

City Of

# Glenpool

---

*Creating Opportunity*



**CITY OF GLENPOOL**  
**ANNUAL FINANCIAL REPORT**  
and Operating Report  
**FOR THE YEAR ENDED JUNE 30, 2016**

**CITY OF GLENPOOL, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**CONTENTS**

	Page No.
<b>Introductory Section:</b>	
List of Principal Officials and Executive Staff	i
<b>Financial Section:</b>	
<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Basic Financial Statements:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities and Changes in Net Position	11-12
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Position	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
<b>Notes to the Basic Financial Statements</b>	20-54

**CITY OF GLENPOOL, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**CONTENTS**

	<b>Page No.</b>
<b>Required Supplemental Information:</b>	
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Oklahoma Firefighters Pension & Retirement System	55
Schedule of the City's Contributions – Oklahoma Firefighters Pension & Retirement System	56
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Oklahoma Police Pension & Retirement System	57
Schedule of the City's Contributions – Oklahoma Police Pension & Retirement System	58
Budgetary Comparison Schedule – General Fund	59-61
Notes to the Budgetary Comparison Schedule	62
<b>Other Information:</b>	
Schedule of Expenditures of Federal Awards	63
Fiscal Year 2016 Operating Report	64-72
<b>Reports Required by Government Auditing Standards:</b>	
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 <i>Government Auditing Standards</i>	73-75

**CITY OF GLENPOOL, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**Timothy Lee Fox, Mayor – Ward 1**  
Momodou Ceesay, Vice-Mayor – Ward 2  
Patricia Agee, Councilmember – Ward 3  
Jaqueline Lund, 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



## 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, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2016, 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, and each major fund of the City, as of June 30, 2016, 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.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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**

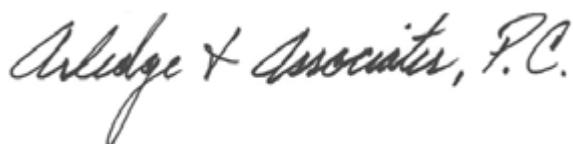
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards, as listed in the table of contents, 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, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Fiscal Year 2016 Operating Report, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017, 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.

January 30, 2017

# **City of Glenpool, Oklahoma**

## **Management's Discussion and Analysis**

### **Fiscal Year Ended June 30, 2016**

---

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, 2016. 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 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, grants, 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. In addition, the conference center activities and

**City of Glenpool, Oklahoma**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

---

economic development initiatives of the Glenpool Industrial Authority (GIA) are reported in the business-type activities.

### **Reporting the City's 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 General Fund's fund balance increased from fiscal year 2015 by only \$185,500 compared to an increase of \$1,368,600 in fiscal year 2015 as a result of a decline in tax revenues combined with a decrease in operating grants and contributions. In addition, a major street improvement project was completed in fiscal year 2016.

The Capital Improvement 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 related to such acquisition or construction. In fiscal year 2016, the Capital Improvement Fund made a net transfer of \$1.5 million to the GUSA for debt service.

**Proprietary funds** – 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 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.

**City of Glenpool, Oklahoma**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

---

The net position of the GUSA increased from fiscal year 2015 by \$2,691,100, largely due to capital contributions from developers and other governments. In addition, operating revenues increased by 21% while operating costs decreased by 6%, resulting in an operating profit of \$695,500 compared to a loss of (\$398,700) in fiscal year 2015.

The net position of the GIA increased from fiscal year 2015 by \$495,500 as a result of a 15% increase in event center receipts combined with a contribution of land from the City's General Fund. In addition, operating costs decreased by 6%, resulting in an operating profit of \$110,900, representing a 49% increase over fiscal year 2015's profit of \$56,500.

### **The City as a Whole**

For the year ended June 30, 2016, the net position for the governmental activities and business-type activities changed as follows:

#### **The City of Glenpool's Net Position**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Beginning net position	\$ 8,360,639	\$ (10,388,654)	\$ (2,028,015)
Increase / (Decrease)	103,612	3,187,003	3,290,615
Ending net position (deficit)	<u>\$ 8,464,251</u>	<u>\$ (7,201,651)</u>	<u>\$ 1,262,600</u>

The above numbers reflect an increase of 1.2% in net position for governmental activities and an increase of 30.7% in net position for business-type activities. Overall, the net position for both governmental and business-type activities increased by 162.2% for fiscal year 2016, and the City is able to report a positive balance in net position for the City as a whole.

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.

**City of Glenpool, Oklahoma**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

---

**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:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>						
Current assets	\$ 4,773	\$ 4,431	\$ (567)	\$ (594)	\$ 4,206	\$ 3,837
Non-current assets	-	125	2,668	2,582	2,668	2,707
Capital assets	8,062	8,587	33,198	31,103	41,260	39,690
Total Assets	<u>12,835</u>	<u>13,143</u>	<u>35,299</u>	<u>33,091</u>	<u>48,134</u>	<u>46,234</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Pension related	357	339	-	-	357	339
Total Deferred Outflows	<u>357</u>	<u>339</u>	<u>-</u>	<u>-</u>	<u>357</u>	<u>339</u>
<b>LIABILITIES</b>						
Current liabilities	279	227	1,978	1,637	2,257	1,864
Non-current liabilities	4,006	3,892	40,523	41,843	44,529	45,735
Total Liabilities	<u>4,285</u>	<u>4,119</u>	<u>42,501</u>	<u>43,480</u>	<u>46,786</u>	<u>47,599</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension related	443	1,002	-	-	443	1,002
Total Deferred Inflows	<u>443</u>	<u>1,002</u>	<u>-</u>	<u>-</u>	<u>443</u>	<u>1,002</u>
<b>NET POSITION</b>						
Net investment in capital assets	7,535	8,147	(8,390)	(11,780)	(855)	(3,633)
Restricted	231	230	2,453	2,367	2,684	2,597
Assigned	168	49	-	-	168	49
Unrestricted (deficit)	530	(65)	(1,265)	(976)	(735)	(1,041)
Total Net Position (Deficit)	<u>\$ 8,464</u>	<u>\$ 8,361</u>	<u>\$ (7,202)</u>	<u>\$ (10,389)</u>	<u>\$ 1,262</u>	<u>\$ (2,028)</u>

**Governmental Activities**

Governmental activities increased the City's net position by \$103,600. The details of the increase are summarized on the following page.

**City of Glenpool, Oklahoma**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 748	\$ 734	\$ 5,053	\$ 4,408	\$ 5,801	\$ 5,142
Operating grants and contributions	466	1,465	2,396	995	2,862	2,460
General Revenues:						
Sales and use taxes	6,636	6,952	-	-	6,636	6,952
Other taxes	653	838	-	-	653	838
Other general revenue	77	207	253	17	330	224
Total Revenues	<u>8,580</u>	<u>10,196</u>	<u>7,702</u>	<u>5,420</u>	<u>16,282</u>	<u>15,616</u>
<b>EXPENSES</b>						
General Government	1,669	1,565	-	-	1,669	1,565
Public Safety and Judiciary	3,717	3,479	-	-	3,717	3,479
Public Works	663	435	-	-	663	435
Cultural, parks and recreation	63	1	-	-	63	1
Financing	17	19	1,954	1,987	1,971	2,006
Water and sewer	-	-	2,765	4,298	2,765	4,297
Solid waste	-	-	624	449	624	450
Storm water	-	-	-	-	-	-
Glenpool Industrial Authority	-	-	268	422	268	422
Unallocated Depreciation	417	411	835	731	1,252	1,142
Total Expenses	<u>6,546</u>	<u>5,910</u>	<u>6,446</u>	<u>7,887</u>	<u>12,992</u>	<u>13,797</u>
Increase (decrease) in net position before transfers	2,034	4,285	1,256	(2,467)	3,290	1,819
Transfers	(1,931)	(1,642)	1,931	1,642	-	-
Increases (decreases) in net position	103	2,644	3,187	(825)	3,290	1,819
Net position (deficit) - beginning of year	8,361	9,802	(10,389)	(8,573)	(2,028)	1,229
Prior period adjustment	-	(4,085)	-	(991)	-	(5,076)
Net position (deficit) - end of year	<u>\$ 8,464</u>	<u>\$ 8,361</u>	<u>\$ (7,202)</u>	<u>\$ (10,389)</u>	<u>\$ 1,262</u>	<u>\$ (2,028)</u>

Sales and use tax revenues decreased from the prior year by (\$315,800), or 4.5%, largely due to a change in accrual methods to more accurately represent receivables from the Oklahoma Tax Commission. Total expenses for governmental activities increased compared to fiscal year 2015 by \$633,300, or 10.7%, partly a result of increased personnel costs due to wage increases as well as an increase in net pension liability for public safety personnel.

**Business-type Activities**

The public utility reported in the business-type activities performed a rate study during the 2015 fiscal year. The recommended rate changes from that study went into effect in August 2015. The rate increase combined with a reduction in operating expenses resulted in an increase in net position after transfers of \$295,000. Donations and grants from developers and other governments contributed to an overall increase in net position of \$2.7 million for the public utility. Activities from conference center operations and economic development initiatives contributed an additional \$496,000 to the net position for a total of an increase in net position of \$3.2 million from business-type activities.

**City of Glenpool, Oklahoma**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

---

### **General Fund Budgetary Highlights**

Actual revenues fell short of final budgeted revenues by \$335,000, or 3.4%, largely due to a decrease in tax receipts. Total expenditures and transfers out were under final appropriations by \$550,000, or 5.6% under budget, due in part to lower tax transfers to other funds, as well as vacant positions resulting in lower personal services costs.

### **Capital Asset & Debt Administration**

The following is a summary of changes in capital assets and debt administration for fiscal year 2016. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 33 to 34; and, pages 35 to 38, respectively.

#### **Capital Assets**

At the end of June 30, 2016, the City had \$56 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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
Land	\$ -	\$ 310	\$ 2,883	\$ 2,573	\$ 2,883	\$ 2,883
Construction-in-progress	18	-	1,965	357	1,983	357
Buildings & Improvements	8,827	8,827	14,447	14,447	23,274	23,274
Furniture & Equipment	2,364	2,364	757	727	3,121	3,091
Vehicles	2,644	2,609	416	416	3,060	3,025
Infrastructure	1,321	1,321	20,404	19,422	21,725	20,743
	15,174	15,431	40,872	37,942	56,046	53,373
Less: Depreciation	(7,112)	(6,844)	(7,674)	(6,839)	(14,786)	(13,683)
<b>Totals</b>	<b>\$ 8,062</b>	<b>\$ 8,587</b>	<b>\$ 33,198</b>	<b>\$ 31,103</b>	<b>\$ 41,260</b>	<b>\$ 39,690</b>

#### **Debt Administration**

At year end, the City had \$42.2 million in long term debt. These debts are further detailed on the following page.

**City of Glenpool, Oklahoma**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

---

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

	Business-type Activities						<b>Total</b>	
	Governmental Activities		Business-type Activities					
	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2015</b>		
Revenue bonds payable	\$ -	\$ -	\$ 38,130	\$ 38,970	\$ 38,130	\$ 38,970		
Notes Payable	35	37	3,209	3,413	3,244	3,450		
Leases Payable	492	402	-	-	492	402		
Claim settlement liability	-	-	375	500	375	500		
<b>Totals</b>	<b>\$ 527</b>	<b>\$ 439</b>	<b>\$ 41,714</b>	<b>\$ 42,883</b>	<b>\$ 42,241</b>	<b>\$ 43,322</b>		

**Economic Factors and Next Year's Budget**

The downturn in the oil and gas industry continues to play a significant role in the metro area's economy. However, during the 2016 fiscal year building permits for single family residential projects in Glenpool were 14.4% above prior year results. Additionally, ground has been broken on the City's first hospital, which is expected to attract further growth to the area.

For 2016-2017, the City used a conservative estimate of 2% to project growth in retail sales and use taxes, and balanced projected expenditures against that estimate. In prior fiscal years, a significant portion of the sales tax revenues received by the General Fund was used to support debt service for the public utility operated by the City's trust authority. As previously stated, the trust implemented a rate increase in early FY2016. The change in rate structure has lessened the burden placed upon the General Fund's sales tax revenues to support the debt service requirements of the utility.

The FY2016-2017 budget includes a 3.0% across the board increase in salaries and wages for all non-represented employees. Represented Public Safety employees received varied increases according to the terms of their respective labor agreements.

In April of 2016, the voters of Glenpool approved three tax propositions, increasing Glenpool's total sales tax rate to 9.967%. Proposition 3, for the support of new fire and police personnel, became effective July 1, 2016 and added 0.55% to the City's tax rate perpetually. Proposition 1, effective January 1, 2017, added 0.29% to the tax rate for 20 years, and is restricted to fund public infrastructure, equipment, and economic development. Proposition 2, effective January 1, 2017, added 0.26% to the tax rate for 20 years is generally restricted to the acquisition of public safety equipment.

**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.

**CITY OF GLENPOOL, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**BASIC FINANCIAL STATEMENTS**

**CITY OF GLENPOOL**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 627,756	\$ 891,968	\$ 1,519,724
Restricted cash and cash equivalents	399,953	75,036	474,989
Accounts receivable, net	168,312	619,989	788,301
Notes receivable	-	271,754	271,754
Due from other governments	973,311	179,204	1,152,515
Internal balances	2,604,421	(2,604,421)	-
Total current assets	<u>4,773,753</u>	<u>(566,470)</u>	<u>4,207,283</u>
Non-current assets:			
Restricted investments	-	2,667,674	2,667,674
Capital assets:			
Land and construction in progress	18,347	4,848,535	4,866,882
Other capital assets, net	8,043,329	28,350,148	36,393,477
Total non-current assets:	<u>8,061,676</u>	<u>35,866,357</u>	<u>43,928,033</u>
Total assets	<u>12,835,429</u>	<u>35,299,887</u>	<u>48,135,316</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred resources related to pensions	<u>356,856</u>	<u>-</u>	<u>356,856</u>
Total deferred outflows	<u>356,856</u>	<u>-</u>	<u>356,856</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	144,707	321,063	465,770
Accrued interest payable	10,639	163,718	174,357
Due to other governments	3,660	-	3,660
Deposits subject to refund	-	295,072	295,072
Leases payable	115,572	-	115,572
Notes payable	2,400	208,193	210,593
Revenue bonds payable	-	865,000	865,000
Claim Settlement Liability	-	125,000	125,000
Amounts held in escrow	1,574	-	1,574
Total current liabilities	<u>278,552</u>	<u>1,978,046</u>	<u>2,256,598</u>
Non-current liabilities:			
Accrued compensated absences	168,874	8,181	177,055
Net pension liability	3,428,289	-	3,428,289
Leases payable	376,494	-	376,494
Notes payable	32,686	3,000,311	3,032,997
Revenue bonds payable	-	37,265,000	37,265,000
Claim Settlement Liability	-	250,000	250,000
Total non-current liabilities	<u>4,006,343</u>	<u>40,523,492</u>	<u>44,529,835</u>
Total Liabilities	<u>4,284,895</u>	<u>42,501,538</u>	<u>46,786,433</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred resources related to pensions	<u>443,139</u>	<u>-</u>	<u>443,139</u>
Total deferred inflows	<u>443,139</u>	<u>-</u>	<u>443,139</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,534,524	(8,514,821)	(980,297)
Restricted for:			
Public Safety	59,266	-	59,266
Juvenile programs	18,715	-	18,715
Parks & recreation capital projects	153,820	-	153,820
Capital projects	-	1,721,777	1,721,777
Debt Service	-	731,706	731,706
Unrestricted (deficit)	697,926	(1,140,313)	(442,387)
Total net position (deficit)	<u>\$ 8,464,251</u>	<u>\$ (7,201,651)</u>	<u>\$ 1,262,600</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, 2016**

Functions/Programs	Program Revenues					Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
General government:						
General government	\$ 1,272,291	\$ 76,713	\$ -	\$ 39,368	\$ (1,156,210)	
Code and planning	397,001	108,359	-	-	(288,642)	
Total general government	<u>1,669,292</u>	<u>185,072</u>	<u>-</u>	<u>39,368</u>	<u>(1,444,852)</u>	
Public safety and judiciary:						
Municipal court	-	259,489	-	-	259,489	
Fire	1,736,006	90,451	293,382	-	(1,352,173)	
Police and Animal Control	1,969,113	40,015	133,209	-	(1,795,889)	
Emergency management	10,748	-	-	-	(10,748)	
911 operations	-	68,831	-	-	68,831	
Total public safety and judiciary	<u>3,715,867</u>	<u>458,786</u>	<u>426,591</u>	<u>-</u>	<u>(2,830,490)</u>	
Public Works:						
Streets	662,897	104,199	-	-	(558,698)	
Total public works	<u>662,897</u>	<u>104,199</u>	<u>-</u>	<u>-</u>	<u>(558,698)</u>	
Cultural, parks and recreation:						
Parks	63,233	-	-	-	(63,233)	
Total cultural, parks and recreation	<u>63,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,233)</u>	
Financing costs	16,472	-	-	-	(16,472)	
Unallocated depreciation	417,170	-	-	-	(417,170)	
<b>Total governmental activities</b>	<b>6,544,931</b>	<b>748,057</b>	<b>426,591</b>	<b>39,368</b>	<b>(5,330,915)</b>	
<b>Business-type activities</b>						
Water & sewer	2,764,684	3,973,295	-	2,396,161	3,604,772	
Solid waste	624,966	621,973	-	-	(2,993)	
Storm water	100	100,212	-	-	100,112	
Industrial Authority	267,995	357,456	-	-	89,461	
Financing costs	1,953,591	-	-	-	(1,953,591)	
Unallocated depreciation	834,823	-	-	-	(834,823)	
<b>Total business-type activities</b>	<b>6,446,159</b>	<b>5,052,936</b>	<b>-</b>	<b>2,396,161</b>	<b>1,002,938</b>	
<b>Total Primary Government</b>	<b>\$ 12,991,090</b>	<b>\$ 5,800,993</b>	<b>\$ 426,591</b>	<b>\$ 2,435,529</b>	<b>\$ (4,327,977)</b>	

*(continued next page.)*

**CITY OF GLENPOOL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (Continued)**  
**Year Ended June 30, 2016**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net (expense)/revenue</b>	\$ (5,330,915)	\$ 1,002,938	\$ (4,327,977)
<b>General revenues:</b>			
Taxes:			
Sales and use taxes	6,636,479	-	6,636,479
Franchise taxes	389,059	-	389,059
Hotel/motel tax	167,601	-	167,601
Intergovernmental	96,114	-	96,114
Investment earnings	677	6,787	7,464
Miscellaneous/Other Fees	6,375	246,077	252,452
Rental income	65,559	-	65,559
Gain (loss) on sale of capital assets	3,864	-	3,864
Transfers - internal activities	(1,931,201)	1,931,201	-
<b>Total general revenues and transfers</b>	<b>5,434,527</b>	<b>2,184,065</b>	<b>7,618,592</b>
<b>Change in net position</b>	<b>103,612</b>	<b>3,187,003</b>	<b>3,290,615</b>
<b>Net position (deficit) - beginning of year</b>	<b>8,360,639</b>	<b>(10,388,654)</b>	<b>(2,028,015)</b>
<b>Net position (deficit) - end of year</b>	<b>\$ 8,464,251</b>	<b>\$ (7,201,651)</b>	<b>\$ 1,262,600</b>

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

**CITY OF GLENPOOL**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<b>Capital Projects</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Parks &amp; Rec Fund</b>	<b>Capital Improvement Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 627,756	\$ -	\$ -	\$ 627,756
Due from other governments	973,311	- -	- -	973,311
Accounts receivable, net	168,312	- -	- -	168,312
Due from other funds	2,604,421	- -	- -	2,604,421
Restricted assets:				
Cash and cash equivalents	78,313	153,820	167,820	399,953
Total assets	<u><u>\$ 4,452,113</u></u>	<u><u>\$ 153,820</u></u>	<u><u>\$ 167,820</u></u>	<u><u>\$ 4,773,753</u></u>
<b>Liabilities and Fund Balances:</b>				
Liabilities				
Accounts payable	\$ 143,510	\$ -	\$ -	\$ 143,510
Payable to other governments	3,660	- -	- -	3,660
Other accrued expenses	1,197	- -	- -	1,197
Amounts held in escrow	1,574	- -	- -	1,574
Total liabilities	<u><u>149,941</u></u>	<u><u>- -</u></u>	<u><u>- -</u></u>	<u><u>149,941</u></u>
Fund balances				
Restricted	78,313	153,820	- -	232,133
Assigned	- -	- -	167,820	167,820
Unassigned	<u><u>4,223,859</u></u>	<u><u>- -</u></u>	<u><u>- -</u></u>	<u><u>4,223,859</u></u>
Total fund balances	<u><u>4,302,172</u></u>	<u><u>153,820</u></u>	<u><u>167,820</u></u>	<u><u>4,623,812</u></u>
<b>Total liabilities and fund balance</b>	<b><u><u>\$ 4,452,113</u></u></b>	<b><u><u>\$ 153,820</u></u></b>	<b><u><u>\$ 167,820</u></u></b>	<b><u><u>\$ 4,773,753</u></u></b>

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, 2016**

**Total Fund Balances - Governmental Funds** \$ 4,623,812

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 assets consist of:

Construction in progress	18,347
Infrastructure	1,321,323
Buildings	8,826,996
Equipment	2,363,819
Vehicles	2,643,362
Accumulated depreciation	(7,112,171)
	<hr/>
	8,061,676

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

Pension related deferred outflows	356,856
Total	<hr/> 356,856

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	(168,874)
Net pension liability	(3,428,289)
Pension related deferred inflows	(443,139)
Accrued interest payable	(10,639)
Capital leases payable	(492,066)
Notes payable	(35,086)
Total	<hr/> (4,578,093)

**Total Net Position - Governmental Activities** \$ 8,464,251

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

**CITY OF GLENPOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2016**

	<b>General Fund</b>	<b>Capital Projects</b>		<b>Total Governmental Funds</b>
		<b>Parks &amp; Rec Fund</b>	<b>Capital Improvement</b>	
<b>Revenues:</b>				
Taxes	\$ 7,261,973	\$ -	\$ -	\$ 7,261,973
Licenses and permits	76,713	-	-	76,713
Charges for services	212,250	26,575	-	238,825
Intergovernmental programs	711,917	-	-	711,917
Fines and forfeits	259,489	-	-	259,489
Interest income	677	-	-	677
Miscellaneous	77,136	-	-	77,136
<b>Total revenues</b>	<b>8,600,155</b>	<b>26,575</b>	<b>-</b>	<b>8,626,730</b>
<b>Expenditures:</b>				
Current:				
General government	1,677,874	-	-	1,677,874
Public safety	4,137,399	-	-	4,137,399
Highways and roads	663,396	-	-	663,396
Cultural and recreational	63,233	-	-	63,233
Debt Service:				
Principal	96,267	-	-	96,267
Interest expense	17,831	-	-	17,831
Capital outlay	183,685	-	18,347	202,032
<b>Total expenditures</b>	<b>6,839,685</b>	<b>-</b>	<b>18,347</b>	<b>6,858,032</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,760,470</b>	<b>26,575</b>	<b>(18,347)</b>	<b>1,768,698</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	1,068,466	-	1,824,429	2,892,895
Operating transfers out	(2,827,167)	-	(1,686,929)	(4,514,096)
Lease proceeds	183,685	-	-	183,685
<b>Total other financing sources (uses)</b>	<b>(1,575,016)</b>	<b>-</b>	<b>137,500</b>	<b>(1,437,516)</b>
<b>Net change in fund balances</b>	<b>185,454</b>	<b>26,575</b>	<b>119,153</b>	<b>331,182</b>
Fund balances - beginning of year	4,116,718	127,245	48,667	4,292,630
<b>Fund balance - end of year</b>	<b>\$ 4,302,172</b>	<b>\$ 153,820</b>	<b>\$ 167,820</b>	<b>\$ 4,623,812</b>

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, 2016**

**Net Change in Fund Balances - Total Governmental Funds**      \$      331,182

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:      378,859

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	202,032
Book value of land transferred	(310,000)
Depreciation expense	(417,170)

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 proceeds	(183,685)
Capital lease obligation principal payments	96,267

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	1,359
Accrued compensated absences	4,768

**Change in Net Position of Governmental Activities**      \$      103,612

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

**CITY OF GLENPOOL**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2016**

	<b>Enterprise Funds</b>			<b>Total Enterprise Funds</b>	
	<b>Glenpool Utility Service Authority</b>	<b>Glenpool Industrial Authority</b>	<b>Total Enterprise Funds</b>		
<b>ASSETS</b>					
Current assets:					
Cash and equivalents	\$ 74,526	\$ 817,442	\$ 891,968		
Restricted cash and equivalents	75,036	-	75,036		
Accounts receivable, net	530,194	89,795	619,989		
Due from other governments	179,204	-	179,204		
Due from other funds	-	-	-		
Notes receivable	-	271,754	271,754		
Other assets	-	-	-		
Total current assets	<u>858,960</u>	<u>1,178,991</u>	<u>2,037,951</u>		
Non-current Assets:					
Restricted investments	2,667,674	-	2,667,674		
Capital assets:					
Land and construction in process	4,058,069	790,466	4,848,535		
Depreciable buildings, equipment and infrastructure, net of	28,350,148	-	28,350,148		
Total non-current assets:	<u>35,075,891</u>	<u>790,466</u>	<u>35,866,357</u>		
Total assets	<u>35,934,851</u>	<u>1,969,457</u>	<u>37,904,308</u>		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	314,239	6,824	321,063		
Accrued interest payable	163,718	-	163,718		
Accrued compensated absences	4,651	3,530	8,181		
Due to other funds	2,604,421	-	2,604,421		
Deposits subject to refund	295,072	-	295,072		
Notes Payable	208,193	-	208,193		
Revenue Bonds Payable	865,000	-	865,000		
Claim settlement liability	125,000	-	125,000		
Total current liabilities	<u>4,580,294</u>	<u>10,354</u>	<u>4,590,648</u>		
Non-current liabilities:					
Notes Payable	3,000,311	-	3,000,311		
Revenue Bonds Payable	37,265,000	-	37,265,000		
Claim settlement liability	250,000	-	250,000		
Total non-current liabilities	<u>40,515,311</u>	<u>-</u>	<u>40,515,311</u>		
Total Liabilities	<u>45,095,605</u>	<u>10,354</u>	<u>45,105,959</u>		
<b>Net position:</b>					
Net investment in capital assets	(9,305,287)	790,466	(8,514,821)		
Restricted	2,453,483	-	2,453,483		
Unrestricted (deficit)	(2,308,950)	1,168,637	(1,140,313)		
<b>Net position (deficit)</b>	<u>\$ (9,160,754)</u>	<u>\$ 1,959,103</u>	<u>\$ (7,201,651)</u>		

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

**CITY OF GLENPOOL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2016**

	<b>Enterprise Funds</b>		
	<b>Glenpool Utility Service Authority</b>	<b>Glenpool Industrial Authority</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues:</b>			
Water revenue	\$ 2,563,311	\$ -	\$ 2,563,311
Sewer revenue	1,279,631	-	1,279,631
Solid waste revenue	604,524	-	604,524
Water taps	97,500	-	97,500
Sewer taps	22,250	-	22,250
Solid waste management fees	17,449	-	17,449
Storm water management fees	100,212	-	100,212
Water/sewer fees	10,603	-	10,603
Connect/transfer fees	8,531	-	8,531
Delinquent fees	126,423	-	126,423
Miscellaneous charges	45,241	21,472	66,713
Reconnect fees	44,410	-	44,410
Lease revenue	-	357,456	357,456
<b>Total revenues</b>	<b>4,920,085</b>	<b>378,928</b>	<b>5,299,013</b>
<b>Operations expense:</b>			
Water and Sewer operations	2,764,684	-	2,764,684
Solid waste operations	624,966	-	624,966
Stormwater operations	100	-	100
Conference Center operations	-	267,995	267,995
Depreciation	834,823	-	834,823
<b>Total operations expense</b>	<b>4,224,573</b>	<b>267,995</b>	<b>4,492,568</b>
<b>Operating income (loss)</b>	<b>695,512</b>	<b>110,933</b>	<b>806,445</b>
<b>Non-operating revenues (expenses):</b>			
Interest revenue	3,597	3,190	6,787
Interest expense and fiscal agent charges	(1,953,591)	-	(1,953,591)
<b>Total Non-operating revenues (expenses)</b>	<b>(1,949,994)</b>	<b>3,190</b>	<b>(1,946,804)</b>
<b>Income (loss) before operating transfers</b>	<b>(1,254,482)</b>	<b>114,123</b>	<b>(1,140,359)</b>
Capital Contributions	2,396,161	-	2,396,161
Transfers in	2,718,484	418,683	3,137,167
Transfers out	(1,169,055)	(36,911)	(1,205,966)
<b>Change in net position</b>	<b>2,691,108</b>	<b>495,895</b>	<b>3,187,003</b>
<b>Total Net position (deficit), beginning</b>	<b>(11,851,862)</b>	<b>1,463,208</b>	<b>(10,388,654)</b>
<b>Total Net position (deficit), ending</b>	<b>\$ (9,160,754)</b>	<b>\$ 1,959,103</b>	<b>\$ (7,201,651)</b>

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

**CITY OF GLENPOOL**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2016**

	<b>Enterprise Funds</b>		
	<b>Glenpool Utility Service Authority</b>	<b>Glenpool Industrial Authority</b>	<b>Total Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers & service users	\$ 4,651,779	\$ 301,037	\$ 4,952,816
Cash payments for goods & services & employees	(3,198,237)	(320,561)	(3,518,798)
Net cash provided (used) by operating activities	<u>1,453,542</u>	<u>(19,524)</u>	<u>1,434,018</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	-	(36,911)	(36,911)
Transfers from other funds	-	108,683	108,683
Negative cash balance implicitly financed	<u>440,581</u>	<u>-</u>	<u>440,581</u>
Net cash provided (used) for noncapital financing activities	<u>440,581</u>	<u>71,772</u>	<u>512,353</u>
<b>Cash flows from capital and related financing activities:</b>			
Transfers from other funds	2,718,484	-	2,718,484
Transfers to other funds	(1,169,055)	-	(1,169,055)
Acquisition & construction of capital assets	(224,692)	-	(224,692)
Principal paid on debt	(1,169,278)	-	(1,169,278)
Interest paid on debt	(1,911,194)	-	(1,911,194)
Fiscal agent fees	<u>(45,592)</u>	<u>-</u>	<u>(45,592)</u>
Net cash provided (used) for capital and related financing activities	<u>(1,801,327)</u>	<u>-</u>	<u>(1,801,327)</u>
<b>Cash flows from investing activities:</b>			
(Purchase) liquidation of investments	(85,565)	-	(85,565)
Receipts on notes receivable	-	2,221	2,221
Interest on investments	<u>3,597</u>	<u>3,190</u>	<u>6,787</u>
Net cash provided by investing activities	<u>(81,968)</u>	<u>5,411</u>	<u>(76,557)</u>
Net increase (decrease) in cash & cash equivalents	10,828	57,659	68,487
Cash and cash equivalents - beginning of year	<u>138,734</u>	<u>759,783</u>	<u>898,517</u>
Cash and cash equivalents - end of year	<u>\$ 149,562</u>	<u>\$ 817,442</u>	<u>\$ 967,004</u>
<b>Reconciliation of operating income to net cash</b>			
Operating income (loss)	\$ 695,512	\$ 110,933	\$ 806,445
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>			
Depreciation	834,823	-	834,823
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(290,790)	(77,891)	(368,681)
Increase (decrease) in customer deposits	22,483	-	22,483
(Increase) decrease in prepaid assets	229	5	234
Increase (decrease) in accounts payable	197,457	(23,269)	174,188
Increase (decrease) in accrued expenses	(5,789)	(522)	(6,311)
Increase (decrease) in due to other funds	-	(32,310)	(32,310)
Increase (decrease) in compensated absences	<u>(383)</u>	<u>3,530</u>	<u>3,147</u>
<b>Total adjustments</b>	<u>758,030</u>	<u>(130,457)</u>	<u>627,573</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,453,542</u>	<u>\$ (19,524)</u>	<u>\$ 1,434,018</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**CITY OF GLENPOOL, OKLAHOMA**  
**JUNE 30, 2016**

---

**Note I: Summary of Significant Accounting Policies**

- A. General Statement
- B. Reporting Entity
- C. Basis of Presentation
- D. Measurement Focus and Basis of Accounting
- E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity
- F. Adoption of New Accounting Standards
- G. Revenues, Expenditures and Expenses
- H. Internal and Interfund Balances and Activities
- I. Use of Estimates
- J. Pensions

**Note II: Stewardship, Compliance and Accountability**

- A. Fund Accounting Requirements
- B. Deposits and Investments
- C. Revenue Restrictions
- D. Debt Restrictions and Covenants
- E. Fund Equity/Net Position Restrictions

**Note III: Detailed Notes on Transactions Classes/Accounts**

- A. Deposits and Investments
- B. Accounts Receivable
- C. Accounts Payable
- D. Restricted Assets
- E. Capital Assets
- F. Interfund Receivables and Payables
- G. Interfund Transfers
- H. Long-term Liabilities
- I. Applicability of Federal Arbitrage Regulations
- J. Changes in Long-term Liabilities
- K. Maturities of Long-term Debt
- L. Refunding of Long-term Debt
- M. Pledge of Future Revenues

**Note IV: Employee Pension Plans and Other Post-Employment Benefits**

- A. Pension Plan Obligations
  - 1. Oklahoma Firefighters Pension & Retirement System (FPRS)
  - 2. Oklahoma Police Pension & Retirement System (OPPRS)
  - 3. Oklahoma Municipal Retirement Fund (OMRF)
- B. Other Post-Employment Benefits

**Note V: Risk Management**

**Note VI: Contingent Liabilities**

**Note VII: Recently Issued Accounting Standards**

- A. GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” Subsequent Events
- B. GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”
- C. GASB Statement No. 77, “Tax Abatement Disclosures”
- D. GASB Statement No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans”
- E. GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”
- F. GASB Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14”
- G. GASB Statement No. 81, “Irrevocable Split-Interest Agreements”
- H. GASB Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73”

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. General Statement**

The financial statements of the City of Glenpool, Oklahoma (the "City") are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The more significant accounting policies of the City are described below.

##### **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, code and planning, public safety and judiciary (fire, police, animal control and court), public works, and culture, parks and recreation 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 blended component units or trusts, entities for which the City is considered to be financially accountable. Public trusts, although legally separate entities are, in substance, part of the City's operations; therefore, data from these blended component units are combined with the data of the primary government.

##### **Blended Component Units:**

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

The Glenpool Industrial Authority (the "GIA") was created September 28, 1981, for the benefit of the City of Glenpool, Oklahoma. The GIA was created to promote the development of industry and to provide additional employment in the Glenpool, Oklahoma, area. The 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. The GIA is exempt from State and Federal Income taxes. The GIA is reported as an enterprise fund.

##### **C. Basis of Presentation**

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

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements:** The reporting entity is organized into funds, each of which is considered a separate accounting entity. Separate financial statements are provided for the three fund categories which are governmental, proprietary and fiduciary. For the governmental and proprietary fund categories, an emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding fund category total, and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental funds and enterprise funds combined.

The funds of the City are described below:

- a. **General Fund:** The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue Fund:** Special revenue funds are used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes or otherwise segregated for accounting purposes. The City had no special revenue funds active during the fiscal year ending June 30, 2016.
- c. **Debt Service Fund:** The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for the payment of long term debt principal, interest and related costs. The City had no debt service funds active during the fiscal year ending June 30, 2016.
- d. **Capital Projects Fund:** A capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The following capital projects funds were active during the fiscal year ending June 30, 2016:

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

- Parks & Recreation Fund. This fund does not meet the percentage criteria for a major fund but has been presented within the governmental type financial statements.
- Capital Improvement Fund

e. **Enterprise Fund:** An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, management control, accountability or other purpose. The reporting entity includes the following enterprise funds:

- Glenpool Utility Service Authority (GUSA): Accounts for the operations of providing public works (water, sewer and sanitation) to the City.
- Glenpool Industrial Authority (GIA): Promotes the development of industry in the City and operates the Glenpool Conference Center, which is dedicated to attracting business and social functions to Glenpool. This fund does not meet the percentage criteria for a major fund but the City has elected to treat this 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.

#### **D. Measurement Focus and Basis of Accounting**

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

The government-wide statement of net position and statement of activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental funds financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means revenues are collectible within the current period or within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest and accrued compensated absences which are recorded when due.

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

1. **Cash and Cash Equivalents:** Cash in bank, cash on hand and short-term investments with original maturities of ninety days or less are reported as cash and cash equivalents. The resources of the individual funds are general in purpose and combined to form a pool of investments which is managed by the Director of Finance. These pooled assets are stated at amortized cost if the investment had a maturity of one year or less at the time of purchase. All investments held are authorized under Oklahoma State Statutes. Permissible investments include direct obligations of the U. S. government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations.
2. **Investments:** Money market investments with an original maturity of one year or less are recorded at amortized cost. Long term investments are recorded at fair value.
3. **Accounts Receivable/Due from Other Governments:** In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable of \$431,888, consisting mostly of unpaid court fines, are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes and court fines. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable of \$295,591 are based upon historical trends and the periodic aging of accounts receivable.
4. **Restricted Assets:** Proceeds from debt and related sinking fund accounts and contributions from governmental grantors to the Enterprise Funds are classified as restricted assets, since their use is restricted by applicable bond indentures and grant agreements. Customer utilities deposits held by the City are classified as restricted assets.
5. **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.
6. **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

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

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

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:

Class of Asset	Estimated Useful Life
Buildings	40 years
Furniture, Fixtures and Equipment	3-5 years
Land Improvements	20 years
Vehicles	5-20 years
Infrastructure	10-50 years

7. **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.
8. **Long-term Debt:** Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.
  - a. **Government-wide Financial Statements:** All long-term debts to be repaid from governmental and business-type component unit resources are reported as liabilities in the government-wide statements. The long-term debts consists primarily of accrued compensated absences, pension benefits, capital leases payable, notes payable and revenue bonds payable.
  - b. **Fund Financial Statements:** Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. Payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.
9. **Deferred Outflow/Inflow of Resources:** In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) which will not be recognized as an outflow of resources until that time. The City reports deferred outflows related to pension contributions subsequent to the measurement date, the change in proportion, and the difference between the expected and actual plan experience.

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenues) until that time. The City reports the deferred inflows related to pension accounting for the net difference between projected and actual earnings on pension plan investments and the change in proportion.

#### **10. Equity Classifications**

- a. Government-wide Financial Statements: Equity is classified as net position and is displayed in three components:
  - Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
  - Restricted – This component of net position consists of constraints placed on net position use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through ordinance or other enabling legislation. For the year ended June 30, 2016, the statement of net position reports restricted net position in the amount of \$2,685,284.
  - Unrestricted – This component of net position consists of net positions that do not meet the definition of “net investment in capital assets” or “restricted.”

When both restricted and unrestricted net positions are available for use, it is the City's policy to use restricted resources first.

- b. Fund Financial Statements: As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balances for governmental funds are made up of the following:
  - Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. These restrictions arise from bond indentures and votes of the citizens of Glenpool. Restrictions may effectively be changed or lifted only with the consent of the applicable resource providers.
  - Assigned fund balance comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City's Council or (2) a body or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes. Such delegation is

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

made to the City Manager, CFO, or applicable department manager at a City Council meeting and is recorded in the meeting minutes.

- Unassigned fund balance – the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Additionally, although the City Council has not adopted a formal fund balance policy, the City considers committed, then assigned, then unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

#### **F. Adoption of New Accounting Standards**

During the year, the City or its Component Units adopted the following accounting standards:

GASB Statement No. 72, “Fair Value Measurement and Application”— This Statement addresses accounting and financial reporting issues related to fair value measurements. The application of this statement resulted in the categorization of City investment assets as reflected in Note III A(2).

GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68” – The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement did not have an impact on the City’s financial statements.

GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”— The objective of this Statement is to identify the hierarchy of generally accepted accounting principles and supersedes GASB Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” This statement did not have an impact on the City’s financial statements.

#### **G. Revenues, Expenditures and Expenses**

**1. Sales Tax:** The City levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The entire sales tax is recorded as revenue within the General Fund. Upon receipt, the General Fund distributes the dedicated portion of the sales tax as follows:

- Three cents retained by the General Fund for operations.
- One cent transferred to the Capital Improvement Fund as approved by the voters in 2001 to be used for capital projects or debt service related to capital projects.

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

2. **Property Tax:** Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonds and court-assessed judgments. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The County Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. As of June 30, 2016 the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2016.
3. **Program Revenues:** In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each listed activity:

Activity	Program Revenue
General Government	Licenses and Permits, development and zoning fees, inspection fees, operating and capital grants.
Public Safety & Judiciary	Court fines and forfeitures, operating and capital grants, donations from outside contributors.
Public Works	Motor fuel tax, commercial vehicle tax.

All other governmental revenues are reported as general. Aside from motor vehicle taxes, all taxes are classified as general revenue even if restricted for a specific purpose.

4. **Operating Revenues and Expenses:** Operating revenues and expenses for proprietary funds and similar discretely presented component units are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities.

#### 5. Expenditures/Expenses:

- a. **Government-wide Financial Statements:** In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.
- b. **Fund Financial Statements:** In the fund financial statements, governmental funds report expenditures of financial resources which are classified as follows:
  - Current (further classified by function)
  - Debt Service
  - Capital Outlay

Proprietary funds report expenses relating to use of economic resources.

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **H. Internal and Interfund Balances and Activities**

- 1. Government-wide Financial Statements:** In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. The eliminations or reclassifications, if any, in the government-wide statements are as follows:
  - Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
  - Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.
- 2. Fund Financial Statements:** Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:
  - Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
  - Interfund services – sales or purchases of goods and services between funds are reported as revenue and expenditures/expenses.
  - Interfund reimbursements – repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements. Rather, the reimbursements are reported as adjustments to expenditures/expenses in the respective funds.
  - Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

#### **I. Use of Estimates**

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

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **J. Pensions**

For purposes of measuring the net pension asset, 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 Firefighter's Pension & Retirement System (OFPRS) and Oklahoma Police Pension & Retirement System (OPPRS), and additions to/deductions from OFPRS and OPPRS's fiduciary net position have been determined on the same basis as they are reported by OFPRS and OPPRS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources is detailed below.

#### **A. Fund Accounting Requirements**

The City complies, in all material respects, with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<b>Fund</b>	<b>Required by</b>
Glenpool Utility Service Authority Funds	Trust Indenture
Glenpool Industrial Authority Funds	Trust Indenture

#### **B. Deposits and Investments**

The City maintains a cash pool that is available for use by most funds, as discussed in Note I. In addition, cash and investments are separately held by several of the City's funds.

It is the City's policy to use state statutes (as they relate to municipal deposits and investments) as the City's deposit and investment guide. Therefore, the City collateralizes 100% of all deposit amounts, including interest, not covered by federal deposit insurance. Obligations that may be pledged as collateral include U.S. government issues, U.S. government insured securities, State of Oklahoma bonds, and bonds of any Oklahoma county or school district.

Public trusts created under O.S. Title 60, are not subject to the statutory investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2016, the City and its public trusts complied, in all material respects, with these investment restrictions.

#### **C. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Revenue Source	Legal Restriction of Use
Sales Tax	See Note I
Gasoline Excise and Commercial Vehicle Tax	Street and alley purposes
E-911 Revenue	E-911 Emergency Service Purposes
Ad Valorem Tax	Debt service on bonds and judgements
Grants Revenue	Based on individual grant agreements

For the year ending June 30, 2016, the City complied, in all material respects, with these revenue restrictions.

#### D. Debt Restrictions and Covenants

- 1. General Obligation Debt:** Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2016, the City complied with this restriction.
- 2. Other Long-term Debt:** As required by the Oklahoma State Constitution, the City (excluding public trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without obtaining voter approval. For the year ended June 30, 2016, no such debt was incurred by the City.
- 3. Revenue Bond Debt:** The bond indenture relating to the revenue bond issue of the GUSA contains a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, required reserve account balances, and revenue bond debt service coverage requirements. The following schedule presents a brief summary of the most significant requirements and the GUSA's level of compliance thereon as of June 30, 2016.

Requirement	Legal of Compliance
Flow of funds through General Fund, Capital Improvement Fund, and other bond accounts	All required accounts have been established and are used per bond indenture requirements
Reserve Account	The bonds are secured by a Bond Fund Reserve Account held by the GUSA's trustee bank.
Revenue Bond and Oklahoma Water Resources Board Note Requirement	For the year ended June 30, 2016, available sales tax and revenues, as defined by the bond indenture, was \$11,382,396; the bond coverage requirement is operating and maintenance excluding depreciation, or \$3,389,650, plus 125% of primary principal and interest plus 125% of subordinate principal and interest, or \$3,741,331. Excess coverage was \$4,251,415, or 1.14 times the required principal, interest and fee coverage.

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **E. Fund Equity/Net Position Restrictions.**

Title 11, section 17-211 of the Oklahoma statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). The City had no fund balance deficits at June 30, 2016.

### **III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS**

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

#### **A. Deposits and Investments**

- 1. Deposits:** Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The deposit policy of the City for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds or bonds of any county or school district of the State of Oklahoma. At June 30, 2016 the City's bank balance of \$1,766,838 was not exposed to custodial credit risk.
- 2. Investments:** The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

**Interest Rate Risk**—Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investment policy does not address interest rate risk.

**Credit Risk**—Investment credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit risk.

**Concentration of Credit Risk**—The City places no limit on the amount that may be invested in any one issuer.

**Custodial Credit Risk**—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial risk. However, the City's investments are in the City's name, thus the City has no custodial risk at June 30, 2016.

**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.

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

- 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).

**Fair Value Measurement**—The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2016, mutual funds held by the City were valued using quoted prices in active markets (Level 1 inputs). The City had the following deposits and investments at June 30, 2016:

Type	Weighted Average Maturity (Months)	Credit Rating	Value
Demand deposits and cash on hand	N/A	(1)	\$ 1,920,187
Money market funds	N/A	P-1	2,453,483
Certificates of deposit	9.2	(1)	288,717
			<u>\$ 4,662,387</u>

(1) Not subject to rating

Reconciliation to Statement of Net Position	
Cash and cash equivalents	\$ 1,519,724
Restricted Cash and cash equivalents	474,989
Restricted investments	2,667,674
	<u>\$ 4,662,387</u>

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **B. Accounts Receivable**

The accounts receivable of the governmental activities consist of hotel tax, franchise taxes, court fines and E911 fees. The remaining receivables are intergovernmental and/or due from various customers. The accounts receivable of the business-type activities are amounts due from utility customers and conference center operations. All receivables are expected to be collected within one year.

#### **C. Accounts Payable**

Accounts payable balances are payables to vendors. Accrued liabilities are salaries and wages payable as well as accrued insurance where applicable.

#### **D. Restricted Assets**

Certain assets of the City are restricted in their use through grant agreements. Cash in the amount of \$59,266 at June 30, 2016 has been restricted in use for the purchase of police equipment and training. In addition, cash collected from developer fees in the amount of \$153,820 as of June 30, 2016 has been reserved for future park improvements. An additional \$167,820 in cash is restricted for matching funds related to the construction of sidewalk improvements through an agreement with the Oklahoma Department of Transportation. Further, municipal court bonds received in relation to defendant warrants are restricted in their use toward resolution of the defendant's warrants. As of June 30, 2016, cash in the amount of \$19,047 has been restricted for municipal court bonds.

Certain assets of the GUSA are restricted in their use by bond and note indentures. Investments, classified as non-current, in the amount of \$731,706 at June 30, 2016 have been restricted in use to the service of debt. Investments, classified as noncurrent, in the amount \$1,721,777 at June 30, 2016 have been restricted for the purpose of financing future construction of capital improvements of the City. Customer deposits received for water, sewer and refuse service are restricted in their use toward the customer's final bill. As of June 30, 2016 cash and cash equivalents in the amount of \$289,227, of which \$75,036, is classified as current and \$214,191 is classified as non-current, have been restricted for customer deposits.

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

#### E. Capital Assets

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

	Balance 6/30/2015	Additions	Disposals	Balance 6/30/2016
<b>Governmental Activities</b>				
Non-depreciable assets:				
Land	\$ 310,000	\$ -	\$ (310,000)	\$ -
Construction in progress	-	18,347	-	18,347
Total non-depreciable assets	<u>310,000</u>	<u>18,347</u>	<u>(310,000)</u>	<u>18,347</u>
Depreciable assets:				
Buildings and improvements	8,826,996	-	-	8,826,996
Furniture, fixtures and equipment	2,363,819	-	-	2,363,819
Vehicles	2,609,128	183,685	(149,451)	2,643,362
Infrastructure	1,321,323	-	-	1,321,323
Total depreciable assets	<u>15,121,266</u>	<u>183,685</u>	<u>(149,451)</u>	<u>15,155,500</u>
Less accumulated depreciation:				
Buildings and improvements	(2,660,771)	(220,045)	-	(2,880,816)
Furniture, fixtures and equipment	(2,052,533)	(48,149)	-	(2,100,682)
Vehicles	(2,051,853)	(100,254)	149,451	(2,002,656)
Infrastructure	(79,295)	(48,722)	-	(128,017)
Total accumulated depreciation	<u>(6,844,452)</u>	<u>(417,170)</u>	<u>149,451</u>	<u>(7,112,171)</u>
Net depreciable assets	<u>8,276,814</u>	<u>(233,485)</u>	<u>-</u>	<u>8,043,329</u>
Net governmental activities capital assets	\$ <u>8,586,814</u>	\$ <u>(215,138)</u>	\$ <u>(310,000)</u>	\$ <u>8,061,676</u>

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

	Balance 6/30/2015	Additions	Disposals	Balance 6/30/2016
<b>Business-Type Activities</b>				
Non-depreciable assets:				
Land	\$ 2,573,022	\$ 310,000	\$ -	\$ 2,883,022
Construction in progress	357,185	1,888,679	(280,351)	1,965,513
Total non-depreciable assets	<u>2,930,207</u>	<u>2,198,679</u>	<u>(280,351)</u>	<u>4,848,535</u>
Depreciable assets:				
Buildings and improvements	14,447,380	-	-	14,447,380
Furniture, fixtures and equipment	727,203	29,691	-	756,894
Vehicles	415,758	-	-	415,758
Infrastructure	19,421,677	982,278	-	20,403,955
Total depreciable assets	<u>35,012,018</u>	<u>1,011,969</u>	<u>-</u>	<u>36,023,987</u>
Less accumulated depreciation:				
Buildings and improvements	(1,561,333)	(360,155)	-	(1,921,488)
Furniture, fixtures and equipment	(547,512)	(23,293)	-	(570,805)
Vehicles	(346,555)	(16,720)	-	(363,275)
Infrastructure	(4,383,616)	(434,655)	-	(4,818,271)
Total accumulated depreciation	<u>(6,839,016)</u>	<u>(834,823)</u>	<u>-</u>	<u>(7,673,839)</u>
Net depreciable assets	<u>28,173,002</u>	<u>177,146</u>	<u>-</u>	<u>28,350,148</u>
Net Business-Type activities capital assets	\$ <u>31,103,209</u>	\$ <u>2,375,825</u>	\$ <u>(280,351)</u>	\$ <u>33,198,683</u>

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

#### F. Interfund Receivables and Payables

The City's General Fund made an advance to the GUSA to cover a cash deficit resulting from operating losses in prior years. The balance of this advance at June 30, 2016 was \$2,604,421 and will not be paid within one year.

#### G. Interfund Transfers

Interfund transfers were made to comply with sales tax collection provisions and agreements and to fund cash shortages in various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Interfund transfers reported in the fund financial statements for the year ended June 30, 2016, consisted of the following:

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Transfer In	Transfer Out				
	General Fund	Capital Improvement Fund	Glenpool Industrial Authority	Glenpool Utility Service Authority	Total
General Fund	\$0	\$0	\$36,911	\$1,031,555	\$1,068,466
Capital Improvement Fund	1,686,929	0	0	137,500	1,824,429
Glenpool Industrial Authority	108,683	0	0	0	108,683
Glenpool Utility Service Authority	1,031,555	1,686,929	0	0	2,718,484
	\$2,817,167	\$1,686,929	\$36,911	\$1,169,055	\$5,720,062

**Note:** Transfers - internal activities on the Statement of Activities and Changes in Net Position will not balance to this table because a transfer of \$310,000 in land from the Governmental funds to the GIA is included in the Statement of Activities and Changes in Net Position.

#### H. Long-term Liabilities

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type.

**1. Governmental Activities:** As of June 30, 2016, the governmental activities long-term debt consisted of the following:

Notes Payable	Balance 6/30/16
Oklahoma Department of Transportation (ODOT) Note dated November 6, 1995, original amount \$39,325 for right-of-way, monthly payments totaling \$1,200, no interest, commencing November, 1995 through June, 2027.	\$ 14,325
ODOT Note dated September 24, 1991, original amount \$44,661 for right-of-way, monthly payments totaling \$1,200, no interest, commencing July, 1996 through June, 2033.	20,761
Total Notes Payable	\$ 35,086
Current portion	\$ 2,400
Non-current portion	32,686
Total Notes Payable	\$ 35,086

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

	<b>Balance</b> <b>6/30/16</b>
<b><u>Capital Lease Obligations</u></b>	
\$472,765 capital lease with Oshkosh Capital for fire truck, interest rate of 4.5%, annual installments commencing September 24, 2011 through September 24, 2020, balloon payment October 24, 2020.	\$ 315,232
\$63,570 capital lease with Oklahoma State Bank for mowing equipment, interest rate of 2.4393%, monthly installments commencing August, 15, 2014 through January 15, 2017.	13,080
\$183,685 capital lease with Oklahoma State Bank for police cars, interest rate of 1.98%, monthly installments commencing March 16, 2016 through February 16, 2019.	163,754
Total Capital Leases	<u>\$ 492,066</u>
Current portion	\$ 115,572
Non-current portion	<u>376,494</u>
Total Capital Leases	<u>\$ 492,066</u>
<b><u>Accrued Compensated Absences</u></b>	
Non-current portion	\$ 168,874
Total Accrued Compensated Absences	<u>\$ 168,874</u>

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**2. Business-Type Activities:** As of June 30, 2016, the business-type activities long-term debt consisted of the following:

<b>Revenue Bonds Payable</b>	<b>Balance 6/30/16</b>
Series 2010A Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$29,575,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 2.7% to 5.15%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2040.	\$ 29,050,000
Series 2010B Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$2,740,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.0% to 6.0%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2025.	2,180,000
Series 2011 Utility Revenue Refunding Bond dated January 5, 2011, original issue amount of \$7,315,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.7% to 5.15%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2040.	6,900,000
<b>Total Revenue Bonds Payable</b>	<b>\$ 38,130,000</b>
Current portion	\$ 865,000
Non-current portion	37,265,000
<b>Total Revenue Bonds Payable</b>	<b>\$ 38,130,000</b>

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	<b>Balance</b> <b>6/30/16</b>
<b>Notes Payable</b>	
2001 Oklahoma Water Resources Board (OWRB) CWSRF Note dated May 1, 2001, original amount \$1,361,388, secured by utility revenues and pledged sales taxes, no interest plus administrative fee of 5%, semiannual installments of principal commencing September 1, 2001 through March 15, 2021.	\$ 340,347
2011 OWRB CWSRF Fixed Rate Note dated October 11, 2011, original amount of \$3,740,625, \$322,892 in principal forgiveness from Environmental Protection Agency Capitalization Grant for Clean Water State Revolving Funds, secured by utility revenues and pledged sales taxes, 2.16% interest plus administrative fee of 5%, semiannual installments of principal commencing September 15, 2014 through March 15, 2032.	2,868,157
<b>Total Notes Payable</b>	<b>\$ 3,208,504</b>
Current portion	\$ 208,193
Non-current portion	3,000,311
<b>Total Notes Payable</b>	<b>\$ 3,208,504</b>
 <b>Claim Settlement</b>	
2015 Creek County Rural Water District No. 2 Contract Dispute Settlement Agreement dated May 15, 2015, \$1,000,000 original amount, no interest, one payment of \$500,000 due June, 2015, with four additional annual payments of \$125,000 commencing May 15, 2016 through May 15, 2019.	\$ 375,000
<b>Total Claim Settlements</b>	<b>\$ 375,000</b>
 <b>Accrued Compensated Absences</b>	
Non-current portion	\$ 8,181
<b>Total Accrued Compensated Absences</b>	<b>\$ 8,181</b>
 <b>Deposits Subject to Refund</b>	
Non-current portion	\$ 295,072
<b>Total Deposits Subject to Refund</b>	<b>\$ 295,072</b>

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

#### I. Applicability of Federal Arbitrage Regulations

Certain debt issuances of the GUSA issued 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 an 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 it is in compliance with these rules and regulations.

#### J. Changes in Long-term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2016 are summarized below:

##### 1. Governmental Activities:

		<b>Balance</b> <b>June 30, 2015</b>	<b>Additions</b>	<b>Reductions</b>		<b>Balance</b> <b>June 30, 2016</b>
Notes payable	\$	37,486	\$ -	\$ (2,400)	\$	35,086
Capital lease obligations		402,247	183,685	(93,866)		492,066
Accrued Compensated Absences		173,642	-	(4,768)		168,874
Total	\$	<u>613,375</u>	\$ <u>183,685</u>	\$ <u>(101,034)</u>	\$	<u>696,026</u>

##### 2. Business-type Activities:

		<b>Balance</b> <b>June 30, 2015</b>	<b>Additions</b>	<b>Reductions</b>		<b>Balance</b> <b>June 30, 2016</b>
Revenue Bond 2010A	\$	29,575,000	\$ -	\$ (525,000)	\$	29,050,000
Revenue Bond 2010B		2,345,000	-	(165,000)		2,180,000
Revenue Bond 2011		7,050,000	-	(150,000)		6,900,000
OWRB 2001		408,417	-	(68,070)		340,347
OWRB 2011		3,004,366	-	(136,209)		2,868,157
Claim Settlement		500,000	-	(125,000)		375,000
Total	\$	<u>42,882,783</u>	\$ <u>-</u>	\$ <u>(1,169,279)</u>	\$	<u>41,713,504</u>

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **K. Maturities of Long-term Debt**

The debt service maturities for long-term indebtedness in the coming years are as follows:

##### **1. Governmental Activities:**

<b>Year Ending</b>				
<b>June 30,</b>		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$	117,972	\$ 16,989	\$ 134,961
2018		107,993	13,784	121,777
2019		90,064	10,626	100,690
2020		50,416	8,246	58,662
2021		137,620	6,085	143,705
2022-2026		12,000	315	12,315
2027-2031		8,325	-	8,325
2032-2034		2,761	-	2,761
<b>Total</b>	<b>\$</b>	<b>527,151</b>	<b>\$ 56,045</b>	<b>\$ 583,196</b>

##### **2. Businesss-type Activities:**

<b>Year Ending</b>				
<b>June 30,</b>		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$	1,198,193	\$ 1,876,681	\$ 3,074,874
2018		1,241,998	1,841,694	3,083,692
2019		1,275,905	1,806,662	3,082,567
2020		1,194,745	1,768,496	2,963,241
2021		1,234,038	1,727,009	2,961,047
2022-2026		6,545,577	7,879,034	14,424,611
2027-2031		8,056,829	6,280,555	14,337,384
2032-2036		9,366,220	4,193,508	13,559,728
2037-2041		11,600,000	1,553,240	13,153,240
	<b>\$</b>	<b>41,713,505</b>	<b>\$ 28,926,879</b>	<b>\$ 70,640,384</b>

#### **L. Refunding of Long-term Debt**

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, 2016 was \$9,355,000.

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

#### M. Pledge of Future Revenues

**Sales Tax Pledge:** The City has pledged four cents of future sales tax revenues to repay \$39,630,000 of Series 2010A, 2010B and 2011 Utility System Revenue Bonds. Proceeds from the bonds provided financing for capital assets. The bonds are payable from pledged sales tax revenues and further secured by net water, wastewater, solid waste and stormwater revenues. The bonds are payable through 2040, 2025 and 2040 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$66,484,464. Pledged sales taxes received in the current year were \$6,462,311 for the bonds and the net utility revenues were \$1,530,435. Debt service payments for the bonds of \$2,705,955 for the current fiscal year were 42% of the pledged sales taxes and 34% of both pledged sales taxes and utility revenues.

In addition, the City has pledged four cents of future sales tax revenues to repay \$5,102,013 of 2001 and 2011 OWRB Notes Payable. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and further secured by net water, wastewater, solid waste and stormwater revenues. The notes are payable through 2021 and 2032 respectively. The total principal and interest payable for the remainder of the life of these notes is \$3,780,920. Pledged sales taxes received in the current year were \$6,462,311 for the notes and the net utility revenues were \$1,530,435. Debt service payments for the notes of \$287,110 for the current fiscal year were 5% of the pledged sales taxes and 4% of both pledged sales taxes and utility revenues.

An annual appropriation for the transfer of pledged sales tax is made based on the annual debt service requirements. Net utility revenues are used first to service the debt for the bonds and notes payable, with any remaining pledged sales taxes transferred back to the General Fund. The total amount of pledged sales taxes used to service the debt in fiscal year 2016 was \$1,686,929.

## IV. EMPLOYEE PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

#### A. 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

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

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](http://www.ok.gov/fprs)

**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 \$137,546. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$338,954 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 \$293,382. 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, 2016, the City reported a liability of \$3,413,117 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

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, 2015. Based upon this information, the City's proportion was 0.3216% percent.

For the year ended June 30, 2016, the City recognized pension expense of \$279,171. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 67,432	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	254,424
Changes in proportion	-	45,696
Differences between City contributions and proportionate share of contributions	-	741
City contributions subsequent to the measurement date	137,546	-
<b>Total</b>	<b>\$ 204,978</b>	<b>\$ 300,861</b>

The \$137,546 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, 2017. 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:		
2017	\$ (87,695)	
2018	(87,695)	
2019	(87,695)	
2020	37,445	
2021	(5,263)	
Thereafter	(2,526)	
	<b>\$ (233,429)</b>	

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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, 2015, 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, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.13%
Domestic equity	42%	8.02%
International equity	15%	9.94%
Real estate	10%	7.47%
Other assets	13%	6.25%

**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:

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 4,431,576	\$ 3,413,117	\$ 2,558,933

**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](http://www.ok.gov/fprs).

## 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](http://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.

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

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

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 \$149,146. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$133,471 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 \$132,058. 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, 2016, the City reported a liability of \$15,172 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was 0.3721 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$54,102. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 83,895
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	58,383
Changes in proportion	1,485	-
Differences between City contributions and proportionate share of contributions	1,247	-
City contributions subsequent to the measurement date	<u>149,146</u>	-
<b>Total</b>	<b><u>\$ 151,878</u></b>	<b><u>\$ 142,278</u></b>

The \$149,146 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. 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:

2017	\$ (61,429)
2018	(61,429)
2019	(61,429)
2020	50,639
2021	<u>(5,898)</u>
	<u><u>\$ (139,546)</u></u>

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

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 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, 2015, 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, 2015, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private equity	5.80%
Commodities	2.96%

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

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

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 (asset)	\$ 911,602	\$ 15,172	\$ (740,582)

**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](http://www.ok.gov/OPPRS).

### 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 \$107,676, \$81,379 and \$81,802 for 2016, 2015 and 2014, 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 \$14,319, \$13,636, and \$52,679 for 2016, 2015 and 2014, 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.

## City of Glenpool, Oklahoma

### NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

---

#### B. Other Post-Employment Benefits (OPEB)

**Plan Description:** The City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired firefighters that elect to make required contributions. The benefits are provided in accordance with State law, firefighter's union contract 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.

Only full-time firefighters may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. As of June 30, 2016, one retired employee is receiving benefits under this plan.

**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 2016, the City contributed 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (1 retiree). Plan members receiving benefits contributed \$5,357, or approximately 100 percent of the total premiums, through their required contribution of \$536 per month for retiree medical coverage for the ten month period of their coverage.

**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 did not perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2016.

The City has determined that the difference between these pay-as-you-go costs and the OPEB annual cost and any OPEB obligation as defined by GASB Statement 45—*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, are immaterial; and therefore no net OPEB obligation is reported nor is any funding status and funding progress information reported by the City in regards to this plan.

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

#### **V. RISK MANAGEMENT**

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

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

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

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

#### **VI. 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.

#### **VII. 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. 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

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

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.

- B. 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.
- C. 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.
- D. GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" –** The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement will become effective for the City in the fiscal year ended June 30, 2017.
- E. GASB Statement No. 79, "Certain External Investment Pools and Pool Participants" –** This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will become effective for the City in the fiscal year ended June 30, 2017.
- F. GASB Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14" –** The objective of this Statement is to improve

## **City of Glenpool, Oklahoma**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

---

financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

**G. GASB Statement No. 81, "Irrevocable Split-Interest Agreements"** – The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

**H. GASB Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73"** – This Statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

**CITY OF GLENPOOL, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**REQUIRED SUPPLEMENTAL INFORMATION**

**Defined Benefit Cost Sharing Plans**

- A. Fire
  - Schedule of the City's proportionate share of the net pension liability (asset)
  - Schedule of City contributions
- B. 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**

**City of Glenpool, Oklahoma****SCHEDULE OF THE CITY OF GLENPOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)****OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.3216%	0.3263%
City's proportionate share of the net pension liability	\$3,413,117	\$3,354,967
City's covered-employee payroll	\$ 878,593	\$ 870,964
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	388%	385%
Plan fiduciary net position as a percentage of the total pension liability	68.27%	68.12%

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

**Notes to Schedule:**

Only two fiscal years are presented because 10-year data is not yet available.

**City of Glenpool, Oklahoma****SCHEDULE OF THE CITY OF GLENPOOL'S CONTRIBUTIONS****OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 137,546	\$ 122,123
Contributions in relation to the statutorially required contribution	<u>137,546</u>	<u>122,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 982,474	\$ 871,564
Contributions as a percentage of covered-employee payroll	14.00%	14.01%

**Notes to Schedule:**

Only two fiscal years are presented because 10-year data is not yet available.

**City of Glenpool, Oklahoma****SCHEDULE OF THE CITY OF GLENPOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)****OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.3721%	0.3703%
City's proportionate share of the net pension liability (asset)	\$ 15,172	\$ (124,661)
City's covered-employee payroll	\$1,051,731	\$1,035,823
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.44%	-12.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.82%	101.53%

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

**Notes to Schedule:**

Only two fiscal years are presented because 10-year data is not yet available.

**City of Glenpool, Oklahoma****SCHEDULE OF THE CITY OF GLENPOOL'S CONTRIBUTIONS****OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 149,146	\$ 136,836
Contributions in relation to the statutorially required contribution	<u>149,146</u>	<u>136,836</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,147,269	\$ 1,051,493
Contributions as a percentage of covered-employee payroll	13.00%	13.01%

**Notes to Schedule:**

Only two fiscal years are presented because 10-year data is not yet available.

**City of Glenpool, Oklahoma**  
**Budgetary Comparison Schedule**  
**General Fund**

**YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Beginning Budgetary Fund Balance</b>	\$ 3,895,444	\$ 3,895,444	\$ 4,116,718	\$ 221,274
<b>Resources (Inflows)</b>				
<b>TAXES</b>				
Sales Tax	6,617,540	6,617,540	6,462,311	(15,229)
Use Tax	180,000	180,000	174,168	(5,832)
Ad Valorem Tax	-	-	3	3
Lodging Tax	158,000	158,000	167,601	9,601
Franchise Tax	476,500	476,500	389,059	(87,441)
E911 Fees	80,000	80,000	68,831	(11,169)
Total Taxes	7,512,040	7,512,040	7,261,973	(250,067)
<b>LICENSES &amp; PERMITS</b>				
Solicitors License	900	900	550	(350)
Building Permits	30,000	30,000	37,970	7,970
Occupational Tax	3,000	3,000	4,300	1,300
Plumbing License	7,100	7,100	7,775	675
Electrical License	8,500	8,500	8,130	(370)
Mechanical License	4,000	4,000	4,680	680
Pet License	300	300	144	(156)
Assessment Letters	4,000	4,000	6,740	2,740
Fireworks Permits	4,000	4,000	6,100	2,100
Sign Permits	500	500	250	(250)
State Permit Fees	100	100	74	(26)
Total Licenses & Permits	62,400	62,400	76,713	14,313
<b>CHARGES FOR SERVICES</b>				
Development Fees	5,000	5,000	9,089	4,089
Zoning Fees	3,500	3,500	7,295	3,795
Inspection Fees	89,000	89,000	65,401	(23,599)
Dog Pound	5,200	5,200	9,864	4,664
Police Reports	600	600	653	53
First Responder Reimbursement	48,700	48,700	90,451	41,751
Police Special Services	30,000	30,000	29,498	(502)
Total Charges for Services	182,000	182,000	212,251	30,251
<b>INTERGOVERNMENTAL</b>				
Excise Tax	21,000	21,000	22,009	1,009
Cigarette Tax	75,000	75,000	76,171	1,171
Alcohol Tax	20,000	20,000	19,943	(57)
Commercial Vehicle Tax	88,000	88,000	82,191	(5,809)
CDBG Grant	64,465	64,465	44,753	(19,712)
Other Grants	-	-	(5,575)	(5,575)
Total Intergovernmental	268,465	268,465	239,492	(28,973)
<b>FINES &amp; FORFEITURES</b>				
Municipal Court	320,000	320,000	259,489	(60,511)
Federal Forfeitures	2,000	2,000	-	(2,000)
Total Fines & Forfeitures	322,000	322,000	259,489	(62,511)
<b>OTHER</b>				
Interest income	300	300	677	377
Refunds	35,000	35,000	15,275	(19,725)
Miscellaneous	20,000	20,000	(7,562)	(27,562)
Sale of Assets	-	-	3,864	3,864
Rental Income	31,800	31,800	65,559	33,759
Transfers in	1,095,525	1,095,525	1,068,466	(27,059)
Lease proceeds	-	185,600	183,685	(1,915)
Total Other	1,182,625	1,368,225	1,329,964	(38,261)
Total Resources (Inflows)	9,529,530	9,715,130	9,379,882	(335,248)
<b>Amounts Available for Appropriation</b>	13,424,974	13,610,574	13,496,600	(113,974)

**City of Glenpool, Oklahoma**  
**Budgetary Comparison Schedule**  
**General Fund**

**YEAR ENDED JUNE 30, 2016**

Charges to Appropriations (outflows)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
<b>GENERAL GOVERNMENT</b>				
City Clerk/Finance				
Personal Services	\$ 375,100	\$ 379,190	\$ 382,499	\$ 3,309
Supplies	69,250	64,760	29,464	(35,296)
Other Services & Charges	307,720	303,120	300,220	(2,900)
Travel and Training	10,500	10,500	6,366	(4,134)
Repairs and Maintenance	50,000	54,691	52,435	(2,256)
Miscellaneous	23,675	26,675	20,496	(6,179)
Total City Clerk/Finance	<u>836,245</u>	<u>838,936</u>	<u>791,480</u>	<u>(47,456)</u>
<b>PUBLIC SAFETY</b>				
POLICE:				
Personal Services	1,811,760	1,807,450	1,807,153	(297)
Supplies	113,000	100,600	87,497	(13,103)
Other Services & Charges	54,240	75,750	73,441	(2,309)
Travel and Training	13,000	13,000	11,442	(1,558)
Repairs and Maintenance	35,500	50,100	49,259	(841)
Miscellaneous	200	200	-	(200)
Capital Outlay	5,500	220,131	219,150	(981)
Total Police	<u>2,033,200</u>	<u>2,267,231</u>	<u>2,247,942</u>	<u>(19,289)</u>
FIRE:				
Personal Services	1,527,375	1,511,875	1,503,576	(8,299)
Supplies	34,500	45,000	34,464	(10,536)
Other Services & Charges	17,500	37,500	15,080	(22,420)
Travel and Training	8,500	3,000	2,365	(635)
Repairs and Maintenance	36,000	35,500	32,549	(2,951)
Miscellaneous	2,500	2,500	1,934	(566)
Total Fire	<u>1,626,375</u>	<u>1,635,375</u>	<u>1,589,968</u>	<u>(45,407)</u>
EMERGENCY MANAGEMENT:				
Supplies	5,000	13,000	10,748	(2,252)
Repairs and Maintenance	23,000	8,000	-	(8,000)
Total Emergency Management	<u>28,000</u>	<u>21,000</u>	<u>10,748</u>	<u>(10,252)</u>
<b>COMMUNITY DEVELOPMENT</b>				
Personal Services	381,480	379,570	368,528	(11,042)
Supplies	13,340	18,850	17,523	(1,327)
Other Services & Charges	12,000	11,200	11,359	159
Travel and Training	8,400	7,100	5,877	(1,223)
Repairs & Maintenance	2,500	1,890	272	(1,618)
Miscellaneous	2,500	1,110	1,058	(52)
Total Community Development	<u>420,220</u>	<u>419,720</u>	<u>404,617</u>	<u>(15,103)</u>
<b>ADMINISTRATION</b>				
Personal Services	358,265	356,125	342,756	(13,369)
Supplies	6,500	6,800	5,817	(983)
Other Services & Charges	142,000	120,000	109,775	(10,225)
Travel and Training	13,600	15,700	13,276	(2,424)
Miscellaneous	87,515	70,873	10,152	(60,721)
Total Administration	<u>607,880</u>	<u>569,498</u>	<u>481,776</u>	<u>(87,722)</u>

*(continued)*

**City of Glenpool, Oklahoma**  
**Budgetary Comparison Schedule**  
**General Fund**

**YEAR ENDED JUNE 30, 2016**

<b>Charges to Appropriations (outflows) (continued)</b>	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>STREETS &amp; PARKS</b>				
Personal Services	181,180	172,283	169,300	(2,983)
Supplies	45,500	33,430	29,588	(3,842)
Other Services & Charges	164,350	131,950	108,439	(23,511)
Travel and Training	2,500	500	177	(323)
Repairs and Maintenance	388,910	451,759	419,127	(32,632)
Total Streets & Parks	782,440	789,922	726,631	(63,291)
<b>OTHER FINANCING USES</b>				
Transfers out	3,105,955	3,075,955	2,827,167	(248,788)
Debt Service:				
Capital lease principal	130,750	108,550	96,267	(12,283)
Capital lease interest	17,865	17,865	17,831	(34)
Total Other Financing Uses	3,254,570	3,202,370	2,941,265	(261,105)
Total Charges to Appropriations	9,588,930	9,744,052	9,194,427	(549,625)
<b>Ending Budgetary Fund Balance</b>	<b>\$ 3,836,044</b>	<b>\$ 3,866,522</b>	<b>\$ 4,302,173</b>	<b>\$ 435,651</b>
<b>Ending Unobligated Budgetary Fund Balance</b>			<b>\$ 4,302,173</b>	

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

Total Resources per Budgetary Comparison Schedule	\$ 9,379,882
Add State Fire and Police pension on-behalf payments	472,425
Less Transfer in	(1,068,466)
Less Lease Proceeds	(183,685)
Total Revenues per Statement of Revenues, expenditures and changes in Fund Balance	\$ 8,600,156
Total Charges to Appropriations per Budgetary Comparison Schedule	\$ 9,194,427
Add State Fire and Police pension on-behalf payments	472,425
Less Transfer out	(2,827,167)
Total Expenditures per Statement of Revenues, expenditures and changes in Fund Balance	\$ 6,839,685

**City of Glenpool, Oklahoma**  
**Notes to the Required Supplemental Information**

**YEAR ENDED JUNE 30, 2016**

---

**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 – Personal Services \$(3,309)

General Fund – Community Development – Other Services and Charges \$(159)

**CITY OF GLENPOOL, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**OTHER INFORMATION**

- **Schedule of Expenditures of Federal Awards**
- **Fiscal Year 2016 Operating Report**
  - 1. **Population**
  - 2. **Building Permits**
  - 3. **Top Water Consumers**
  - 4. **Top Sewer Consumers**
  - 5. **Top Taxpayers**
  - 6. **Major Employers**
  - 7. **Education**
  - 8. **Utility Connections**
  - 9. **Utility Rates**
  - 10. **Comparative Net Revenue**

**City of Glenpool, Oklahoma**  
**Schedule of Expenditures of Federal Awards**

**YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor / Pass-Through Grantor / Program Title</b>	<b>Federal CFDA Number</b>	<b>Program or Award Amount</b>	<b>Revenue Collected</b>	<b>Federal Expenditures</b>
<b>U. S. Department of Housing and Urban Development: Passed through Oklahoma Department of Commerce:</b>				
Community Development Block Grant - Non-entitlement	14.218	\$ 52,200	\$ 44,753	\$ 44,753
<b>Total of Expenditures of Federal Awards</b>		<b>\$ 52,200</b>	<b>\$ 44,753</b>	<b>\$ 44,753</b>

**City of Glenpool Operating Report**  
**Year Ended June 30, 2016**

**CITY OF GLENPOOL, OKLAHOMA**

The City of Glenpool, Oklahoma (the "City"), is located in Tulsa County, only 13 miles south of Tulsa, Oklahoma. The City is located around the intersection of US 75 and South 141st Street. The nearest interstate highway is I-44, approximately 7 miles to the north. The Creek Turnpike is 4 miles north and services south and east Tulsa and west to the Turner Turnpike.

Glenpool operates under a Council-Manager form of government. The City has adopted a Comprehensive Plan and provides planning and zoning services to the community to enhance and preserve the quality of life for the City's current and future residents.

**1. POPULATION\***

Year	City of Glenpool	Tulsa County
1940	284	193,363
1950	280	251,686
1960	353	346,038
1970	770	401,663
1980	2,706	470,593
1990	6,688	503,341
2000	8,123	563,299
2010	9,458	600,578
July 1, 2015 (Estimate)	13,255	639,242

\* Source: U.S. Census Bureau

**2. BUILDING PERMITS**

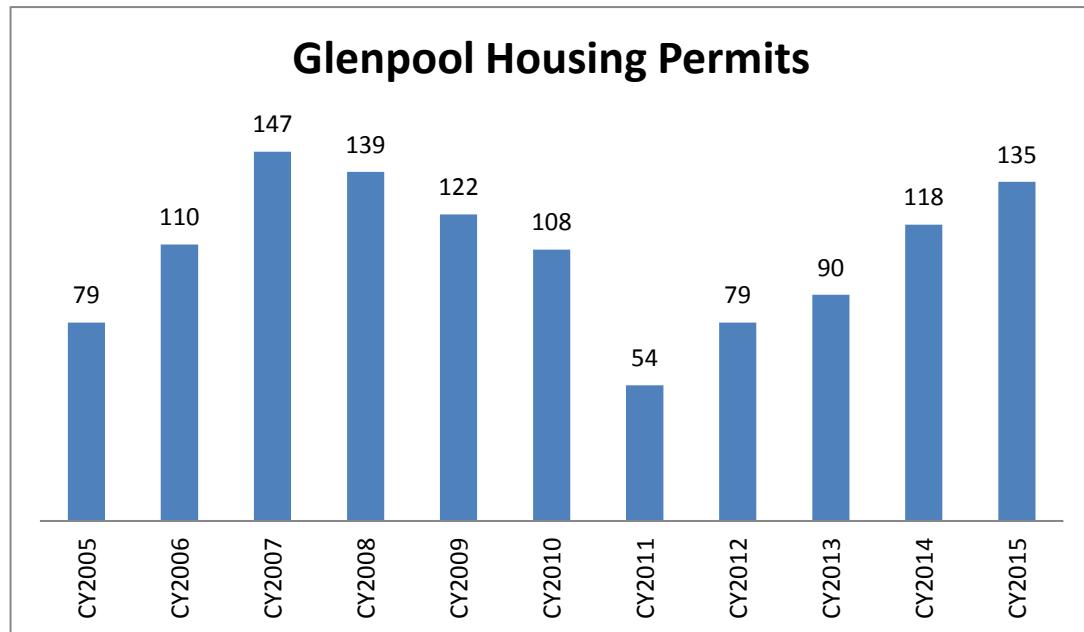
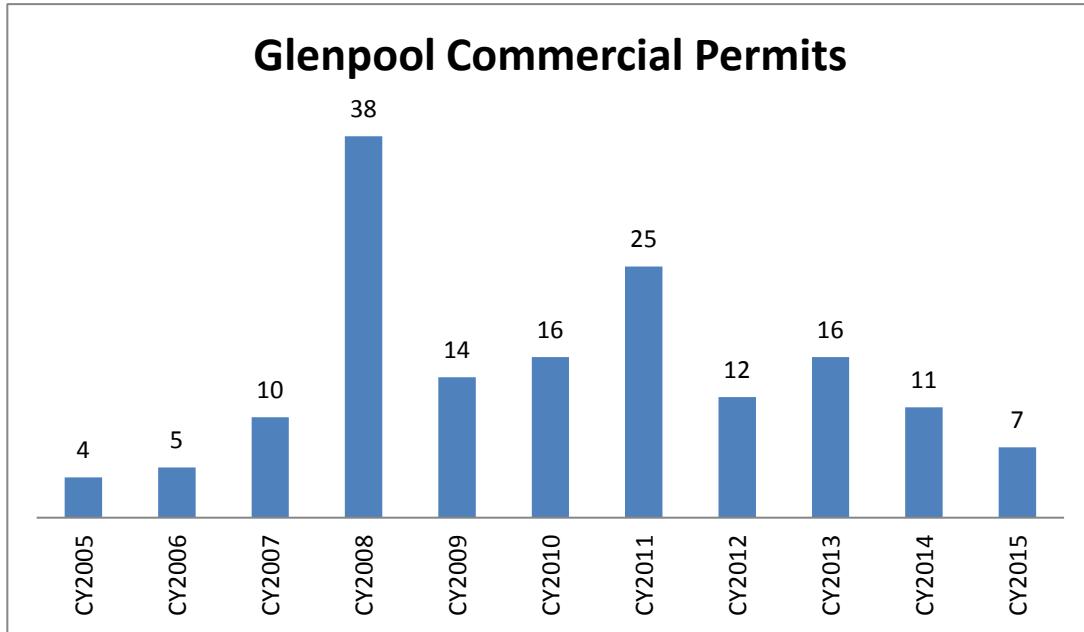
Year	COMMERCIAL		RESIDENTIAL	
	Number	Value	Number	Value
2000	3	\$ 750,000	13	\$ 21,509,399
2001	11	\$ 3,790,645	7	\$ 1,086,350
2002	9	\$ 1,453,000	24	\$ 3,077,003
2003	4	\$ 422,000	88	\$ 10,648,057
2004	6	\$ 2,939,748	86	\$ 11,182,482
2005	4	\$ 1,900,000	79	\$ 10,333,269
2006	5	\$ 3,470,000	110	\$ 15,280,036
2007	10	\$ 8,480,788	147	\$ 19,177,562
2008	38	\$ 13,811,500	139	\$ 17,716,733
2009	14	\$ 17,356,000	122	\$ 13,397,989
2010	16	\$ 7,966,440	108	\$ 11,314,119
2011	25	\$ 10,926,767	54	\$ 6,445,181
2012	12	\$ 2,782,900	79	\$ 9,036,250
2013	16	\$ 11,603,049	90	\$ 9,832,363
2014	11	\$ 2,211,640	118	\$ 42,313,315
2015	7	\$ 3,139,459	135	\$ 15,652,773

# City of Glenpool Operating Report

## Year Ended June 30, 2016

### CITY OF GLENPOOL

#### BUILDING PERMITS ISSUED JANUARY 2015 - DECEMBER 2015



**City of Glenpool Operating Report**  
**Year Ended June 30, 2016**

**CITY OF GLENPOOL**

**June 30, 2016**

**3. TOP TEN WATER CONSUMERS**

	Billed Consumption (Gallons)	Percent of Total Consumption
Zips Car Wash	4,663,000	1.84%
Glenwood Healthcare Center	3,639,000	1.44%
Walmart	2,846,000	1.12%
Santa Fe Cattle Co. Restaurant	2,340,000	0.92%
Eurocraft	1,955,000	0.77%
Glenpool Schools	1,923,000	0.76%
Alderview Apartments	1,713,000	0.68%
Glenpool Hospitality (Holiday Inn)	1,552,000	0.61%
MSK Properties DBA Best Western	1,401,000	0.55%
Comfort Inn	1,285,000	0.51%
Total Ten Largest Water Consumers	<u>23,317,000</u>	<u>9.21%</u>
Total Billed Water Consumption - All Customers (July 2015 - June 2016)	253,296,009	

**City of Glenpool Operating Report**  
**Year Ended June 30, 2016**

**CITY OF GLENPOOL**

**June 30, 2016**

**4. TOP TEN SEWER CONSUMERS**

	Billed Consumption (Gallons)	Percent of Total Consumption
Zips Car Wash	4,546,000	1.92%
Glenwood Healthcare Center	3,483,000	1.47%
Walmart	2,625,000	1.11%
Santa Fe Cattle Co. Restaurant	2,267,000	0.96%
Eurocraft	1,950,000	0.82%
Alderview Apartments	1,802,000	0.76%
Glenpool Hospitality (Holiday Inn)	1,512,000	0.64%
MSK Properties DBA Best Western	1,404,000	0.59%
Comfort Inn	1,269,000	0.54%
Glenpool Schools	1,200,000	0.51%
Total Ten Largest Sewer Consumers	<u>22,058,000</u>	<u>9.33%</u>
Total Billed Sewer Consumption - All Customers (July 2015 - June 2016)	236,404,009	

**City of Glenpool Operating Report**  
**Year Ended June 30, 2016**

**CITY OF GLENPOOL**  
**June 30, 2016**

**5. TOP TAXPAYERS**

<b>Taxpayer Name</b>	<b>Net Assessed Valuation</b>	<b>Percent of Total NAV</b>
Walmart	\$ 2,517,155	3.56%
Oklahoma Gas & Electric	1,464,799	2.07%
Champagne Metals	1,218,793	1.72%
Grandview Heights Apartments LLC	1,183,229	1.67%
Explorer Pipeline	1,139,503	1.61%
Glenpool Hospitality (Holiday Inn Express)	562,037	0.80%
Nguyen, Vinny Vu Manh & Gina	557,637	0.79%
Quik Trip Corporation	500,007	0.71%
Con-Way Transportation/Southern Express	481,153	0.68%
Oklahoma Natural Gas	472,133	0.67%
MHP Hotel, LLC (Comfort Inn)	385,607	0.55%
Cox Communications	292,676	0.41%
McDonald's/Glendonalds LLC	285,760	0.40%
Glenshire Court Apartments LP	284,107	0.40%
T and L Foundary Inc	271,773	0.38%
Total	<u><u>\$ 11,616,369</u></u>	<u><u>16.43%</u></u>

**City of Glenpool Operating Report**  
**Year Ended June 30, 2016**

**CITY OF GLENPOOL**  
**June 30, 2016**

**6. MAJOR EMPLOYERS**

<b>Employer</b>	<b>Product / Service</b>	<b>Number of Employees</b>
Walmart	Grocery / Retail	298
Glenpool Public Schools	Education	350
Con-Way Transportation/Southern Express	Freight Contractor	165
Phoenix Industrial	Electrical Contractor	170
T & L Foundry	Manufacturing	66
McDonald's	Restaurant	80
Sante Fe Cattle Company	Restaurant	53
IHOP	Restaurant	52
Country Mart	Grocery / Retail	40
Taco Bueno	Restaurant	26

# **City of Glenpool Operating Report**

## **Year Ended June 30, 2016**

**CITY OF GLENPOOL**  
**June 30, 2016**

### **7. EDUCATION AND LEARNING FACILITIES**

Glenpool has 3 primary and secondary schools with approximately 2,749 students and 192 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	PK-5	1	1,421	101
Public	6-8	1	583	43
Public	9-12	1	745	48

Located within the Glenpool area are Oklahoma State University-Tulsa, Oklahoma University-Tulsa, Oral Roberts University, Tulsa Community College and several private universities. Vocational goals can be reached through the Tulsa Area Vocational-Technical System, with several campuses around the county.

There is a public library in Glenpool, which is part of the Tulsa City-County Library System.

### **8. UTILITY CONNECTIONS - 10 YEAR HISTORY**

<u>Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
FY2016	4,278	4,178	4,243
FY2015	4,139	4,055	4,098
FY2014	3,970	3,885	3,570
FY2013	3,898	3,821	3,499
FY2012	3,799	3,719	3,683
FY2011	3,743	3,669	3,565
FY2010	3,661	3,591	3,288
FY2009	3,437	3,383	3,122
FY2008	3,399	3,355	3,135
FY2007	3,205	3,189	2,962

# **City of Glenpool Operating Report**

## **Year Ended June 30, 2016**

**CITY OF GLENPOOL**  
**June 30, 2016**

### **9. MONTHLY UTILITY RATES**

#### **Water Rates**

##### **Residential**

Base Rate (Includes first 1,000 gallons)	\$22.00
Each additional 1,000 gallons	\$6.20

##### **Commercial**

Base Rate (Includes first 1,000 gallons)	\$42.00
Each additional 1,000 gallons	\$6.20

#### **Sewer Rates**

##### **Residential and Commercial**

Base Rate (Includes first 1,000 gallons)	\$14.00
All over 11,000 gallons	\$2.75

#### **Stormwater Rates**

##### **Residential and Commercial**

Stormwater Management Fee	\$2.00
---------------------------	--------

#### **Refuse Rates**

Base Charge	\$12.95
Senior Base Charge	\$8.56
Extra Pick Up	\$15.95
2nd Cart	\$23.71
3rd Cart	\$34.37
Recycling Fee	\$0.35

**GLENPOOL UTILITY SERVICES AUTHORITY**

**10. COMPARATIVE NET REVENUE**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>										
Water	\$ 2,563,311	\$ 2,307,448	\$ 1,962,274	\$ 1,851,348	\$ 1,644,317	\$ 1,864,124	\$ 2,026,944	\$ 1,587,600	\$ 1,708,170	\$ 1,604,673
Sewer	1,279,631	789,410	747,534	748,524	742,816	714,891	661,916	707,296	690,712	695,228
Solid Waste	604,524	570,203	529,299	518,396	-	12,488	13,914	464,168	437,311	419,759
Miscellaneous	45,241	(418)	16,056	13,490	17,839	7,694	24,421	50,114	11,268	201,430
Solid Waste Mgmt Fees	17,429	16,830	16,340	15,944	15,688	15,458	12,006	14,259	13,396	12,856
Water Taps	97,500	115,650	113,100	80,005	62,175	52,253	108,903	113,053	149,232	100,873
Sewer Taps	22,250	22,400	19,500	16,969	13,600	10,800	25,198	26,525	34,775	21,838
Delinquent Fees	126,423	100,891	95,312	92,408	79,539	73,409	88,878	81,064	46,351	-
Storm Water Mgmt Fees	100,212	96,572	102,746	98,713	96,943	88,436	79,458	77,072	73,488	-
Connect Transfer Fees	52,941	46,945	45,472	6,809	41,375	37,925	7,130	6,910	6,660	-
Return on Fees	-	-	-	3,060	3,092	23,838	23,082	23,564	4,247	-
Water/Sewer Fees										
TOTAL REVENUES	\$ 4,920,085	\$ 4,078,441	\$ 3,647,633	\$ 3,442,606	\$ 3,197,921	\$ 3,389,236	\$ 3,542,121	\$ 3,176,282	\$ 3,213,357	\$ 3,157,226
<b>OPERATING EXPENSES</b>										
General Administration	\$ 2,764,684	\$ 3,296,710	\$ 3,100,974	\$ 3,334,696	\$ 3,443,570	\$ 2,885,472	\$ 1,721,235	\$ 1,805,158	\$ 1,540,604	\$ 1,171,603
Water Treatment	-	-	-	-	-	-	-	194,392	208,028	279,504
Solid Waste	624,966	449,228	522,645	506,645	496,700	480,468	466,566	465,367	437,604	423,439
Storm Water	-	-	-	-	-	-	47,619	44,763	40,465	38,236
TOTAL EXPENSES (2)	\$ 3,389,650	\$ 3,745,938	\$ 3,623,619	\$ 3,841,341	\$ 3,989,578	\$ 3,467,319	\$ 2,315,420	\$ 2,509,180	\$ 2,342,489	\$ 2,019,427
<b>NET REVENUE AVAILABLE FOR DEBT SERVICE</b>	\$ 1,530,435	\$ 332,503	\$ 24,014	\$ (398,736)	\$ (791,657)	\$ (78,083)	\$ 1,226,701	\$ 667,102	\$ 870,868	\$ 1,137,799
<b>NON OPERATING REVENUES</b>										
Sales Tax Collections (3)	\$ 6,462,311	\$ 6,664,955	\$ 6,098,848	\$ 5,949,268	\$ 5,555,841	\$ 5,208,797	\$ 5,182,318	\$ 4,935,404	\$ 2,205,228	\$ 1,828,968
<b>TOTAL NON OPERATING REVENUES</b>	\$ 6,462,311	\$ 6,664,955	\$ 6,098,848	\$ 5,949,268	\$ 5,555,841	\$ 5,208,797	\$ 5,182,318	\$ 4,935,404	\$ 2,205,228	\$ 1,828,968
<b>INCOME AVAILABLE FOR DEBT SERVICE</b>	\$ 7,992,746	\$ 6,997,458	\$ 6,122,862	\$ 5,550,532	\$ 4,764,184	\$ 5,130,714	\$ 6,409,019	\$ 5,602,506	\$ 3,076,096	\$ 2,966,767
<b>DEBT SERVICE REQUIREMENTS (4)</b>										
Series 2010 Revenue Bonds	\$ 2,217,100	\$ 1,701,163	\$ 1,700,888	\$ 1,629,413	\$ 1,630,613	\$ 692,671	\$ -	\$ -	\$ -	\$ -
Series 2011 Revenue Bonds	488,855	489,755	419,405	351,155	402,405	140,993	-	-	-	-
Series 2011 OWRB Note	217,050	208,742	269,574	146,288	2,058	-	-	-	-	-
Series 2001-2007A Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Series 2001 OWRB Note	70,060	70,399	70,744	71,090	71,444	71,780	72,125	72,470	72,828	73,160
Series 1992 OWRB Note	-	-	-	-	-	5,998	12,157	15,697	15,109	14,622
<b>TOTAL DEBT SERVICE REQUIREMENTS</b>	\$ 2,993,065	\$ 2,470,059	\$ 2,460,611	\$ 2,197,946	\$ 2,106,520	\$ 1,731,106	\$ 1,563,184	\$ 1,028,384	\$ 1,028,384	\$ 1,028,384
<b>COVERAGE</b>	2.67	2.83	2.49	2.53	2.26	2.96	4.10	5.45	2.99	2.88

(1) Beginning 2010, Issuer combines Water and Sewer expenses (no record of the separation of these expenses)

(2) Less depreciation

(3) Source: Okla Tax Commission (Sales tax amounts used are based on total 4 cent collections)

(4) Includes principal, interest, trustee fees and loan costs

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, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2017.

### **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 tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as finding 2016-01.

## **The City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.*

January 30, 2017

CITY OF GLENPOOL, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2016

**Finding 16-01 - 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	City Clerk/Finance	\$ 3,309

*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 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.