



ANNUAL FINANCIAL REPORT

Glenpool, Oklahoma
For the Year Ended June 30, 2015

Prepared by:
City of Glenpool Finance Department

Julie Casteen
Finance Director / City Treasurer

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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**CITY OF GLENPOOL, OKLAHOMA
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Timothy Lee Fox, Mayor – Ward 1
Momodou Ceesay, Vice-Mayor – Ward 2
Patricia Agee, Councilmember – Ward 3
Jennifer Ballew, Councilmember – Ward 4
Brandon Kearns, Councilmember – At Large

Executive Staff
Roger Kolman, City Manager
Lowell Peterson, City Attorney

Prepared by
Julie Casteen, Director of Finance / City Treasurer

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 4 to the financial statements, in fiscal 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Reporting for Pensions*,

and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Arledge & Associates, P.C." The signature is fluid and cursive, with "Arledge" and "Associates" connected by a flourish, and "P.C." in a smaller, separate section.

February 9, 2016



Management's Discussion and Analysis

Fiscal Year Ended June 30, 2015

As management of the City of Glenpool, we offer readers this narrative overview and analysis of the financial activities of the City of Glenpool for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information contained in the accompanying financial statements and supplementary information.

Using the Financial Statement in this Annual Report

This annual report consists of a series of financial statements. The financial statements presented herein include all of the activities of the City of Glenpool (the "City"), the Glenpool Utility Service Authority ("GUSA") and the Glenpool Industrial Authority ("GIA"). The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole, including the GUSA and GIA component units, and present a longer-term view of the City's finances. Included in this report are government-wide statements for each of the two categories of activities – governmental and business-type.

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

Reporting the City as a Whole – Statements of Net Position and Activities

This discussion and analysis is intended to serve as an introduction to the City of Glenpool's basic financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in net position from the prior year. The City's net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – is one way to measure the City's financial condition or position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. However, other non-financial factors must be considered, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

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

Governmental Activities – Most of the City's basic services are reported here, including the police, fire, administration, streets and parks. Sales and other taxes, license and permit fees, franchise fees, fines, rental income and reimbursements finance most of these activities.

Business-type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, storm water management and refuse fees are reported here, along with loan and bond proceeds.

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Glenpool, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Glenpool can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in the reconciliation following each Governmental Fund financial statement.

The Capital Fund receives a transfer from the general fund of one cent of the City's four cent sales tax dedicated to the acquisition or construction of capital infrastructure and the debt service, if any, related to such acquisition or construction.

Proprietary fund – When the City charges customers for the services it provides – whether to outside customers or the other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City's proprietary funds, along with certain capital project funds, are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

The City as a Whole

For the year ended June 30, 2015, net position for the governmental activities and business-type activities changed as follows:

The City of Glenpool's Net Position (expressed in \$ 000's)

| | Governmental Activities | | Business-type Activities | | Total |
|-------------------------------|------------------------------------|--|-------------------------------------|-----------|----------------|
| Beginning net position | \$ 9,802 | | \$ (8,573) | \$ | 1,229 |
| Increase / (Decrease) | 2,643 | | (825) | | 1,818 |
| Prior period adjustment | (4,085) | | (991) | | (5,076) |
| Ending net position (deficit) | <u>\$ 8,360</u> | | <u>\$ (10,389)</u> | <u>\$</u> | <u>(2,029)</u> |

The net position for governmental activities increased during the fiscal year due to increases in sales tax revenue and donated infrastructure from developers. The net position for business-type activities decreased during the fiscal year, in part due to the settlement of a contract dispute. In addition, the City booked a prior period adjustment of \$(5,075,624), largely in relation to implementing new pension accounting standards that were required to be adopted in the fiscal year ended June 30, 2015. Prior to the adjustments, the City's overall net position had improved by \$1,818,513 over prior year. After prior period adjustments, the City's unrestricted net position was negative \$2.03 million.

The largest portion of the City's net position reflects its investments in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure, which includes streets, water and sewer lines, as well as storm water facilities. These assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

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The City of Glenpool's Change in Net Position (expressed in \$ 000's)

The following is a summary comparison of the change in net position from last year for the City of Glenpool:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------|--------------------------|------------|------------|----------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 734 | \$ 573 | \$ 4,408 | \$ 4,252 | \$ 5,142 | \$ 4,825 |
| Operating grants and contributions | 1,465 | 80 | 995 | - | 2,460 | 80 |
| General Revenues: | | | | | | |
| Sales and use taxes | 6,952 | 6,305 | - | - | 6,952 | 6,305 |
| Other taxes | 838 | 749 | - | - | 838 | 749 |
| Other general revenue | 207 | 140 | 17 | 177 | 224 | 317 |
| Total Revenues | 10,196 | 7,847 | 5,420 | 4,429 | 15,616 | 12,276 |
| EXPENSES | | | | | | |
| General Government | 1,565 | 1,789 | - | - | 1,565 | 1,789 |
| Public Safety and Judiciary | 3,479 | 3,150 | - | - | 3,479 | 3,150 |
| Public Works | 435 | 631 | - | - | 435 | 631 |
| Cultural, parks and recreation | 2 | - | - | - | 2 | - |
| Financing | 19 | 11 | 1,987 | 1,875 | 2,006 | 1,886 |
| Water and sewer | - | - | 4,297 | 3,388 | 4,297 | 3,388 |
| Solid waste | - | - | 449 | 523 | 449 | 523 |
| Storm water | - | - | - | - | - | - |
| Glenpool Industrial Authority | - | - | 422 | 148 | 422 | 148 |
| Glenpool Emergency Medical Service* | - | - | - | 135 | - | 135 |
| Unallocated Depreciation | 411 | 517 | 731 | 733 | 1,142 | 1,250 |
| Total Expenses | 5,911 | 6,098 | 7,886 | 6,802 | 13,797 | 12,900 |
| Increase (decrease) in net position before transfers | 4,285 | 1,749 | (2,466) | (2,373) | 1,819 | (624) |
| Transfers | (1,642) | (1,819) | 1,642 | 1,819 | - | - |
| Increases (decreases) in net position | 2,643 | (70) | (824) | (554) | 1,819 | (624) |
| Net position (deficit) - beginning of year | 9,802 | 9,872 | (8,573) | (6,916) | 1,229 | 2,956 |
| Prior period adjustment | (4,085) | - | (991) | (1,103) | (5,076) | (1,103) |
| Net position (deficit) - end of year | \$ 8,361 | \$ 9,802 | \$ (10,388) | \$ (8,573) | \$ (2,028) | \$ 1,229 |

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Governmental Activities

The overall net position of the reporting entity decreased by \$2,028,015 during the fiscal year, largely the result of the implementation of new accounting standards, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. The details of the decrease are summarized below:

The City of Glenpool's Statement of Activities (expressed in \$ 000's)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------|--------------------------|-------------------|-------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 734 | \$ 573 | \$ 4,408 | \$ 4,252 | \$ 5,142 | \$ 4,825 |
| Operating grants and contributions | 1,465 | 80 | 995 | - | 2,460 | 80 |
| General Revenues: | | | | | | |
| Sales and use taxes | 6,952 | 6,305 | - | - | 6,952 | 6,305 |
| Other taxes | 838 | 749 | - | - | 838 | 749 |
| Other general revenue | 207 | 140 | 17 | 177 | 224 | 317 |
| Total Revenues | 10,196 | 7,847 | 5,420 | 4,429 | 15,616 | 12,276 |
| EXPENSES | | | | | | |
| General Government | 1,565 | 1,789 | - | - | 1,565 | 1,789 |
| Public Safety and Judiciary | 3,479 | 3,150 | - | - | 3,479 | 3,150 |
| Public Works | 435 | 631 | - | - | 435 | 631 |
| Cultural, parks and recreation | 2 | - | - | - | 2 | - |
| Financing | 19 | 11 | 1,987 | 1,875 | 2,006 | 1,886 |
| Water and sewer | - | - | 4,297 | 3,388 | 4,297 | 3,388 |
| Solid waste | - | - | 449 | 523 | 449 | 523 |
| Storm water | - | - | - | - | - | - |
| Glenpool Industrial Authority | - | - | 422 | 148 | 422 | 148 |
| Glenpool Emergency Medical Service* | - | - | - | 135 | - | 135 |
| Unallocated Depreciation | 411 | 517 | 731 | 733 | 1,142 | 1,250 |
| Total Expenses | 5,911 | 6,098 | 7,886 | 6,802 | 13,797 | 12,900 |
| Increase (decrease) in net position before transfers | 4,285 | 1,749 | (2,466) | (2,373) | 1,819 | (624) |
| Transfers | (1,642) | (1,819) | 1,642 | 1,819 | - | - |
| Increases (decreases) in net position | 2,643 | (70) | (824) | (554) | 1,819 | (624) |
| Net position (deficit) - beginning of year | 9,802 | 9,872 | (8,573) | (6,916) | 1,229 | 2,956 |
| Prior period adjustment | (4,085) | - | (991) | (1,103) | (5,076) | (1,103) |
| Net position (deficit) - end of year | \$ 8,360 | \$ 9,802 | \$ (10,388) | \$ (8,573) | \$ (2,028) | \$ 1,229 |

* No longer recognized as a component unit year ended 6/30/15

Governmental Activities

Sales and use tax received in fiscal year 2015 increased from the prior year by \$647,603, or 10.3%. After prior period adjustments related to financing costs and depreciation, total expenses for governmental activities decreased compared to fiscal year 2014 by \$97,931, or 1.6%, partly a result of reduced personnel costs realized due to vacant and frozen positions.

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Business-type Activities

The public utility reported in the business-type activities continued to realize an excess of expenses over revenues this fiscal year. The utility performed a rate study during the 2015 fiscal year. The recommended rate changes from that study went into effect in September 2015.

General Fund Budgetary Highlights

Actual revenues exceeded final budgeted revenues by \$790,362, or 9.5%, largely due to a significant increase in sales tax receipts. Total expenditures and transfers out were under final appropriations by \$604,527, or 7.3% under budget. The Fire and Streets & Parks departments were the primary reason, coming in approximately \$391,615 under budget appropriations as a result of vacant positions and budgeted projects not initiated.

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2015. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 31 to 32; and, pages 33 to 36, respectively.

Capital Assets

At the end of June 30, 2015, the City had \$53.4 million invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines and roads.

The City of Glenpool's Capital Assets (expressed in \$ 000's)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | Restated | | Restated | | Restated | |
| | 06/30/2015 | 06/30/2014 | 06/30/2015 | 06/30/2014 | 06/30/2015 | 06/30/2014 |
| Land | \$ 310 | \$ 310 | \$ 2,573 | \$ 3,534 | \$ 2,883 | \$ 3,844 |
| Construction-in-progress | - | - | 357 | 3,933 | 357 | 3,933 |
| Buildings & Improvements | 8,827 | 8,827 | 14,447 | 14,447 | 23,274 | 23,274 |
| Furniture & Equipment | 2,364 | 2,292 | 727 | 727 | 3,091 | 3,019 |
| Vehicles | 2,609 | 2,705 | 416 | 495 | 3,025 | 3,200 |
| Infrastructure | 1,321 | 275 | 19,422 | 15,569 | 20,743 | 15,844 |
| | 15,431 | 14,409 | 37,942 | 38,705 | 53,373 | 53,114 |
| Less: Depreciation | (6,844) | (6,579) | (6,839) | (6,108) | (13,683) | (12,687) |
| Totals | \$ 8,587 | \$ 7,830 | \$ 31,103 | \$ 32,597 | \$ 39,690 | \$ 40,427 |

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Debt Administration

At year end, the City had \$43.3 million in long term debt. These debts are further detailed below:

The City of Glenpool's Long-term Debt (expressed in \$ 000's)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|---------------|--------------------------|------------------|------------------|------------------|
| | Restated | | Restated | | Restated | |
| | 06/30/2015 | 06/30/2014 | 06/30/2015 | 06/30/2014 | 06/30/2015 | 06/30/2014 |
| Revenue bonds payable | \$ - | \$ - | \$ 38,970 | \$ 39,275 | \$ 38,970 | \$ 39,275 |
| Notes Payable | 37 | 41 | 3,413 | 3,614 | 3,450 | 3,655 |
| Leases Payable | 402 | 480 | - | - | 402 | 480 |
| Claim settlement liability | - | - | 500 | - | 500 | - |
| Totals | \$ 439 | \$ 521 | \$ 42,883 | \$ 42,889 | \$ 43,322 | \$ 43,410 |

Economic Factors and Next Year's Budget

The overall economy in the Tulsa metro area is expected to soften slightly over the next few years in large part because of a slowdown in the oil and gas extraction industry. While oil and gas extraction continues to play a significant role in the metro area's economy, substantial strides have been made to attract industries to the area that are not as susceptible to the peaks and valleys of the extraction industry. As a result, Glenpool should continue to see growth in the housing, manufacturing and retail sectors; however, that growth will be slightly less than that seen in prior fiscal years. During the 2015 fiscal year, building permits for single family residential projects, as well as commercial projects remained at or above prior year results. Additionally, a 348-unit luxury apartment complex in Glenpool was completed in early FY2016, which will attract additional residents and taxpayers to the area.

For 2015-2016, the City used a conservative estimate of 5.5% to project growth in retail sales and use taxes and balanced projected expenditures against that estimate. As in prior fiscal years, a significant portion of the sales and use taxes received by the general fund will be used to support debt service for the public utility operated by the City's trust authority. The trust authority engaged a comprehensive utility rate study, the results of which were implemented in early FY2016. The change in rate structure is expected to lessen the burden placed upon the general fund's sales and use tax revenues to support the debt service requirements of the utility.

The FY2015-2016 budget includes a 2.5% across the board increase in salaries and wages for all non-represented employees to match the increase contained in the labor agreements for represented employees.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 12205 South Yukon Avenue, Glenpool, OK 74033

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

BASIC FINANCIAL STATEMENTS

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CITY OF GLENPOOL
STATEMENT OF NET POSITION
June 30, 2015

| | Primary Government | | |
|--|--------------------------------|---------------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 346,406 | \$ 840,119 | \$ 1,186,525 |
| Restricted cash and cash equivalents | 303,718 | 58,398 | 362,116 |
| Accounts receivable, net | 275,664 | 430,513 | 706,177 |
| Notes receivable | - | 273,975 | 273,975 |
| Due from other governments | 1,305,641 | - | 1,305,641 |
| Other Assets | 3,715 | 234 | 3,949 |
| Internal balances | 2,196,150 | (2,196,150) | - |
| Total current assets | <u>4,431,294</u> | <u>(592,911)</u> | <u>3,838,383</u> |
| Non-current assets: | | | |
| Restricted investments | - | 2,581,553 | 2,581,553 |
| Net pension asset | 124,661 | - | 124,661 |
| Capital assets: | | | |
| Land and construction in progress | 310,000 | 2,930,207 | 3,240,207 |
| Other capital assets, net | 8,276,814 | 28,173,002 | 36,449,816 |
| Total non-current assets: | <u>8,711,475</u> | <u>33,684,762</u> | <u>42,396,237</u> |
| Total assets | <u>13,142,769</u> | <u>33,091,851</u> | <u>46,234,620</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred resources related to pensions | <u>338,896</u> | <u>-</u> | <u>338,896</u> |
| Total deferred outflows | <u>338,896</u> | <u>-</u> | <u>338,896</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 107,559 | 153,186 | 260,745 |
| Accrued interest payable | 11,998 | 166,913 | 178,911 |
| Due to other governments | 2,849 | - | 2,849 |
| Deposits subject to refund | - | 272,589 | 272,589 |
| Leases payable | 73,884 | - | 73,884 |
| Notes payable | 2,400 | 204,278 | 206,678 |
| Revenue bonds payable | - | 840,000 | 840,000 |
| Amounts held in escrow | 28,257 | - | 28,257 |
| Total current liabilities | <u>226,947</u> | <u>1,636,966</u> | <u>1,863,913</u> |
| Non-current liabilities: | | | |
| Accrued compensated absences | 173,642 | 5,034 | 178,676 |
| Net pension liability | 3,354,967 | - | 3,354,967 |
| Leases payable | 328,363 | - | 328,363 |
| Notes payable | 35,086 | 3,208,505 | 3,243,591 |
| Revenue bonds payable | - | 38,130,000 | 38,130,000 |
| Claim Settlement Liability | - | 500,000 | 500,000 |
| Total non-current liabilities | <u>3,892,058</u> | <u>41,843,539</u> | <u>45,735,597</u> |
| Total Liabilities | <u>4,119,005</u> | <u>43,480,505</u> | <u>47,599,510</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred resources related to pensions | <u>1,002,021</u> | <u>-</u> | <u>1,002,021</u> |
| Total deferred inflows | <u>1,002,021</u> | <u>-</u> | <u>1,002,021</u> |
| NET POSITION | | | |
| Net investment in capital assets | 8,147,081 | (11,779,574) | (3,632,493) |
| Restricted for: | | | |
| Public Safety | 89,218 | - | 89,218 |
| Juvenile programs | 13,256 | - | 13,256 |
| Parks & recreation capital projects | 127,245 | - | 127,245 |
| Capital projects | - | 1,719,927 | 1,719,927 |
| Debt Service | - | 647,435 | 647,435 |
| Assigned | 48,667 | - | 48,667 |
| Unrestricted (deficit) | (64,828) | (976,442) | (1,041,270) |
| Total net position (deficit) | <u>\$ 8,360,639</u> | <u>\$ (10,388,654)</u> | <u>\$ (2,028,015)</u> |

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

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2015

| Functions/Programs | Program Revenues | | | | | Net (Expense) Revenue |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-----------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | |
| Primary Government: | | | | | | |
| Governmental activities: | | | | | | |
| General government: | | | | | | |
| General government | \$ 1,188,621 | \$ 74,249 | \$ - | \$ 43,915 | \$ (1,070,457) | |
| Code and planning | 377,256 | 89,935 | - | - | (287,321) | |
| Total general government | <u>1,565,877</u> | <u>164,184</u> | <u>-</u> | <u>43,915</u> | <u>(1,357,778)</u> | |
| Public safety and judiciary: | | | | | | |
| Municipal court | 60,545 | 360,885 | - | - | 300,340 | |
| Fire | 1,524,643 | - | 259,515 | - | (1,265,128) | |
| Police and Animal Control | 1,887,256 | 87,236 | 116,187 | - | (1,683,833) | |
| Emergency management | 6,363 | - | - | - | (6,363) | |
| 911 operations | - | 69,226 | - | - | 69,226 | |
| Total public safety and judiciary | <u>3,478,807</u> | <u>517,347</u> | <u>375,702</u> | <u>-</u> | <u>(2,585,758)</u> | |
| Public Works: | | | | | | |
| Streets | 434,667 | - | - | 1,045,947 | 611,280 | |
| Total public works | <u>434,667</u> | <u>-</u> | <u>-</u> | <u>1,045,947</u> | <u>611,280</u> | |
| Cultural, parks and recreation: | | | | | | |
| Parks | 2,171 | 52,550 | - | - | 50,379 | |
| Total cultural, parks and recreation | <u>2,171</u> | <u>52,550</u> | <u>-</u> | <u>-</u> | <u>50,379</u> | |
| Financing costs | 18,915 | - | - | - | (18,915) | |
| Unallocated depreciation* | 411,193 | - | - | - | (411,193) | |
| Total governmental activities | 5,911,630 | 734,081 | 375,702 | 1,089,862 | (3,711,985) | |
| Business-type activities | | | | | | |
| Water & sewer | 3,296,711 | 3,395,253 | - | 994,868 | 1,093,410 | |
| Solid waste | 449,227 | 587,033 | - | - | 137,806 | |
| Storm water | - | 96,571 | - | - | 96,571 | |
| Industrial Authority | 272,235 | 328,764 | - | - | 56,529 | |
| Financing costs | 1,987,347 | - | - | - | (1,987,347) | |
| Unallocated depreciation* | 731,222 | - | - | - | (731,222) | |
| Total business-type activities | 6,736,742 | 4,407,621 | - | 994,868 | (1,334,253) | |
| Total Primary Government | \$ 12,648,372 | \$ 5,141,702 | \$ 375,702 | \$ 2,084,730 | \$ (5,046,238) | |

(continued next page.)

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (continued)
Year Ended June 30, 2015

| | Net (Expense) Revenue and Changes in Net Position | | |
|---|--|------------------------|-------------------------------------|
| | Governmental Activities | | Business-Type Activities |
| | | | Total |
| Net (expense)/revenue | (3,711,985) | (1,334,253) | (5,046,238) |
| General revenues: | | | |
| Taxes: | | | |
| Sales and use taxes | 6,952,249 | - | 6,952,249 |
| Franchise taxes | 473,846 | - | 473,846 |
| Hotel/motel tax | 155,786 | - | 155,786 |
| Property taxes | 5 | - | 5 |
| Intergovernmental | 208,575 | - | 208,575 |
| Investment earnings | 695 | 17,711 | 18,406 |
| Miscellaneous/Other Fees | 126,901 | (417) | 126,484 |
| Rental income | 59,260 | - | 59,260 |
| Special Item - Settlement of claim | - | (1,000,000) | (1,000,000) |
| Gain (loss) on sale of capital assets | 19,855 | (149,715) | (129,860) |
| Transfers - internal activities | (1,641,897) | 1,641,897 | - |
| Total general revenues, special item and transfers | 6,355,275 | 509,476 | 6,864,751 |
| Change in net position | 2,643,290 | (824,777) | 1,818,513 |
| Net position (deficit) - beginning of year | 9,802,345 | (8,573,249) | 1,229,096 |
| Prior Period adjustment | (4,084,996) | (990,628) | (5,075,624) |
| Net position (deficit) - end of year | \$ 8,360,639 | \$ (10,388,654) | \$ (2,028,015) |

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

CITY OF GLENPOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

| | General Fund | Debt Service | | Capital Projects | | Total Governmental Funds |
|---|-------------------------|---------------------|---------------------|---------------------------------|--------------------------------|---|
| | | General Fund | Sinking Fund | Parks & Rec Fund | Capital Improvement | |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 346,406 | \$ - | \$ - | \$ - | \$ - | \$ 346,406 |
| Due from other governments | 1,305,641 | - | - | - | - | 1,305,641 |
| Accounts receivable, net | 275,664 | - | - | - | - | 275,664 |
| Prepaid expenses | 3,715 | - | - | - | - | 3,715 |
| Due from other funds | 2,212,459 | - | - | - | - | 2,212,459 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 127,806 | - | 127,245 | 48,667 | | 303,718 |
| Total assets | \$ 4,271,691 | \$ - | \$ 127,245 | \$ 48,667 | \$ - | \$ 4,447,603 |
| Liabilities and Fund Balances: | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 20,493 | \$ - | \$ - | \$ - | \$ - | \$ 20,493 |
| Payable to other governments | 2,849 | - | - | - | - | 2,849 |
| Other accrued expenses | 87,066 | - | - | - | - | 87,066 |
| Amounts held in escrow | 28,257 | - | - | - | - | 28,257 |
| Due to other funds | 16,308 | - | - | - | - | 16,308 |
| Total liabilities | 154,973 | - | - | - | - | 154,973 |
| Fund balances | | | | | | |
| Non-spendable | 3,715 | - | - | - | - | 3,715 |
| Restricted | 102,474 | - | 127,245 | - | - | 229,719 |
| Assigned | - | - | - | 48,667 | - | 48,667 |
| Unassigned | 4,010,529 | - | - | - | - | 4,010,529 |
| Total fund balances | 4,116,718 | - | 127,245 | 48,667 | | 4,292,630 |
| Total liabilities and fund balance | \$ 4,271,691 | \$ - | \$ 127,245 | \$ 48,667 | \$ - | \$ 4,447,603 |

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 POSITION
June 30, 2015

Total Fund Balances - Governmental Funds \$ 4,292,630

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund statements. These

| | |
|--------------------------|--------------------|
| Land | 310,000 |
| Infrastructure | 1,321,323 |
| Buildings | 8,826,995 |
| Equipment | 2,363,819 |
| Vehicles | 2,609,128 |
| Accumulated depreciation | <u>(6,844,452)</u> |
| | <u>8,586,813</u> |

Certain long-term assets and deferred outflows of resources are not available to pay current fund liabilities, and are therefore deferred in the

| | |
|-----------------------------------|----------------|
| Net pension asset | 124,661 |
| Pension related deferred outflows | <u>338,896</u> |
| Total | <u>463,557</u> |

Some liabilities and deferred inflows of resources are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

| | |
|----------------------------------|--------------------|
| Accrued compensated absences | (173,642) |
| Net pension liability | (3,354,967) |
| Pension related deferred inflows | <u>(1,002,021)</u> |
| Total | <u>(4,530,630)</u> |

Certain long-term liabilities and related accounts are not due and payable from the current financial resources and therefore are not reported in the fund statements. Long-term liabilities at year end consist of:

| | |
|--------------------------|------------------|
| Accrued interest payable | (11,998) |
| Capital leases payable | (402,247) |
| Notes payable | <u>(37,486)</u> |
| Total | <u>(451,731)</u> |

Total Net Position - Governmental Activities \$ 8,360,639

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

| | General Fund | Debt Service | | Capital Projects | | Total Governmental Funds |
|---|---------------------|-----------------|-------------------|---------------------|------------------------|--------------------------------|
| | | General Fund | Sinking Fund | Parks & Rec Fund | Capital Improvement | |
| Revenues: | | | | | | |
| Taxes | \$ 7,790,461 | \$ - | \$ - | \$ - | \$ - | \$ 7,790,461 |
| Licenses and permits | 74,249 | - | - | - | - | 74,249 |
| Charges for services | 124,946 | - | 52,550 | - | - | 177,496 |
| Intergovernmental programs | 475,128 | - | - | - | - | 475,128 |
| Fines and forfeits | 413,109 | - | - | - | - | 413,109 |
| Interest income | 695 | - | - | - | - | 695 |
| Miscellaneous | 275,242 | - | - | - | - | 275,242 |
| Total revenues | 9,153,830 | - | 52,550 | - | - | 9,206,380 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 1,629,791 | - | - | - | - | 1,629,791 |
| Public safety | 3,754,039 | - | - | - | - | 3,754,039 |
| Highways and roads | 434,667 | - | - | - | - | 434,667 |
| Cultural and recreational | 1,316 | - | 855 | - | - | 2,171 |
| Debt Service: | | | | | | |
| Principal | 102,340 | - | - | 42,041 | - | 144,381 |
| Interest expense | 2,483 | - | - | 17,733 | - | 20,216 |
| Capital outlay | 63,570 | - | - | 57,770 | - | 121,340 |
| Total expenditures | 5,988,206 | - | 855 | 117,544 | - | 6,106,605 |
| Excess of revenues over (under) expenditures | 3,165,624 | - | 51,695 | (117,544) | - | 3,099,775 |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | 329,175 | - | - | 2,724,485 | - | 3,053,660 |
| Operating transfers out | (2,189,742) | (21,410) | - | (2,484,404) | - | (4,695,556) |
| Lease proceeds | 63,570 | - | - | - | - | 63,570 |
| Total other financing sources (uses) | (1,796,997) | (21,410) | - | 240,081 | - | (1,578,326) |
| Net change in fund balances | 1,368,627 | (21,410) | 51,695 | 122,537 | - | 1,521,449 |
| Fund balances (deficit) - beginning of year | 2,748,091 | 21,410 | 75,550 | (73,870) | - | 2,771,181 |
| Fund balance - end of year | \$ 4,116,718 | \$ - | \$ 127,245 | \$ 48,667 | \$ - | \$ 4,292,630 |

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

CITY OF GLENPOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,521,449

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

Government-wide Statement of Activities report the cost of pension benefits earned net of employee contributions as an element of pension expense. The fund financial statements report pension contributions as expenditures. 280,268

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

| | |
|-------------------------------------|-----------|
| Capital asset purchases capitalized | 121,341 |
| Capital assets donated | 1,045,947 |
| Depreciation expense | (411,193) |

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

| | |
|---|----------|
| Capital lease obligation principal payments | 144,381 |
| Capital lease obligation proceeds | (63,570) |

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 the governmental funds:

| | |
|------------------------------|-------|
| Changes in: | |
| Accrued interest | 1,300 |
| Accrued compensated absences | 3,367 |

Change in Net Position of Governmental Activities \$ 2,643,290

CITY OF GLENPOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

| | Proprietary Funds | | |
|--|---|--|--|
| | Glenpool Utility Service Authority | Glenpool Industrial Authority | Total Proprietary Funds |
| ASSETS | | | |
| Current assets: | | | |
| Cash and equivalents | \$ 80,336 | \$ 759,783 | \$ 840,119 |
| Restricted cash and equivalents | 58,398 | - | 58,398 |
| Accounts receivable, net | 418,609 | 11,904 | 430,513 |
| Notes receivable | - | 273,975 | 273,975 |
| Other assets | 229 | 5 | 234 |
| Total current assets | <u>557,572</u> | <u>1,045,667</u> | <u>1,603,239</u> |
| Non-current Assets: | | | |
| Restricted investments | 2,581,553 | - | 2,581,553 |
| Capital assets: | | | |
| Land and construction in process | 2,449,741 | 480,466 | 2,930,207 |
| Depreciable buildings, equipment and infrastructure, net of depreciation | 28,173,002 | - | 28,173,002 |
| Total non-current assets: | <u>33,204,296</u> | <u>480,466</u> | <u>33,684,762</u> |
| Total assets | <u>33,761,868</u> | <u>1,526,133</u> | <u>35,288,001</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 122,571 | 30,615 | 153,186 |
| Accrued interest payable | 166,913 | - | 166,913 |
| Accrued compensated absences | 5,034 | - | 5,034 |
| Due to other funds | 2,163,840 | 32,310 | 2,196,150 |
| Deposits subject to refund | 272,589 | - | 272,589 |
| Notes Payable | 204,278 | - | 204,278 |
| Revenue Bonds Payable | 840,000 | - | 840,000 |
| Total current liabilities | <u>3,775,225</u> | <u>62,925</u> | <u>3,838,150</u> |
| Non-current liabilities: | | | |
| Notes Payable | 3,208,505 | - | 3,208,505 |
| Revenue Bonds Payable | 38,130,000 | - | 38,130,000 |
| Claim settlement liability | 500,000 | - | 500,000 |
| Total non-current liabilities | <u>41,838,505</u> | <u>-</u> | <u>41,838,505</u> |
| Total Liabilities | <u>45,613,730</u> | <u>62,925</u> | <u>45,676,655</u> |
| Net position: | | | |
| Net investment in capital assets | (12,260,040) | 480,466 | (11,779,574) |
| Restricted | 2,367,362 | - | 2,367,362 |
| Unrestricted (deficit) | <u>(1,959,184)</u> | <u>982,742</u> | <u>(976,442)</u> |
| Net position (deficit) | <u>\$ (11,851,862)</u> | <u>\$ 1,463,208</u> | <u>\$ (10,388,654)</u> |

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

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2015

| | Proprietary Funds | | |
|---|---|--|--|
| | Glenpool Utility Service Authority | Glenpool Industrial Authority | Total Proprietary Funds |
| Operating Revenues: | | | |
| Water revenue | \$ 2,307,448 | \$ - | \$ 2,307,448 |
| Sewer revenue | 789,411 | - | 789,411 |
| Solid waste revenue | 570,203 | - | 570,203 |
| Water taps | 115,650 | - | 115,650 |
| Sewer taps | 22,400 | - | 22,400 |
| Solid waste management fees | 16,829 | - | 16,829 |
| Storm water management fees | 96,571 | - | 96,571 |
| Water/sewer fees | 12,510 | - | 12,510 |
| Connect/transfer fees | 7,055 | - | 7,055 |
| Delinquent fees | 100,890 | - | 100,890 |
| Miscellaneous charges | (417) | - | (417) |
| Reconnect fees | 39,890 | - | 39,890 |
| Lease revenue | - | 328,764 | 328,764 |
| Total revenues | 4,078,440 | 328,764 | 4,407,204 |
| Operations expense: | | | |
| Water & Sewer operations | 3,296,711 | - | 3,296,711 |
| Solid waste operations | 449,227 | - | 449,227 |
| Stormwater operations | - | - | - |
| Conference Center operations | - | 272,235 | 272,235 |
| Depreciation | 731,222 | - | 731,222 |
| Total operations expense | 4,477,160 | 272,235 | 4,749,395 |
| Operating income (loss) | (398,720) | 56,529 | (342,191) |
| Non-operating revenues (expenses): | | | |
| Interest revenue | 1,382 | 16,329 | 17,711 |
| Interest expense and fiscal agent charges | (1,987,347) | - | (1,987,347) |
| Settlement of claim | (1,000,000) | - | (1,000,000) |
| Loss on disposal of capital asset | - | (149,715) | (149,715) |
| Total Non-operating revenues (expenses) | (2,985,965) | (133,386) | (3,119,351) |
| Income (loss) before operating transfers | (3,384,685) | (76,857) | (3,461,542) |
| Capital Contributions | 994,868 | 1,441,397 | 2,436,265 |
| Transfers in | 3,072,071 | - | 3,072,071 |
| Transfers out | (2,258,016) | (613,555) | (2,871,571) |
| Change in net position | (1,575,762) | 750,985 | (824,777) |
| Total Net position (deficit), beginning | (9,612,652) | 712,223 | (8,573,249) |
| Prior period adjustment | (663,448) | - | (990,628) |
| Total Net position (deficit), ending | \$ (11,851,862) | \$ 1,463,208 | \$ (10,388,654) |

* Total will not add across funds because a prior period adjustment for a component unit no longer recognized is included in the total column. See the note 4B, page 50 for further details.

CITY OF GLENPOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

| | Proprietary Funds | | |
|---|---|--|--|
| | Glenpool Utility Service Authority | Glenpool Industrial Authority | Total Proprietary Funds |
| Cash flows from operating activities: | | | |
| Cash received from customers & service users | \$ 3,971,840 | \$ 296,454 | \$ 4,268,294 |
| Cash payments for goods & services & employees | (3,591,471) | (217,090) | (3,808,561) |
| Net cash provided (used) by operating activities | <u>380,369</u> | <u>79,364</u> | <u>459,733</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers to other funds | - | (548,055) | (548,055) |
| Negative cash balance implicitly financed | <u>2,163,840</u> | <u>-</u> | <u>2,163,840</u> |
| Net cash provided (used) for noncapital financing activities | <u>2,163,840</u> | <u>(548,055)</u> | <u>1,615,785</u> |
| Cash flows from capital and related financing activities: | | | |
| Transfers from other funds | 587,667 | - | 587,667 |
| Transfers to other funds | (580,000) | (65,500) | (645,500) |
| Acquisition & construction of capital assets | (486,960) | - | (486,960) |
| Proceeds from sale of capital assets | - | 811,216 | 811,216 |
| Principal paid on debt | (1,005,889) | - | (1,005,889) |
| Interest paid on debt | (1,951,616) | - | (1,951,616) |
| Receipts on notes receivable | - | 10,726 | 10,726 |
| Fiscal agent fees | (34,400) | - | (34,400) |
| Net cash provided (used) for capital and related financing activities | <u>(3,471,198)</u> | <u>756,442</u> | <u>(2,714,756)</u> |
| Cash flows from investing activities: | | | |
| (Purchase) liquidation of investments - unrestricted | (40) | - | (40) |
| Interest on investments | <u>1,382</u> | <u>16,329</u> | <u>17,711</u> |
| Net cash provided by investing activities | <u>1,342</u> | <u>16,329</u> | <u>17,671</u> |
| Net increase (decrease) in cash & cash equivalents | <u>(925,647)</u> | <u>304,080</u> | <u>(621,567)</u> |
| Cash and cash equivalents - beginning of year | <u>1,064,381</u> | <u>455,703</u> | <u>1,520,084</u> |
| Cash and cash equivalents - end of year | <u>\$ 138,734</u> | <u>\$ 759,783</u> | <u>\$ 898,517</u> |
| Reconciliation of operating income to net cash | | | |
| Operating income (loss) | \$ (398,720) | \$ 56,529 | \$ (342,191) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 731,222 | - | 731,222 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | (106,600) | (4,719) | (111,319) |
| Increase (decrease) in accounts payable | 159,888 | 27,032 | 186,920 |
| Increase (decrease) in accrued expenses | (5,421) | 522 | (4,899) |
| Total adjustments | <u>779,089</u> | <u>22,835</u> | <u>801,924</u> |
| Net cash provided (used) by operating activities | <u>\$ 380,369</u> | <u>\$ 79,364</u> | <u>\$ 459,733</u> |

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

**NOTES TO BASIC FINANCIAL STATEMENT
CITY OF GLENPOOL, OKLAHOMA
JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies

- A. Change in Accounting Principle
- B. Financial Reporting Entity
- C. Measurement Focus and Basis of Accounting
- D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity
- E. Revenues, Expenditures and Expenses

Note 2: Detailed Notes Concerning the Funds

- A. Deposits and Investments
- B. Capital Assets
- C. Governmental Long-term Debt and Capitalized Leases
- D. Proprietary Long-term Debt

Note 3: Other Information

- A. Risk Management
- B. Contingent Liabilities
- C. Pension Plan Obligations
- D. Other Post-Employment Benefits
- E. Applicability of Federal Arbitrage Regulations

Note 4: Prior Period Adjustments

- A. Governmental Unrestricted Net Position
- B. Proprietary Unrestricted Net Position

Note 5: Recently Issued Accounting Standards

- A. GASB Statement No. 72 – Fair Value Measurement and Application
- B. GASB Statement No. 74 – Financial Reporting/or Postemployment Benefit Plans Other Than Pension Plans
- C. GASB Statement No. 75 – Accounting and Financial Reporting/or Postemployment Benefit Plans Other Than Pension Plans
- D. GASB Statement No. 76 – The Hierarchy of GAAP for State and Local Governments.
- E. GASB Statement No. 77 – Tax Abatement Disclosures.

Note 6: Subsequent Events

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Change in Accounting Principle

During the year ended June 30, 2015, the City adopted GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The City recognized its proportionate share of the Oklahoma Firefighters Pension & Retirement System (FPRS) net pension liability and its proportionate share of the Oklahoma Police Pension and Retirement System (OPPRS) net pension asset (collectively the "Plans"). The provisions of these statements were retroactively applied and, accordingly, the City's net position as of June 30, 2014, was reduced by \$4,173,699. Of this amount, \$3,858,863 was attributable to the actual FPRS net pension liability and \$571,428 to the OPPRS net pension liability. These amounts were offset by the deferrals of the City's 2014 contributions totaling \$121,935 and \$134,657 for FPRS and OPPRS, respectively. See Notes 3(c)(1) and 3(c)(2) for additional information.

B. Reporting Entity

The City is organized under the statutes of the State of Oklahoma. The City operates under a council form of government and is governed by council members. The five members elect the mayor from their own body. The City provides the following services as authorized by the State: 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.

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; therefore, data from these units are combined with the data of the primary government.

Blended Component Units/Trusts:

The Glenpool Utility Services Authority ("GUSA") was created pursuant to a Trust Indenture for the benefit of the City of Glenpool, Oklahoma. GUSA 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 GUSA until such date that all indebtedness of GUSA is retired or provided for. GUSA 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 to the City Council. GUSA is exempt from State and Federal Income taxes. GUSA is reported as an enterprise fund.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting Entity (Continued)

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. GIA 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 Area Emergency Medical Services District (“GEMS”) was previously reported as a component unit of the City. GEMS was created pursuant to Article X §9C of the Oklahoma Constitution. The relationship between the City and GEMS has been reevaluated. It has been determined that there is no fiscal or legal relationship between the City and GEMS, thus the financial data for GEMS will no longer be reported by the City.

C. 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 position 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 position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position 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.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The following are the City's major governmental funds:

General Fund – the general operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund.

Capital Projects Fund – accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments. Capital Project Funds of the City include the Capital Improvement Fund and the Parks & Recreation Fund. The Parks & Recreation Fund does not meet the percentage criteria for a major fund but has been presented within the governmental type financial statements.

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 – accounts for and report financial resources that are restricted, committed, or assigned to principal and interest payments. At balance sheet date there is no known bond, coupon, or judgment indebtedness outstanding. 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. 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 fund of the City does not meet the percentage criteria for a major fund but the City has elected to treat the following non-major fund as though it were major fund 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.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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. These funds are used to account for assets that the government holds for others in an agency capacity. The City has no fiduciary Funds.

D. Assets, Liabilities, Deferred Inflows, Deferred Outflows 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.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows, Deferred Outflows and Equity (Continued)

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 statement of net position. 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.

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 position 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 position 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.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows, Deferred Outflows and Equity (Continued)

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 |

8. 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.

9. 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 position) 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.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows, Deferred Outflows and Equity (Continued)

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.

10. Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position 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 position is reported as restricted when limitations on its use changes 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.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction made in reporting fund balance is between amounts that are considered *nonspendable*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows, Deferred Outflows and Equity (Continued)

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

11. Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

2. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City is governed by the State Public Deposits Act, which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust department or agent, but not in the government's name. As of June 30, 2015, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investment. The City does not have a formal investment risk policy. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

Investment Credit Risk

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

- 1) 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.
- 2) 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.
- 3) With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 4) 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.
- 5) 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.
- 6) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (1) through (4).

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

The cash and investments held at June 30, 2015 are as follows:

| Type | Weighted Average Maturity (Months) | Credit Rating | Market Value | Cost |
|--|---|---------------|---------------------|---------------------|
| Investments | | | | |
| Money Market | N/A | AAAm | \$ 3,841,516 | \$ 3,841,516 |
| Certificate of deposit | 9.2 | N/A | 288,678 | 288,678 |
| Total Investments | | | <u>\$ 4,130,194</u> | <u>\$ 4,130,194</u> |
| Reconciliation to Statement of Net Assets | | | | |
| Governmental activities | | | \$ 650,124 | |
| Business-type activities | | | 3,480,070 | |
| | | | <u>\$ 4,130,194</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 concentration of credit risk: 7% in Certificates of deposit (\$288,678) and 93% in Money Market funds (\$3,841,516).

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets

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

| | Balance, Restated 6/30/2014 | Additions | Disposals | Balance 6/30/2015 |
|--|-----------------------------------|-------------------|------------------|----------------------|
| Governmental Activities | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 310,000 | \$ - | \$ - | \$ 310,000 |
| Construction in progress | - - | - - | - - | - - |
| Total non-depreciable assets | <u>310,000</u> | <u>-</u> | <u>-</u> | <u>310,000</u> |
| Depreciable assets: | | | | |
| Buildings and improvements | 8,826,996 | - - | - - | 8,826,996 |
| Furniture, fixtures and equipment | 2,292,393 | 71,426 | - - | 2,363,819 |
| Vehicles | 2,704,857 | 49,915 | (145,644) | 2,609,128 |
| Infrastructure | <u>275,376</u> | <u>1,045,947</u> | <u>-</u> | <u>1,321,323</u> |
| Total depreciable assets | <u>14,099,622</u> | <u>1,167,288</u> | <u>(145,644)</u> | <u>15,121,266</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (2,440,096) | (220,675) | - - | (2,660,771) |
| Furniture, fixtures and equipment | (2,000,203) | (52,330) | - - | (2,052,533) |
| Vehicles | (2,108,031) | (89,466) | 145,644 | (2,051,853) |
| Infrastructure | <u>(30,573)</u> | <u>(48,722)</u> | <u>-</u> | <u>(79,295)</u> |
| Total accumulated depreciation | <u>(6,578,903)</u> | <u>(411,193)</u> | <u>145,644</u> | <u>(6,844,452)</u> |
| Net depreciable assets | <u>7,520,719</u> | <u>756,095</u> | <u>-</u> | <u>8,276,814</u> |
| Net governmental activities capital assets | <u>\$ 7,830,719</u> | <u>\$ 756,095</u> | <u>\$ -</u> | <u>\$ 8,586,814</u> |

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets (Continued)

Business-type capital asset activity for the year ended is as follows:

| | Balance 6/30/2014 | Additions | Disposals | Balance 6/30/2015 |
|---|----------------------|---------------------|-----------------------|----------------------|
| Business-Type Activities | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 3,533,953 | \$ 480,466 | \$ (1,441,397) | \$ 2,573,022 |
| Construction in progress | <u>3,932,977</u> | <u>357,185</u> | <u>(3,932,977)</u> | <u>357,185</u> |
| Total non-depreciable assets | <u>7,466,930</u> | <u>837,651</u> | <u>(5,374,374)</u> | <u>2,930,207</u> |
| Depreciable assets: | | | | |
| Buildings and improvements | 14,447,380 | - | - | 14,447,380 |
| Furniture, fixtures and equipment | 727,203 | - | - | 727,203 |
| Vehicles | 495,181 | - | (79,423) | 415,758 |
| Infrastructure | <u>15,568,586</u> | <u>3,853,091</u> | <u>-</u> | <u>19,421,677</u> |
| Total depreciable assets | <u>31,238,350</u> | <u>3,853,091</u> | <u>(79,423)</u> | <u>35,012,018</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (1,199,774) | (361,559) | - | (1,561,333) |
| Furniture, fixtures and equipment | (530,157) | (17,355) | - | (547,512) |
| Vehicles | (409,258) | (16,720) | 79,423 | (346,555) |
| Infrastructure | <u>(3,968,606)</u> | <u>(415,010)</u> | <u>-</u> | <u>(4,383,616)</u> |
| Total accumulated depreciation | <u>(6,107,795)</u> | <u>(810,644)</u> | <u>79,423</u> | <u>(6,839,016)</u> |
| Net depreciable assets | <u>25,130,555</u> | <u>3,042,447</u> | <u>-</u> | <u>28,173,002</u> |
| Net Business-Type activities capital assets | <u>\$ 32,597,485</u> | <u>\$ 3,880,098</u> | <u>\$ (5,374,374)</u> | <u>\$ 31,103,209</u> |

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

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Governmental Long-term Debt and Capitalized Leases

The City has entered into notes payable and capitalized leases for the acquisition of a fire truck and other vehicles, equipment, and infrastructure. The lease agreements met the criteria of a capital lease as defined by GAAP standards for accounting for leases, in which a capital lease is generally defined 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.

The long-term debt is described below:

| | Balance 6/30/15 |
|--|--------------------------|
| (1) Lease payable to Oshkosh Capital for the lease purchase of a fire truck. Ten annual payments plus interest at 4.5%. | \$ 355,495 |
| (2) Note payable to the Oklahoma Department of Transportation for right-of-way. Monthly payments of \$1,200, no interest. | 15,525 |
| (3) Note payable to the Oklahoma Department of Transportation for right-of-way. Monthly payments of \$1,200, no interest. | 21,961 |
| (4) Lease payable to BancFirst for the lease purchase of a truck with a snowplow. Twenty-four monthly payments of \$1,359.05 plus interest at 2.99%. | 8,093 |
| (5) Lease payable to Oklahoma State Bank for the lease purchase of mowing equipment. Thirty monthly payments of \$2,186.17 plus interest at 2.4393%. | 38,659 |
| | <u><u>\$ 439,733</u></u> |

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

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

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

| | Balance, Restated June 30, 2014 | Additions | Payments and Cancellations | Balance June 30, 2015 |
|------------------------------|---------------------------------------|------------------|----------------------------------|--------------------------|
| Capital lease obligations \$ | 479,547 | \$ 63,570 | \$ 140,870 | \$ 402,247 |
| Notes payable | 40,997 | - - | 3,511 | 37,486 |
| Total | \$ 520,544 | \$ 63,570 | \$ 144,381 | \$ 439,733 |

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

| Year Ending | | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|-------|
| June 30, | | \$ | \$ | \$ |
| 2016 | \$ 76,285 | \$ 16,775 | \$ 93,060 | |
| 2017 | 57,608 | 14,310 | 71,918 | |
| 2018 | 46,370 | 12,293 | 58,663 | |
| 2019 | 48,348 | 10,314 | 58,662 | |
| 2020 | 50,416 | 8,246 | 58,662 | |
| 2021-2025 | 147,220 | 6,400 | 153,620 | |
| 2026-2030 | 9,525 | - - | 9,525 | |
| 2031-2033 | 3,961 | - - | 3,961 | |
| Total | \$ 439,733 | \$ 68,338 | \$ 508,071 | |

D. Proprietary 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.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Proprietary Long-term Debt (Continued)

The Proprietary long-term debt is described below.

Capital Improvement Revenue Bond Payable, Series 2010A was issued by the GUSA, acting on behalf of the City, in the principal amount of \$29,575,000 dated December 22, 2010, due in semi-annual installments, through December 1, 2040 with interest at 2.7% to 5.15% per annum.

Capital Improvement Revenue Bond Payable, Series 2010B was issued by the GUSA, acting on behalf of the City, in the principal amount of \$2,740,000 dated December 22, 2010, due in semi-annual installments, through December 1, 2025 with interest at 3.0% to 6.0% per annum.

Utility Revenue Refunding Bond Payable, Series 2011 was issued by the GUSA, acting on behalf of the City, in the principal amount of \$7,315,000 dated January 5, 2011, due in semi-annual installments, through December 1, 2040 with interest at 3.7% to 5.15% per annum.

\$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 annual administrative fee of 0.5%, secured by pledged sales taxes and utility system revenues.

\$3,740,625 GUSA, Tulsa County, Oklahoma, Series 2011 Clean Water SRF promissory note to the Oklahoma Water Resources Board, dated October 1, 2011, due in semi-annual installments over 20 years with interest at 2.16% per annum, plus annual administrative fee of 0.5%, secured by pledged sales taxes and utility system revenues.

A \$1,000,000 settlement agreement was reached on May 15, 2015 with Creek County Rural Water District No. 2 regarding a contract dispute. A payment of \$500,000 was made in June, 2015, with four additional payments of \$125,000 each to be made annually on or before September 15 for four years at no interest.

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

| | Balance, Restated June 30, 2014 | | | | Balance June 30, 2015 |
|--------------------|---------------------------------------|--------------|--------------|---------------|--------------------------|
| | | Additions | Reductions | | |
| Revenue Bond 2010A | \$ 29,575,000 | \$ - | \$ - | \$ 29,575,000 | |
| Revenue Bond 2010B | 2,505,000 | - | 160,000 | 2,345,000 | |
| Revenue Bond 2011 | 7,195,000 | - | 145,000 | 7,050,000 | |
| OWRB 2001 | 476,486 | - | 68,069 | 408,417 | |
| OWRB 2011 | 3,107,669 | 29,517 | 132,820 | 3,004,366 | |
| Claim Settlement | - | 1,000,000 | 500,000 | 500,000 | |
| Total | \$ 42,859,155 | \$ 1,029,517 | \$ 1,005,889 | \$ 42,882,783 | |

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Proprietary Long-term Debt (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 |
|-------------------------|----------------------|----------------------|----------------------|
| 2016 | \$ 1,044,278 | \$ 1,911,195 | \$ 2,955,473 |
| 2017 | 1,198,193 | 1,876,680 | 3,074,873 |
| 2018 | 1,241,998 | 1,841,693 | 3,083,691 |
| 2019 | 1,275,906 | 1,806,663 | 3,082,569 |
| 2020 | 1,319,745 | 1,768,496 | 3,088,241 |
| 2021-2025 | 6,361,295 | 8,143,075 | 14,504,370 |
| 2026-2030 | 7,716,271 | 6,636,574 | 14,352,845 |
| 2031-2035 | 9,135,096 | 4,652,313 | 13,787,409 |
| 2036-2040 | 11,035,000 | 2,135,594 | 13,170,594 |
| 2041 | 2,555,000 | 65,791 | 2,620,791 |
| | <u>\$ 42,882,782</u> | <u>\$ 30,838,074</u> | <u>\$ 73,720,856</u> |

Refundings

The City defeased certain bonds in the prior years by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liabilities for the defeased debt are not included in the City's financial statements. The amount of defeased debt outstanding at June 30, 2015 was \$9,530,000.

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.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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.

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. Pension Plan Obligations

Each qualified employee participates in one of the three retirement plans in which the City participates. These are the Oklahoma Firefighters Pension & Retirement System (FPRS), the Oklahoma Police Pension and Retirement System (OPPRS) and the Oklahoma Municipal Retirement Fund (OMRF).

1. Oklahoma Firefighters Pension & Retirement System (FPRS)

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

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

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

1. Oklahoma Firefighters Pension & Retirement System (FPRS) (Continued)

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

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$122,123. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$299,818 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$259,515. These on-behalf payments did not meet the criteria of a special funding situation.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

1. Oklahoma Firefighters Pension & Retirement System (FPRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported a liability of \$3,354,967 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.3263% percent.

For the year ended June 30, 2015, the City recognized pension expense of \$305,467. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 79,937 | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 507,850 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - | - |
| City contributions subsequent to the measurement date | 122,123 | - |
| Total | <u>\$ 202,060</u> | <u>\$ 507,850</u> |

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

1. Oklahoma Firefighters Pension & Retirement System (FPRS) (Continued)

\$122,123 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | | |
|---------------------|----|------------------|
| 2016 | \$ | (112,077) |
| 2017 | | (112,077) |
| 2018 | | (112,077) |
| 2019 | | (112,077) |
| 2020 | | 14,886 |
| Thereafter | | 5,509 |
| | \$ | <u>(427,913)</u> |

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

1. Oklahoma Firefighters Pension & Retirement System (FPRS) (Continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Fixed income | 20% | 5.48% |
| Domestic equity | 37% | 9.61% |
| International equity | 20% | 9.24% |
| Real estate | 10% | 7.76% |
| Other assets | 13% | 6.88% |

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

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

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| Employers' net pension liability | \$ 4,380,878 | \$ 3,354,967 | \$ 2,494,853 |

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

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

2. Oklahoma Police Pension and Retirement Fund (OPPRF)

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

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

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan.

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

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

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

2. Oklahoma Police Pension and Retirement Fund (OPPRF) (Continued)

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

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$136,836. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$131,206 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$115,998. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported an asset of \$124,661 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.3703 percent.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

2. Oklahoma Police Pension and Retirement Fund (OPPRF) (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$45,693. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 56,007 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 438,164 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - | - |
| City contributions subsequent to the measurement date | <u>136,836</u> | - |
| Total | <u>\$ 136,836</u> | <u>\$ 494,171</u> |

\$136,836 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|-----------|-----------------------|
| 2016 | \$ 121,137 |
| 2017 | 121,137 |
| 2018 | 121,137 |
| 2019 | 121,137 |
| 2020 | <u>9,623</u> |
| \$ | <u>494,171</u> |

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

2. Oklahoma Police Pension and Retirement Fund (OPPRF) (Continued)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|----------------------------|--|
| Inflation: | 3% |
| Salary increases: | 4.5% to 17% average, including inflation |
| Investment rate of return: | 7.5% net of pension plan investment expense |
| Mortality rates: | Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. |
| | Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using scale AA. |
| | Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA. |

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

2. Oklahoma Police Pension and Retirement Fund (OPPRF) (Continued)

| Asset Class | Long-Term Expected Real Rate of Return |
|----------------------|---|
| Fixed income | 2.83% |
| Domestic equity | 6.47% |
| International equity | 6.98% |
| Real estate | 5.50% |
| Private equity | 5.96% |
| Commodities | 3.08% |

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

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

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

2. Oklahoma Police Pension and Retirement Fund (OPPRF) (Continued)

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

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|----------------------------------|-------------------------------|---|-------------------------------|
| Employers' net pension liability | \$ 741,714 | \$ (124,661) | \$ (854,822) |

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

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

C. Pension Plan Obligations (Continued)

3. Oklahoma Municipal Retirement Fund (OMRF)

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 7% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost for covered employees (with the exception of the City Manager) of \$84,649, \$81,802 and \$55,753 for 2015, 2014 and 2013, respectively, 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 for the City Manager's plan of \$13,636, \$52,679 and \$41,004 for 2015, 2014 and 2013, was equal to the City's required and actual contributions. Note that years prior to 2015 included contributions made at a higher rate of 19% for the City Manager, and also covered an Assistant City Manager position, now frozen.

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.

D. Other Post-Employment Benefits

Plan Description: City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. The plan is only provided for employees between the ages of 62 and 65. As of June 30, 2015, no retired employees are receiving benefits under this plan.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

3. OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (Continued)

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2015, the City contributed 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (0 retirees).

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment 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. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The City is not required to perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2015 since no one is participating at this time.

E. Applicability of Federal Arbitrage Regulations

Debt issuances of the City and its component units after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City's management believes the City is in compliance with these rules and regulations.

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CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

4. PRIOR PERIOD ADJUSTMENTS

A. Governmental Unrestricted Net Position

Effective July 1, 2014, the City implemented new accounting standards related to certain of its pension plans as discussed in Note 3C. As a result of those new accounting standards, the City was required to establish pension liabilities, deferred outflows of resources, and deferred inflows that had not been previously established.

Additionally, the City determined that depreciation of assets as well as balances and accrued interest on certain notes and leases related to the acquisition of capital assets had been previously misstated.

Prior period adjustments are summarized as follows:

Implementation of GASB 68 & 71:

| | |
|---|------------------------------|
| Fire | \$ (3,736,928) |
| Police | <u>(436,771)</u> |
| | (4,173,699) |
| | |
| Adjustments to capital assets for accumulated depreciation | 94,623 |
| | |
| Adjustment to correct notes and leases payable | 5,669 |
| | |
| Adjustment to correct accrued interest payable | <u>(11,589)</u> |
| | |
| Net prior period adjustment | <u><u>\$ (4,084,996)</u></u> |

B. Proprietary Unrestricted Net Position

A prior period adjustment to the Proprietary fund unrestricted net position was made as a result of the misstatement of loan proceeds during the construction of the wastewater treatment plant expansion that commenced in 2012 and was completed in 2014. In addition, the City determined that the Glenpool Emergency Medical Services District, previously recognized as a blended component unit, is not legally or financially related to the City.

Prior period adjustments are summarized as follows:

| | |
|--|------------------|
| Adjustment for GEMS to remove component unit | \$ (327,180) |
| | |
| Adjustments to capital assets and OWRB note payable for construction of waste water plant | <u>(663,448)</u> |

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

5. RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards have been recently issued and will be adopted as applicable by the City in future years.

A. GASB Statement No. 72 – Fair Value Measurement and Application

This statement establishes standards of accounting and financial reporting to provide guidance on determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of GASB 72 are effective for periods beginning after June 15, 2015. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

B. GASB Statement No. 74 – Financial Reporting/or Postemployment Benefit Plans Other Than Pension Plans

This statement establishes accounting and financial reporting standards related to improving the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. It is the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. This standard is effective for financial reporting periods beginning after June 15, 2016. Earlier application is encouraged. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

C. GASB Statement No. 75 – Accounting and Financial Reporting/or Postemployment Benefit Plans Other Than Pension Plans

This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, GASB Statement No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This standard is effective for financial reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

D. GASB Statement No. 76 – The Hierarchy of GAAP for State and Local Governments.

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This standard is effective for financial reporting periods beginning after June 15, 2015 and should be applied retroactively.

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

5. RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

D. GASB Statement No. 76 – The Hierarchy of GAAP for State and Local Governments (Continued)

Earlier application is encouraged. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

E. GASB Statement No. 77 – Tax Abatement Disclosures.

This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (1) agreements that are entered into by the reporting government and (2) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. This standard is effective for financial reporting periods beginning after December 15, 2015. Earlier application is encouraged. The City has not yet determined the potential impact, if any; this statement could have on its financial statements.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through date of the auditors' report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

REQUIRED SUPPLEMENTAL INFORMATION

- Defined Benefit Cost Sharing Plans:
 - Fire
 - Schedule of the City's proportionate share of the net pension liability (asset)
 - Schedule of City contributions
 - Police
 - Schedule of the City's proportionate share of the net pension liability (asset)
 - Schedule of City contributions
- Budgetary Comparison Schedule - General Fund
- Notes to RSI - Budgetary Information

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**SCHEDULE OF THE CITY OF GLENPOOL'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)**

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

2015

| | |
|---|--------------|
| City's proportion of the net pension liability | 0.3263% |
| City's proportionate share of the net pension liability | \$ 3,354,967 |
| City's covered-employee payroll | \$ 870,964 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 385% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.12% |

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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SCHEDULE OF THE CITY OF GLENPOOL'S CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM Last 10 Fiscal Years

| <u>2015</u> | |
|---|----------------|
| Statutorially required contribution | \$ 122,123 |
| Contributions in relation to the statutorially required contribution | <u>122,123</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| City's covered-employee payroll | \$ 871,564 |
| Contributions as a percentage of covered-employee payroll | 14.01% |

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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SCHEDULE OF THE CITY OF GLENPOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

2015

| | |
|---|--------------|
| City's proportion of the net pension liability (asset) | 0.3703% |
| City's proportionate share of the net pension liability (asset) | \$ (124,661) |
| City's covered-employee payroll | \$ 1,035,823 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 12.03% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 101.53% |

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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SCHEDULE OF THE CITY OF GLENPOOL'S CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM Last 10 Fiscal Years

| | <u>2015</u> |
|---|----------------|
| Statutorially required contribution | \$ 136,836 |
| Contributions in relation to the statutorially required contribution | <u>136,836</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| City's covered-employee payroll | \$ 1,051,493 |
| Contributions as a percentage of covered-employee payroll | 13.01% |

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

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CITY OF GLENPOOL
Glenpool, Oklahoma

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

| | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
|---|----------------------------|-------------------------|------------------|--|
| | Original Budget | Final Budget | Actual | |
| | | | | |
| Beginning Budgetary Fund Balance | \$ 2,283,733 | \$ 2,283,733 | \$ 2,748,091 | \$ 464,358 |
| Resources (Inflows) | | | | |
| TAXES | | | | |
| Sales Tax | 6,265,665 | 6,265,665 | 6,664,955 | 399,290 |
| Use Tax | 110,000 | 110,000 | 287,294 | 177,294 |
| Excise Tax | 20,100 | 20,100 | 21,464 | 1,364 |
| Cigarette Tax | 77,500 | 77,500 | 78,714 | 1,214 |
| Ad Valorex Tax | - | - | 5 | 5 |
| Alcohol Tax | 20,000 | 20,000 | 20,191 | 191 |
| Commercial Vehicle Tax | 90,000 | 90,000 | 88,206 | (1,794) |
| Lodging Tax | 100,000 | 100,000 | 155,786 | 55,786 |
| Franchise Tax | 450,000 | 450,000 | 473,846 | 23,846 |
| Total Taxes | 7,133,265 | 7,133,265 | 7,790,461 | 657,196 |
| LICENSES & PERMITS | | | | |
| Solicitors License | 925 | 925 | 1,150 | 225 |
| Building Permits | 71,000 | 71,000 | 39,691 | (31,309) |
| Occupational Tax | 3,000 | 3,000 | 4,290 | 1,290 |
| Plumbing License | 8,000 | 8,000 | 5,835 | (2,165) |
| Electrical License | 8,800 | 8,800 | 8,335 | (465) |
| Mechanical License | 3,700 | 3,700 | 4,220 | 520 |
| Pet License | 500 | 500 | 126 | (374) |
| Assessment Letters | 3,300 | 3,300 | 4,275 | 975 |
| Fireworks Permits | 6,000 | 6,000 | 5,900 | (100) |
| Sign Permits | 800 | 800 | 350 | (450) |
| State Permit Fees | 200 | 200 | 77 | (123) |
| Total Licenses & Permits | 106,225 | 106,225 | 74,249 | (31,976) |
| CHARGES FOR SERVICES | | | | |
| Development Fees | 20,000 | 20,000 | 6,457 | (13,543) |
| Zoning Fees | 3,500 | 3,500 | 4,875 | 1,375 |
| Inspection Fees | 89,000 | 89,000 | 78,602 | (10,398) |
| Dog Pound | 5,000 | 5,000 | 4,720 | (280) |
| Police Reports | 600 | 600 | 794 | 194 |
| Special Police Services | 29,498 | 29,498 | 29,498 | - |
| Total Charges for Services | 147,598 | 147,598 | 124,946 | (22,652) |

(continued)

CITY OF GLENPOOL
Glenpool, Oklahoma

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

| Resources (Inflows) (continued) | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
|---|----------------------------|-------------------------|-------------------|--|
| | Original Budget | Final Budget | Actual | |
| GRANTS | | | | |
| CDBG | 43,915 | 43,915 | 43,915 | - |
| Police | - | - | 189 | 189 |
| Total Grants | 43,915 | 43,915 | 44,104 | 189 |
| FINES & FORFEITURES | | | | |
| Municipal Court | 320,000 | 320,000 | 360,885 | 40,885 |
| Federal Forfeitures | - | - | 52,224 | 52,224 |
| Total Fines & Forfeitures | 320,000 | 320,000 | 413,109 | 93,109 |
| OTHER | | | | |
| Interest income | 300 | 300 | 695 | 395 |
| Refunds | 35,000 | 35,000 | 64,892 | 29,892 |
| Miscellaneous | 20,000 | 20,000 | 62,009 | 42,009 |
| Sale of Assets | - | - | 19,855 | 19,855 |
| E911 Fees | 80,000 | 80,000 | 69,226 | (10,774) |
| Rental Income | 60,000 | 60,000 | 59,260 | (740) |
| Transfers in | 313,386 | 378,886 | 329,175 | (49,711) |
| Lease proceeds | - | - | 63,570 | 63,570 |
| Total Other | 508,686 | 574,186 | 668,682 | 94,496 |
| Total Resources (Inflows) | 8,259,689 | 8,325,189 | 9,115,551 | 790,362 |
| Amounts Available for Appropriation | 10,543,422 | 10,608,922 | 11,863,642 | 1,254,720 |
| Charges to Appropriations (outflows) | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
| | Original Budget | Final Budget | Actual | |
| GENERAL GOVERNMENT | | | | |
| City Clerk/Finance | | | | |
| Personal Services | \$ 423,204 | \$ 413,099 | \$ 403,007 | \$ (10,092) |
| Supplies | 48,000 | 66,700 | 56,974 | (9,726) |
| Other Services & Charges | 272,117 | 354,677 | 305,425 | (49,252) |
| Travel and Training | 10,000 | 5,500 | 4,192 | (1,308) |
| Repairs and Maintenance | 17,500 | 18,000 | 14,824 | (3,176) |
| Miscellaneous | 22,600 | 26,100 | 21,532 | (4,568) |
| Total City Clerk/Finance | 793,421 | 884,076 | 805,954 | (78,122) |

(continued)

CITY OF GLENPOOL
Glenpool, Oklahoma

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

| Charges to Appropriations (outflows) (continued) | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
|---|----------------------------|-------------------------|------------------|--|
| | Original Budget | Final Budget | Actual | |
| PUBLIC SAFETY | | | | |
| POLICE: | | | | |
| Personal Services | 1,781,924 | 1,773,376 | 1,749,636 | (23,740) |
| Supplies | 117,000 | 131,290 | 114,734 | (16,556) |
| Other Services & Charges | 52,000 | 56,650 | 55,460 | (1,190) |
| Travel and Training | 4,500 | 5,115 | 4,988 | (127) |
| Repairs and Maintenance | 31,500 | 50,850 | 43,080 | (7,770) |
| Miscellaneous | 650 | 135 | 45 | (90) |
| Total Police | <u>1,987,574</u> | <u>2,017,416</u> | <u>1,967,943</u> | <u>(49,473)</u> |
| FIRE: | | | | |
| Personal Services | 1,404,856 | 1,383,859 | 1,271,679 | (112,180) |
| Supplies | 44,000 | 44,000 | 27,664 | (16,336) |
| Other Services & Charges | 17,500 | 17,500 | 10,580 | (6,920) |
| Travel and Training | 12,500 | 12,500 | 5,415 | (7,085) |
| Repairs and Maintenance | 37,500 | 37,500 | 21,555 | (15,945) |
| Miscellaneous | 3,000 | 3,000 | 2,884 | (116) |
| Total Fire | <u>1,519,356</u> | <u>1,498,359</u> | <u>1,339,777</u> | <u>(158,582)</u> |
| EMERGENCY MANAGEMENT: | | | | |
| Supplies | 5,500 | 5,500 | 123 | (5,377) |
| Repairs and Maintenance | 28,000 | 28,000 | 6,239 | (21,761) |
| Total Emergency Management | <u>33,500</u> | <u>33,500</u> | <u>6,362</u> | <u>(27,138)</u> |
| COMMUNITY DEVELOPMENT | | | | |
| Personal Services | 337,033 | 337,483 | 338,604 | 1,121 |
| Supplies | 15,500 | 15,650 | 14,284 | (1,366) |
| Other Services & Charges | 15,500 | 14,600 | 9,200 | (5,400) |
| Travel and Training | 5,900 | 7,800 | 6,164 | (1,636) |
| Miscellaneous | 5,000 | 4,200 | 800 | (3,400) |
| Total Community Development | <u>378,933</u> | <u>379,733</u> | <u>369,052</u> | <u>(10,681)</u> |
| ADMINISTRATION | | | | |
| Personal Services | 387,092 | 387,967 | 363,016 | (24,951) |
| Supplies | 5,000 | 5,250 | 4,737 | (513) |
| Other Services & Charges | 135,000 | 110,000 | 69,053 | (40,947) |
| Travel and Training | 12,000 | 11,750 | 3,955 | (7,795) |
| Miscellaneous | 2,000 | 2,000 | 1,059 | (941) |
| Total Administration | <u>541,092</u> | <u>516,967</u> | <u>441,820</u> | <u>(75,147)</u> |

(continued)

CITY OF GLENPOOL
Glenpool, Oklahoma

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2015

| Charges to Appropriations (outflows) (continued) | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
|---|----------------------------|-------------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | |
| STREETS & PARKS | | | | |
| Personal Services | 269,397 | 260,497 | 185,196 | (75,301) |
| Supplies | 41,000 | 43,250 | 35,668 | (7,582) |
| Other Services & Charges | 146,500 | 152,500 | 138,193 | (14,307) |
| Travel and Training | 1,000 | 1,000 | 197 | (803) |
| Repairs and Maintenance | 281,000 | 270,975 | 72,365 | (198,610) |
| Capital Outlay | - | - | 63,570 | 63,570 |
| Total Streets & Parks | <u>738,897</u> | <u>728,222</u> | <u>495,189</u> | <u>(233,033)</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | 2,147,016 | 2,147,016 | 2,189,742 | 42,726 |
| Debt Service: | | | | |
| Capital lease principal | 115,400 | 115,400 | 102,340 | (13,060) |
| Capital lease interest | 4,500 | 4,500 | 2,483 | (2,017) |
| Total Other Financing Uses | <u>2,266,916</u> | <u>2,266,916</u> | <u>2,294,565</u> | <u>27,649</u> |
| Total Charges to Appropriations | <u>8,259,689</u> | <u>8,325,189</u> | <u>7,720,662</u> | <u>(604,527)</u> |
| Ending Budgetary Fund Balance | \$ 2,283,733 | \$ 2,283,733 | \$ 4,142,980 | \$ 1,859,247 |
| Less: | | | | |
| Encumbrances | | | <u>(26,262)</u> | |
| Ending Unobligated Budgetary Fund Balance | | | \$ 4,116,718 | |

Reconciliation to Statement of Revenues, expenditures and changes in Fund Balance:

| | |
|--|---------------------|
| Total Resources per Budgetary Comparison Schedule | \$ 9,115,551 |
| Add State Fire and Police pension on-behalf payments | 431,024 |
| Less Transfer in | (329,175) |
| Less Lease Proceeds | (63,570) |
| Total Revenues per Statement of Revenues, expenditures and changes in Fund Balance | <u>\$ 9,153,830</u> |
| Total Charges to Appropriations per Budgetary Comparison Schedule | \$ 7,720,662 |
| Add State Fire and Police pension on-behalf payments | 431,024 |
| Less Transfer out | (2,189,742) |
| Plus Encumbrances | 26,262 |
| Total Expenditures per Statement of Revenues, expenditures and changes in Fund Balance | <u>\$ 5,988,206</u> |

CITY OF GLENPOOL
Glenpool, Oklahoma

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
For Year Ended June 30, 2015

BUDGETARY INFORMATION

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

1. Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
2. Public hearings are held at regular or special meetings to obtain taxpayer input. At least one public hearing must be held no later than 15 days prior to July 1.
3. Subsequent to the public hearings, but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
4. The adopted budget is filed with the Office of the State Auditor and Inspector.

All funds of the City with revenues and expenditures are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

The City prepares its budget for the General Fund on the modified accrual basis of accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred pursuant to the purchase order.

Expenditures Exceeding Appropriations

Expenditures exceed budget as follows:

General Fund – City Clerk/Finance – Transfers Out \$(42,726)

General Fund – Community Development – Personal Services \$(1,121)

General Fund – Streets and Parks – Capital Outlay \$(63,570)

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

OTHER INFORMATION

- Schedule of Expenditures of Federal Awards

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CITY OF GLENPOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Program or Award Amount | Revenue Collected | Federal Expenditures |
|---|------------------------------------|--|------------------------------|---------------------------------|
| <u>U.S. Department of Housing and Urban Development:</u> | | | | |
| Passed through Tulsa County Urban County CDBG Program: | | | | |
| Community Development Block Grant | 14.218 | \$ <u>43,915</u> | \$ <u>43,915</u> | \$ <u>43,915</u> |
| Total of Expenditures of Federal Awards | | \$ <u>43,915</u> | \$ <u>43,915</u> | \$ <u>43,915</u> |

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 9, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as 2015-01.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates, P.C.

February 9, 2016

CITY OF GLENPOOL, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES Year Ended June 30, 2015

Finding 2015-01 - Budgeted Appropriations

Criteria: Oklahoma State Law prescribes that no encumbrances or expenditures may be authorized or made by an officer or employee that exceeds the available appropriations for each object category within a department or fund.

Condition: Expenditures exceeded appropriations at the legal level of control as follows:

| <u>Fund</u> | <u>Department</u> | <u>Amount</u> |
|-------------|-----------------------|---------------|
| General | Community Development | \$1,121 |
| General | Streets and Parks | \$63,570 |

Cause: Year-end adjustments are recorded in the preparation of the annual financial statements that result in charges to appropriations that may exceed the appropriations for a department.

Effect or Potential Effect: Expenditures may exceed appropriations at the legal level of control.

Recommendation: We recommend that the City adopt formal budget amendments, especially at or near year-end by department.

City's Response: Management will review all funds and departments prior to year end to ensure that any budget amendments needed are completed and approved prior to June 30.