

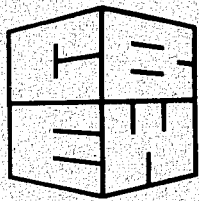
CITY OF GLENPOOL
Glenpool, Oklahoma

BASIC FINANCIAL STATEMENTS
June 30, 2009

CITY OF GLENPOOL
Glenpool, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

December 8, 2009

The Honorable City Council
City of Glenpool, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenpool, Oklahoma, (City) as of and for the year ended June 30, 2009, 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 opinions 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the City has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental Activities and Business-Type Activities is not readily determinable.

In our opinion, except for the effects, if any, on the financial statements of incomplete capital asset record keeping described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Glenpool, Oklahoma, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the City of Glenpool, Oklahoma, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City of Glenpool
December 8, 2009

Budgetary comparison information on pages 30 and the notes on page 31 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Glenpool has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF GLENPOOL
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 1)	\$ 903,039	\$ 1,553,631	\$ 2,456,670
Investments	5,471	73,841	79,312
Receivables (net of allowance for uncollectibles):			
Accounts receivable	27,970	279,581	307,551
Taxes	1,003,817	-	1,003,817
Grants receivable	-	-	-
Due to/from others	(11,307)	11,307	-
Prepaid expenses	11,272	-	11,272
Accrued interest receivable	-	-	-
Restricted assets:			
Cash and investments (Note 1)	5,916	16,673,908	16,679,824
Capital assets:			
Land and construction in progress	3,101,056	5,192,588	8,293,644
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 2)	2,962,087	11,622,591	14,584,678
Deferred charges:			
Bond issue cost (net of accumulated amortization) (Note 1)	-	949,815	949,815
Bond discount (net of accumulated amortization) (Note 1)	-	561,799	561,799
Total assets	\$ 8,009,321	\$ 36,919,061	\$ 44,928,382
Liabilities:			
Accounts payable	\$ 227,170	\$ 241,660	\$ 468,830
Accrued compensated absences payable (Note 1)	147,552	9,203	156,755
Payable from restricted assets:			
Appearance bonds	5,316	-	5,316
State court fees	600	-	600
Interest payable	-	479,147	479,147
Accrued interest payable	5,283	-	5,283
Leases payable (Note 3)	463,994	20,546	484,540
Notes payable (Note 2)	120,264	960,733	1,080,997
Revenue bonds payable (Note 2)	330,000	31,835,000	32,165,000
Total liabilities	1,300,179	33,546,289	34,846,468
Net assets:			
Invested in capital assets, net of related debt	5,143,602	(16,001,100)	(10,857,498)
Restricted	178,707	16,194,761	16,373,468
Unrestricted	1,386,833	3,179,111	4,565,944
Total net assets	\$ 6,709,142	\$ 3,372,772	\$ 10,081,914

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
General government	\$ 620,597	\$ 126,498	\$ -	\$ -	\$ (494,099)
City manager	312,422	-	-	-	(312,422)
Code and planning	302,780	-	-	-	(302,780)
Total general government	<u>1,235,799</u>	<u>126,498</u>	<u>-</u>	<u>-</u>	<u>(1,109,301)</u>
Public safety and judiciary:					
City attorney	30,338	-	-	-	(30,338)
Fire	1,072,571	-	5,100	285,000	(782,471)
Municipal court	14,780	287,367	-	-	272,587
Police	1,435,185	29,498	-	-	(1,405,687)
Emergency management	1,106	-	-	-	(1,106)
911 operations	18,409	81,196	-	-	62,787
Total public safety and judiciary	<u>2,572,389</u>	<u>398,061</u>	<u>5,100</u>	<u>285,000</u>	<u>(1,884,228)</u>
Transportation:					
Streets	494,817	-	-	-	(494,817)
Total transportation	<u>494,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(494,817)</u>
Cultural, parks and recreation:					
Parks	-	-	-	-	-
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financing costs	124,804	-	-	-	(124,804)
Unallocated depreciation*	539,422	-	-	-	(539,422)
Total governmental activities	<u>4,967,231</u>	<u>524,559</u>	<u>5,100</u>	<u>285,000</u>	<u>(4,152,572)</u>
Business-type activities					
General and administrative	-	-	-	-	-
Water treatment	1,805,158	1,713,726	-	-	(91,432)
Sewer treatment	194,392	733,821	-	-	539,429
Solid waste	465,367	478,467	-	-	13,100
Storm water	44,263	81,064	-	-	36,801
Medical services	108,636	158,746	-	-	50,110
Industrial Authority	-	32,524	-	-	32,524
Financing costs	1,626,296	-	-	-	(1,626,296)
Unallocated depreciation*	358,942	-	-	-	(358,942)
Total business-type activities	<u>4,603,054</u>	<u>3,198,348</u>	<u>-</u>	<u>-</u>	<u>(1,404,706)</u>
Total	<u>\$ 9,570,285</u>	<u>\$ 3,722,907</u>	<u>\$ 5,100</u>	<u>\$ 285,000</u>	<u>\$ (5,557,278)</u>

* - This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2009

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	(4,152,572)	(1,404,706)	(5,557,278)
General revenues:			
Taxes:			
Sales and use taxes	5,072,063	-	5,072,063
Franchise taxes	380,706	-	380,706
Cigarette taxes	66,664	-	66,664
Intergovernmental	87,504	-	87,504
Hotel/motel tax	44,605	-	44,605
Property taxes	168,173	-	168,173
Investment earnings	857	163,571	164,428
Miscellaneous	101,232	-	101,232
Other fees	-	169,204	169,204
Rental income	18,976	-	18,976
Sale of property	28,079	-	28,079
Transfers	1,331,824	(1,331,824)	-
Total general revenues and transfers	7,300,683	(999,049)	6,301,634
 Change in net assets	 3,148,111	 (2,403,755)	 744,356
 Net assets - beginning of year	 3,561,031	 5,776,527	 9,337,558
 Net assets - end of year	 <u>\$ 6,709,142</u>	 <u>\$ 3,372,772</u>	 <u>\$ 10,081,914</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF GLENPOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	<u>General Fund</u>	<u>Debt Service Sinking Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 1)	\$ 713,025	\$ 190,014	\$ 903,039
Investments	5,471	-	5,471
Accrued governmental transfers	1,003,817	-	1,003,817
Accounts receivable (net of allowance for uncollectibles)	27,970	-	27,970
Prepaid expenses	11,272	-	11,272
Due from others	-	-	-
Restricted assets:			
Cash and investments (Note 1)	5,916	-	5,916
Total assets	<u>\$ 1,767,471</u>	<u>\$ 190,014</u>	<u>\$ 1,957,485</u>
Liabilities:			
Accounts payable	\$ 227,170	\$ -	\$ 227,170
Accrued compensated absences payable (Note 1)	147,552	-	147,552
Due to others	-	11,307	11,307
Payable from restricted assets:			
Appearance bonds	5,316	-	5,316
State court fees	600	-	600
Total liabilities	<u>380,638</u>	<u>11,307</u>	<u>391,945</u>
Fund balance:			
Reserved	-	178,707	178,707
Unreserved	1,386,833	-	1,386,833
Total fund balance	<u>1,386,833</u>	<u>178,707</u>	<u>1,565,540</u>
Total liabilities and fund balance	<u>\$ 1,767,471</u>	<u>\$ 190,014</u>	<u>\$ 1,957,485</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
June 30, 2009

Total Fund Balances - Total Governmental Funds \$ 1,565,540

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

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Leases payable	(463,994)	
Notes payable	(120,264)	
Revenue bonds payable	(330,000)	
Accrued interest payable	(5,283)	
	(919,541)	
Total		(919,541)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 310,000	
Construction in progress	2,791,056	
Infrastructure	116,637	
Buildings	3,524,496	
Equipment	1,535,528	
Vehicles	2,210,680	
Accumulated depreciation	(4,425,254)	
	6,063,143	

Net assets of governmental activities \$ 6,709,142

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<u>General Fund</u>	<u>Debt Service Sinking Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Charges for services	\$ 107,874	\$ -	\$ 107,874
Cigarette taxes	66,664	-	66,664
Interest	733	125	858
Franchise taxes	380,706	-	380,706
Hotel/motel taxes	44,605	-	44,605
Intergovernmental programs	92,604	-	92,604
Fines and forfeits	287,367	-	287,367
Rental receipts	18,976	-	18,976
Licenses and permits	48,123	-	48,123
Miscellaneous revenue	101,229	-	101,229
Donations	285,000	-	285,000
Property sales	28,079	-	28,079
Property taxes	-	168,173	168,173
Sales and use taxes	5,072,063	-	5,072,063
Special assessments	81,196	-	81,196
Total revenues	<u>6,615,219</u>	<u>168,298</u>	<u>6,783,517</u>
Expenditures:			
Current:			
General government	1,235,799	-	1,235,799
Public safety	2,572,388	-	2,572,388
Highways and roads	494,817	-	494,817
Cultural and recreational	-	-	-
Debt Service:			
Principal	211,428	165,000	376,428
Interest expense	101,450	21,904	123,354
Capital outlay	3,537,847	-	3,537,847
Total expenditures	<u>8,153,729</u>	<u>186,904</u>	<u>8,340,633</u>
Excess of revenues over (under) expenditures	(1,538,510)	(18,606)	(1,557,116)
Other financing uses:			
Operating transfers in (out)	1,331,824	-	1,331,824
Lease proceeds	336,349	-	336,349
Excess of revenues over (under) expenditures & transfers	129,663	(18,606)	111,057
Fund balance - beginning of year	<u>1,257,170</u>	<u>197,313</u>	<u>1,454,483</u>
Fund balance - end of year	<u>\$ 1,386,833</u>	<u>\$ 178,707</u>	<u>\$ 1,565,540</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES
IN NET ASSETS
Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ 111,057
Amounts reported for governmental activities in the Statement of Activities are different because:	
The interest paid on notes and judgements is recorded as an expense in governmental funds and not as a payment against the accrual. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the interest is recorded against the payable. This is the amount of interest paid in the current period.	
	(1,450)
Governmental Funds report note and lease proceeds as income. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the proceeds received are recorded as a liability. This is the amount of proceeds recorded in the current period.	
	(336,349)
Governmental Funds report note and lease payments as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the principal paid on that liability is applied against the liability. This is the amount of principal recorded in the current period.	
	376,428
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	
	(539,422)
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
	<u>3,537,847</u>
Change in Net Assets of Governmental Activities	\$ <u><u>3,148,111</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds			
	Utility Service Authority	Industrial Authority	GEMS Trust Authority	Totals
Assets:				
Cash and investments:				
Cash & cash equivalents (Note 3)	\$ 1,334,360	\$ 73,537	\$ 145,734	\$ 1,553,631
Investments, at cost	73,841	-	-	73,841
Receivables (net of allowance for uncollectibles):				
Accounts receivable	279,581	-	-	279,581
Grants receivable	-	-	-	-
Due from others	11,307	-	-	11,307
Restricted assets:				
Cash & investments (Notes 3 & 4)	16,673,908	-	-	16,673,908
Capital assets:				
Land and construction in process	5,192,588	-	-	5,192,588
Depreciable buildings, equipment and infrastructure, net of depreciation (Notes 1 & 3)	11,622,591	-	-	11,622,591
Deferred charges:				
Bond issue cost (net of accumulated amortization) (Note 1)	949,815	-	-	949,815
Bond discount (net of accumulated amortization) (Note 1)	561,799	-	-	561,799
Total assets	\$ 36,699,790	\$ 73,537	\$ 145,734	\$ 36,919,061
Liabilities:				
Accounts payable	\$ 241,660	\$ -	\$ -	\$ 241,660
Due to other funds	-	-	-	-
Accrued compensated absences payable (Note 1)	9,203	-	-	9,203
Payable from restricted assets:				
Interest payable	479,147	-	-	479,147
Leases payable (Note 3)	20,546	-	-	20,546
Notes payable (Note 3)	960,733	-	-	960,733
Revenue bonds payable (Notes 3 & 4)	31,835,000	-	-	31,835,000
Total liabilities	33,546,289	-	-	33,546,289
Net assets:				
Invested in capital assets, net of related debt	(16,001,100)	-	-	(16,001,100)
Restricted	16,194,761	-	-	16,194,761
Unrestricted	2,959,840	73,537	145,734	3,179,111
Net assets	\$ 3,153,501	\$ 73,537	\$ 145,734	\$ 3,372,772

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds			
	Utility Service Authority	Industrial Authority	GEMS Trust Authority	Totals
Revenues:				
Water revenue	\$ 1,587,600	\$ -	\$ -	\$ 1,587,600
Sewer revenue	707,296	-	-	707,296
Solid waste revenue	464,168	-	-	464,168
Water taps	113,053	-	-	113,053
Sewer taps	26,525	-	-	26,525
Solid waste management fees	14,299	-	-	14,299
Storm water management fees	81,064	-	-	81,064
Water/sewer fees	13,073	-	-	13,073
Connect/transfer fees	7,130	-	-	7,130
Delinquent fees	88,878	-	-	88,878
Miscellaneous charges	50,114	-	-	50,114
Return on fees	23,082	-	-	23,082
Property tax revenues	-	-	158,746	158,746
Lease revenue	-	32,524	-	32,524
Total revenues	3,176,282	32,524	158,746	3,367,552
Operations expense:				
General and administrative	-	-	-	-
Water treatment	1,805,158	-	-	1,805,158
Sewer treatment	194,392	-	-	194,392
Solid waste	465,367	-	-	465,367
Storm water	44,263	-	-	44,263
Medical services	-	-	108,636	108,636
Depreciation	358,942	-	-	358,942
Total operations expense	2,868,122	-	108,636	2,976,758
Income before non-operating revenues, expenses & transfers	308,160	32,524	50,110	390,794
Non-operating revenues (expenses):				
Interest revenue	162,384	842	345	163,571
Interest expense	(1,436,636)	-	-	(1,436,636)
Amortization of bond issue cost	(113,689)	-	-	(113,689)
Amortization of bond issue discount	(72,971)	-	-	(72,971)
Grant revenues	-	-	-	-
Trustee fees	(3,000)	-	-	(3,000)
Total	(1,463,912)	842	345	(1,462,725)
Income (loss) before operating transfers	(1,155,752)	33,366	50,455	(1,071,931)
Transfers in (out)	(1,311,824)	-	(20,000)	(1,331,824)
Change in net assets	(2,467,576)	33,366	30,455	(2,403,755)
Net assets at beginning of year	5,621,077	40,171	115,279	5,776,527
Net assets at end of year	\$ 3,153,501	\$ 73,537	\$ 145,734	\$ 3,372,772

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds			
	Utility Service Authority	Industrial Authority	GEMS Trust Authority	Totals
Cash flows from operating activities:				
Cash received from customers & service users	\$ 3,233,310	\$ 32,524	\$ 158,746	\$ 3,424,580
Cash payments for goods & services & employees	(2,402,474)	-	(108,636)	(2,511,110)
Net cash provided by operating activities	<u>830,836</u>	<u>32,524</u>	<u>50,110</u>	<u>913,470</u>
Cash flows from noncapital financing activities:				
Net change in due to/due from other funds	(71,928)	-	-	(71,928)
Operating transfers in/out to other funds	(1,311,824)	-	(20,000)	(1,331,824)
Net cash provided (used) for noncapital financing activities	<u>(1,383,752)</u>	<u>-</u>	<u>(20,000)</u>	<u>(1,403,752)</u>
Cash flows from capital and related financing activities:				
Acquisition & construction of capital assets	(3,338,533)	-	-	(3,338,533)
Principal paid on debt	(296,411)	-	-	(296,411)
Interest paid on debt	(1,108,109)	-	-	(1,108,109)
Proceeds from bonds	18,000,000	-	-	18,000,000
Bond issue costs	(887,443)	-	-	(887,443)
Grant monies	63,656	-	-	63,656
Trustee fees	(3,000)	-	-	(3,000)
Net cash provided (used) for capital and related financing activities	<u>12,430,160</u>	<u>-</u>	<u>-</u>	<u>12,430,160</u>
Cash flows from investing activities:				
(Purchase) liquidation of investments - unrestricted	(1,152)	-	-	(1,152)
Interest on investments	162,384	842	345	163,571
Net cash provided by investing activities	<u>161,232</u>	<u>842</u>	<u>345</u>	<u>162,419</u>
Net increase (decrease) in cash & cash equivalents	12,038,476	33,366	30,455	12,102,297
Cash and cash equivalents - beginning of year	<u>5,969,792</u>	<u>40,171</u>	<u>115,279</u>	<u>6,125,242</u>
Cash and cash equivalents - end of year	<u>\$ 18,008,268</u>	<u>\$ 73,537</u>	<u>\$ 145,734</u>	<u>\$ 18,227,539</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 308,160	\$ 32,524	\$ 50,110	\$ 390,794
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	358,942	-	-	358,942
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	57,028	-	-	57,028
Increase (decrease) in accounts payable	110,250	-	-	110,250
Increase (decrease) in accrued expenses	(3,544)	-	-	(3,544)
Total adjustments	<u>522,676</u>	<u>-</u>	<u>-</u>	<u>522,676</u>
Net cash provided by operating activities	<u>\$ 830,836</u>	<u>\$ 32,524</u>	<u>\$ 50,110</u>	<u>\$ 913,470</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>Agency Funds</u>
Assets:	
Cash and investments at cost	\$ <u>178,361</u>
Total assets	\$ <u><u>178,361</u></u>
Liabilities:	
Deposits	\$ <u>178,361</u>
Total liabilities	\$ <u><u>178,361</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Glenpool, Oklahoma (the City) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Glenpool, Oklahoma is organized under the statutes of the State of Oklahoma. The City operates under a council form of government and is governed by a five-member board of commissioners. The commissioners elect the mayor from their own body. The City provides the following services as authorized by its charter: general government, public safety (fire and police), streets, public works (water, sewer and sanitation), judicial, health and social services, culture, parks and recreation, public improvements and planning and zoning for the geographical area organized as the City of Glenpool, Oklahoma.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

Blended Component Units/Trusts:

The Glenpool Utility Services Authority (Authority) was created pursuant to a Trust Indenture for the benefit of the City of Glenpool, Oklahoma. The Authority was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water and sewer facilities for the City of Glenpool. The water, sanitary sewer and solid waste disposal systems owned by the City have been leased to the Authority until such date that all indebtedness of the Authority is retired or provided for. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees identical with the City Council. The Authority is exempt from State and Federal Income taxes. The Authority is reported as an enterprise fund.

The Glenpool Industrial Authority (GIA) was created September 28, 1981, for the benefit of the City of Glenpool, Oklahoma. GIA was created to promote the development of industry and to provide additional employment in the Glenpool, Oklahoma, area. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees appointed by the City Council. GIA is exempt from State and Federal Income taxes. GIA is reported as an enterprise fund.

The Glenpool Emergency Medical Services Trust Authority (GEMSTA) was created for the benefit of the City of Glenpool, Oklahoma. GEMSTA was created to provide first responder ambulance service in the Glenpool, Oklahoma, area. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees appointed by the City Council. GEMSTA is exempt from State and Federal Income taxes. GEMSTA is reported as an enterprise fund.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues, or expenditures of the corresponding element for all funds of that category *and* is at least 5% of the corresponding element total for all governmental and enterprise funds combined *or* is a fund that the government believes is important enough for financial statement users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Sales and use taxes, cigarette taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

General Fund – is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The following governmental fund of the City does not meet the percentage criteria for a major fund but the City has described this non-major fund in the presentation within the governmental type financial statements:

Debt Service Fund – as prescribed by the State Law, the Debt Service Fund accounts for payment of principal and interest on the City's general obligation bonds and judgments against the City. Funds are provided from ad valorem taxes and interest income.

Proprietary Funds – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the City has applied only Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as enterprise.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The following is the City's major enterprise fund:

Glenpool Utility Services Authority – which accounts for the operations of providing public works (water, sewer and sanitation) to the City.

The other enterprise funds of the City do not meet the percentage criteria for major funds but the City has elected to treat the following two non-major funds as though they were major funds for purposes of presentation within the proprietary funds of the financial statements rather than aggregating this information separately solely for the benefit of user understandability of the financial statements.

Glenpool Industrial Authority – which promotes of the development of industry in the City.

Glenpool Emergency Medical Services Trust Authority – which provide first responder ambulance service in the City.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The City's only fiduciary fund is an agency fund that is composed of customer deposit funds.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments. Investments are stated at cost.

2. Restricted Cash and Investments

The restricted bond fund cash and investments are the result of financial requirements of bond issues and consist of funds held in the Bond Project Fund Accounts, Bond Sinking Fund Accounts Bond Fund Reserve Accounts, Bond Capital Improvement Fund Accounts and Construction Accounts. Under the terms and provisions of the Bond Indenture, these special accounts and reserve funds are maintained with the Trustee bank for the benefit of the holders of the bonds and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any bonds are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture.

3. Fair Value of Financial Instruments

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

4. Estimates

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

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

7. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net assets and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$10,000 for the governmental and proprietary funds.

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40 years	40 years
Furniture, Fixtures and Equipment	3-5 years	3-5 years
Land Improvements	20 years	20 years
Vehicles	5-20 years	5-20 years
Infrastructure	10-50 years	10-50 years

The City has not maintained complete capital asset records to support the historical cost of past capital asset purchases, therefore documentation is not available. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. The amount by which this omission would affect the assets, net assets, and expenses of the Governmental and Business-Type Activities is not readily determinable.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

8. Deferred Charges

Bond discount costs and bond issue costs are amortized ratably over the repayment period of the applicable bond using the straight-line method.

9. Compensated Absences

It is the City's policy to permit full-time employees to accumulate earned but unused vacation. Full-time and part-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit.

10. Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

11. Net Assets/Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

In the fund financial statement, governmental funds report reservations of fund balances that are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations or expenditure. Designations of fund balances are not required by law but represent the classification or funds that are earmarked by the City's management for specific purposes and may be subject to change.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2009, the City held deposits of approximately \$19,394,167 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the City or by its agent in the City's name.

Investment 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.

Investment Credit Risk

The City has no policy that limits its investment choices other than the limitation of state law as follows:

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

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

The cash and investments held at June 30, 2009 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	\$ 2,463,467	\$ 2,463,467
Certificate of deposit	6.00	N/A	251,322	251,322
147 shares of stock	N/A	N/A	5,471	5,471
Total investments			<u>\$ 2,720,260</u>	<u>\$ 2,720,260</u>

Reconciliation to Statement of Net Assets	
Governmental activities	\$ 914,426
Business-type activities	1,627,473
Fiduciary activities	178,361
	<u>\$ 2,720,260</u>

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 9% in Certificates of deposit (\$251,322), 91% in Money Market funds (\$2,463,467) and less than 1% in the stock market (\$5,471).

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets

Primary Government capital asset activity for the year ended is as follows:

	Balance 6/30/08	Additions	Disposals	Balance 6/30/09
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 310,000	\$ -	\$ -	\$ 310,000
Construction in progress	176,238	2,614,818	-	2,791,056
Total non-depreciable assets	<u>486,238</u>	<u>2,614,818</u>	<u>-</u>	<u>3,101,056</u>
Depreciable assets:				
Buildings and improvements	3,524,496	-	-	3,524,496
Furniture, fixtures and equipment	971,219	564,309	-	1,535,528
Vehicles	1,921,714	288,966	-	2,210,680
Infrastructure	46,882	69,755	-	116,637
Total depreciable assets	<u>6,464,311</u>	<u>923,030</u>	<u>-</u>	<u>7,387,341</u>
Less accumulated depreciation:				
Buildings and improvements	(2,211,058)	(88,113)	-	(2,299,171)
Furniture, fixtures and equipment	(583,242)	(218,935)	-	(802,177)
Vehicles	(1,090,360)	(229,458)	-	(1,319,818)
Infrastructure	(1,172)	(2,916)	-	(4,088)
Total accumulated depreciation	<u>(3,885,832)</u>	<u>(539,422)</u>	<u>-</u>	<u>(4,425,254)</u>
Net depreciable assets	<u>2,578,479</u>	<u>383,608</u>	<u>-</u>	<u>2,962,087</u>
Net governmental activities capital assets	<u>\$ 3,064,717</u>	<u>\$ 2,998,426</u>	<u>\$ -</u>	<u>\$ 6,063,143</u>

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets (Continued)

Proprietary capital asset activity for the year ended is as follows:

	Balance 6/30/08	Additions	Disposals	Balance 6/30/09
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 2,092,557	\$ -	\$ -	\$ 2,092,557
Construction in progress	-	3,100,031	-	3,100,031
Total non-depreciable assets	<u>2,092,557</u>	<u>3,100,031</u>	<u>-</u>	<u>5,192,588</u>
Depreciable assets:				
Buildings and improvements	446,712	-	-	446,712
Furniture, fixtures and equipment	700,209	26,994	-	727,203
Vehicles	363,737	131,444	-	495,181
Infrastructure	12,955,422	80,064	-	13,035,486
Total depreciable assets	<u>14,466,080</u>	<u>238,502</u>	<u>-</u>	<u>14,704,582</u>
Less accumulated depreciation:				
Buildings and improvements	(53,793)	(11,168)	-	(64,961)
Furniture, fixtures and equipment	(298,841)	(49,152)	-	(347,993)
Vehicles	(240,769)	(33,074)	-	(273,843)
Infrastructure	(2,129,646)	(265,548)	-	(2,395,194)
Total accumulated depreciation	<u>(2,723,049)</u>	<u>(358,942)</u>	<u>-</u>	<u>(3,081,991)</u>
Net depreciable assets	<u>11,743,031</u>	<u>(120,440)</u>	<u>-</u>	<u>11,622,591</u>
Net business-type activities capital assets	<u>\$ 13,835,588</u>	<u>\$ 2,979,591</u>	<u>\$ -</u>	<u>\$ 16,815,179</u>

Depreciation expense was charged to unallocated depreciation and not charged as a direct expense of the various programs.

C. Long-term Debt and Capitalized Leases

The City has entered into general obligation bonds payable, notes payable and capitalized leases. The lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as expenditures on the fund financial statements.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Long-term Debt and Capitalized Leases (Continued)

The long-term debt is described below.

(1) Lease payable to Bancfirst for the lease purchase of five charges, Tahoe and Suburban. 36 monthly payments of \$7,437 plus interest at 4.5%.	\$ 73,349
(2) Lease payable to Citizens Bank for the lease purchase of 2 police cars. 36 monthly payments of \$1,144 plus interest at 4%.	3,247
(3) Lease payable to Citizens Bank for the lease purchase of fire truck. 36 monthly payments of \$2,584 plus interest at 4.5%.	68,175
(4) Lease payable to Citizens Bank for the lease purchase of police equipment. 36 monthly payments of \$583 plus interest at 4%.	1,006
(5) Lease payable to Citizens Bank for the lease purchase of truck. 36 monthly payments of \$658 plus interest at 4%.	1,004
(6) Lease payable to Old National Bank for the lease purchase of 2 police cars. 36 monthly payments of \$1,003 plus interest at 6.5%.	967
(7) General Obligation Bond Payable. Payable in annual installments of \$165,000 plus interest at 4.425%	330,000
(8) Note payable to the Oklahoma Department of Transportation for right-of-way. Monthly payments of \$1,200 plus interest at 0%.	23,025
(9) Note payable to the Oklahoma Department of Transportation for right-of-way. Monthly payments of \$1,200 plus interest at 0%.	29,461
(10) Note payable to the Oklahoma Department of Commerce for CDBG. Monthly payments of \$1,111 plus interest at 0%.	67,778
(11) Lease payable to First Texas Bank for the lease purchase of Incode software. 18 quarterly payments of \$22,611.63 plus interest at 3.5%.	<u>316,246</u>
Total	<u>\$ 914,258</u>

The following is a summary of long-term debt and capitalized lease transactions for the year:

	Balance July 1, 2008	Additions	Payments and Cancellations	Balance June 30, 2009
Capital lease obligations	\$ 323,851	\$ 336,349	\$ 196,206	\$ 463,994
Notes payable	135,486	-	15,222	120,264
Revenue bonds payable	495,000	-	165,000	330,000
Total	<u>\$ 954,337</u>	<u>\$ 336,349</u>	<u>\$ 376,428</u>	<u>\$ 914,258</u>

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Long-term Debt and Capitalized Leases (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 368,436	\$ 28,272	\$ 396,708
2011	294,068	13,099	307,167
2012	112,045	4,571	116,616
2013	82,379	1,189	83,568
2014	15,733	-	15,733
2015-2019	13,111	-	13,111
2020-2024	12,000	-	12,000
2025-2029	11,025	-	11,025
2030-2034	5,461	-	5,461
Total	<u>\$ 914,258</u>	<u>\$ 47,131</u>	<u>\$ 961,389</u>

D. Long-term Debt

The City is not obligated in any manner for the debt of its component units. The water system, including all of the proceeds, revenue, water charges, assessments and income of all kinds and nature together with contract rights, accounts receivable and general intangibles have been pledged as collateral to secure these notes. The note agreements call for monthly payments to be made toward debt retirement.

The long-term debt is described below.

A Capital Improvement Revenue Bond Payable, Series 2001A was issued by the GUSA, acting on behalf of the City, in the principal amount of \$4,700,000 dated May 1, 2001, due in semi-annual installments of \$120,000 to \$755,000, through June 1, 2021 with interest at 4.4% to 5.25% per annum.

A Utility Revenue Refunding Bond Payable, Series 2007 was issued by the GUSA, acting on behalf of the City, in the principal amount of \$6,500,000 dated October 1, 2007, due in semi-annual installments of \$120,000 to \$745,000, through October 1, 2036 with interest at 3.5% to 4.5% per annum.

A Utility Revenue Bond Payable, Series 2007A was issued by the GUSA, acting on behalf of the City, in the principal amount of \$3,945,000 dated October 1, 2007, due in semi-annual installments of \$30,000 to \$640,000, through October 1, 2037 with interest at 5.75% to 6.45% per annum.

A Utility Revenue Refunding Bond Payable, Series 2008 was issued by the GUSA, acting on behalf of the City, in the principal amount of \$10,000,000 dated August 1, 2008, due in semi-annual interest only installments of \$200,000 (4% per annum) and a lump sum payoff on August 1, 2013.

A Utility Revenue Refunding Bond Payable, Series 2008A was issued by the GUSA, acting on behalf of the City, in the principal amount of \$6,000,000 dated August 1, 2008, due in semi-annual interest only installments of \$180,000 (6% per annum) and a lump sum payoff on August 1, 2013.

A Utility Revenue Refunding Bond Payable, Series 2009 was issued by the GUSA, acting on behalf of the City, in the principal amount of \$2,000,000 dated March 1, 2009, due in semi-annual interest only installments of \$37,000 (3.7% per annum) and a lump sum payoff on August 1, 2013.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Long-term Debt (Continued)

\$1,361,388 GUSA, Tulsa County, Oklahoma, Series 2001 Clean Water SRF promissory note to the Oklahoma Water Resources Board, dated May 1, 2001, due in semi-annual installments over 20 years plus interest of 2.55%, secured by pledged sales taxes and utility system revenues.

\$230,000 GUSA, Tulsa County, Oklahoma, Series 1992 promissory note to the Oklahoma Water Resources Board, dated May 22, 1992, due in semi-annual installments over 15 years plus interest of 2.55%, secured by pledged sales taxes and utility system revenues.

A lease payable with Citizens Security Bank dated August 20, 2004, in the amount of \$28,131, payable in 60 monthly installments of \$513, with interest at 3.5%, for the purchase of a bobcat.

A lease payable with Bancfirst dated June 29, 2007, in the amount of \$90,000, payable in 35 monthly installments of \$2,677, with interest at 4.5%, for the purchase of riding mowers and trucks.

The following is a summary of long-term debt transactions of the proprietary fund:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
Revenue Bond 2001A	\$ 3,710,000	\$ -	\$ 175,000	\$ 3,535,000
Revenue Bond 2007	6,355,000	-	-	6,355,000
Revenue Bond 2007A	3,945,000	-	-	3,945,000
Revenue Bond 2008	-	10,000,000	-	10,000,000
Revenue Bond 2008A	-	6,000,000	-	6,000,000
Revenue Bond 2009	-	2,000,000	-	2,000,000
OWRB 2001	884,902	-	68,069	816,833
OWRB 1992	154,800	-	10,900	143,900
Citizens lease	7,518	-	6,637	881
Bancfirst lease	55,470	-	35,805	19,665
Total	<u>\$ 15,112,690</u>	<u>\$ 18,000,000</u>	<u>\$ 296,411</u>	<u>\$ 32,816,279</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 400,716	\$ 1,563,184	\$ 1,963,900
2011	403,069	1,550,080	1,953,149
2012	439,069	1,534,396	1,973,465
2013	454,869	1,516,403	1,971,272
2014	18,480,869	1,080,541	19,561,410
2015-2019	2,866,548	2,981,044	5,847,592
2020-2024	2,631,139	2,251,694	4,882,833
2025-2029	1,840,000	1,749,682	3,589,682
2030-2034	2,455,000	1,214,242	3,669,242
2035-2038	2,845,000	454,267	3,299,267
Total Liability	<u>\$ 32,816,279</u>	<u>\$ 15,895,533</u>	<u>\$ 48,711,812</u>

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

E. Inter-fund Receivables and Payables

The following schedule reflects the City's inter-fund due from and due to other governmental funds, which have been eliminated in the statement of net assets presentation in accordance with GASB 34:

	Due From	Due To
Debt Service Fund:		
GUSA	\$ -	\$ 11,307
Enterprise Funds:		
GUSA:		
Sinking Fund	11,307	-
Total all funds	<u>\$ 11,307</u>	<u>\$ 11,307</u>

3. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The City purchases commercial insurance to cover these and other risks. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for all claims submitted to it during the plan year.

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. A Loss Fund has been established from the proceeds of these fees for each participant in the Plan. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund.

In addition to the Loss Fund, the City maintains two additional funds with the Plan. The Rate Stabilization Reserve (RSR), which can be applied against future premium increases and an Escrow Fund made up of past refunds left on deposit with the Plan. Escrow funds earn interest and are readily available for use by the governing board. In accordance with GASB No. 10, the City reports the required contribution to the pool, net of refunds, as insurance expense. The balances in the RSR Fund and the Escrow Fund were \$0 and \$0, respectively.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

4. OTHER INFORMATION (Continued)

B. Contingent Liabilities

The City is not aware of any pending or threatened legal actions against it. However, insurance protection has been obtained to cover probable claims.

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

C. Employee Retirement System and Plan

The City of Glenpool, as the employer, participates in two statewide cost-sharing multi-employer defined benefit plans on behalf of the policemen and firefighters. The systems are funded by contributions from participants, employers, insurance premium taxes and state appropriations, as necessary.

1. Oklahoma Police Pension and Retirement Fund

All City police department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Police Pension and Retirement System (OPPRS). Under this plan, police department personnel contribute 8.0% of base salary and the City contributes an additional 13.0%. The OPPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Police Pension and Retirement System, 101 NW 63rd Street, Suite 305, Oklahoma City, OK 73116-7335, or by calling 1-800-347-6552.

The required contribution from the City for these plans was \$103,651 and \$81,350 for 2009 and 2008. The required contribution was fully contributed. At June 30, 2009 the system held no related-party investments of the City or of its related entities.

2. Oklahoma Firefighter's Pension and Retirement Fund

All City fire department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8.0% of base salary and the City contributes an additional 13.0%. The OFPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

The required contribution from the City for these plans was \$88,058 and \$71,795 for 2009 and 2008. The required contribution was fully contributed. At June 30, 2009 the system held no related-party investments of the City or of its related entities.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2009

3. OTHER INFORMATION (Continued)

C. Employee Retirement System and Plans (Continued)

3. Defined contribution plan

The City participates in a defined contribution plan with the Oklahoma Municipal Retirement Fund. The defined contribution plan is available to all full-time employees not already participating in another plan. A defined contribution plan's benefits depend solely on amounts contributed to the plan, investment earnings and forfeitures of other participants' benefits that may be allocated to remaining participants' accounts. Benefits vest at time of employment, with normal retirement at age 65 and early retirement at age 55 with 10 years or more of service. Participants are required to contribute 2% of their covered compensation and the City is required to contribute 5% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost of \$69,210 and \$40,351 for 2009 and 2008, was equal to the City's required and actual contributions. The City is required to contribute 13% of covered compensation for the City Manager. The City Manager is permitted to make voluntary deductible contributions to the plan. The City's annual pension cost of \$15,867 and \$10,871 for 2009 and 2008, was equal to the City's required and actual contributions.

OMRF issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Municipal Retirement System, 525 Central Park Drive, Oklahoma City, OK 73105, or by calling 1-888-394-6673.

CITY OF GLENPOOL
Glenpool, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2009

CITY OF GLENPOOL
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2009
(Unaudited)

GENERAL FUND

	Budgeted Amounts			Variance with
	Original	Final		Final Budget
	Budget	Budget	Actual	Over (Under)
Revenues:				
Charges for services	\$ 41,100	\$ 41,100	\$ 107,874	\$ 66,774
Cigarette taxes	26,000	26,000	66,664	40,664
Interest	2,500	2,500	733	(1,767)
Franchise taxes	335,000	335,000	380,706	45,706
Hotel/motel taxes	48,000	48,000	44,605	(3,395)
Intergovernmental programs	85,100	85,100	92,604	7,504
Fines and forfeits	160,000	160,000	287,367	127,367
Rental receipts	20,000	20,000	18,976	(1,024)
Licenses and permits	87,850	87,850	48,123	(39,727)
Miscellaneous revenue	331,000	331,000	101,229	(229,771)
Sales and use taxes	4,771,588	4,771,588	5,072,063	300,475
Special assessments	73,000	73,000	81,196	8,196
Total revenues	<u>5,981,138</u>	<u>5,981,138</u>	<u>6,302,140</u>	<u>321,002</u>
Expenditures:				
Current:				
General government	1,247,360	1,247,360	1,235,799	11,561
Public safety	2,490,204	2,580,518	2,572,388	8,130
Highways and roads	604,020	604,020	494,817	109,203
Cultural and recreational	-	-	-	-
Debt Service:				
Principal	215,000	215,000	211,428	3,572
Interest expense	105,000	105,000	101,450	3,550
Capital outlay	2,753,369	3,549,404	3,537,847	11,557
Total expenditures	<u>7,414,953</u>	<u>8,301,302</u>	<u>8,153,729</u>	<u>147,573</u>
Excess of revenue over				
(under) expenditures	(1,433,815)	(2,320,164)	(1,851,589)	468,575
Other financing sources (uses):				
Operating transfers in (out)	1,433,815	1,983,815	1,331,824	(651,991)
Lease proceeds	-	336,349	336,349	-
Net changes in fund balance	-	-	(183,416)	(183,416)
Fund balance at beginning of year	<u>1,257,170</u>	<u>1,257,170</u>	<u>1,257,170</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,257,170</u>	<u>\$ 1,257,170</u>	<u>\$ 1,073,754</u>	<u>\$ (183,416)</u>

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2009
(Unaudited)

BUDGETARY INFORMATION

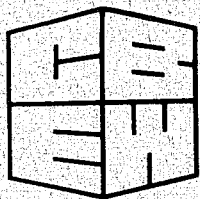
Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Manager (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

The City uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year-end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent. The remaining purchase orders (and encumbrances) are cancelled and reissued during the following year. There are no outstanding encumbrances at year-end.

CITY OF GLENPOOL
Glenpool, Oklahoma

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2009



CBEW
Professional
Group, LLP

Certified Public Accountants

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DON K. ETHRIDGE, CPA
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JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA

**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**

December 8, 2009

Honorable Board of City Commissioners
City of Glenpool
Glenpool, Oklahoma

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenpool, Oklahoma, (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 8, 2009. The report on governmental, business-type and each major fund was qualified because of the lack of fixed asset records. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The City did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

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 audit procedures for the purpose of expressing our opinion on the basic 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider deficiencies 09-1 & 09-2 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the organization's internal control.

City of Glenpool
December 8, 2009

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider significant deficiencies 09-1 & 09-2 described in the schedule of findings and responses to be material weaknesses.

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*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be and should not be used by anyone other than these specified parties.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF GLENPOOL
Glenpool, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

09-1. Internal Control – Financial Statements

Criteria: The government's management is responsible for internal controls over financial reporting. This includes controls over the fair and complete presentation of the government's annual financial statements in accordance with GAAP. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). Professional audit standards clearly indicate that the external financial statement auditor cannot perform any part of management's control activities or be a component of the internal controls over financial reporting.

Condition: As is the case with many smaller and medium-sized entities, the government has historically relied extensively on its independent external auditors to provide the needed expertise to assist in the preparation of the financial statements and footnotes as part of its controls over the external financial reporting process. Accordingly the government's ability to prepare financial statements in accordance with generally accepted accounting principles (GAAP) is based, in part, on its external auditors, who cannot by definition be considered a part of the government's internal controls. This finding was also noted in 2008.

Cause: The government lacks the necessary expertise relative to preparing GAAP financial statements. As a result, management has elected to use outside assistance from the external auditors to assist in meeting its responsibilities relative to preparing its annual financial statements.

Effect or Potential Effect: As a result of this condition, without reliance on its external auditors, the government lacks the necessary internal controls over the preparation of financial statements in accordance with GAAP. This condition also places the auditor in a questionable position regarding auditor independence as a result of potentially performing part of management's functions.

Recommendation: We recommend that the government consider designing and implementing sufficient internal controls over financial reporting by obtaining the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles without reliance on the external financial statement auditor. This could be achieved through employment of qualified accounting staff or the outsourcing of these control activities to a qualified accounting firm other than the external auditor.

Responsible Official's Response: The government concurs with the recommendation, and will strive to understand the presentation and disclosure requirements of the financial statements.

09-2. Internal Control – Material Adjusting Journal Entries

Criteria: The government's management is responsible for internal controls over accounting and financial reporting. This responsibility includes the design and implementation of controls over the fair and complete presentation of the government's annual financial statements in accordance with generally accepted accounting principles (GAAP) from trial balances derived from the government's accounting records. For trial balances to be both complete and accurate, the government must have effective internal controls over recording, processing, summarizing, and adjusting accounting data. As evidence of effective internal controls over accounting and financial reporting, there should generally be few, if any, material adjustments to the trial balances required that are detected and corrected solely as a result of the financial statement audit. In other words, government management should not rely on the external auditor to detect and correct material misstatements in the books and records as part of its internal controls, but rather should have its own procedures designed and in place that are independent of the external auditor to provide reasonable, although not absolute, assurance that material misstatements will be detected and corrected in its trial balances prior to audit.

CITY OF GLENPOOL
Glenpool, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

Condition: The government's trial balances for the year ended June 30, 2009, required a number of material adjusting journal entries in order for the financial statements to be prepared in accordance with GAAP. These necessary adjusting entries, identified solely as a result of the financial statement audit, included such adjustments as the following: accrued receivables, accrued interest, interest expenses, depreciation expense, amortization of bond issue costs and discounts, balancing and recording note payables, purchased assets, Bank of Oklahoma transactions and accounts payable. This finding was also noted in 2008.

Cause: The government's accounting and financial reporting staff lacks the necessary knowledge, expertise and education, relative to the complex nature of applying GAAP applicable to state and local governments, sufficient to provide reasonable assurance that the trial balances used for preparing the GAAP financial statements are complete and accurate prior to audit. As a result, management has had to rely on the external auditors to identify and correct a number of material misstatements in the trial balances.

Effect or Potential Effect: As a result of this condition, without reliance on its external auditors, the government lacks the necessary internal controls over the completeness and accuracy of the trial balances that are used in the preparation of its financial statements in accordance with GAAP. This condition can result in undetected and uncorrected material misstatements in the financial statements that are not detected by management and may also not be detected by the financial statement audit. In addition, if management's intentions are to continue to rely on the external auditor to detect and correct material misstatements, this condition could place the auditor in a questionable position regarding auditor independence as a result of the auditor performing part of management's functions in regards to the trial balances.

Recommendation: The government should consider designing and implementing sufficient internal controls over the completeness and accuracy of trial balances by obtaining the necessary knowledge, expertise, and continuing education to apply GAAP in the development of working trial balances that will be used to prepare the government's annual financial statements. This could be achieved through employment of qualified accounting staff or the outsourcing of these control activities to a qualified accounting firm other than the external auditor.

Responsible Official's Response: The City concurs with the recommendation, and will strive to prepare and post material adjusting journal