafeteria Plan Fund* is used to account for monies collected for employee cafeteria plan contributions.

The *Municipal Court Bond Fund* is used to account for amounts collected for court bonds.

C. Assets, Liabilities, Fund Balance, and Net Assets

1. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. The City is authorized by statute to invest in obligations of the U.S. government and interest bearing bank accounts. Interest return is allocated to the General Fund, the Debt Service Fund, the Capital Projects Fund, and Other Governmental Funds based on respective average balances or at the discretion of City management. Cash overdrafts from pooled cash and investments are reported as an interfund payable with an offsetting interfund receivable reported in a fund selected by management within the governmental fund statements.

The City's cash and cash equivalents include demand deposits, short-term investments, and certificates of deposit with original maturities of less than 90 days from the date of acquisition (including restricted assets).

Investments for the City are reported at fair value. The value of marketable securities is based on quotations which are generally obtained from the National Securities Exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms.

2. Receivables and Payables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are levied on November 1 of each year, due and payable November 30, delinquent after December 20, and the following September become a lien on the property. The County Treasurer is the tax collection agent for all taxing entities within Johnson County.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

2. Receivables and Payables (Continued)

Property owners have the option of paying one half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the next year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1 of the next year. Consequently, for revenue recognition purposes, taxes levied during the current year are not available until the ensuing year. At November 1, such taxes are due and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. This amount is also reported as unearned revenue on the Statement of Net Assets.

Kansas statutes require projects financed in part by special assessments to be paid in installments must be financed through the issuance of general obligation bonds or temporary notes which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate capital project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund. Further, Kansas statutes require levying additional general and ad valorem property taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's Debt Service Fund. Special assessments are levied over a 10-year period, and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears.

3. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets are not included in the governmental fund financial statements, but are allocated to governmental activities in the government wide statements. Capital assets include items such as land, buildings and equipment as well as infrastructure assets (road, bridges, sidewalks, etc.).

The City has identified certain historical buildings related to Old Shawnee Town that it has elected to capitalize, but not depreciate, as allowed by generally accepted accounting principles for collections.

The City has elected to set a capitalization threshold for capital assets used for governmental-type activities as indicated in the table shown below.

Infrastructure and other capital assets are depreciated using straight line method over the following estimated useful lives:

Asset Classification	Estimated Life	Capitalization Threshold
Buildings	40 years	\$ 100,000
Land improvements	30 years	100,000
Infrastructure	50 years	100,000
Motor vehicles	3 to 20 years	None
Operating equipment	5 to 10 years	10,000
Communications equipment	5 to 10 years	10,000
Office equipment	5 to 10 years	10,000

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

4. Compensated Absences

Full time employees shall use 10 days of vacation leave per annum, after five years of employment. The maximum number of vacation hours that may be held in a balance at the end of the payroll year is 500 hours for full time non-firefighter employee, 250 hours for regular part-time employees and 698 hours for 24-hour shift firefighters. A maximum of 1,040 hours for full time non-firefighter employees, 520 hours for regular part-time employees, and 1,452 hours for 24-hour shift firefighters of sick leave can be accumulated. All accumulated vacation is paid upon termination, and sick leave is paid out based on one percent increments per completed year of service. The City's compensated absence liability is normally liquidated in the General Fund.

5. Interfund Activity

The City eliminates the effect of interfund activity in the government-wide financial statements to prevent any double counting of activity. The City has the following types of interfund activity:

Loans - amounts provided with a requirement of repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used - sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In government funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

6. Fund Balances

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds					Other Governmental Funds	Total Governmental Funds
	General	Park and Recreation Use	Land Parks and Pipes	Debt Service	Capital Projects		
Fund Balances:							
Nonspendable for:							
Inventory	\$ 998,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998,381
Restricted for:							
Public safety	-	-	-	-	-	1,956,926	1,956,926
Public works	-	-	2,253,330	-	-	10,095	2,263,425
Culture and recreation	-	-	-	-	-	179,684	179,684
Human resources	-	-	-	-	-	416,345	416,345
Community development	-	-	-	-	-	78,388	78,388
Debt payments	-	-	-	846,014	-	-	846,014
Committed for:							
Culture and recreation	-	69,304	-	-	-	-	69,304
Cemetery	-	-	-	-	-	68,448	68,448
Public works	-	-	-	-	-	2,091,048	2,091,048
Community development	-	-	-	-	-	69,275	69,275
Equipment improvements	-	-	-	-	-	850,764	850,764
Capital improvements	-	-	-	-	520,704	-	520,704
Assigned for:							
Information technology	15,720	-	-	-	-	-	15,720
Public works	115,572	-	-	-	-	286,931	402,503
Economic development	7,980	-	-	-	-	-	7,980
Equipment improvements	-	-	-	-	-	39,959	39,959
Culture and recreation	583	-	-	-	-	-	583
Unassigned:	<u>19,654,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,654,056</u>
Total Fund Balances	<u>\$ 20,792,292</u>	<u>\$ 69,304</u>	<u>\$ 2,253,330</u>	<u>\$ 846,014</u>	<u>\$ 520,704</u>	<u>\$ 6,047,863</u>	<u>\$ 30,529,507</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

7. Net Assets

In the government-wide financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Restricted net assets include \$12,141,544 for debt service and \$5,026,874 for enabling legislation.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

8. Use of Estimates

The preparation of the basic financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Reclassification of Account Balances

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. This principally consisted of capital grants reclassified as operating grants, as well as other operating and capital grants reclassified into different functions from the prior year. These reclassifications had no net effect on the City's net assets or changes there in for the current year.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of the notice of hearing.
4. Adoption of the final budget on or before August 25th.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2011 budget was amended for the following funds:

<u>Fund</u>	<u>Original Budget Amount</u>	<u>Amended Budget Amount</u>
Special Highway Aid Fund	\$ 2,647,600	\$ 3,247,600
Special Parks and Recreation Fund	602,487	977,400
Parks and Pipes	1,161,095	2,039,800
Stormwater Utility	3,373,371	3,681,300
Equipment Reserve	200,000	814,300

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are carried forward.

A legal operating budget is not required for the Capital Projects Fund, the CDBG Grant Fund and the fiduciary funds.

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds					Other Governmental Funds	Total Governmental Funds
	General	Park and Recreation Land Use	Parks and Pipes	Debt Service	Capital Projects		
GAAP FUND BALANCE December 31, 2011	\$ 20,792,292	\$ 69,304	\$ 2,253,330	\$ 846,014	\$ 520,704	\$ 6,047,863	\$ 30,529,507
Adjustments:							
Unreserved fund balances not subject to the Kansas Budget Law:							
Capital Project Fund	-	-	-	-	[520,704]	-	[520,704]
Reserve for inventory	[998,381]	-	-	-	-	-	[998,381]
Reserve for encumbrances	[139,855]	-	-	-	-	[326,890]	[466,745]
Total deductions	[1,138,236]	-	-	-	[520,704]	[326,890]	[1,985,830]
BUDGETARY FUND BALANCE December 31, 2011	\$ 19,654,056	\$ 69,304	\$ 2,253,330	\$ 846,014	\$ -	\$ 5,720,973	\$ 28,543,677

III. RESTATEMENT OF EQUITY

The implementation of GASB 54 required the reclassification of the governmental fund balances. The following is the reclassification of fund balance as of December 31, 2010.

	Fund Balance Classification As of December 31, 2010		
	Unreserved	Reserved	Total
Governmental Fund:			
General Fund	\$ 17,642,551	\$ 1,027,889	\$ 18,670,440
Park and Recreation Land Use Fund	47,487	-	47,487
Parks and Pipes Fund	1,819,562	-	1,819,562
Debt Service Fund	2,072,584	-	2,072,584
Capital Projects Fund	[3,570,911]	-	[3,570,911]
Other Governmental Fund	6,133,922	47,470	6,181,392
Total Governmental Funds	\$ 24,145,195	\$ 1,075,359	\$ 25,220,554

	Fund Balance Classification As of December 31, 2010, Reclassified					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Governmental Fund:						
General Fund	\$ 950,165	\$ -	\$ -	\$ 77,724	\$ 17,642,551	\$ 18,670,440
Park and Recreation Land Use Fund	-	-	47,487	-	-	47,487
Parks and Pipes Fund	-	1,819,562	-	-	-	1,819,562
Debt Service Fund	-	2,072,584	-	-	-	2,072,584
Capital Projects Fund	-	-	[3,570,911]	-	-	[3,570,911]
Other Governmental Fund	-	3,564,561	2,569,361	47,470	-	6,181,392
Total Governmental Funds	\$ 950,165	\$ 7,456,707	\$ [954,063]	\$ 125,194	\$ 17,642,551	\$ 25,220,554

CITY OF SHAWNEE, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2011

III. RESTATEMENT OF EQUITY (CONTINUED)

In 2011, it was determined that an adjustment to beginning capital assets was required. The effect of which is as follows:

	<u>Governmental Activities</u>
Fund Balance December 31, 2010	\$ 663,700,790
Prior period adjustment	<u>192,004</u>
Fund Balance December 31, 2010, restated	<u>\$ 663,892,794</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At December 31, 2011, the City has the following deposits and investments:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits	\$ 26,503,942	\$ 101,849	\$ 26,605,791
Investments Recorded at Fair Value			
Bond mutual funds	-	2,857,860	2,857,860
Stock mutual funds	-	5,314,943	5,314,943
Real estate investment trusts	-	<u>911,089</u>	<u>911,089</u>
Total investments	<u>-</u>	<u>9,083,892</u>	<u>9,083,892</u>
Total cash and investments	<u>\$ 26,503,942</u>	<u>\$ 9,185,741</u>	<u>\$ 35,689,683</u>

The City's deposits and investments are generally segregated into two parts: City-wide deposits and investments and Supplemental Pension deposits and investments. Below is a description of the policies associated with these categories of deposits and investments.

City-wide Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjoining county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in K.S.A. 10-131.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its investments.

Credit Risk. Credit risk is associated with the credit quality or rating of debt instrument investments. The City has no specific policy regarding credit risk. The City uses the credit ratings issued by Standard and Poor's for disclosure of credit risk.

Custodial Credit Risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name. At December 31, 2011, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized in accordance with the City's policy.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer.

Supplemental Pension Plan Deposits and Investments

The investments of the Supplemental Pension (the Plan) are held separately from those of other City funds and are generally not restricted as to type.

Benefit Trust Company (the Custodian) and Investment Manager(s) chosen by the Trustees have discretionary authority concerning purchases of investments in the pension plan subject to the overall investment policy guidelines as approved by the City Council.

The Plan's investment policy permits investments in domestic fixed income securities, domestic equity securities, and international equities. Under the policy, the investment manager may select fixed income securities in domestic markets, including corporate debt securities and obligations of the U.S. government or its agencies. The investment manager may select domestic equity securities traded on major U.S. exchanges.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Interest Rate Risk. Interest rate risk is the risk associated with a portfolio's sensitivity to changes in interest rates. The Plan has no specific policy regarding interest rate risk. The Plan has elected to use the segmented time distribution method of disclosure for its bond mutual funds. The following table summarizes these investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Bond mutual funds	\$ 2,857,860	\$ -	\$ 2,857,860	\$ -

Credit Risk. Credit risk is associated with the credit quality or rating of debt instrument investments. The Plan has no specific policy regarding credit risk. The Plan uses the credit ratings issued by Standard and Poor's for disclosure of credit risk.

The following table summarizes the Plan investments subject to credit risk:

<u>Fund Name</u>	<u>Credit Rating</u>
Allianz NFJ	Not Rated
Vanguard Group Primecap Core	Not Rated
Harbor Funds International	Not Rated
Lazard Emerging Markets	Not Rated
Vanguard Group REIT Index	Not Rated

Custodial Credit Risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan's deposits were fully insured by Federal depository insurance. Custodial credit risk also applies to investment securities. At December 31, 2011 the Plan's investments consisted entirely of open-ended mutual funds or money markets and, accordingly, the Plan had no investment securities subject to custodial credit risk.

Concentration of Credit Risk. The Plan places no limit on the amount the Plan may invest in any one issuer. At December 31, 2011, the Plan's investments in debt securities were entirely in open-ended mutual funds or money markets and, accordingly, disclosures related to the concentration of credit risks were not applicable.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Special Assessments Receivable and Due From Other Governments

The amortized annual outstanding special assessments receivable at December 31, 2011 is as follows:

Budget Year	Tax Year	Principal Portion	Interest Portion	Total
2012	2011	\$ 1,297,784	\$ 348,694	\$ 1,646,478
2013	2012	1,323,197	300,325	1,623,522
2014	2013	1,099,206	251,362	1,350,568
2015	2014	1,134,369	211,607	1,345,976
2016	2015	1,175,308	170,626	1,345,934
Thereafter		<u>3,417,382</u>	<u>272,259</u>	<u>3,689,641</u>
		<u>\$ 9,447,246</u>	<u>\$ 1,554,873</u>	<u>\$ 11,002,119</u>

Due from other governments as of December 31, 2011 for the City's major and nonmajor funds are as follows:

General	Parks and Pipes	Capital Projects	Other Governmental Funds	Total
<u>\$ 2,982,761</u>	<u>\$ 204,359</u>	<u>\$ 61,569</u>	<u>\$ 292,827</u>	<u>\$ 3,541,516</u>

The Due from other government amounts above include \$3,365,151 of sales tax, \$78,374 of transient guest tax and \$97,991 from miscellaneous sources.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 21,382,963	\$ -	\$ -	\$ -	\$ 21,382,963
Historical buildings	899,000	-	-	-	899,000
Construction in progress	<u>12,238,850</u>	<u>239,750</u>	<u>2,580,927</u>	<u>12,195,198</u>	<u>2,864,329</u>
Total capital assets not being depreciated	<u>34,520,813</u>	<u>239,750</u>	<u>2,580,927</u>	<u>12,195,198</u>	<u>25,146,292</u>
Capital assets being depreciated:					
Buildings	36,463,541	-	-	47,000	36,416,541
Land improvements	10,330,554	-	-	-	10,330,554
Motor vehicles	8,375,045	-	948,471	363,957	8,959,559
Operating equipment	3,320,172	-	214,474	273,737	3,260,909
Communications equipment	201,588	-	873,473	120,096	954,965
Office equipment	1,585,531	-	-	118,143	1,467,388
Infrastructure	<u>1,050,481,106</u>	<u>-</u>	<u>13,770,944</u>	<u>-</u>	<u>1,064,252,050</u>
Total capital assets being depreciated	<u>1,110,757,537</u>	<u>-</u>	<u>15,807,362</u>	<u>922,933</u>	<u>1,125,641,966</u>
Less accumulated depreciation for:					
Buildings	8,413,538	2,067	731,222	-	9,146,827
Land improvements	2,162,318	-	284,354	-	2,446,672
Motor vehicles	5,189,681	36,841	687,221	288,283	5,625,460
Operating equipment	2,202,285	7,223	223,341	248,503	2,184,346
Communications equipment	180,794	-	32,169	120,096	92,867
Office equipment	1,357,041	3,246	59,880	116,341	1,303,826
Infrastructure	<u>397,313,803</u>	<u>[2,067]</u>	<u>20,487,921</u>	<u>-</u>	<u>417,799,657</u>
Total accumulated depreciation	<u>416,819,460</u>	<u>47,310</u>	<u>22,506,108</u>	<u>773,223</u>	<u>438,599,655</u>
Total capital assets being depreciated, net	<u>693,938,077</u>	<u>[47,310]</u>	<u>[6,698,746]</u>	<u>149,710</u>	<u>687,042,311</u>
Governmental activities capital assets, net	<u>\$ 728,458,890</u>	<u>\$ 192,440</u>	<u>\$ [4,117,819]</u>	<u>\$ 12,344,908</u>	<u>\$ 712,188,603</u>

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

Governmental activities:	
General government	\$ 58,579
Public works	20,667,121
Public safety	1,091,174
Culture and recreation	<u>689,234</u>
Total	<u>\$ 22,506,108</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables, and Transfers

Transfers

Transfers made between funds during the year ended December 31, 2011 are described below:

	Transfers	
	In	Out
Major funds:		
General Fund	\$ 324,885	\$ 2,997,949
Parks and Pipes Fund	48,556	800,203
Debt Service Fund	1,102,146	-
Capital Projects Fund	2,509,001	-
Nonmajor funds:		
Other Governmental Funds	2,714,289	2,900,725
	<u>\$ 6,698,877</u>	<u>\$ 6,698,877</u>

Transfers from the Capital Projects Fund to the General Fund and the Debt Service Fund were made to reimburse these funds for amounts borrowed in anticipation of permanent financing or because certain projects were closed during 2011 and residual balances were returned for use in debt service payments. The due to/from within the Agency Funds is an interfund loan payable within one year.

E. Long-Term Debt

Changes in long-term debt outstanding are as follows:

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011	Current Portion
General Obligation Bonds	\$ 86,165,000	\$ 5,680,000	\$ 8,685,000	\$ 83,160,000	\$ 9,345,000
General Obligation Bonds Discount	[7,523]	-	[684]	[6,839]	[684]
General Obligation Bonds Premium	1,008,614	-	89,485	919,129	89,485
General Obligation Bonds, Net	87,166,091	5,680,000	8,773,801	84,072,290	9,433,801
Temporary Notes Payable	2,645,000	-	2,645,000	-	-
Revolving Loans Payable	1,609,624	457,357	1,875,816	191,165	69,015
Capital Leases Payable	1,237,437	1,348,388	377,582	2,208,243	355,125
Compensated Absences	6,686,583	1,233,711	1,031,929	6,888,365	935,939
	<u>\$ 99,344,735</u>	<u>\$ 8,719,456</u>	<u>\$ 14,704,128</u>	<u>\$ 93,360,063</u>	<u>\$ 10,793,880</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

At December 31, 2011, outstanding general obligation bonds consist of the following:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Original Issue Amount</u>	<u>Balance Outstanding</u>
Series 2002A, General Improvement Bonds	1.90 - 4.75%	06/01/02	12/01/17	\$ 13,205,000	\$ 935,000
Series 2003A, General Improvement Bonds	3.00 - 4.35%	08/25/03	12/01/18	12,160,000	6,410,000
Series 2004A, General Improvement Bonds	2.75 - 4.00%	12/07/04	12/01/19	15,825,000	9,345,000
Series 2005A, General Improvement Bonds	3.70 - 3.90%	11/17/05	12/01/20	7,355,000	4,890,000
Series 2006A, General Improvement Bonds	3.50 - 3.85%	12/04/06	12/01/21	7,239,921	5,268,161
Series 2007A, General Improvement Bonds	5%	06/25/07	12/01/27	20,204,782	17,771,087
Series 2008A, General Improvement Bonds	3.00 - 4.25%	09/18/08	12/01/23	7,110,367	5,372,294
Series 2008B, General Improvement Bonds	3.00 - 3.25%	09/18/08	12/01/14	5,873,741	4,129,371
Series 2008C, General Improvement Bonds	3.00 - 3.50%	09/18/08	12/01/16	14,460,155	7,653,222
Series 2009A, General Improvement Bonds	2.00 - 3.10%	09/24/09	12/01/19	1,428,090	1,174,470
Series 2010A, General Improvement Bonds	1.00 - 4.00%	11/18/10	12/01/25	10,612,163	9,858,685
Series 2010B, General Improvement Refunding Bonds	0.75 - 1.80%	11/18/10	12/01/17	5,585,000	5,585,000
Series 2011A, General Improvement Bonds	.45 - 3.45%	08/01/11	12/01/26	5,680,000	5,680,000
					<u>\$ 84,072,290</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Annual debt service requirements through maturity for general obligation bonds are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 9,433,801	\$ 3,141,796	\$ 12,575,597
2013	9,863,801	2,557,715	12,421,515
2014	9,638,801	2,275,323	11,914,123
2015	8,867,344	1,991,292	10,858,635
2016	8,337,344	1,717,530	10,054,873
2017 - 2021	26,569,879	4,979,830	31,549,709
2022 - 2026	9,946,321	1,632,709	11,579,030
2027	1,415,000	70,750	1,485,750
Total	<u>\$ 84,072,290</u>	<u>\$ 18,366,942</u>	<u>\$ 102,439,233</u>

At December 31, 2011, the remaining principal balance of outstanding debt issues previously defeased is \$5,395,000. The principal and interest payments for these bonds will be paid by the trustee for the related escrow securities on the scheduled payment dates. This amount is not recorded in these financial statements.

Revolving Loans

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on November 31, 2009. The interest rate on the loan is 2.35% with a final maturity of March 1, 2031. The total loan amount is \$465,000, of which approximately \$348,750 of principal forgiveness is available through an ARRA clean water state revolving fund program. As of December 31, 2011, \$457,357 of draws had been made on the loan and \$281,797 of principal had been forgiven through the ARRA clean water state revolving fund program. The outstanding balance on the loan as of December 31, 2011 was \$81,628. Annual debt service requirements for the total proceeds of the loan through maturity are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 62,457	\$ 599	\$ 63,056
2013	1,145	690	1,835
2014	1,175	660	1,835
2015	1,206	629	1,835
2016	1,238	597	1,835
2017 - 2021	6,691	2,484	9,175
2022 - 2026	7,613	1,562	9,175
2027 - 2031	<u>7,746</u>	<u>512</u>	<u>8,258</u>
Total	<u>\$ 89,271</u>	<u>\$ 7,733</u>	<u>\$ 97,004</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

The City has entered into multiple loan agreements with the Kansas Department of Transportation (KDOT). Information regarding each loan is as follows:

<u>Loan</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Original Loan Amount</u>	<u>Balance Currently Outstanding</u>
TR 0095	3.88%	06/08/09	08/01/24	\$ 27,100	\$ 24,312
TR 0097	3.88%	06/08/09	08/01/24	95,000	<u>85,225</u>
Total					<u>\$ 109,537</u>

Annual debt service requirements through maturity for the revolving loans, for the full proceeds amount are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,558	\$ 4,524	\$ 11,082
2013	6,829	4,253	11,082
2014	7,111	3,971	11,082
2015	7,405	3,677	11,082
2016	7,710	3,372	11,082
2017 - 2021	43,600	11,810	55,409
2022 - 2024	<u>30,325</u>	<u>2,523</u>	<u>32,848</u>
Total	<u>\$ 109,537</u>	<u>\$ 34,129</u>	<u>\$ 143,667</u>

Capital Lease

The City entered into various capital lease agreements for the acquisition of certain equipment in the amount of \$3,136,552. The annual debt service requirements to service the outstanding capital lease payable at December 31, 2011 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 355,125	\$ 72,863	\$ 427,988
2013	367,693	60,296	427,989
2014	380,717	54,436	435,153
2015	195,421	33,774	229,195
2016	201,675	27,520	229,195
2017 - 2019	<u>707,612</u>	<u>47,556</u>	<u>755,168</u>
Total	<u>\$ 2,208,243</u>	<u>\$ 296,445</u>	<u>\$ 2,504,688</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Legal Debt Margin

Kansas Statutes Annotated 10-308 prescribes that the indebtedness of a city shall be limited to 30% of such city's equalized assessed value of all tangible taxable property within the city, as certified to the County Clerk for the next succeeding year. The equalized assessed tangible valuation for computation of bonded debt limitations is computed by summing the assessed valuation of taxable tangible property and the equalized valuation of motor vehicles.

The legal debt margin computation for the year ended December 31, 2011 is as follows:

Assessed valuation of taxable tangible property	\$ 686,743,405
Equalized valuation of motor vehicles	<u>84,348,157</u>
Equalized assessed tangible valuation for computation of bonded debt limitations	<u>\$ 771,091,562</u>
Legal debt limit (30%)	\$ 231,327,469
Less:	
General obligation bonds	83,160,000
Plus:	
Debt Service Fund fund balance	<u>846,014</u>
Legal debt margin	<u>\$ 149,013,483</u>
Percentage of debt capacity used	<u>35.6%</u>

Conduit Debt

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. The City has also issued multifamily housing bonds to provide mortgage loans for the construction and financing of multifamily rental and single-family residences of the City. These bonds are secured solely by the property financed by the respective bond issues and by credit guarantees of reinvestment-grade financial institutions. Title to property financed by industrial revenue bonds remains with the City so long as the bonds are outstanding. Industrial revenue bonds are not in any respect an obligation of the City. Accordingly, the bonds are not reported as a liability in the accompanying basic financial statements.

As of December 31, 2011, there were 32 issues of industrial revenue and multifamily housing bonds outstanding. These issues have an aggregate amount originally issued of approximately \$204 million and an aggregate balance outstanding of approximately \$133 million at December 31, 2011.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION

A. Pension Plans

KPERS and KP&F

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Fireman's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by Kansas statutes (K.S.A. 74-4901 et seq). KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by contacting KPERS (400 S.W. 8th Avenue, Suite 200, Topeka, Kansas, 66603-3925; 1-800-228-0366; or www.kpers.org).

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The employer rate was 7.74% from January 1 to December 31, 2011. The City employer contributions to KPERS for the years ended December 31, 2011, 2010 and 2009 were \$686,740, \$605,262, and \$550,989, respectively, equal to the required contributions for each year.

The KP&F employer rate established for fiscal years beginning in 2011 is 15.72%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2011, 2010 and 2009 were \$1,465,999, \$1,337,976 and \$1,361,716, respectively, equal to the retired contributions for each year.

Supplemental Retirement Plan

On January 1, 1998, in addition to the KPERS and KP&F plans, the City initiated the City of Shawnee, Kansas Employees Supplemental Pension Plan (the Plan). The Plan is a single employer defined benefit plan that operates as a qualified plan as defined in Section 401(a) of the Internal Revenue Code. The Plan provides retirement and death benefits to plan members and beneficiaries. A stand alone financial report is not issued for the Plan. The Plan is considered part of the City's reporting entity and is presented solely in the accompanying basic financial statements as a pension trust fund.

Under the Plan, full time employees meeting the eligibility requirement of one year of service may participate in the Plan. Employees are 100% vested after five years of service and obtain no vesting for the first four years of service. The City's supplemental retirement plan is normally liquidated in the General Fund.

Membership of the Plan consisted of the following at January 1, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	28
Terminated plan members, entitled to, but not yet receiving benefits	33
Active plan members	<u>258</u>
Total	<u><u>319</u></u>

Under the Plan, participants, upon retirement, are entitled to a monthly benefit, payable for life, equal to one percent of the participant's average monthly compensation multiplied by the number of years of service. The benefit from the Plan is reduced so that the maximum total benefit a participant can receive is 85% of average monthly compensation when benefits from this plan, KPERS and KP&F are added together. The normal

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION (CONTINUED)

A. Pension Plans (Continued)

retirement age from the City is 62 except for KP&F members. The normal retirement age for KP&F members is 55. If a participant who is actively employed dies, the participant's spouse is entitled to 50% of the accrued benefit, payable for life, commencing when the participant would have reached the normal retirement date. Under the Plan, participants are not required to contribute. All contributions to the Plan are made by the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the Plan are financed outside of plan assets.

Contributions to the Plan are designed to fund normal costs on a current basis and to fund past service costs over a 30 year period. The recommended contribution rate is determined by the Plan's consulting actuary using the Individual Entry Age Actuarial Cost Method. Based upon the January 1, 2012 actuarial valuation, the recommended contribution for the year ended December 31, 2011 was \$636,959. The most recent actuarial valuation performed at January 1, 2012 included a recommended contribution for the City of \$691,017 which is approximately 4.43% of covered payroll.

The City's annual pension cost and changes in the City's net pension asset consisted of the following for the year ended December 31, 2011:

Annual required contribution	\$ 636,959
Interest on net pension asset	[49,156]
Adjustment to annual required contribution	<u>49,588</u>
Annual pension cost	<u>\$ 637,391</u>
Contributions made	\$ 636,939
Less annual pension cost	<u>[637,391]</u>
Increase in net pension asset	[452]
Net pension asset at beginning of year	<u>655,410</u>
Net pension asset at end of year	<u>\$ 654,958</u>

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Year:	<u>Contribution (ARC)</u>	<u>APC Contributed</u>	<u>Pension Cost</u>	<u>Net Pension Obligation</u>	<u>Net Pension Asset</u>
2009	\$ 779,981	100.0%	\$ 774,883	\$ -	\$ 660,648
2010	734,298	99.3%	732,667	-	655,410
2011	637,391	99.9%	637,391	-	654,958

Funding Status and Funding Progress. As of the year ended December 31, 2011, the most recent actuarial valuation date, the plan was 74.1% funded. The actuarial accrued liability for benefits was \$12,311,256 and the actuarial value of asset was \$9,118,571, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,192,685. The covered payroll (annual payroll of active employees covered by the plan) was \$15,608,663, and the ratio of the UAAL to the covered payroll was 20.5%.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION (CONTINUED)

A. Pension Plans (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2012
Actuarial cost method	Individual entry age
Asset valuation method	Market value
Amortization method	Level percent of payroll, closed
Remaining amortization period	16 years
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	2.90%
Inflation assumption	1.10%

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of asset; errors and omissions; injuries to employees; and natural disasters. The City is a charter member of the Kansas Eastern Region Insurance Trust, Inc. (KERIT). KERIT, organized under the pooling laws of Kansas, is a risk sharing pool which self insures, up to certain limits, and reinsures, additional excess amounts up to certain limits, workers' compensation and other related expenses. The City pays annual premiums to KERIT based on historical experience and legal requirements mandated by the State of Kansas and participates in management decisions as a trustee. Members of the trust may be assessed additional premiums to cover losses up to the attachment point of excess coverage and for losses in excess of the aggregate loss limit of \$5,000,000 in a particular year. The City has not been involved in any settlements where the amounts exceeded insurance coverage in the past three years.

C. Commitments and Contingencies

The City participates in federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, though the City expects such amounts, if any, to be immaterial.

The City is involved in various lawsuits arising in the ordinary course of business. Management expects a favorable outcome in these matters, except as discussed in the following paragraph. In the event of an unfavorable outcome, the City management believes any potential losses will not have a material impact on the financial position of the City.

In one instance, the City has been made aware of a claim related to a street improvement project. The City is unable to determine the likelihood of an unfavorable outcome or a reasonable range of loss. If the City were to incur a loss related to this claim, it would be considered part of the underlying street improvement project and the City would be able to finance the payment of the claim as part of its normal general obligation bond finance process for capital improvements.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION (CONTINUED)

D. Long-term Rental Agreement

On January 24, 2001, the City received a donation of approximately 101 acres of land located in the City. The City estimated the fair value of the land as of the date of donation to be \$210,000. The land was given to the City by Holliday Sand & Gravel Company (the Company). The Company retained the right to remove soil to enable them to mine sand and gravel for a period of up to fifteen (15) years commencing in January 2001. The Company is obligated to pay all taxes, reclamation and environmental remediation costs resulting from the mining operations.

The Company may terminate the rental agreement at any time. The rental agreement terminates automatically if the Company ceases to mine the property for twenty-four consecutive months. Upon early termination the Company must commence and complete the reclamation and environmental remediation as required by the State of Kansas. The Company is to pay the City an annual minimum rental of \$10,000 per year plus 10 cents per ton of material mined each year in excess of 100,000 tons. Total rents received in 2011 were \$53,247.

E. Capital Projects

Capital project expenditures often extend over more than one fiscal year. Project estimates of each project are prepared by the City Engineer and approved by the City Council. At December 31, 2011, certain projects were pending City Council authorization.

The costs of capital projects are permanently financed through general obligation bonds, costs reimbursement type grants from other governmental units, special assessment levies, and transfers from other governmental funds.

Fund balance deficits will be funded by general obligation notes or other permanent financing as discussed above. Upon completion of a project, residual funds related to that project in the Capital Projects Fund, if any, will be transferred to the Debt Service Fund for repayment of the related debt.

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION (CONTINUED)

E. Capital Projects (Continued)

The following is a schedule of the total open project authorizations compared with project expenditures from inception through December 31, 2011:

<u>Project Number</u>	<u>Project Name</u>	<u>Project Authorizations</u>	<u>Total Project Expenditures To Date</u>	<u>[Over]/ Under</u>
3282	57th & Cody to 57th & Monrovia Storm Drainage	\$ 1,176,000	\$ 747,373	\$ 428,627
3283	70th & Flint to S. of Yager	3,226,000	1,904,567	1,321,433
3321	Monticello Road - Johnson Dr. to 66th	2,100,000	156,080	1,943,920
3322	Monticello Road - Midland to 75th	15,500,000	1,453,856	14,046,144
3325	Silverheel - Clear Creek Pkwy. to 66th	5,200,000	3,812,885	1,387,115
3334	West 435 & Jo Dr & SMPKWY TIF	-	41,366	[41,366]
3336	Seville TIF	-	8,813	[8,813]
3340	Cobblestone Village TIF	-	123,486	[123,486]
3345	Johnson Drive & Roberts Road	1,200,000	1,169,348	30,652
3347	K-7 & jo Dr/55th Street Interchange	489,591	478,374	11,217
3348	50th Terr. & Nieman Storm Drainage	880,000	817,699	62,301
3350	70th Terrace and Flint Storm Drainage	3,266,000	58,507	3,207,493
3355	CLEAR CREEK REC TRAIL PHASE II	1,300,000	1,548,902	[248,902]
3356	Justice Center Stormwater Quality BMP Retrofit	575,000	507,603	67,397
3360	Shawnee Town 1929	592,000	578,684	13,316
3362	Traffic Signal Purchase	800,000	349,319	450,681
3364	HVAC Repairs	-	337,542	[337,542]
3365	Seven Hills - Richards Dr Storm Drainage Improv	451,000	33,152	417,848
3366	Seven Hills - Bradshaw St. Storm Drainage Improv	421,750	30,576	391,174
3367	55th Terrace & Earnshaw Storm Drainage Improv	2,440,375	227,322	2,213,053
3368	Edgewood Blvd & Larsen Storm Drainage	791,000	4,422	786,578
3369	K-7 Corridor Improvements at 43rd and 75th	250,000	-	250,000
3370	Clear Creek Pedestrian/Bicycle Trail Phase III	1,842,000	58,413	1,783,587
3371	Roof Replacement	614,500	29,312	585,188
3372	Shawnee Town 1929 - The Town	200,000	95,923	104,077
		<u>\$ 34,328,591</u>	<u>\$ 12,660,169</u>	<u>\$ 21,668,422</u>

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION (CONTINUED)

F. Postemployment Healthcare Plan

Plan Description. The City operates a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately 50% of total premiums to the Plan through their required contribution of 50% of premiums of \$5,104 per year for retiree-only coverage and 50% of the single rate premiums of \$14,801 per year for retiree and family coverage. The City's postemployment healthcare plan is normally liquidated in the General Fund

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$	486,220
Interest on Net OPEB Obligation		32,981
Adjustment to Annual Required Contribution		[33,662]
Annual OPEB cost (expense)		485,539
Benefit payments		76,527
Change in net OPEB obligation		409,012
Net OPEB obligation - beginning of year		824,528
Net OPEB obligation - end of year	\$	<u>1,233,540</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation	Percentage of Annual OPEB Cost Contributed
December 31, 2009	\$ 341,843	\$ 62,000	\$ 528,843	18.14%
December 31, 2010	360,685	65,000	824,528	18.02%
December 31, 2011	485,539	76,527	1,233,540	15.76%

CITY OF SHAWNEE, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

V. OTHER INFORMATION (CONTINUED)

F. Postemployment Healthcare Plan (Continued)

Funding Status and Funding Progress. As of the year ended December 31, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$4,336,995 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,336,995. The covered payroll (annual payroll of active employees covered by the plan) was \$16,772,116, and the ratio of the UAAL to the covered payroll was 25.86%.

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

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

In the year ended December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 8.5% initially, reduced by decrements to an ultimate rate of 5% after eight years. The inflationary impact assumption is 2.5%. The UAAL is being amortized as a level dollar over an open thirty-year period.

CITY OF SHAWNEE, KANSAS
 REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2011

Employee Supplemental Pension Plan
 Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
2000	\$ 922,000	\$ 3,282,000	\$ 2,360,000	28.1%	\$ 9,572,000	24.7%
2001	1,328,000	3,880,000	2,552,000	34.2%	10,489,000	24.3%
2002	1,750,707	4,565,697	2,814,990	38.3%	12,112,360	23.2%
2003	2,615,000	5,059,675	2,444,675	51.7%	13,597,541	18.0%
2004	3,342,000	5,732,000	2,390,000	58.3%	13,934,000	17.2%
2005	4,032,000	6,771,000	2,739,000	59.5%	14,279,000	19.2%
2006	4,903,000	7,939,000	3,036,000	61.8%	15,425,000	19.7%
2007	5,717,000	8,717,000	3,000,000	65.6%	16,981,000	17.7%
2008	5,195,000	10,006,000	4,811,000	51.9%	16,960,000	28.4%
2009	7,464,000	11,000,000	3,536,000	67.9%	17,969,000	19.7%
2010	8,892,444	11,470,971	2,578,527	77.5%	16,648,293	15.5%
2011	9,118,571	12,311,256	3,192,685	74.1%	15,608,663	20.5%

CITY OF SHAWNEE, KANSAS
 OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2011

Schedule of Employer Contributions:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation	Percentage of Annual OPEB Cost Contributed
December 31, 2009	\$ 341,843	\$ 62,000	\$ 528,843	18.14%
December 31, 2010	360,685	65,000	824,528	18.02%
December 31, 2011	485,539	76,527	1,233,540	15.76%

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
1/1/2008	\$ -	\$ 2,597,000	\$ 2,597,000	0.0%	\$ 18,939,394	13.71%
1/1/2011	-	4,336,995	4,336,995	0.0%	16,772,116	25.86%

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CITY OF SHAWNEE, KANSAS
COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

Other governmental funds are composed entirely of special revenue funds which have been established to account for resources allocated by law or contractual agreement for specific purposes and continue in existence as long as governmental resources are allocated for their specific purposes.

The City's Other Governmental Funds, along with a brief description for each, are as follows:

Public Safety Equipment Fund - This fund is used to account for the purchase of fire and rescue equipment.

Special Narcotics Fund - This fund accounts for police expenditures funded by drug confiscation proceeds.

Special Highway Aid Fund - This fund is used to account for costs relating to the repair and maintenance of city streets and highways. Financing is derived from the City's share of the Kansas gasoline tax.

Special Parks and Recreation Fund - This fund is used to account for parks and recreation expenditures funded from the state liquor tax.

Special Alcohol Abuse Fund - This fund is used to account for expenditures for alcohol rehabilitation programs funded from resources received from the state liquor tax.

Convention and Tourism Fund - This fund is used to account for fees received from the convention and tourism taxes.

Cemetery Fund - This fund is used to account for the operations of the municipal cemetery.

Stormwater Utility Fund - This fund is used to account for the City's stormwater management program.

Public Safety Fund - This fund is used to account for a 1/8 cent which is designated for the construction of a Justice Center and thereafter for public safety projects.

Neighborhood Revitalization Fund - This fund is used to account for the Neighborhood Revitalization Act.

Equipment Reserve Fund – This fund is used to account for equipment and facility improvements.

CDBG Grant Fund – This fund is used to account for the CDBG grant.

CITY OF SHAWNEE, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2011

ASSETS	Public Safety <u>Equipment</u>	Special <u>Narcotics</u>	Special Highway <u>Aid</u>	Special Parks and <u>Recreation</u>	Special Alcohol <u>Abuse</u>	Convention and <u>Tourism</u>
Cash and investments	\$ 597,759	\$ 143,035	\$ 132,107	\$ 179,684	\$ 416,345	\$ 14
Taxes receivable	369,261	-	-	-	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>10,094</u>	<u>-</u>	<u>-</u>	<u>78,374</u>
Total assets	<u>\$ 967,020</u>	<u>\$ 143,035</u>	<u>\$ 142,201</u>	<u>\$ 179,684</u>	<u>\$ 416,345</u>	<u>\$ 78,388</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Deferred revenue	<u>369,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>369,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances						
Restricted	597,759	143,035	10,095	179,684	416,345	78,388
Committed	-	-	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>132,106</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>597,759</u>	<u>143,035</u>	<u>142,201</u>	<u>179,684</u>	<u>416,345</u>	<u>78,388</u>
Total liabilities and fund balances	<u>\$ 967,020</u>	<u>\$ 143,035</u>	<u>\$ 142,201</u>	<u>\$ 179,684</u>	<u>\$ 416,345</u>	<u>\$ 78,388</u>

<u>Cemetery</u>	<u>Stormwater Utility</u>	<u>Public Safety</u>	<u>Neighborhood Revitalization</u>	<u>Equipment Reserve</u>	<u>CDBG Grant</u>	<u>Totals</u>
\$ 69,787	\$ 2,275,100	\$ 1,011,773	\$ 70,194	\$ 890,723	\$ -	\$ 5,786,521
-	-	-	-	-	-	369,261
-	-	204,359	-	-	-	292,827
<u>\$ 69,787</u>	<u>\$ 2,275,100</u>	<u>\$ 1,216,132</u>	<u>\$ 70,194</u>	<u>\$ 890,723</u>	<u>\$ -</u>	<u>\$ 6,448,609</u>
\$ 1,339	\$ 14,871	\$ -	\$ 919	\$ -	\$ -	\$ 17,129
-	14,356	-	-	-	-	14,356
-	-	-	-	-	-	369,261
<u>1,339</u>	<u>29,227</u>	<u>-</u>	<u>919</u>	<u>-</u>	<u>-</u>	<u>400,746</u>
-	-	1,216,132	-	-	-	2,641,438
68,448	2,091,048	-	69,275	850,764	-	3,079,535
-	154,825	-	-	39,959	-	326,890
<u>68,448</u>	<u>2,245,873</u>	<u>1,216,132</u>	<u>69,275</u>	<u>890,723</u>	<u>-</u>	<u>6,047,863</u>
<u>\$ 69,787</u>	<u>\$ 2,275,100</u>	<u>\$ 1,216,132</u>	<u>\$ 70,194</u>	<u>\$ 890,723</u>	<u>\$ -</u>	<u>\$ 6,448,609</u>

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	Public Safety <u>Equipment</u>	Special Narcotics <u>Narcotics</u>	Special Highway Aid <u>Aid</u>	Special Parks and Recreation <u>Recreation</u>	Special Alcohol Abuse <u>Abuse</u>	Convention and Tourism <u>Tourism</u>
Revenues						
Taxes	\$ 430,892	\$ 18,317	\$ -	\$ 238,009	\$ 238,008	\$ 293,625
Intergovernmental	95,140	-	1,627,032	-	300	-
Charges for services	-	-	-	-	-	-
Other	32,755	21,816	-	100,000	-	-
Use of money and property	<u>2,594</u>	<u>542</u>	<u>4,389</u>	<u>911</u>	<u>1,609</u>	<u>100</u>
Total revenues	<u>561,381</u>	<u>40,675</u>	<u>1,631,421</u>	<u>338,920</u>	<u>239,917</u>	<u>293,725</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Community development	-	-	-	-	-	173,900
Public works	-	-	1,149,881	-	-	-
Public safety	628,979	38,268	-	-	-	-
Culture and recreation	-	-	-	222,426	-	-
Human resources	-	-	-	-	188,805	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>628,979</u>	<u>38,268</u>	<u>1,149,881</u>	<u>222,426</u>	<u>188,805</u>	<u>173,900</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[67,598]</u>	<u>2,407</u>	<u>481,540</u>	<u>116,494</u>	<u>51,112</u>	<u>119,825</u>
Other financing sources [uses]						
Transfers in	-	-	1,181,289	-	-	-
Transfers [out]	<u>-</u>	<u>-</u>	<u>[1,660,000]</u>	<u>[622,283]</u>	<u>-</u>	<u>[116,384]</u>
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>[478,711]</u>	<u>[622,283]</u>	<u>-</u>	<u>[116,384]</u>
Net change in fund balances	<u>[67,598]</u>	<u>2,407</u>	<u>2,829</u>	<u>[505,789]</u>	<u>51,112</u>	<u>3,441</u>
Fund balances, beginning	<u>665,357</u>	<u>140,628</u>	<u>139,372</u>	<u>685,473</u>	<u>365,233</u>	<u>74,947</u>
Fund balances, ending	<u>\$ 597,759</u>	<u>\$ 143,035</u>	<u>\$ 142,201</u>	<u>\$ 179,684</u>	<u>\$ 416,345</u>	<u>\$ 78,388</u>

<u>Cemetery</u>	<u>Stormwater Utility</u>	<u>Public Safety</u>	<u>Neighborhood Revitalization</u>	<u>Equipment Reserve</u>	<u>CDBG Grant</u>	<u>Totals</u>
\$ -	\$ 1,712,272	\$ 1,180,856	\$ 24,199	\$ -	\$ -	\$ 4,136,178
-	152,117	-	-	-	57,840	1,932,429
33,375	-	-	-	-	-	33,375
-	-	-	-	-	-	154,571
232	11,787	5,810	-	-	-	27,974
<u>33,607</u>	<u>1,876,176</u>	<u>1,186,666</u>	<u>24,199</u>	<u>-</u>	<u>57,840</u>	<u>6,284,527</u>
17,937	-	-	-	-	-	17,937
-	-	-	35,786	-	-	209,686
-	2,106,932	-	-	-	55,456	3,312,269
-	-	-	-	-	-	667,247
-	-	-	-	-	-	222,426
-	-	-	-	-	-	188,805
-	-	-	-	149,165	-	149,165
-	-	609,600	-	-	-	609,600
-	-	854,485	-	-	-	854,485
<u>17,937</u>	<u>2,106,932</u>	<u>1,464,085</u>	<u>35,786</u>	<u>149,165</u>	<u>55,456</u>	<u>6,231,620</u>
<u>15,670</u>	<u>[230,756]</u>	<u>[277,419]</u>	<u>[11,587]</u>	<u>[149,165]</u>	<u>2,384</u>	<u>52,907</u>
-	450,000	-	18,000	1,065,000	-	2,714,289
-	[476,946]	-	-	[25,112]	-	[2,900,725]
-	[26,946]	-	18,000	1,039,888	-	[186,436]
15,670	[257,702]	[277,419]	6,413	890,723	2,384	[133,529]
<u>52,778</u>	<u>2,503,575</u>	<u>1,493,551</u>	<u>62,862</u>	<u>-</u>	<u>[2,384]</u>	<u>6,181,392</u>
<u>\$ 68,448</u>	<u>\$ 2,245,873</u>	<u>\$ 1,216,132</u>	<u>\$ 69,275</u>	<u>\$ 890,723</u>	<u>\$ -</u>	<u>\$ 6,047,863</u>

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 PUBLIC SAFETY EQUIPMENT FUND
 For the Year Ended December 31, 2011

	GAAP		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Basis Actual	Adjustments		Original	Final	
Revenues						
Taxes	\$ 430,892	\$ -	\$ 430,892	\$ 430,867	\$ 430,867	\$ 25
Intergovernmental	95,140	-	95,140	-	-	95,140
Miscellaneous	32,755	-	32,755	-	-	32,755
Use of money and property	2,594	-	2,594	6,200	6,200	[3,606]
Total revenues	<u>561,381</u>	<u>-</u>	<u>561,381</u>	<u>437,067</u>	<u>437,067</u>	<u>124,314</u>
Expenditures						
Public safety	<u>628,979</u>	<u>-</u>	<u>628,979</u>	<u>1,046,712</u>	<u>1,046,712</u>	<u>417,733</u>
Total expenditures	<u>628,979</u>	<u>-</u>	<u>628,979</u>	<u>1,046,712</u>	<u>1,046,712</u>	<u>417,733</u>
Net change in fund balance	[67,598]	-	[67,598]	<u>\$ [609,645]</u>	<u>\$ [609,645]</u>	<u>\$ 542,047</u>
Fund balance, beginning	<u>665,357</u>	<u>-</u>	<u>665,357</u>			
Fund balance, ending	<u>\$ 597,759</u>	<u>\$ -</u>	<u>\$ 597,759</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 SPECIAL NARCOTICS FUND
 For the Year Ended December 31, 2011

	GAAP		Budgetary Basis Actual	Budgeted Amounts		Variance Positive [Negative]
	Basis Actual	Adjustments		Original	Final	
Revenues						
Taxes	\$ 18,317	\$ -	\$ 18,317	\$ 11,500	\$ 11,500	\$ 6,817
Miscellaneous	21,816	-	21,816	-	-	21,816
Use of money and property	542	-	542	1,300	1,300	[758]
Total revenues	<u>40,675</u>	<u>-</u>	<u>40,675</u>	<u>12,800</u>	<u>12,800</u>	<u>27,875</u>
Expenditures						
Public safety	<u>38,268</u>	<u>-</u>	<u>38,268</u>	<u>146,249</u>	<u>146,249</u>	<u>107,981</u>
Total expenditures	<u>38,268</u>	<u>-</u>	<u>38,268</u>	<u>146,249</u>	<u>146,249</u>	<u>107,981</u>
Excess [deficiency] of revenues over [under] expenditures	2,407	-	2,407	<u>\$ [133,449]</u>	<u>\$ [133,449]</u>	<u>\$ 135,856</u>
Fund balance, beginning	<u>140,628</u>	<u>-</u>	<u>140,628</u>			
Fund balance, ending	<u>\$ 143,035</u>	<u>\$ -</u>	<u>\$ 143,035</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 SPECIAL HIGHWAY AID FUND
 For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 1,627,032	\$ -	\$ 1,627,032	\$ 1,660,000	\$ 1,647,400	\$ [20,368]
Use of money and property	4,389	-	4,389	200	1,400	2,989
Total revenues	<u>1,631,421</u>	<u>-</u>	<u>1,631,421</u>	<u>1,660,200</u>	<u>1,648,800</u>	<u>[17,379]</u>
Expenditures						
Public works	1,149,881	132,106	1,281,987	987,600	1,587,600	305,613
Total expenditures	<u>1,149,881</u>	<u>132,106</u>	<u>1,281,987</u>	<u>987,600</u>	<u>1,587,600</u>	<u>305,613</u>
Excess [deficiency] of revenues over [under] expenditures	<u>481,540</u>	<u>[132,106]</u>	<u>349,434</u>	<u>672,600</u>	<u>61,200</u>	<u>288,234</u>
Other financing sources [uses]						
Transfers in	1,181,289	-	1,181,289	967,100	1,467,100	[285,811]
Transfers [out]	<u>[1,660,000]</u>	<u>-</u>	<u>[1,660,000]</u>	<u>[1,660,000]</u>	<u>[1,660,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[478,711]</u>	<u>-</u>	<u>[478,711]</u>	<u>[692,900]</u>	<u>[192,900]</u>	<u>[285,811]</u>
Net change in fund balance	2,829	[132,106]	[129,277]	<u>\$ [20,300]</u>	<u>\$ [131,700]</u>	<u>\$ 2,423</u>
Fund balance, beginning	<u>139,372</u>	<u>-</u>	<u>139,372</u>			
Fund balance, ending	<u>\$ 142,201</u>	<u>\$ [132,106]</u>	<u>\$ 10,095</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL PARKS AND RECREATION FUND
For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 238,009	\$ -	\$ 238,009	\$ 242,400	\$ 235,200	\$ 2,809
Miscellaneous	100,000	-	100,000	100,000	100,000	-
Use of money and property	911	-	911	2,600	7,300	[6,389]
Total revenues	<u>338,920</u>	<u>-</u>	<u>338,920</u>	<u>345,000</u>	<u>342,500</u>	<u>[3,580]</u>
Expenditures						
Culture and recreation	<u>222,426</u>	<u>-</u>	<u>222,426</u>	<u>602,487</u>	<u>977,400</u>	<u>754,974</u>
Total expenditures	<u>222,426</u>	<u>-</u>	<u>222,426</u>	<u>602,487</u>	<u>977,400</u>	<u>754,974</u>
Excess [deficiency] of revenues over [under] expenditures	<u>116,494</u>	<u>-</u>	<u>116,494</u>	<u>[257,487]</u>	<u>[634,900]</u>	<u>751,394</u>
Other financing sources [uses]						
Transfers [out]	<u>[622,283]</u>	<u>-</u>	<u>[622,283]</u>	<u>-</u>	<u>-</u>	<u>[622,283]</u>
Total other financing sources [uses]	<u>[622,283]</u>	<u>-</u>	<u>[622,283]</u>	<u>-</u>	<u>-</u>	<u>[622,283]</u>
Net change in fund balance	<u>[505,789]</u>	<u>-</u>	<u>[505,789]</u>	<u>\$ [257,487]</u>	<u>\$ [634,900]</u>	<u>\$ 129,111</u>
Fund balance, beginning	<u>685,473</u>	<u>-</u>	<u>685,473</u>			
Fund balance, ending	<u>\$ 179,684</u>	<u>\$ -</u>	<u>\$ 179,684</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 SPECIAL ALCOHOL ABUSE FUND
 For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 238,008	\$ -	\$ 238,008	\$ 242,400	\$ 242,400	\$ [4,392]
Intergovernmental	300	-	300	-	-	300
Use of money and property	1,609	-	1,609	7,300	7,300	[5,691]
Total revenues	<u>239,917</u>	<u>-</u>	<u>239,917</u>	<u>249,700</u>	<u>249,700</u>	<u>[9,783]</u>
Expenditures						
Human resources	<u>188,805</u>	<u>-</u>	<u>188,805</u>	<u>615,714</u>	<u>615,714</u>	<u>426,909</u>
Total expenditures	<u>188,805</u>	<u>-</u>	<u>188,805</u>	<u>615,714</u>	<u>615,714</u>	<u>426,909</u>
Excess [deficiency] of revenues over [under] expenditures	51,112	-	51,112	<u>\$ [366,014]</u>	<u>\$ [366,014]</u>	<u>\$ 417,126</u>
Fund balance, beginning	<u>365,233</u>	<u>-</u>	<u>365,233</u>			
Fund balance, ending	<u>\$ 416,345</u>	<u>\$ -</u>	<u>\$ 416,345</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 CONVENTION AND TOURISM FUND
 For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 293,625	\$ -	\$ 293,625	\$ 282,800	\$ 282,800	\$ 10,825
Use of money and property	100	-	100	700	700	[600]
Total revenues	<u>293,725</u>	<u>-</u>	<u>293,725</u>	<u>283,500</u>	<u>283,500</u>	<u>10,225</u>
Expenditures						
Community development	173,900	-	173,900	234,955	234,955	61,055
Total expenditures	<u>173,900</u>	<u>-</u>	<u>173,900</u>	<u>234,955</u>	<u>234,955</u>	<u>61,055</u>
Excess [deficiency] of revenues over [under] expenditures	<u>119,825</u>	<u>-</u>	<u>119,825</u>	<u>48,545</u>	<u>48,545</u>	<u>71,280</u>
Other financing sources [uses]						
Transfers [out]	[116,384]	-	[116,384]	[119,600]	[119,600]	3,216
Total other financing sources [uses]	<u>[116,384]</u>	<u>-</u>	<u>[116,384]</u>	<u>[119,600]</u>	<u>[119,600]</u>	<u>3,216</u>
Net change in fund balance	3,441	-	3,441	<u>\$ [71,055]</u>	<u>\$ [71,055]</u>	<u>\$ 74,496</u>
Fund balance, beginning	<u>74,947</u>	<u>-</u>	<u>74,947</u>			
Fund balance, ending	<u>\$ 78,388</u>	<u>\$ -</u>	<u>\$ 78,388</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
CEMETERY FUND

For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Charges for services	\$ 33,375	\$ -	\$ 33,375	\$ 40,000	\$ 40,000	\$ [6,625]
Use of money and property	232	-	232	300	300	[68]
Total revenues	<u>33,607</u>	<u>-</u>	<u>33,607</u>	<u>40,300</u>	<u>40,300</u>	<u>[6,693]</u>
Expenditures						
General government	<u>17,937</u>	<u>-</u>	<u>17,937</u>	<u>74,848</u>	<u>74,848</u>	<u>56,911</u>
Total expenditures	<u>17,937</u>	<u>-</u>	<u>17,937</u>	<u>74,848</u>	<u>74,848</u>	<u>56,911</u>
Net change in fund balance	15,670	-	15,670	<u>\$ [34,548]</u>	<u>\$ [34,548]</u>	<u>\$ 50,218</u>
Fund balance, beginning	<u>52,778</u>	<u>-</u>	<u>52,778</u>			
Fund balance, ending	<u>\$ 68,448</u>	<u>\$ -</u>	<u>\$ 68,448</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
STORMWATER UTILITY FUND
For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 1,712,272	\$ -	\$ 1,712,272	\$ 1,679,400	\$ 1,687,800	\$ 24,472
Intergovernmental	152,117	-	152,117	-	-	152,117
Use of money and property	11,787	-	11,787	24,400	22,300	[10,513]
Total revenues	<u>1,876,176</u>	<u>-</u>	<u>1,876,176</u>	<u>1,703,800</u>	<u>1,710,100</u>	<u>166,076</u>
Expenditures						
Public works	2,106,932	107,355	2,214,287	3,156,271	3,464,200	1,249,913
Total expenditures	<u>2,106,932</u>	<u>107,355</u>	<u>2,214,287</u>	<u>3,156,271</u>	<u>3,464,200</u>	<u>1,249,913</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[230,756]</u>	<u>[107,355]</u>	<u>[338,111]</u>	<u>[1,452,471]</u>	<u>[1,754,100]</u>	<u>1,415,989</u>
Other financing sources [uses]						
Transfers in	450,000	-	450,000	450,000	450,000	-
Transfers [out]	<u>[476,946]</u>	<u>-</u>	<u>[476,946]</u>	<u>[217,100]</u>	<u>[217,100]</u>	<u>[259,846]</u>
Total other financing sources [uses]	<u>[26,946]</u>	<u>-</u>	<u>[26,946]</u>	<u>232,900</u>	<u>232,900</u>	<u>[259,846]</u>
Net change in fund balance	<u>[257,702]</u>	<u>[107,355]</u>	<u>[365,057]</u>	<u>\$ [1,219,571]</u>	<u>\$ [1,521,200]</u>	<u>\$ 1,156,143</u>
Fund balance, beginning	<u>2,503,575</u>	<u>[47,470]</u>	<u>2,456,105</u>			
Fund balance, ending	<u>\$ 2,245,873</u>	<u>\$ [154,825]</u>	<u>\$ 2,091,048</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
PUBLIC SAFETY FUND

For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 1,180,856	\$ -	\$ 1,180,856	\$ 1,085,300	\$ 1,085,300	\$ 95,556
Use of money and property	5,810	-	5,810	14,500	14,500	[8,690]
Total revenues	<u>1,186,666</u>	<u>-</u>	<u>1,186,666</u>	<u>1,099,800</u>	<u>1,099,800</u>	<u>86,866</u>
Expenditures						
Principal	609,600	-	609,600	2,543,053	2,543,053	1,933,453
Interest and other charges	854,485	-	854,485	-	-	[854,485]
Total expenditures	<u>1,464,085</u>	<u>-</u>	<u>1,464,085</u>	<u>2,543,053</u>	<u>2,543,053</u>	<u>1,078,968</u>
Net change in fund balance	[277,419]	-	[277,419]	<u>\$ [1,443,253]</u>	<u>\$ [1,443,253]</u>	<u>\$ 1,165,834</u>
Fund balance, beginning	<u>1,493,551</u>	<u>-</u>	<u>1,493,551</u>			
Fund balance, ending	<u>\$ 1,216,132</u>	<u>\$ -</u>	<u>\$ 1,216,132</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 NEIGHBORHOOD REVITALIZATION FUND
 For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	<u>\$ 24,199</u>	<u>\$ -</u>	<u>\$ 24,199</u>	<u>\$ 18,200</u>	<u>\$ 18,200</u>	<u>\$ 5,999</u>
Total revenues	<u>24,199</u>	<u>-</u>	<u>24,199</u>	<u>18,200</u>	<u>18,200</u>	<u>5,999</u>
Expenditures						
Community development	<u>35,786</u>	<u>-</u>	<u>35,786</u>	<u>100,382</u>	<u>100,382</u>	<u>64,596</u>
Total expenditures	<u>35,786</u>	<u>-</u>	<u>35,786</u>	<u>100,382</u>	<u>100,382</u>	<u>64,596</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[11,587]</u>	<u>-</u>	<u>[11,587]</u>	<u>[82,182]</u>	<u>[82,182]</u>	<u>70,595</u>
Other financing sources [uses]						
Transfers in	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>40,000</u>	<u>40,000</u>	<u>[22,000]</u>
Total other financing sources [uses]	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>40,000</u>	<u>40,000</u>	<u>[22,000]</u>
Net change in fund balance	6,413	-	6,413	<u>\$ [42,182]</u>	<u>\$ [42,182]</u>	<u>\$ 48,595</u>
Fund balance, beginning	<u>62,862</u>	<u>-</u>	<u>62,862</u>			
Fund balance, ending	<u>\$ 69,275</u>	<u>\$ -</u>	<u>\$ 69,275</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 EQUIPMENT RESERVE FUND
 For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-	-
Expenditures						
Capital outlay	149,165	39,959	189,124	200,000	814,300	625,176
Total expenditures	149,165	39,959	189,124	200,000	814,300	625,176
Excess [deficiency] of revenues over [under] expenditures	[149,165]	[39,959]	[189,124]	[200,000]	[814,300]	625,176
Other financing sources [uses]						
Transfers in	1,065,000	-	1,065,000	200,000	1,065,000	-
Transfers [out]	[25,112]	-	[25,112]	-	-	[25,112]
Total other financing sources [uses]	1,039,888	-	1,039,888	200,000	1,065,000	[25,112]
Net change in fund balance	890,723	[39,959]	850,764	\$ -	\$ 250,700	\$ 600,064
Fund balance, beginning	-	-	-			
Fund balance, ending	\$ 890,723	\$ [39,959]	\$ 850,764			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 DEBT SERVICE FUND
 For the Year Ended December 31, 2011

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 8,400,000	\$ -	\$ 8,400,000	\$ 9,442,767	\$ 9,442,767	\$ [1,042,767]
Miscellaneous	241,490	-	241,490	-	-	241,490
Use of money and property	23,458	-	23,458	63,200	63,200	[39,742]
Total revenues	<u>8,664,948</u>	<u>-</u>	<u>8,664,948</u>	<u>9,505,967</u>	<u>9,505,967</u>	<u>[841,019]</u>
Expenditures						
Debt service						
Principal	9,575,487	-	9,575,487	12,301,710	12,301,710	2,726,223
Interest and other charges	2,413,456	-	2,413,456	-	-	[2,413,456]
Total expenditures	<u>11,988,943</u>	<u>-</u>	<u>11,988,943</u>	<u>12,301,710</u>	<u>12,301,710</u>	<u>312,767</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[3,323,995]</u>	<u>-</u>	<u>[3,323,995]</u>	<u>[2,795,743]</u>	<u>[2,795,743]</u>	<u>[528,252]</u>
Other financing sources [uses]						
Transfers in	1,102,146	-	1,102,146	1,809,100	1,809,100	[706,954]
Issuance of bonds	995,279	-	995,279	-	-	995,279
Total other financing sources [uses]	<u>2,097,425</u>	<u>-</u>	<u>2,097,425</u>	<u>1,809,100</u>	<u>1,809,100</u>	<u>288,325</u>
Net change in fund balance	[1,226,570]	-	[1,226,570]	<u>\$ [986,643]</u>	<u>\$ [986,643]</u>	<u>\$ [239,927]</u>
Fund balance, beginning	<u>2,072,584</u>	<u>-</u>	<u>2,072,584</u>			
Fund balance, ending	<u>\$ 846,014</u>	<u>\$ -</u>	<u>\$ 846,014</u>			

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust Fund accounts for the activities of the Employee Supplemental Retirement.

The **Mayor's Christmas Tree Fund** is used to account for the amounts collected for the City Christmas tree.

The **Recycling Fund** is used to account for the amounts collected for recycling.

The **Clearing Fund** is used to for the payroll clearing transactions.

The **Cafeteria Plan Fund** is used to account for monies collected for employee cafeteria plan contributions.

The **Municipal Court Bond Fund** is used to account for amounts collected for court bonds.

CITY OF SHAWNEE, KANSAS
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS - PENSION TRUST
 December 31, 2011

	<u>Pension Trust Fund</u>
ASSETS	
Restricted cash	\$ 20,207
Restricted investments, at fair value	
Fixed income	2,857,860
Domestic stocks	5,314,943
Real estate investment trusts	<u>911,089</u>
Total restricted investments	<u>9,083,892</u>
Due from others	<u>14,472</u>
Total assets	<u>\$ 9,118,571</u>
Liabilities	
Due to others	<u>\$ -</u>
Total liabilities	<u>\$ -</u>
Net assets	
Held in trust for pension benefits	<u>\$ 9,118,571</u>
Total net assets	<u>\$ 9,118,571</u>

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS - AGENCY FUNDS
 December 31, 2011

ASSETS	Mayor's Christmas Tree Fund	Recycling Fund	Clearing Fund	Cafeteria Plan Fund	Municipal Court Bond Fund	Total Agency Funds
Cash	\$ 14,024	\$ -	\$ 2,407	\$ 27,552	\$ 37,659	\$ 81,642
Due from other funds	<u>731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731</u>
Total assets	<u>\$ 14,755</u>	<u>\$ -</u>	<u>\$ 2,407</u>	<u>\$ 27,552</u>	<u>\$ 37,659</u>	<u>\$ 82,373</u>
Liabilities						
Due to others	\$ 14,755	\$ [731]	\$ 2,407	\$ 27,552	\$ 37,659	\$ 81,642
Due to other funds	<u>-</u>	<u>731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731</u>
Total liabilities	<u>\$ 14,755</u>	<u>\$ -</u>	<u>\$ 2,407</u>	<u>\$ 27,552</u>	<u>\$ 37,659</u>	<u>\$ 82,373</u>

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

COMBINING STATEMENT OF CHANGES IN NET ASSETS
 PENSION TRUST FUND
 For the Year Ended December 31, 2011

	Pension Trust Fund
	<u> </u>
Additions:	
Contributions :	
Employer contributions	\$ 643,227
Total contributions	<u>643,227</u>
Investment Earnings:	
Interest and dividends on investments	301,023
Net increase/decrease in the fair value of investments	<u>[490,137]</u>
Total investment earnings	<u>[189,114]</u>
Total additions	<u>454,113</u>
Deductions:	
Benefits	198,855
Plan management fees	<u>29,131</u>
Total deductions	<u>227,986</u>
Changes in net assets	226,127
Net assets - beginning	<u>8,892,444</u>
Net assets - ending	<u>\$ 9,118,571</u>

See independent auditor's report on the financial statements.

CITY OF SHAWNEE, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2011

<u>Mayor's Christmas Tree Fund</u>		Balance			Balance
ASSETS		January 1,	Additions	Deductions	December 31,
		2011			2011
Cash and cash equivalents		\$ 14,596	\$ -	\$ 572	\$ 14,024
Due from other funds		-	731	-	731
Total assets		<u>\$ 14,596</u>	<u>\$ 731</u>	<u>\$ 572</u>	<u>\$ 14,755</u>
LIABILITIES					
Due to others		\$ 14,596	\$ 731	\$ 572	\$ 14,755
Total liabilities		<u>\$ 14,596</u>	<u>\$ 731</u>	<u>\$ 572</u>	<u>\$ 14,755</u>
<u>Recycling Fund</u>		Balance			Balance
ASSETS		January 1,	Additions	Deductions	December 31,
		2011			2011
Cash and cash equivalents		\$ -	\$ -	\$ -	\$ -
Total assets		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds		\$ -	\$ 2,215	\$ 1,484	\$ 731
Due to others		-	1,484	2,215	[731]
Total liabilities		<u>\$ -</u>	<u>\$ 3,699</u>	<u>\$ 3,699</u>	<u>\$ -</u>
<u>Clearing Fund</u>		Balance			Balance
ASSETS		January 1,	Additions	Deductions	December 31,
		2011			2011
Cash and cash equivalents		\$ -	\$ 2,407	\$ -	\$ 2,407
Total assets		<u>\$ -</u>	<u>\$ 2,407</u>	<u>\$ -</u>	<u>\$ 2,407</u>
LIABILITIES					
Due to others		\$ -	\$ 2,407	\$ -	\$ 2,407
Total liabilities		<u>\$ -</u>	<u>\$ 2,407</u>	<u>\$ -</u>	<u>\$ 2,407</u>
<u>Cafeteria Plan Fund</u>		Balance			Balance
ASSETS		January 1,	Additions	Deductions	December 31,
		2011			2011
Cash and cash equivalents		\$ 18,147	\$ 173,211	\$ 163,806	\$ 27,552
Total assets		<u>\$ 18,147</u>	<u>\$ 173,211</u>	<u>\$ 163,806</u>	<u>\$ 27,552</u>
LIABILITIES					
Due to others		\$ 18,147	\$ 173,211	\$ 163,806	\$ 27,552
Total liabilities		<u>\$ 18,147</u>	<u>\$ 173,211</u>	<u>\$ 163,806</u>	<u>\$ 27,552</u>
<u>Municipal Court Bond Fund</u>		Balance			Balance
ASSETS		January 1,	Additions	Deductions	December 31,
		2011			2011
Cash and cash equivalents		\$ 29,915	\$ 106,113	\$ 98,369	\$ 37,659
Total assets		<u>\$ 29,915</u>	<u>\$ 106,113</u>	<u>\$ 98,369</u>	<u>\$ 37,659</u>
LIABILITIES					
Due to others		\$ 29,915	\$ 106,113	\$ 98,369	\$ 37,659
Total liabilities		<u>\$ 29,915</u>	<u>\$ 106,113</u>	<u>\$ 98,369</u>	<u>\$ 37,659</u>

See independent auditor's report on the financial statements.

Statistical Section
(Unaudited)

This part of the City of Shawnee's *Comprehensive Annual Financial Report (CAFR)*, presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economical Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

TABLE 1
UNAUDITED

CITY OF SHAWNEE, KANSAS
NET ASSETS BY COMPONENT
LAST NINE YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities:			
Invested in capital assets, net of related debt	\$ 625,716,905	\$ 638,445,738	\$ 645,143,950
Restricted	17,168,418	16,468,383	16,550,770
Unrestricted	<u>17,703,574</u>	<u>8,786,669</u>	<u>8,391,752</u>
Total governmental activities net assets	<u>\$ 660,588,897</u>	<u>\$ 663,700,790</u>	<u>\$ 670,086,472</u>

* The City implemented GASB 46 changing the comparability of restricted and unrestricted net asset balances.

** The City implemented the retroactive infrastructure reporting provisions of GASB 34.

Note: Data became available with the inception of GASB 34 during fiscal year 2003,
therefore 10 years of data is unavailable.

TABLE 1
UNAUDITED

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005*/**</u>	<u>2004</u>	<u>2003</u>
\$ 653,590,043	\$ 652,542,908	\$ 661,939,473	\$ 668,490,283	\$ 46,483,719	\$ 31,094,058
15,334,635	13,292,749	12,728,148	14,287,160	4,723,602	14,920,280
<u>6,458,609</u>	<u>8,840,752</u>	<u>6,112,093</u>	<u>3,632,234</u>	<u>14,931,873</u>	<u>[817,728]</u>
<u>\$ 675,383,287</u>	<u>\$ 674,676,409</u>	<u>\$ 680,779,714</u>	<u>\$ 686,409,677</u>	<u>\$ 66,139,194</u>	<u>\$ 45,196,610</u>

TABLE 2
UNAUDITED

CITY OF SHAWNEE, KANSAS

CHANGE IN NET ASSETS
LAST NINE YEARS

	2011	2010	<u>2009</u>	<u>2008</u>
Expenses:				
Governmental Activities:				
General government	\$ 5,170,265	\$ 5,296,574	\$ 5,757,787	\$ 5,353,221
Community development	2,212,971	2,246,676	2,468,459	1,998,193
Public works	27,184,238	26,832,787	23,486,764	29,216,735
Public safety	19,699,726	19,551,129	19,760,207	19,328,497
Culture-recreation	4,592,542	4,304,236	4,434,108	4,390,884
Human resources	192,480	172,962	131,347	183,399
Interest on long-term debt	3,191,291	3,580,411	3,728,286	4,212,788
Total primary government expenses	<u>62,243,513</u>	<u>61,984,775</u>	<u>59,766,958</u>	<u>64,683,717</u>
Program Revenues:				
Governmental Activities:				
Charges for services				
General government	2,880,161	2,693,213	2,961,536	2,857,959
Community development	-	-	59,582	70,763
Public works	-	-	-	-
Public safety	-	-	-	-
Culture-recreation	1,249,051	1,238,448	1,242,357	1,239,095
Operating grants and contributions				
Community development	-	-	-	-
Public works	1,836,989	1,745,781	1,631,157	4,495,699
Public safety	95,140	57,592	97,594	39,810
Culture-recreation	39,798	18,730	-	-
Human resources	300	-	-	-
Capital grants and contributions				
Public works	4,713,864	3,879,534	3,079,861	3,436,477
Total primary government program revenues	<u>10,815,303</u>	<u>9,633,298</u>	<u>9,072,087</u>	<u>12,139,803</u>
Net [Expense] Revenue:				
Governmental activities	<u>[51,428,210]</u>	<u>[52,351,477]</u>	<u>[50,694,871]</u>	<u>[52,543,914]</u>
General Revenues and Other Changes in Net Assets:				
Governmental activities:				
Taxes:				
Property taxes	22,583,070	23,232,302	23,767,706	28,439,051
Sales taxes	19,168,426	17,620,422	17,818,926	19,205,265
Franchise taxes	4,876,313	2,868,398	2,083,176	2,038,422
Alcohol taxes	714,025	705,555	773,662	721,803
Other taxes	955	344,623	169,328	798,648
Unrestricted investment earnings	133,409	793,977	294,641	1,263,117
Miscellaneous	648,115	422,172	574,500	784,486
Capital contributions	-	-	-	-
Total primary government	<u>48,124,313</u>	<u>45,987,449</u>	<u>45,481,939</u>	<u>53,250,792</u>
Change in Net Assets:				
Governmental activities	<u>\$ [3,303,897]</u>	<u>\$ [6,364,028]</u>	<u>\$ [5,212,932]</u>	<u>\$ 706,878</u>

* The City implemented the retroactive infrastructure reporting provisions of GASB Statement No. 34 which increased government-wide expenses due to increased depreciation costs.

Note: Data became available with the inception of GASB 34 during fiscal year 2003, therefore 10 years of data is unavailable.

TABLE 2
UNAUDITED

<u>2007</u>	<u>2006</u>	<u>2005*</u>	<u>2004</u>	<u>2003</u>
\$ 4,999,484	\$ 4,686,606	\$ 4,377,738	\$ 3,859,778	\$ 3,509,251
1,069,717	954,353	957,524	914,810	1,299,772
30,161,414	28,909,941	27,355,524	7,481,081	7,271,903
19,711,262	17,998,334	17,059,693	16,605,443	15,023,792
4,827,830	4,166,789	3,928,185	2,900,386	3,394,130
182,988	186,159	190,267	187,980	247,147
<u>3,707,423</u>	<u>3,062,098</u>	<u>3,000,896</u>	<u>2,716,830</u>	<u>2,457,015</u>
<u>64,660,118</u>	<u>59,964,280</u>	<u>56,869,827</u>	<u>34,666,308</u>	<u>33,203,010</u>
3,148,433	3,391,076	3,046,746	3,259,124	5,489,313
110,081	117,389	137,997	59,944	100,047
65,516	100,464	1,167,293	1,161,239	1,928,968
-	-	-	-	985,960
1,347,217	1,156,905	1,208,313	866,846	1,123,789
-	16,440	76,775	-	-
1,807,718	1,714,731	1,578,867	13,763	74,213
20,357	29,943	265,826	399,155	437,252
-	12,007	14,088	-	-
-	-	-	-	-
<u>6,241,422</u>	<u>7,665,971</u>	<u>13,116,119</u>	<u>14,830,981</u>	<u>18,376,346</u>
<u>12,740,744</u>	<u>14,204,926</u>	<u>20,612,024</u>	<u>20,591,052</u>	<u>28,515,888</u>
<u>[51,919,374]</u>	<u>[45,759,354]</u>	<u>[36,257,803]</u>	<u>[14,075,256]</u>	<u>[4,687,122]</u>
20,689,526	17,061,414	14,543,072	13,423,274	12,302,953
19,608,022	20,056,603	18,839,153	17,207,171	15,071,138
1,896,640	1,824,181	1,735,226	1,629,300	1,649,589
565,536	597,066	560,664	565,526	536,958
693,114	857,194	217,346	1,640,812	164,158
1,755,269	1,674,965	626,154	199,397	204,180
500,595	428,479	429,805	218,814	232,705
-	-	-	133,546	-
<u>45,708,702</u>	<u>42,499,902</u>	<u>36,951,420</u>	<u>35,017,840</u>	<u>30,161,681</u>
<u>\$ [6,210,672]</u>	<u>\$ [3,259,452]</u>	<u>\$ 693,617</u>	<u>\$ 20,942,584</u>	<u>\$ 25,474,559</u>

TABLE 3
UNAUDITED

CITY OF SHAWNEE, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:				
Nonspendable	\$ 998,381	\$ -	\$ -	\$ -
Assigned	139,855	-	-	-
Unassigned	19,654,056	-	-	-
Reserved for encumbrances	-	77,724	4,000	140,439
Reserved for inventory	-	950,165	784,431	682,994
Unreserved	-	17,642,551	16,115,816	14,420,022
Total General Fund	<u>\$ 20,792,292</u>	<u>\$ 18,670,440</u>	<u>\$ 16,904,247</u>	<u>\$ 15,243,455</u>
All Other Governmental Funds:				
Restricted	\$ 5,740,782	\$ -	\$ -	\$ -
Committed	3,669,543	-	-	-
Assigned	326,890	-	-	-
Reserved for encumbrances	-	47,470	14,850	23,385
Reserved for inventory	-	-	49,212	147,080
Unreserved [deficit], reported in:				
Special revenue funds	-	8,000,971	7,052,261	7,341,699
Debt service fund	-	2,072,584	906,628	484,059
Capital project funds	-	[3,570,911]	[3,234,852]	[2,216,278]
Total All Other Governmental Funds	<u>\$ 9,737,215</u>	<u>\$ 6,550,114</u>	<u>\$ 4,788,099</u>	<u>\$ 5,779,945</u>

TABLE 3
UNAUDITED

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
594,235	292,532	-	-	-	-
407,619	305,369	-	-	-	-
<u>11,374,079</u>	<u>15,017,785</u>	<u>15,601,050</u>	<u>14,776,860</u>	<u>15,383,713</u>	<u>12,791,836</u>
<u>\$ 12,375,933</u>	<u>\$ 15,615,686</u>	<u>\$ 15,601,050</u>	<u>\$ 14,776,860</u>	<u>\$ 15,383,713</u>	<u>\$ 12,791,836</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
145,325	1,327,074	-	-	-	-
368,063	378,421	-	-	-	-
11,686,967	10,561,866	11,201,273	6,924,714	7,422,525	4,895,698
179,793	30,037	1,950,795	4,723,602	7,720,608	8,222,942
<u>7,577,166</u>	<u>[9,498,868]</u>	<u>[12,058,646]</u>	<u>[8,637,679]</u>	<u>[20,468,000]</u>	<u>[20,057,981]</u>
<u>\$ 19,957,314</u>	<u>\$ 2,798,530</u>	<u>\$ 1,093,422</u>	<u>\$ 3,010,637</u>	<u>\$ [5,324,867]</u>	<u>\$ [6,939,341]</u>

TABLE 4
UNAUDITED

CITY OF SHAWNEE, KANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:			
Taxes and special assessments	\$ 47,342,789	\$ 44,771,300	\$ 44,612,798
Intergovernmental	4,411,319	7,343,116	3,782,465
Licenses and permits	666,766	744,497	783,808
Charges for services	2,048,383	1,795,059	1,820,552
Fines, forfeitures and penalties	1,414,063	1,392,105	1,659,116
Investment earnings	133,409	793,977	289,543
Miscellaneous	648,115	422,172	574,500
Total revenues	<u>56,664,844</u>	<u>57,262,226</u>	<u>53,522,782</u>
Expenditures:			
General government	4,831,376	4,918,644	5,020,690
Community development	2,190,968	2,231,329	2,424,478
Public works	7,938,012	6,061,410	6,341,588
Public safety	18,882,520	18,536,566	18,298,897
Culture-recreation	3,860,382	3,621,793	3,757,955
Human resources	188,805	170,737	125,451
Capital outlay	3,056,779	13,886,142	6,096,743
Debt service			
Principal retirements	13,205,816	20,530,008	10,123,198
Interest and fiscal charges	3,338,154	3,893,642	3,869,431
Total expenditures	<u>57,492,812</u>	<u>73,850,271</u>	<u>56,058,431</u>
Excess of revenues over [under] expenditures	<u>[827,968]</u>	<u>[16,588,045]</u>	<u>[2,535,649]</u>
Other financing sources [uses]:			
Transfers in	6,698,877	4,861,005	4,534,226
Transfers out	[6,698,877]	[4,861,005]	[4,534,226]
Capital contributions	-	-	-
Proceeds from revolving loans	457,357	579,565	1,776,505
Proceeds from issuance of bonds	5,680,000	18,790,000	1,410,000
Premium on bonds	-	52,162	18,090
Discount on bonds	-	-	-
Proceeds from refunding of bonds	-	-	-
Proceeds from capital leases	-	732,650	-
Bond refunding	-	-	-
Proceeds from sale of assets	-	-	-
Total other financing sources [uses]	<u>6,137,357</u>	<u>20,154,377</u>	<u>3,204,595</u>
Net change in fund balances	<u>\$ 5,309,389</u>	<u>\$ 3,566,332</u>	<u>\$ 668,946</u>
Debt service as a percentage of noncapital expenditures	32.25%	40.81%	30.71%

Note: Taxes and Special Assessments are further detailed at Table 5.

TABLE 4
UNAUDITED

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 45,245,944	\$ 44,212,189	\$ 41,190,197	\$ 36,708,884	\$ 33,985,045	\$ 30,483,753	\$ 28,034,825
4,535,509	5,754,614	4,353,517	7,288,686	7,257,789	6,617,270	6,436,528
826,671	956,603	1,068,459	1,300,723	1,376,842	1,533,515	1,292,623
1,790,813	1,940,579	2,099,136	2,800,053	2,481,902	3,998,984	2,031,147
1,550,333	1,774,065	1,598,239	1,459,573	1,488,409	1,444,035	1,181,976
1,263,117	1,755,269	1,674,965	1,057,853	529,432	471,764	601,212
784,486	500,595	428,479	429,805	218,814	219,399	393,584
<u>55,996,873</u>	<u>56,893,914</u>	<u>52,412,992</u>	<u>51,045,577</u>	<u>47,338,233</u>	<u>44,768,720</u>	<u>39,971,895</u>
5,135,651	4,946,328	4,501,510	4,384,382	3,594,552	3,283,323	3,080,310
1,971,603	1,055,965	941,990	948,521	901,711	845,250	787,364
8,108,375	10,829,839	9,796,121	8,733,559	8,791,949	7,997,010	8,442,076
18,476,886	18,909,880	17,125,341	16,755,985	16,352,173	15,114,130	14,596,504
3,791,225	4,260,660	3,768,037	3,552,057	3,542,342	3,029,429	2,910,996
183,399	177,362	170,092	175,367	172,318	234,089	23,956
19,905,169	28,543,737	13,050,557	15,348,929	12,441,282	15,613,547	16,916,945
12,952,430	6,947,004	6,050,000	6,278,506	6,565,647	4,335,000	3,525,000
4,232,778	3,630,920	3,068,306	3,438,598	3,208,370	2,840,997	2,737,879
<u>74,757,516</u>	<u>79,301,695</u>	<u>58,471,954</u>	<u>59,615,904</u>	<u>55,570,344</u>	<u>53,292,775</u>	<u>53,021,030</u>
<u>[18,760,643]</u>	<u>[22,407,781]</u>	<u>[6,058,962]</u>	<u>[8,570,327]</u>	<u>[8,232,111]</u>	<u>[8,524,055]</u>	<u>[13,049,135]</u>
8,362,035	8,372,661	8,523,978	972,609	4,125,290	1,426,586	3,839,791
[8,362,035]	[8,372,661]	[8,523,978]	[972,609]	[4,125,290]	[1,426,586]	[3,839,791]
-	-	-	-	133,546	-	-
66,533	6,764,663	-	-	-	-	-
27,105,000	28,600,000	7,250,000	7,355,000	15,825,000	12,160,000	13,115,497
339,263	854,782	-	-	-	-	-
-	-	[10,079]	-	-	-	-
-	-	-	-	-	6,025,000	-
-	-	-	-	-	532,642	-
[20,060,000]	-	-	-	-	[6,025,000]	-
-	-	-	122,305	2,216	37,764	-
<u>7,450,796</u>	<u>36,219,445</u>	<u>7,239,921</u>	<u>7,477,305</u>	<u>15,960,762</u>	<u>12,730,406</u>	<u>13,115,497</u>
<u>\$ [11,309,847]</u>	<u>\$ 13,811,664</u>	<u>\$ 1,180,959</u>	<u>\$ [1,093,022]</u>	<u>\$ 7,728,651</u>	<u>\$ 4,206,351</u>	<u>\$ 66,362</u>
33.36%	22.27%	20.07%	21.95%	22.66%	19.04%	17.35%

TABLE 5
UNAUDITED

CITY OF SHAWNEE, KANSAS

GOVERNMENTAL FUND TYPES REVENUES BY SOURCE
LAST TEN YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Property	\$ 21,307,629	\$ 21,623,589	\$ 22,321,885	\$ 21,709,244
Special assessments	1,275,441	1,608,713	1,445,821	772,562
Sales county and city	19,168,426	17,620,422	17,818,926	19,205,265
Franchise	4,876,313	2,868,398	2,083,176	2,038,422
Other taxes	714,980	1,050,178	942,990	1,520,451
Total taxes	<u>47,342,789</u>	<u>44,771,300</u>	<u>44,612,798</u>	<u>45,245,944</u>
Licenses and permits	666,766	744,497	783,808	826,671
Intergovernmental	4,411,319	7,343,116	3,782,465	4,535,509
Charges for services	2,048,383	1,795,059	1,820,552	1,790,813
Fines, forfeitures and penalties	1,414,063	1,392,105	1,659,116	1,550,333
Interest income	133,409	793,977	289,543	1,263,117
Miscellaneous	648,115	422,172	574,500	784,486
Total	<u>\$ 56,664,844</u>	<u>\$ 57,262,226</u>	<u>\$ 53,522,782</u>	<u>\$ 55,996,873</u>
Sales tax breakdown				
City sales tax	\$ 9,446,849	\$ 8,977,607	\$ 8,918,753	\$ 9,530,673
County sales tax	9,721,577	8,642,815	8,900,173	9,674,592
Total sales tax	<u>\$ 19,168,426</u>	<u>\$ 17,620,422</u>	<u>\$ 17,818,926</u>	<u>\$ 19,205,265</u>
City sales tax	\$ 9,446,849	\$ 8,977,607	\$ 8,918,753	\$ 9,530,673
City property tax	21,307,629	21,623,589	20,343,579	20,073,522
Total tax revenue	47,342,789	44,771,300	44,612,798	45,245,944
	20%	20%	20%	21%
Total revenue	56,664,844	57,262,226	53,522,782	55,996,873
City sales tax to total	17%	16%	17%	17%
Property tax to total	38%	38%	38%	36%
Tax to total revenue	84%	78%	83%	81%
Retail sales	831,215,550	808,447,497	794,084,587	834,937,766
Percent change	2.82%	1.81%	-4.89%	-0.37%

TABLE 5
UNAUDITED

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	20,668,830	\$ 17,051,717	\$ 14,543,075	\$ 13,423,271	\$ 12,302,952	\$ 11,537,282
	780,047	803,436	813,420	980,118	758,960	1,115,843
	19,608,022	20,056,603	18,839,152	17,207,171	15,071,137	13,214,531
	1,896,640	1,824,181	1,735,226	1,667,922	1,649,589	1,550,345
	<u>1,258,650</u>	<u>1,454,260</u>	<u>778,008</u>	<u>706,563</u>	<u>701,115</u>	<u>616,824</u>
	<u>44,212,189</u>	<u>41,190,197</u>	<u>36,708,881</u>	<u>33,985,045</u>	<u>30,483,753</u>	<u>28,034,825</u>
	956,603	1,068,459	1,300,723	1,376,842	1,533,515	1,292,623
	5,754,614	4,353,517	7,288,686	7,257,789	6,617,270	6,436,528
	1,940,579	2,099,136	2,800,053	2,481,902	3,998,984	2,031,147
	1,774,065	1,598,239	1,459,573	1,488,409	1,444,035	1,181,976
	1,755,269	1,674,965	1,057,853	529,432	471,764	601,212
	<u>500,595</u>	<u>428,479</u>	<u>429,805</u>	<u>218,814</u>	<u>219,399</u>	<u>393,584</u>
\$	<u>56,893,914</u>	<u>52,412,992</u>	<u>51,045,574</u>	<u>47,338,233</u>	<u>44,768,720</u>	<u>39,971,895</u>
\$	9,599,939	\$ 10,208,999	\$ 10,081,028	\$ 8,932,501	\$ 8,484,472	\$ 8,159,767
	<u>10,008,083</u>	<u>9,847,604</u>	<u>8,758,124</u>	<u>8,274,670</u>	<u>6,586,665</u>	<u>5,054,764</u>
\$	<u>19,608,022</u>	<u>20,056,603</u>	<u>18,839,152</u>	<u>17,207,171</u>	<u>15,071,137</u>	<u>13,214,531</u>
\$	9,599,939	\$ 10,208,999	\$ 10,081,028	\$ 8,932,501	\$ 8,484,472	\$ 8,159,767
	19,054,894	15,485,633	14,543,075	13,423,272	12,302,952	11,537,282
	44,212,189	41,190,197	36,708,881	33,985,045	30,483,753	28,034,825
	22%	25%	27%	26%	28%	29%
	56,893,914	52,412,992	51,045,574	47,338,233	44,768,720	39,971,895
	17%	19%	20%	19%	19%	20%
	33%	30%	28%	28%	27%	29%
	78%	79%	72%	72%	68%	70%
	838,046,407	850,024,730	826,030,749	794,000,089	754,175,289	725,312,622
	-1.41%	2.90%	4.03%	5.28%	3.98%	0.86%

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TABLE 6
UNAUDITED

CITY OF SHAWNEE, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Tax Year</u>	<u>Budget Year</u>	<u>Total Tax Levy</u>	<u>Collection Of Current Year's Tax</u>	<u>Percentage Of Levy Collected</u>	<u>Collection Of Delinquent Tax</u>	<u>Total Collections</u>	<u>Percentage Of Levy To Total Collections</u>
2010	2011	\$ 16,974,235	\$ 16,965,187	99.9%	\$ 268,933	17,234,120	101.5%
2009	2010	17,707,372	17,303,045	97.7%	267,427	17,570,472	99.2%
2008	2009	18,245,796	17,766,382	97.4%	193,606	17,959,988	98.4%
2007	2008	18,243,395	17,474,113	95.8%	115,410	17,589,523	96.4%
2006	2007	17,339,550	17,021,394	98.2%	134,103	17,155,497	98.9%
2005	2006	13,720,272	13,526,503	98.6%	84,616	13,611,119	99.2%
2004	2005	12,660,813	12,491,075	98.7%	224,121	12,715,196	100.4%
2003	2004	11,561,445	11,324,527	98.0%	142,241	11,466,768	99.2%
2002	2003	10,610,748	10,422,258	98.2%	143,002	10,565,260	99.6%
2001	2002	9,927,248	9,790,523	98.6%	52,236	9,842,759	99.1%

TABLE 7
UNAUDITED

CITY OF SHAWNEE, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

<u>Tax Year</u> <u>December 31,</u>	<u>Fiscal Year</u> <u>December 31,</u>	<u>Real</u> <u>Estate</u>	<u>Personal</u> <u>Property</u>	<u>State</u> <u>Assessed</u> <u>Utilities</u>	<u>Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>
2010	2011	\$ 646,105,292	\$ 20,426,365	\$ 20,211,748	\$ 686,743,405
2009	2010	667,582,353	29,463,234	20,048,049	717,093,636
2008	2009	685,061,149	33,101,080	20,758,632	738,920,861
2007	2008	677,140,494	40,825,753	21,710,209	739,676,456
2006	2007	640,488,961	43,964,451	20,440,203	704,893,615
2005	2006	598,551,243	41,471,015	19,030,922	659,053,180
2004	2005	548,175,264	40,851,342	18,045,144	607,071,750
2003	2004	497,119,305	41,655,411	16,438,210	555,212,926
2002	2003	457,921,974	36,172,325	16,039,880	510,134,179
2001	2002	425,422,724	31,582,430	15,588,247	472,593,401

Note: Assessed Values are broken out historically by Real Estate, Personal Property and State Assessed Utilities. These numbers also include any tax exempt property.

TABLE 7
UNAUDITED

Real Property Estimated Actual <u>Value</u>	Personal Property Estimated Actual <u>Value</u>	Utilities Estimated Actual <u>Value</u>	Total Estimated Actual <u>Value</u>	Ratio of Total Assessed to Total Estimated <u>Actual Value</u>	Total Direct Tax <u>Rate</u>
\$ 5,618,306,887	\$ 68,087,883	\$ 61,247,721	\$ 5,747,642,492	11.95%	24.717
5,805,063,939	98,210,780	60,751,664	5,964,026,383	12.02%	24.699
5,957,053,470	110,336,933	62,904,945	6,130,295,348	12.05%	24.693
5,888,178,209	136,085,843	65,788,512	6,090,052,564	12.15%	24.652
5,569,469,226	146,548,170	61,940,009	5,777,957,405	12.20%	24.621
5,204,793,417	138,236,717	57,669,461	5,400,699,595	12.20%	20.847
4,766,741,426	136,171,140	54,682,255	4,957,594,821	12.25%	20.856
4,322,776,565	138,851,370	49,812,758	4,511,440,693	12.31%	20.845
3,981,930,209	120,574,417	48,605,697	4,151,110,322	12.29%	20.835
3,699,328,035	105,274,767	47,237,112	3,851,839,914	12.27%	21.042

TABLE 8
UNAUDITED

CITY OF SHAWNEE, KANSAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS

Tax Year Ended December 31,	Fiscal Year Ended December 31,	City Direct Rates			State	County	Library
		General & Special Revenue	Debt Service	Total Direct			
2010	2011	15.030	9.687	24.717	1.500	17.700	3.145
2009	2010	15.019	9.680	24.699	1.500	17.748	3.158
2008	2009	15.568	9.125	24.693	1.500	17.716	3.151
2007	2008	14.142	10.510	24.652	1.500	17.985	2.962
2006	2007	14.124	10.497	24.621	1.500	17.949	2.960
2005	2006	13.424	7.423	20.847	1.500	17.922	2.955
2004	2005	13.430	7.426	20.856	1.500	16.041	2.956
2003	2004	13.423	7.422	20.845	1.500	16.381	2.954
2002	2003	12.417	8.418	20.835	1.500	16.221	2.948
2001	2002	12.546	8.496	21.042	1.500	16.333	2.971

Source: All overlapping governments, Johnson County Clerk's office.

General Note: Levies shown are based on the largest taxing unit, within the Shawnee City limits, taxing unit No. 626T.

Note A: Tax Year - The tax levy is the following year's tax revenue.

Note B: Overlapping rates are those of local and county government that apply to property owners within the City of Shawnee. Not all overlapping rates apply to all Shawnee property owners.

TABLE 8
UNAUDITED

Overlapping Rates						
County Community College	Park	Wastewater	Total Overlapping Without Schools	School District Shawnee Mission (512-HS6)	School District Desoto (SD-232)	School District Olathe (SD-233)
8.776	2.343	0.000	58.181	56.135	82.558	69.924
8.799	2.350	0.000	58.254	57.192	84.051	72.917
8.784	2.346	0.000	58.190	55.318	74.186	66.900
8.749	2.295	0.000	58.143	52.008	71.463	64.343
8.872	2.290	0.000	58.192	51.980	69.693	65.180
8.441	2.286	0.000	53.951	49.748	69.115	68.173
9.438	2.367	0.000	53.158	49.748	72.806	69.177
9.432	2.365	0.000	53.477	37.774	74.734	64.166
9.428	1.602	0.000	52.534	42.238	75.518	64.125
7.743	1.382	4.181	55.152	38.699	75.640	64.385

TABLE 9
UNAUDITED

CITY OF SHAWNEE, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2010 Tax Year/2011 Fiscal Year</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
The Shawnee Station LLC	\$ 5,826,251	1	0.85%
Westar Energy	5,141,452	2	0.75%
Kansas City Power and Light	4,100,886	3	0.60%
Kansas Gas Service	3,528,353	4	0.51%
Greens at Shawnee	3,292,450	5	0.48%
Wal-Mart	3,201,890	6	0.47%
Bayer Corporation	3,170,877	7	0.46%
Deffenbaugh Industries, Inc.	2,911,281	8	0.42%
Southwestern Bell Telephone	2,725,787	9	0.40%
HSM/WDC Westbrooke	2,428,002	10	0.35%
Total	<u>\$ 36,327,229</u>		
City of Shawnee	<u>\$ 686,743,405</u>		

Source: Johnson County Clerks Office

TABLE 9
UNAUDITED

<u>Taxpayer</u>	<u>2001 Tax Year/2002 Fiscal Year</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
The Shawnee Station	\$ 5,372,632	1	1.26%
Weingarten Realty Investors	4,974,593	2	1.16%
AFD LLC	4,155,772	3	0.97%
Dayton Hudson Corp.	2,604,276	4	0.61%
Deffenbaugh Industries	2,523,802	5	0.59%
Wal-Mart	2,227,750	6	0.52%
RVM Ten Quivira LLC	2,164,791	7	0.51%
Home Depot	1,997,426	8	0.47%
Lowe's	1,958,676	9	0.46%
Oak Valley L.L.C.	1,929,572	10	0.45%
Total	<u>\$ 29,909,290</u>		
City of Shawnee	<u>\$ 428,014,140</u>		

TABLE 10
UNAUDITED

CITY OF SHAWNEE, KANSAS

SALES TAX RATES
LAST TEN YEARS

<u>Fiscal Year</u>	<u>City Sales</u>	<u>County Sales</u>	<u>County Public Safety Sales</u>	<u>County Bi-State Sales</u>	<u>County Research Triangle</u>	<u>County Stormwater</u>
2011	1%	0.5%	0.25%	0.000%	0.125%	0.10%
2010	1%	0.5%	0.25%	0.000%	0.125%	0.10%
2009	1%	0.5%	0.25%	0.000%	0.125%	0.10%
2008	1%	0.5%	0.25%	0.000%	0.125%	0.10%
2007	1%	0.5%	0.25%	0.000%	0.000%	0.10%
2006	1%	0.5%	0.25%	0.000%	0.000%	0.10%
2005	1%	0.5%	0.25%	0.000%	0.000%	0.10%
2004	1%	0.5%	0.25%	0.000%	0.000%	0.10%
2003	1%	0.5%	0.25%	0.000%	0.000%	0.10%
2002	1%	0.5%	0.25%	0.000%	0.000%	0.10%
2001	1%	0.5%	0.25%	0.125%	0.000%	0.10%

Tax Rates from Kansas Department of Revenue

TABLE 10
UNAUDITED

<u>County School Sales</u>	<u>Park and Pipes Sales</u>	<u>State</u>	<u>Public Safety Sales</u>	<u>Total Direct</u>
0.25%	0.125%	6.30%	0.125%	8.775%
0.25%	0.125%	6.30%	0.125%	8.775%
0.25%	0.125%	5.30%	0.125%	7.775%
0.25%	0.125%	5.30%	0.125%	7.775%
0.25%	0.125%	5.30%	0.125%	7.650%
0.25%	0.125%	5.30%	0.125%	7.650%
0.25%	0.125%	5.30%	0.125%	7.650%
0.25%	0.125%	5.30%	0.000%	7.525%
0.25%	0.125%	5.30%	0.000%	7.525%
0.00%	0.125%	5.30%	0.000%	7.275%
0.00%	0.125%	4.90%	0.000%	7.000%

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**City of Shawnee, Kansas
Taxable Retail Sales
2002-2011**

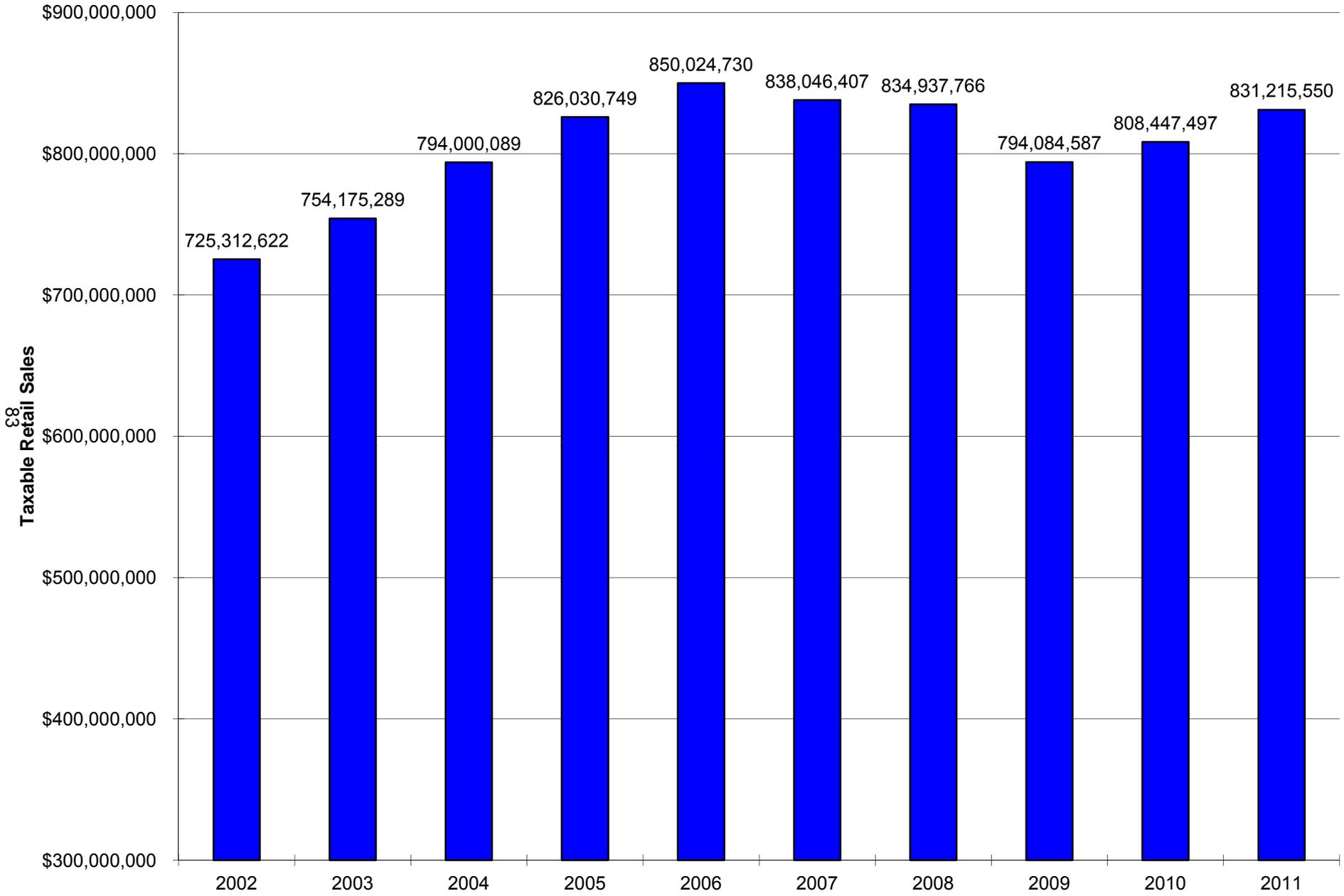


CHART 1
UNAUDITED

TABLE 11
UNAUDITED

CITY OF SHAWNEE, KANSAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal <u>Year</u>	General Obligation <u>Bonds</u>	Revolving <u>Loan</u>	Capital <u>Leases</u>	Temporary <u>Notes</u>	Total Primary <u>Government</u>
2011	\$ 84,072,290	\$ 191,165	\$ 2,208,243	\$ -	\$ 86,471,698
2010	87,166,091	1,609,624	1,237,437	2,645,000	92,658,152
2009	84,379,252	6,850,069	728,997	1,385,000	93,343,318
2008	90,494,676	5,516,762	258,520	3,605,000	99,874,958
2007	90,027,468	5,882,659	336,448	9,250,000	105,496,575
2006	75,929,921	-	109,468	-	76,039,389
2005	74,740,000	-	215,913	-	74,955,913
2004	73,560,000	-	319,418	-	73,879,418
2003	64,200,000	-	420,065	-	64,620,065
2002	56,325,000	-	-	-	56,325,000

Note: City's outstanding debt is further detailed in the notes to the financial statements

* See Table 14 for personal income and population data.

** See Table 7 for property value data.

TABLE 11
UNAUDITED

<u>Total Outstanding Debt</u>		<u>General Obligation Debt Outstanding</u>	
<u>Percentage of of Personal Income*</u>	<u>Per Capita*</u>	<u>Percentage of Actual Taxable Value** of Property</u>	<u>Per Capita*</u>
0.075%	0.073%	12.24%	0.075%
0.067%	0.067%	12.16%	0.071%
0.063%	0.065%	11.42%	0.072%
0.056%	0.061%	12.23%	0.067%
0.051%	0.056%	12.77%	0.066%
0.067%	0.076%	11.52%	0.076%
0.064%	0.075%	12.31%	0.075%
0.063%	0.072%	13.25%	0.073%
0.068%	0.081%	12.58%	0.081%
0.078%	0.091%	11.92%	0.091%

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CITY OF SHAWNEE, KANSAS

SCHEDULE OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2011

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt to be repaid with property taxes			
Johnson County, Kansas	\$ 240,750,000	9.27%	\$ 22,317,525
Johnson County Parks & Recreation	3,625,000	9.27%	336,038
U.S.D. #232 (Desoto)	186,215,000	71.92%	133,925,828
U.S.D. #233 (Olathe)	347,365,000	0.71%	2,466,292
U.S.D. #512 (Shawnee Mission)	222,340,000	14.24%	<u>31,661,216</u>
Subtotal, overlapping debt			190,706,899
City direct debt	86,471,698	100.0%	<u>86,471,698</u>
Total direct and overlapping debt			<u>\$ 277,178,597</u>

Sources: Assessed value data used to estimate percentage were obtained from the Johnson County, Kansas Appraiser's Office. Debt outstanding data provided by Johnson County Department of Records and Tax Administration.

Johnson County and City of Shawnee Debt as of 12/31/11. Other debt as of 6/30/11.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the overlapping debt of those overlapping governments that is borne by the resident and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

TABLE 13
UNAUDITED

CITY OF SHAWNEE, KANSAS

LEGAL DEBT MARGIN
LAST TEN YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 231,327,469	\$ 241,315,676	\$ 248,224,634	\$ 248,218,244
Total net debt applicable to limit	<u>82,313,986</u>	<u>84,092,416</u>	<u>82,438,372</u>	<u>88,910,941</u>
Legal Debt Limit	<u>\$ 149,013,483</u>	<u>\$ 157,223,260</u>	<u>\$ 165,786,262</u>	<u>\$ 159,307,303</u>
Total net debt applicable to the limit as a percentage of the limit	35.6%	34.8%	33.2%	35.8%

Note: Under State finance law, the City's outstanding general obligation debt should not exceed 30% percent of the total assessed property value.

Legal Debt Margin Calculation for Year Ended December 31, 2011

Assessed valuation of taxable tangible prop	\$ 686,743,405
Equalized valuation of motor vehicles	<u>84,348,157</u>
Equalized assessed tangible valuation for computation of bonded debt limitations	<u>\$ 771,091,562</u>
Legal debt limit (30%)	\$ 231,327,469
Less:	
General obligation bonds	83,160,000
Plus:	
Debt Service Fund fund balance	<u>846,014</u>
Legal debt margin	<u>\$ 149,013,483</u>
Percentage of debt capacity used	<u>35.6%</u>

TABLE 13
UNAUDITED

Fiscal Year					
<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 248,114,292	\$ 237,058,210	\$ 222,550,264	\$ 206,960,699	\$ 190,364,438	\$ 174,901,137
<u>89,847,675</u>	<u>75,899,884</u>	<u>72,789,205</u>	<u>68,836,398</u>	<u>56,479,392</u>	<u>48,102,058</u>
<u>\$ 158,266,617</u>	<u>\$ 161,158,326</u>	<u>\$ 149,761,059</u>	<u>\$ 138,124,301</u>	<u>\$ 133,885,046</u>	<u>\$ 126,799,079</u>
36.2%	32.0%	32.7%	33.3%	29.7%	27.5%

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CITY OF SHAWNEE, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

<u>Fiscal Year</u>	<u>City Population (a)</u>	<u>County Population (b)</u>	<u>City Population Percent Change</u>	<u>Per Capita Personal Income (c)</u>	<u>Personal Income (c)</u>	<u>City Unemployment Rate (d)</u>	<u>State Unemployment Rate (d)</u>
2011	63,300	545,876	1.8%	64,811	4,102,527,060	5.0%	6.0%
2010	62,209	544,179	2.9%	61,725	3,839,827,065	5.0%	6.8%
2009	60,464	524,723	0.0%	58,785	3,554,397,712	8.6%	6.3%
2008	60,484	509,862	2.1%	55,986	3,386,260,399	4.0%	4.9%
2007	59,252	526,319	2.6%	53,320	3,159,319,603	3.3%	3.9%
2006	57,758	516,731	3.1%	50,781	2,933,008,998	3.5%	4.1%
2005	56,000	506,562	4.7%	48,153	2,696,568,000	3.8%	5.1%
2004	53,500	496,892	2.4%	46,244	2,474,054,000	4.1%	5.6%
2003	52,250	486,852	1.9%	44,119	2,305,217,750	4.4%	5.6%
2002	51,300	475,939	1.4%	44,106	2,262,637,800	4.0%	5.1%

Note a: City of Shawnee Planning Department

Note b: www.census.gov

Note c: Per Capita Personal Income reflects that of Johnson County, Kansas. Figures are not available by municipality. 2002 - 2003 figures are from www.bea.gov and reflect Johnson Counties per capita personal income. 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 figures were not available.

Note d: www.laborstats.dol.ks.gov/lfe/lfecurrent.htm

TABLE 15
UNAUDITED

CITY OF SHAWNEE, KANSAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2010 Tax Year/2011 Fiscal Year</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
De Soto Unified School District No. 232	950	1	3.50%
FedEx Ground Package Systems, Inc.	950	2	3.50%
Deffenbaugh Industries, Inc.	750	3	2.77%
Bayer HealthCare, LLC	583	4	2.15%
Perceptive Software, Inc.	551	5	2.03%
Wal-Mart	450	6	1.66%
City of Shawnee	289	7	1.07%
Hy-Vee Food & Drug Store	230	8	0.85%
McClane Food Service	200	9	0.74%
Target	196	10	0.72%
Total	<u>5,149</u>		
City of Shawnee	<u>27,117</u>		

TABLE 15
UNAUDITED

2001 Tax Year/2002 Fiscal Year

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Deffenbaugh Industries, Inc.	1,200	1	***
FedEx Ground Package System, Inc.	500	2	***
Wal-Mart Super Center	500	3	***
Hy-Vee Food & Drug	460	4	***
Target	425	5	***
Bayer Corporation	350	6	***
Harte-Hanks	330	7	***
Airsys ATM, Inc.	260	8	***
Millennium Marketing, Inc.	200	9	***
A.J. Plastics/Churchill Container Corp.	175	10	***
Total	<u>4,400</u>		
City of Shawnee	<u>***</u>		

*** Data not available prior to 2002

TABLE 16
UNAUDITED

CITY OF SHAWNEE, KANSAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT YEARS

Function/Program	Fiscal Year Ended December 31,							
	2011	2010	2009	2008	2007	2006	2005	2004
Police								
Physical Arrests	939	1,031	1,297	1,334	1,659	1,415	1,301	1,450
Parking Citations	197	161	323	219	283	445	434	532
Traffic Accidents	891	971	1,016	797	875	797	891	915
Fire								
Fire/Explosion Calls	158	140	139	149	139	175	135	125
Rescue Calls	2,972	2,555	2,427	2,701	2,636	2,498	2,312	2,281
Hazardous Conditions Calls	182	164	135	187	253	163	151	152
Service Calls	339	391	362	324	280	263	189	240
Good Intent Calls	772	771	833	887	778	699	496	514
False Calls	382	334	360	392	448	402	447	422
Public Works								
Pothole Patching (Man-Hours)	3,652.00	4,171.00	4,508.00	7,115.00	6,507.50	7,339.50	8,080.25	8,271.50
Street Sealing (Man-Hours)	1,743.00	-	116.00	1,211.50	941.50	1,093.00	590.00	80.00
Snow Removal/Sanding (Man-Hours)	5,501.25	5,193.00	5,749.00	8,678.00	4,989.50	1,588.00	3,039.50	1,782.00
Blade Patching (Man-Hours)	642.00	1,121.00	21.00	2,126.50	1,401.00	1,103.00	1,286.50	1,619.50
ROW Mowing (Man-Hours)	1,078.50	1,462.00	5,069.00	7,231.00	6,770.00	6,617.00	5,533.25	4,536.75
Parks & Recreation								
Aquatic Centers (Total Revenue)	661,458.00	680,307.00	657,763.00	613,304.00	673,333.00	492,740.00	486,355.00	418,614.00
Sports Programs (Total Revenue)	64,816.00	61,876.00	71,530.00	66,662.00	76,240.00	96,340.00	65,576.00	64,272.00
Facilities/Grounds Rental (Total Revenue)	304,100.00	260,771.00	211,879.00	213,853.00	243,934.00	251,761.00	204,320.00	173,775.00

Note: City began compiling data in 2004. Information not available prior to 2004.

Source: City of Shawnee Budget Document

TABLE 17
UNAUDITED

CITY OF SHAWNEE, KANSAS

FULL TIME CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government										
City Manager	2.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Legal	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Licensing/HR	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
IT	10.00	10.00	10.00	10.00	10.00	9.00	7.00	7.00	7.00	3.00
Municipal Court	5.00	5.00	6.00	6.00	6.30	6.30	6.30	6.30	6.30	6.30
Planning	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Development Services	11.00	11.00	13.00	13.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works	39.00	39.00	44.00	44.00	57.00	56.00	49.00	48.00	48.00	46.00
Police	107.00	107.00	111.00	111.00	111.00	111.00	111.00	111.00	111.00	111.00
Fire										
Fire	55.00	55.00	58.00	58.00	55.00	52.00	49.00	49.00	49.00	49.00
Building Inspection	9.50	9.50	10.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00
Parks & Recreation										
Parks Maintenance	8.00	8.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00	11.00
Civic Centre	6.00	7.00	7.00	7.00	5.00	5.00	5.00	5.00	4.00	4.00
Old Shawnee Town	3.00	3.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	272.5	273.5	294.0	294.0	290.3	285.3	273.3	272.3	271.3	264.3

Source: City of Shawnee Budget Document

TABLE 18
UNAUDITED

CITY OF SHAWNEE, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Police										
Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire										
Stations	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Works										
Center Line Miles	335.00	333.00	327.50	330.00	329.93	351.85	341.06	339.04	314.50	304.50
Streetlights	4,037	3,967	3,910	3,842	3,821	3,584	3,464	3,171	3,019	2,693
Parks & Recreation										
Parks	34.00	34.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
Civic Centre	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Pools	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Old Shawnee Town (Historical Buildings)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: City of Shawnee Budget Document

GOVERNMENTAL AUDIT SECTION

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CITY OF SHAWNEE, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>		
Passed Through Kansas Department of Transportation Highway Planning and Construction	20.205	\$ 43,829
ARRA Highway Planning and Construction	20.205 - R	6,775
State and Community Highway Safety	20.600	<u>27,568</u>
Total U.S. Department of Transportation		<u>78,172</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grant	14.218	<u>207,573</u>
Total U.S. Department of Housing and Urban Development		<u>207,573</u>
<u>U.S. Department of Energy</u>		
Energy Efficiency and Conservation Block Grant	81.128	<u>406,473</u>
Total U.S. Department of Energy		<u>406,473</u>
<u>Environmental Protection Agency</u>		
Passed Through Johnson County, Kansas National Clean Diesel Emissions Reduction Program	66.039	78,503
Passed Through Kansas Department of Health and Environment Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>65,340</u>
Total Environmental Protection Agency		<u>143,843</u>
<u>U.S. Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	7,204
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>19,319</u>
Total U.S. Department of Justice		<u>26,523</u>
Total Expenditures of Federal Awards		<u>\$ 862,584</u>

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

CITY OF SHAWNEE, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Shawnee, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF SHAWNEE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
81.128	Energy Efficiency and Conservation Block Grant
14.218	CDBG

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

Auditee qualified as low-risk auditee? Yes X No

CITY OF SHAWNEE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended December 31, 2011

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted



MIZE & HOUSER
COMPANY P.A.

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

Mayor and City Council
City of Shawnee, Kansas

We have audited the financial statements of the governmental activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the City of Shawnee, KS (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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Compliance and Other Matters

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

However, we noted certain other matters that we have reported to management in a separate letter dated June 25, 2012.

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

Mike Houser: Company PA

June 25, 2012



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Shawnee, Kansas

Compliance

We have audited the City of Shawnee, KS (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) "Circular A-133 Compliance Supplement" that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2011. The City'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's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

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

Mike Houser: Company PA

June 25, 2012