

City Of
Glenpool
Creating Opportunity



City of Glenpool, Oklahoma

Annual Financial Report

For the Year Ended June 30, 2020

City of Glenpool, Oklahoma

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June 30, 2020

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**HINKLE &
COMPANY**

Strategic ^{PC}
Business Advisors

Independent Auditors' Report

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

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, 2020, 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.

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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, 2020, 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.

Emphasis of a Matter

As described in Note 1 to the financial statements, the City of Glenpool restated its beginning net position in the government-wide financial statements and proprietary fund statements associated with capital assets, notes payable and accrued interest improperly excluded in previous years. Our opinions are not modified with respect to this matter.

Other Matters

Prior Period

The financial statements of City of Glenpool for the year ended June 30, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on October 12, 2020.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension plan and other post-employment benefit 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, 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.

Tulsa, Oklahoma
September 21, 2021

Hick & Company, PC



Introduction

This section of the financial statements of the City of Glenpool offers a narrative overview and analysis of the financial activities for fiscal year ended June 30, 2020. The information contained within the Management Discussion and Analysis (MD&A) should be considered only part of a greater whole. The reader of these statements is encouraged to read and evaluate all sections of this report, including the notes to the financial statements and required supplementary information.

Financial Highlights

- Net position was \$15.6 million as of June 30, 2020. (Table 1). This represents an increase of 47% over 2019.
- The FY2020 sales and use taxes revenue was \$11 million compared to \$10.1 in FY2019. This represents an increase of 9% over 2019. Other general revenue increased from \$0.9 million in FY2019 to \$1.4 million in FY2020. Charges for services increased from \$5.9 million in FY2019 to \$6.3 million in FY2020. Capital grants and contributions increased from \$0.0 million in FY2019 to \$2.7 million in FY2020. Other taxes revenue decreased from \$0.6 million to \$0.5 million.
- Operating expenses (including depreciation) were \$17.9 million for FY2020 compared to \$15.4 million for FY2019, an increase of 16%.

Overview of the Financial Statements and Financial Analysis

This annual report consists of a series of financial statements. The financial statements presented herein include all 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.

Government-wide Financial Statements

The government-wide financial statements present the complete financial picture of the City from the economic resource's measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure) and deferred outflows as well as all liabilities (including long-term debt) and deferred inflows. The two government-wide financial statements are as follows:

Statement of Net Position and Statement of Activities

- The **Statement of Net Position** presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position has the following three components: net investment in capital assets; restricted net position and unrestricted net position. Over time, increases or decreases in net position serves as a useful indicator to determine the financial position of the City of Glenpool. However, other non-financial factors must be considered, such as changes in the City's sales tax base to assess the overall health of the City.
- The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. The operations of the City of Glenpool are presented in a net (expenses) revenues format in the statement of activities to report the relative financial burden of each of the government's functions or programs on its taxpayers, and to identify the extent to which each function or program draws from the general revenues of the organization or is self-supporting through fees and intergovernmental aid. The statement includes the annual depreciation for infrastructure and governmental assets.

The Statement of Net Position provides a columnar presentation of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City of Glenpool in the following two categories:

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

Reporting the City's Funds – Fund Financial Statements

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. 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 specific purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All 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 soon 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 in fiscal year 2020 increased from fiscal year 2019 by \$91,761 compared to an increase of \$1.3 million from fiscal year 2018. The increase occurred despite flat revenues in 2020 when compared to 2019, predominantly due to continued conservative spending. The 8% expenditure increase, compared to fiscal year 2019, is primarily due to public safety and capital outlay for new equipment and infrastructure in fiscal year 2020.

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.

The net position of the GUSA increased from fiscal year 2019 by \$1.3 million. In addition, operating revenues increased by 21% primarily due to the Glenpool Utility Services Authority Utility System Revenue Bonds, Taxable Refunding Series 2019. Operating costs increased by 36% due to an increase in water and sewer operation cost. Some increases were directly attributable to the rise of the COVID virus. Despite the increase water and sewer operational costs, GUSA still realized an operating profit of \$140,235 in 2020 compared to a profit of \$665,704 in fiscal year 2019.

The net position of the GIA decreased in fiscal year 2020 by \$69,845 due to increases in Conference Center costs and a reduction in Conference Center revenues. Both conditions can be predominantly attributable to the rise of the COVID pandemic in the United States.

City of Glenpool
Management's Discussion and Analysis

The City as a Whole

For the year ended June 30, 2020, the net position for the governmental activities and business-type activities is as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|--------------------------------|-----------|---------------------------------|------------|--------------|-----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| ASSETS | | | | | | |
| Current Assets | \$ 10,956 | \$ 9,949 | \$ 1,136 | \$ 1,059 | \$ 12,092 | \$ 11,008 |
| Non-current Assets | \$ 27 | \$ 202 | \$ 4,812 | \$ 1,054 | \$ 4,839 | \$ 1,256 |
| Capital Assets | \$ 14,386 | \$ 10,909 | \$ 33,908 | \$ 33,175 | \$ 48,294 | \$ 44,084 |
| Total Assets | \$ 25,369 | \$ 21,060 | \$ 39,856 | \$ 35,288 | \$ 65,225 | \$ 56,348 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Deferred Amount on Refunding | \$ - | \$ - | \$ 1,749 | \$ - | \$ 1,749 | \$ - |
| Pension and OPEB Related | \$ 3,083 | \$ 3,112 | \$ 57 | \$ 33 | \$ 3,140 | \$ 3,145 |
| Total Deferred Outflows | \$ 3,083 | \$ 3,112 | \$ 1,806 | \$ 33 | \$ 4,889 | \$ 3,145 |
| LIABILITIES | | | | | | |
| Current Liabilities | \$ 1,252 | \$ 1,165 | \$ 2,351 | \$ 1,870 | \$ 3,603 | \$ 3,035 |
| Non-current Liabilities | \$ 8,788 | \$ 8,280 | \$ 41,323 | \$ 36,907 | \$ 50,111 | \$ 45,187 |
| Total Liabilities | \$ 10,040 | \$ 9,445 | \$ 43,674 | \$ 38,777 | \$ 53,714 | \$ 48,222 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Pension and OPEB Related | \$ 789 | \$ 665 | \$ 2 | \$ 2 | \$ 791 | \$ 667 |
| Total Deferred Inflows | \$ 789 | \$ 665 | \$ 2 | \$ 2 | \$ 791 | \$ 667 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | \$ 11,395 | \$ 8,001 | \$ (8,929) | \$ (4,823) | \$ 2,466 | \$ 3,178 |
| Restricted | \$ 3,841 | \$ 3,043 | \$ 4,598 | \$ 841 | \$ 8,439 | \$ 3,884 |
| Unrestricted (Deficit) | \$ 2,388 | \$ 3,018 | \$ 2,317 | \$ 524 | \$ 4,705 | \$ 3,542 |
| Total Net Position (Deficit) | \$ 17,624 | \$ 14,062 | \$ (2,014) | \$ (3,458) | \$ 15,610 | \$ 10,604 |

The City's combined net position increased from \$10.6 million to \$15.6 million between fiscal years 2019 and 2020, with an increase of 25% in net position for governmental activities and an increase of 42% in net position for business-type activities. Overall, the net position for both governmental and business-type activities increased by 47% for fiscal year 2020, and the City can report a positive balance in net position for the City as a whole.

The increase in deferred outflows is primarily due to the Glenpool Utility Services Authority Utility System Revenue Bonds, Taxable Refunding Series 2019.

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

City of Glenpool

Management's Discussion and Analysis

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.

Change in Net Position

For the year ended June 30, 2020, the change in net position for the governmental activities and business-type activities is as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------|--------------------------|------------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| REVENUE | | | | | | |
| Program Revenue: | | | | | | |
| Charges for Services | \$ 835 | \$ 690 | \$ 5,512 | \$ 5,227 | \$ 6,347 | \$ 5,917 |
| Operating Grants and Contributions | \$ 672 | \$ 637 | \$ - | \$ - | \$ 672 | \$ 637 |
| Capital Grants and Contributions | \$ 2,731 | \$ - | \$ - | \$ - | \$ 2,731 | \$ - |
| General Revenues: | | | | | | |
| Sales and Use Taxes | \$ 11,015 | \$ 10,110 | \$ - | \$ - | \$ 11,015 | \$ 10,110 |
| Other Taxes | \$ 588 | \$ 666 | \$ - | \$ - | \$ 588 | \$ 666 |
| Other General Revenue | \$ 458 | \$ 853 | \$ 987 | \$ 109 | \$ 1,445 | \$ 962 |
| Total Revenue | \$ 16,299 | \$ 12,956 | \$ 6,499 | \$ 5,336 | \$ 22,798 | \$ 18,292 |
| EXPENSES | | | | | | |
| General Government | \$ 2,311 | \$ 1,828 | \$ - | \$ - | \$ 2,311 | \$ 1,828 |
| Public Safety and Judiciary | \$ 7,418 | \$ 5,388 | \$ - | \$ - | \$ 7,418 | \$ 5,388 |
| Public Works | \$ 779 | \$ 327 | \$ - | \$ - | \$ 779 | \$ 327 |
| Cultural, Parks and Recreation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Economic Development | \$ 83 | \$ 82 | \$ - | \$ - | \$ 83 | \$ 82 |
| Financing | \$ - | \$ 107 | \$ 903 | \$ 1,842 | \$ 903 | \$ 1,949 |
| Water and Sewer | \$ - | \$ - | \$ 4,284 | \$ 2,661 | \$ 4,284 | \$ 2,661 |
| Solid Waste | \$ - | \$ - | \$ 672 | \$ 728 | \$ 672 | \$ 728 |
| Storm Water | \$ - | \$ - | \$ - | \$ 4 | \$ - | \$ 4 |
| Glenpool Industrial Authority | \$ - | \$ - | \$ 477 | \$ 367 | \$ 477 | \$ 367 |
| Unallocated Depreciation | \$ - | \$ 1,075 | \$ 1,013 | \$ 991 | \$ 1,013 | \$ 2,066 |
| Total Expenses | \$ 10,591 | \$ 8,807 | \$ 7,349 | \$ 6,593 | \$ 17,940 | \$ 15,400 |
| Increase (decrease) in net position before transfers | \$ 5,708 | \$ 4,149 | \$ (850) | \$ (1,257) | \$ 4,858 | \$ 2,892 |
| Transfers | \$ (2,086) | \$ (1,880) | \$ 2,086 | \$ 1,880 | \$ - | \$ - |
| Increases (decreases) in net position | \$ 3,622 | \$ 2,269 | \$ 1,236 | \$ 623 | \$ 4,858 | \$ 2,892 |
| Net position (deficit) - Beginning of Year | \$ 14,062 | \$ 11,793 | \$ (3,459) | \$ (4,081) | \$ 10,604 | \$ 7,712 |
| Prior period adjustment | \$ (60) | \$ - | \$ 209 | \$ - | \$ 149 | \$ - |
| Net position (deficit) - End of Year | \$ 17,624 | \$ 14,062 | \$ (2,014) | \$ (3,458) | \$ 15,610 | \$ 10,604 |

The change in net position measures the change in assets derived from revenues, expenses, and any releases on the restrictions of assets during the period. A positive change indicates resources are prudently managed. The change in net reason for this format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose. The City's net position increased by \$5 million as compared to fiscal year 2019.

Governmental Activities

Governmental Activities provided an increase in net position of \$3.6 million as compared to 2019. Government-wide sales and use tax revenues increased from the prior year by \$905,000, or 9%. Total expenses for governmental activities increased by \$1.7 million compared to fiscal year 2019, or 20.3%, largely due to public safety and public works activities. Total revenues increased by approximately \$3.3 million (25.8%). The increase in transfers of 11% is primarily due to expected overages in Move Glenpool Forward projects that were supplemented from the General Fund budget and secondarily due to an increase in sales taxes received for the two Tax Increment Financing (TIF) projects. These sales taxes are required to be transferred to a designated fund to be used for these TIF projects.

Business-type Activities

Business-type Activities related to GUSA increased net position by \$1.3 million in FY2020 compared to FY2019 due to 21% operating revenues increase from the Glenpool Utility Services Authority Utility System Revenue Bonds, Taxable Refunding Series 2019. Operating costs increased by 36% due to an increase in water and sewer operation cost. Some increases were directly attributable to the rise of the COVID virus. Despite the increase water and sewer operational costs, GUSA still realized an operating profit of \$140,235 in 2020 compared to a profit of \$665,704 in fiscal year 2019.

General Fund Budgetary Highlights

The FY2020 general fund total revenue and transfers-in were \$11.8 million compared to \$12.2 in FY2019. This represents a decrease of 2.7% over FY2019 due to one-time sale of property for \$773,000 and one-time grant for \$115,352 Community Development Block Grant in FY2019. Total tax revenue in FY2020 was \$8.9 million compared to \$8.4 million in FY2019. This represents an increase of 5.8% over FY2019 due to higher sales tax receipts. Total expenditures and transfers-out were over \$11.9 million in FY2020 compared to \$10.9 million in FY2019. This represents an increase of 8.5% over FY2019 due to streets repairs, emergency radio maintenance and three new positions for the Public Works Department.

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2020. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 29 to 30; and, pages 32 to 34, respectively.

Capital Assets

At the end of June 30, 2020, the City had \$48 million invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines and roads.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|------------|--------------------------|-------------|-------------|-------------|
| | 6/30/2020 | 6/30/2019 | 6/30/2020 | 6/30/2019 | 6/30/2020 | 6/30/2019 |
| Land | \$ - | \$ - | \$ 2,883 | \$ 2,883 | \$ 2,883 | \$ 2,883 |
| Construction in Progress | \$ 477 | \$ 37 | \$ 182 | \$ - | \$ 659 | \$ 37 |
| Buildings and Improvements | \$ 7,986 | \$ 7,986 | \$ 14,707 | \$ 14,707 | \$ 22,693 | \$ 22,693 |
| Furniture & Equipment | \$ 4,984 | \$ 4,898 | \$ 792 | \$ 780 | \$ 5,776 | \$ 5,678 |
| Vehicles | \$ 4,728 | \$ 4,728 | \$ 499 | \$ 499 | \$ 5,227 | \$ 5,227 |
| Infrastructure | \$ 5,909 | \$ 1,787 | \$ 26,438 | \$ 24,882 | \$ 32,347 | \$ 26,669 |
| | \$ 24,084 | \$ 19,436 | \$ 45,501 | \$ 43,751 | \$ 69,585 | \$ 63,187 |
| Less: Depreciation | \$ (9,698) | \$ (8,527) | \$ (11,594) | \$ (10,576) | \$ (21,292) | \$ (19,103) |
| Total | \$ 14,386 | \$ 10,909 | \$ 33,907 | \$ 33,175 | \$ 48,293 | \$ 44,084 |

Debt Administration

At the end of June 30, 2020, the City had total bonded debt outstanding of \$40.4 million with debt service supported by the 1-penny sales tax transferred from the General Fund as well as pledged revenues generated by Business-type activities of the City.

See Note 10 or additional information about notes payable, lease obligations, bonds payable and settlements.

At year end, the City had \$45.8 million in long term debt as detailed below (expressed in \$ 000's):

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------|-------------------------|----------|--------------------------|-----------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenue Bonds Payable | \$ - | \$ - | \$ 40,485 | \$ 35,425 | \$ 40,485 | \$ 35,425 |
| Notes Payable | \$ 811 | \$ 28 | \$ 2,353 | \$ 2,572 | \$ 3,164 | \$ 2,600 |
| Lease Payable | \$ 2,180 | \$ 2,881 | \$ - | \$ - | \$ 2,180 | \$ 2,881 |
| Total Assets | \$ 2,991 | \$ 2,909 | \$ 42,838 | \$ 37,997 | \$ 45,829 | \$ 40,906 |

Economic Factors and Next Year's Budget

Sales tax revenues for the year were volatile, showing significant changes from month to month, but the City ended the year with an increase of 3.65% in sales taxes. As a result of this volatility in the economic environment, the City took a conservative approach and projected relatively flat revenues for fiscal year 2020-2021. Projected expenditures were then balanced against those estimates.

Another unknown entering the FY2020-2021 budget year is the pending expiration of the City's 1-Penny Capital Improvement Tax. This tax was approved by voters in March of 2001 for a 20-year term. The Council has set an election date for August 2020 to renew this tax.

The FY2020-2021 budget includes a 2.0% 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. Also included in the budget are several major capital improvement projects, many funded by the new sales tax propositions. These projects include new equipment for public safety personnel, improvements to streets and water and sewer infrastructure, as well as several routine repair projects throughout the City.

Several major residential development projects were underway at the end of FY2020. These and other large development projects are expected to contribute positively to Glenpool's tax base in the year ahead.

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, 2020

City Council

Joyce Calvert, Mayor – Ward 3
Brandon Kearns, Vice -Mayor – At Large
Timothy Lee Fox, Councilmember – Ward 1
Chris Brobst, Councilmember– Ward 2
Jacqueline Lund, Councilmember – Ward 4

Executive Staff

David Tillotson, City Manager
Susan White, Asst City Manager
Lowell Peterson, City Attorney

Prepared by

Susan White, Interim Treasurer

Basic Financial Statements

City of Glenpool, Oklahoma
Statement of Net Position
June 30, 2020

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 4,864,731 | \$ 1,947,186 | \$ 6,811,917 |
| Restricted cash and cash equivalents | 2,583,603 | 110,340 | 2,693,943 |
| Accounts receivable, net | 552,753 | 741,888 | 1,294,641 |
| Due from other governments | 1,291,683 | - | 1,291,683 |
| Internal balances | 1,663,611 | (1,663,611) | - |
| Total current assets | <u>10,956,381</u> | <u>1,135,803</u> | <u>12,092,184</u> |
| Non-current assets | | | |
| Restricted investments | - | 4,812,079 | 4,812,079 |
| Net pension assets | 26,959 | - | 26,959 |
| Capital assets: | | | |
| Land and construction in progress | 477,065 | 3,065,357 | 3,542,422 |
| Other capital assets, net | 13,908,922 | 30,843,059 | 44,751,981 |
| Total non-current assets: | <u>14,412,946</u> | <u>38,720,495</u> | <u>53,133,441</u> |
| | <u>25,369,327</u> | <u>39,856,298</u> | <u>65,225,625</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred amounts on refunding | - | 1,749,410 | 1,749,410 |
| Deferred resources related to pensions and OPEB | 3,082,782 | 56,877 | 3,139,659 |
| Total deferred outflows | <u>3,082,782</u> | <u>1,806,287</u> | <u>4,889,069</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 397,330 | 470,833 | 868,163 |
| Accrued interest payable | 28,770 | 121,210 | 149,980 |
| Deposits subject to refund | - | 64,908 | 64,908 |
| Leases payable | 713,791 | - | 713,791 |
| Notes payable | 97,614 | 224,039 | 321,653 |
| Revenue bonds payable | - | 1,470,000 | 1,470,000 |
| Amounts held in escrow | 14,022 | - | 14,022 |
| Total current liabilities | <u>1,251,527</u> | <u>2,350,990</u> | <u>3,602,517</u> |
| Non-current liabilities | | | |
| Accrued compensated absences | 356,349 | 31,071 | 387,420 |
| Net pension liability | 5,245,030 | - | 5,245,030 |
| OPEB liability | 1,006,934 | 148,306 | 1,155,240 |
| Leases payable | 1,466,208 | - | 1,466,208 |
| Notes payable | 713,389 | 2,128,624 | 2,842,013 |
| Revenue bonds payable | - | 39,015,000 | 39,015,000 |
| Total non-current liabilities | <u>8,787,910</u> | <u>41,323,001</u> | <u>50,110,911</u> |
| | <u>10,039,437</u> | <u>43,673,991</u> | <u>53,713,428</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred resources related to pensions and OPEB | 788,671 | 2,679 | 791,350 |
| Total deferred inflows | <u>788,671</u> | <u>2,679</u> | <u>791,350</u> |
| NET POSITION | | | |
| Net investment in capital assets | 11,394,985 | (8,929,247) | 2,465,738 |
| Restricted for: | | | |
| Public safety | 1,338,779 | - | 1,338,779 |
| Streets and infrastructure | 1,637,932 | - | 1,637,932 |
| Parks & recreation capital projects | 208,433 | - | 208,433 |
| Capital projects | 121,277 | 3,555,010 | 3,676,287 |
| Economic development/culture | 514,948 | - | 514,948 |
| Juvenile programs | 19,584 | - | 19,584 |
| Debt service | - | 1,042,878 | 1,042,878 |
| Unrestricted | 2,388,063 | 2,317,274 | 4,705,337 |
| Total Net Position (deficit) | <u>\$ 17,624,001</u> | <u>\$ (2,014,085)</u> | <u>\$ 15,609,916</u> |

See Notes to Financial Statements.

City of Glenpool, Oklahoma
Statement of Activities
Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|-----------------------------------|----------------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government | | | | | |
| Governmental activities | | | | | |
| General government | \$ 2,310,985 | \$ 539,730 | \$ - | \$ 2,731,477 | \$ 960,222 |
| Public safety | | | | | |
| Fire | 4,065,710 | 103,275 | 504,814 | - | (3,457,621) |
| Police and animal control | 2,770,445 | 78,796 | 167,056 | - | (2,524,593) |
| Emergency management | 423,917 | - | - | - | (423,917) |
| Dispatch and 911 operations | 157,606 | 113,182 | - | - | (44,424) |
| Total public safety and judiciary | <u>7,417,678</u> | <u>295,253</u> | <u>671,870</u> | <u>-</u> | <u>(6,450,555)</u> |
| Public works | | | | | |
| Streets | <u>779,359</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(779,359)</u> |
| Total public works | <u>779,359</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(779,359)</u> |
| Economic development | | | | | |
| Hotel-motel | <u>82,803</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(82,803)</u> |
| Total governmental activities | <u>10,590,825</u> | <u>834,983</u> | <u>671,870</u> | <u>2,731,477</u> | <u>(6,352,495)</u> |
| Business-type activities | | | | | |
| Water & sewer | 4,284,059 | 4,274,510 | - | - | (9,549) |
| Solid waste | 672,218 | 789,992 | - | - | 117,774 |
| Storm water | - | 98,802 | - | - | 98,802 |
| Industrial authority | 476,949 | 348,580 | - | - | (128,369) |
| Financing costs | 902,650 | - | - | - | (902,650) |
| Unallocated depreciation | <u>1,013,162</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,013,162)</u> |
| Total business-type activities | <u>7,349,038</u> | <u>5,511,884</u> | <u>-</u> | <u>-</u> | <u>(1,837,154)</u> |
| Total Primary Government | <u>\$ 17,939,863</u> | <u>\$ 6,346,867</u> | <u>\$ 671,870</u> | <u>\$ 2,731,477</u> | <u>\$ (8,189,649)</u> |

(Continued)

City of Glenpool, Oklahoma
Statement of Activities
Year Ended June 30, 2020
(Continued)

| | Primary Government | | |
|---|----------------------|-----------------------|----------------------|
| | Governmental | Business-Type | |
| | Activities | Activities | Total |
| Net (expense)/revenue | \$ (6,352,495) | \$ (1,837,154) | \$ (8,189,649) |
| General revenues: | | | |
| Taxes: | | | |
| Sales and use taxes | 11,014,518 | - | 11,014,518 |
| Franchise taxes | 411,085 | - | 411,085 |
| Hotel/motel tax | 176,761 | - | 176,761 |
| Intergovernmental | 237,064 | - | 237,064 |
| Investment earnings | 68,047 | 51,332 | 119,379 |
| Miscellaneous/other fees | 127,883 | 935,254 | 1,063,137 |
| Rental income | 25,233 | - | 25,233 |
| Transfers - internal activities | (2,086,288) | 2,086,288 | - |
| Total general revenues and transfers | <u>9,974,303</u> | <u>3,072,874</u> | <u>13,047,177</u> |
| Change in net position | <u>3,621,808</u> | <u>1,235,720</u> | <u>4,857,528</u> |
| Net position (deficit) - beginning of year as previously reported | 14,062,159 | (3,458,620) | 10,603,539 |
| Prior period adjustment | <u>(59,966)</u> | <u>208,815</u> | <u>148,849</u> |
| Net position (deficit) - beginning of year as restated | <u>14,002,193</u> | <u>(3,249,805)</u> | <u>10,752,388</u> |
| Net position (deficit) - end of year | <u>\$ 17,624,001</u> | <u>\$ (2,014,085)</u> | <u>\$ 15,609,916</u> |

City of Glenpool, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2020

| | | Special Revenue Funds | | | Capital Projects | | | | |
|------------------------------------|---------------------|-----------------------|------------------------------|-------------------|--------------------------|-------------------------------|----------------------------|--------------------------|--|
| | General Fund | Hotel-Motel Tax Fund | Public Safety Personnel Fund | Parks & Rec Fund | Capital Improvement Fund | Streets & Infrastructure Fund | Public Safety Capital Fund | Total Governmental Funds | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 4,864,731 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,864,731 | |
| Due from other governments | 1,291,683 | - | - | - | - | - | - | 1,291,683 | |
| Accounts receivable, net | 203,467 | 15,213 | 158,638 | - | - | 95,604 | 79,831 | 552,753 | |
| Due from other funds | 1,663,611 | - | - | - | - | - | - | 1,663,611 | |
| Restricted assets: | | | | | | | | | |
| Cash and cash equivalents | - | 499,735 | 488,780 | 208,433 | 121,277 | 1,053,501 | 211,877 | 2,583,603 | |
| Total assets | <u>8,023,492</u> | <u>514,948</u> | <u>647,418</u> | <u>208,433</u> | <u>121,277</u> | <u>1,149,105</u> | <u>291,708</u> | <u>10,956,381</u> | |
| Liabilities and Fund Balances: | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | 205,056 | - | 1,905 | - | - | 153,153 | 52,882 | 412,996 | |
| Other accrued expenses | 119,827 | - | 21,022 | - | - | - | - | 140,849 | |
| Amounts held in escrow | 14,022 | - | - | - | - | - | - | 14,022 | |
| Total liabilities | <u>338,905</u> | <u>-</u> | <u>22,927</u> | <u>-</u> | <u>-</u> | <u>153,153</u> | <u>52,882</u> | <u>567,867</u> | |
| Fund balances | | | | | | | | | |
| Restricted | - | 514,948 | 624,491 | 208,433 | 121,277 | 995,952 | 238,826 | 2,703,927 | |
| Unassigned | 7,684,587 | - | - | - | - | - | - | 7,684,587 | |
| Total fund balances | <u>7,684,587</u> | <u>514,948</u> | <u>624,491</u> | <u>208,433</u> | <u>121,277</u> | <u>995,952</u> | <u>238,826</u> | <u>10,388,514</u> | |
| Total liabilities and fund balance | <u>\$ 8,023,492</u> | <u>\$ 514,948</u> | <u>\$ 647,418</u> | <u>\$ 208,433</u> | <u>\$ 121,277</u> | <u>\$ 1,149,105</u> | <u>\$ 291,708</u> | <u>\$ 10,956,381</u> | |

City of Glenpool, Oklahoma
Reconciliation of the Governmental Funds Balance Sheet
To the Government-Wide Statement of Net Position
June 30, 2020

| | |
|--|---------------|
| Total Fund Balances - Governmental Funds | \$ 10,388,514 |
|--|---------------|

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 | 477,065 |
| Buildings | 7,986,179 |
| Furniture, fixtures, and equipment | 4,984,060 |
| Vehicles | 4,727,670 |
| Infrastructure | 5,908,770 |
| Accumulated Depreciation | (9,697,757) |

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

| | |
|--|-----------|
| Unavailable revenue - court fines | 156,515 |
| Net pension assets | 26,959 |
| Pension and OPEB related deferred outflows | 3,082,782 |

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 | (356,349) |
| Net pension liability | (5,245,030) |
| OPEB liability | (1,006,934) |
| Pension and OPEB related deferred inflows | (788,671) |
| Accrued interest payable | (28,770) |
| Capital leases payable | (2,179,999) |
| Notes payable | (811,003) |
| | (811,003) |

| | |
|--|----------------------|
| Total Net Position - Governmental Activities | \$ <u>17,624,001</u> |
|--|----------------------|

City of Glenpool, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

| | | Special Revenue | | Capital Projects | | | | Total |
|---|---------------------|----------------------------|------------------------------------|---------------------|--------------------------------|-----------------------------|--------------------------|-----------------------|
| | General Fund | Hotel-Motel Tax Fund | Public Safety Personnel Fund | Parks & Rec Fund | Capital Improvement Fund | Streets & Infrastructure | Public Safety Capital | Governmental Funds |
| Revenues: | | | | | | | | |
| Taxes | \$ 9,049,792 | \$ 176,761 | \$ 1,179,033 | \$ - | \$ - | \$ 634,199 | \$ 562,579 | \$ 11,602,364 |
| Licenses and permits | 141,998 | - | - | 13,300 | - | - | - | 155,298 |
| Charges for services | 295,253 | - | - | - | - | - | - | 295,253 |
| Intergovernmental programs | 914,152 | - | - | - | - | - | - | 914,152 |
| Fines and forfeits | 227,917 | - | - | - | - | - | - | 227,917 |
| Interest income | 48,499 | 4,875 | 4,999 | 1,916 | 1,171 | 4,295 | 2,292 | 68,047 |
| Miscellaneous | 146,034 | - | - | - | - | - | - | 146,034 |
| Total revenues | <u>10,823,645</u> | <u>181,636</u> | <u>1,184,032</u> | <u>15,216</u> | <u>1,171</u> | <u>638,494</u> | <u>564,871</u> | <u>13,409,065</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 1,981,628 | - | - | - | - | - | - | 1,981,628 |
| Public safety | 4,874,704 | - | 1,208,585 | - | - | - | - | 6,083,289 |
| Highways and roads | 559,106 | - | - | - | - | - | - | 559,106 |
| Economic Development | - | 82,803 | - | - | - | - | - | 82,803 |
| Debt service: | | | | | | | | |
| Principal | 61,465 | - | - | - | - | 255,484 | 481,299 | 798,248 |
| Interest expense | 8,246 | - | - | - | - | 14,709 | 65,630 | 88,585 |
| Capital outlay | 615,435 | - | - | - | - | 388,329 | 184,875 | 1,188,639 |
| Total expenditures | <u>8,100,584</u> | <u>82,803</u> | <u>1,208,585</u> | <u>-</u> | <u>-</u> | <u>658,522</u> | <u>731,804</u> | <u>10,782,298</u> |
| Excess of revenues over (under) expenditures | <u>2,723,061</u> | <u>98,833</u> | <u>(24,553)</u> | <u>15,216</u> | <u>1,171</u> | <u>(20,028)</u> | <u>(166,933)</u> | <u>2,626,767</u> |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | 1,905,900 | - | - | - | - | 559,422 | 143,963 | 2,609,285 |
| Operating transfers out | (4,537,200) | (60,000) | - | - | - | (98,373) | - | (4,695,573) |
| Total other financing sources (uses) | <u>(2,631,300)</u> | <u>(60,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>461,049</u> | <u>143,963</u> | <u>(2,086,288)</u> |
| Net change in fund balances | 91,761 | 38,833 | (24,553) | 15,216 | 1,171 | 441,021 | (22,970) | 540,479 |
| Fund balances - beginning of year | <u>7,592,826</u> | <u>476,115</u> | <u>649,044</u> | <u>193,217</u> | <u>120,106</u> | <u>554,931</u> | <u>261,796</u> | <u>9,848,035</u> |
| Fund balance - end of year | <u>\$ 7,684,587</u> | <u>\$ 514,948</u> | <u>\$ 624,491</u> | <u>\$ 208,433</u> | <u>\$ 121,277</u> | <u>\$ 995,952</u> | <u>\$ 238,826</u> | <u>\$ 10,388,514</u> |

See Notes to Financial Statements.

City of Glenpool, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2020

| | |
|--|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 540,479 |
| 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: | |
| Net pension expense - Police | (162,884) |
| Net pension expense - Fire | (514,204) |
| OPEB Liability | 150,428 |
| 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 | 1,021,913 |
| Capital assets donated | 2,731,477 |
| Depreciation expense | (1,134,941) |
| Certain long-term assets are not available to pay for current fund liabilities and, therefore, are not reported in the fund: | |
| Unavailable revenue - court fines | 156,515 |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: | |
| Capital lease obligation principal payments | 700,634 |
| Notes payable principal payments | 97,614 |
| 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 | 28,770 |
| Accrued compensated absences | 6,007 |
| Change in Net Position of Governmental Activities | \$ <u>3,621,808</u> |

City of Glenpool, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2020

| | Enterprise Funds | | |
|--|---|--|---------------------------------------|
| | Glenpool Utility Service Authority | Glenpool Industrial Authority | Total Enterprise Funds |
| Assets | | | |
| Current assets: | | | |
| Cash and equivalents | \$ 1,050,984 | \$ 896,202 | \$ 1,947,186 |
| Restricted cash and equivalents | 110,340 | - | 110,340 |
| Accounts receivable, net | 731,582 | 10,306 | 741,888 |
| Total current assets | 1,892,906 | 906,508 | 2,799,414 |
| Non current assets: | | | |
| Restricted investments | 4,812,079 | - | 4,812,079 |
| Capital assets: | | | |
| Land and construction in process | 2,092,557 | 972,800 | 3,065,357 |
| Depreciable buildings, equipment and infrastructure, net of | 30,595,211 | 247,848 | 30,843,059 |
| Total non-current assets: | 37,499,847 | 1,220,648 | 38,720,495 |
| Total assets | 39,392,753 | 2,127,156 | 41,519,909 |
| Deferred outflow of resources | | | |
| Deferred amounts on refunding | 1,749,410 | - | 1,749,410 |
| Deferred resources related to OPEB | 42,709 | 14,168 | 56,877 |
| Total deferred outflow of resources | 1,792,119 | 14,168 | 1,806,287 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 455,202 | 15,631 | 470,833 |
| Accrued interest payable | 121,210 | - | 121,210 |
| Accrued compensated absences | 24,687 | 6,384 | 31,071 |
| Due to other funds | 1,663,611 | - | 1,663,611 |
| Deposits subject to refund | 64,908 | - | 64,908 |
| Notes payable | 224,039 | - | 224,039 |
| Revenue bonds payable | 1,470,000 | - | 1,470,000 |
| Total current liabilities: | 4,023,657 | 22,015 | 4,045,672 |
| Non-current liabilities: | | | |
| Notes payable | 2,128,624 | - | 2,128,624 |
| OPEB Liability | 115,506 | 32,800 | 148,306 |
| Revenue bonds payable | 39,015,000 | - | 39,015,000 |
| Total non-current liabilities | 41,259,130 | 32,800 | 41,291,930 |
| Total liabilities | 45,282,787 | 54,815 | 45,337,602 |
| Deferred Inflow of resources | | | |
| Deferred resources related to OPEB | 2,088 | 591 | 2,679 |
| Total deferred inflows | 2,088 | 591 | 2,679 |
| Net position: | | | |
| Net investment in capital assets | (10,149,895) | 1,220,648 | (8,929,247) |
| Restricted | 4,922,419 | - | 4,922,419 |
| Unrestricted | 1,127,473 | 865,270 | 1,992,743 |
| Net position (deficit) | \$ (4,100,003) | \$ 2,085,918 | \$ (2,014,085) |

City of Glenpool, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2020

| | Enterprise Funds | | |
|---|--|-------------------------------------|------------------------------|
| | Glenpool Utility Service Authority | Glenpool Industrial Authority | Total Enterprise Funds |
| Operating Revenues: | | | |
| Water revenue | \$ 2,750,464 | \$ - | \$ 2,750,464 |
| Sewer revenue | 1,322,604 | - | 1,322,604 |
| Solid waste revenue | 772,872 | - | 772,872 |
| Water taps | 60,000 | - | 60,000 |
| Sewer taps | 15,100 | - | 15,100 |
| Solid waste management fees | 17,120 | - | 17,120 |
| Storm water management fees | 98,802 | - | 98,802 |
| Water/sewer fees | 4,773 | - | 4,773 |
| Connect/transfer fees | 6,922 | - | 6,922 |
| Delinquent fees | 83,587 | - | 83,587 |
| Miscellaneous charges | 935,254 | - | 935,254 |
| Reconnect fees | 31,060 | - | 31,060 |
| Lease revenue | - | 348,580 | 348,580 |
| Total revenues | <u>6,098,558</u> | <u>348,580</u> | <u>6,447,138</u> |
| Operating expense: | | | |
| Water and sewer operations | 4,284,059 | - | 4,284,059 |
| Solid waste operations | 672,218 | - | 672,218 |
| Conference Center operations | - | 476,586 | 476,586 |
| Economic Development | - | 363 | 363 |
| Depreciation | 1,002,046 | 11,116 | 1,013,162 |
| Total operations expense | <u>5,958,323</u> | <u>488,065</u> | <u>6,446,388</u> |
| Operating income (loss) | <u>140,235</u> | <u>(139,485)</u> | <u>750</u> |
| Non-operating revenues (expenses): | | | |
| Interest revenue | 40,545 | 10,787 | 51,332 |
| Interest expense and fiscal agent charges | (902,650) | - | (902,650) |
| Total Non-operating revenues (expenses) | <u>(862,105)</u> | <u>10,787</u> | <u>(851,318)</u> |
| Income (loss) before operating transfers | (721,870) | (128,698) | (850,568) |
| Transfers in | 3,887,435 | 104,753 | 3,992,188 |
| Transfers out | <u>(1,860,000)</u> | <u>(45,900)</u> | <u>(1,905,900)</u> |
| Change in net position | 1,305,565 | (69,845) | 1,235,720 |
| Total net position (deficit), beginning (as restated) | <u>(5,405,568)</u> | <u>2,155,763</u> | <u>(3,249,805)</u> |
| Total net position (deficit), ending | <u>\$ (4,100,003)</u> | <u>\$ 2,085,918</u> | <u>\$ (2,014,085)</u> |

City of Glenpool, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

| | Enterprise Funds | | |
|---|---|--|---------------------------------------|
| | Glenpool Utility Service Authority | Glenpool Industrial Authority | Total Enterprise Funds |
| Cash flows from operating activities: | | | |
| Cash received from customers & service users | \$ 6,129,143 | \$ 357,235 | \$ 6,486,378 |
| Cash payments for goods & services & employees | (4,901,211) | (460,383) | (5,361,594) |
| Net cash provided by (used in) operating activities | <u>1,227,932</u> | <u>(103,148)</u> | <u>1,124,784</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers to other funds | - | (45,900) | (45,900) |
| Net cash provided by (used in) for noncapital financing activities | <u>-</u> | <u>(45,900)</u> | <u>(45,900)</u> |
| Cash flows from capital and related financing activities: | | | |
| Transfers from other funds | 3,887,435 | 104,753 | 3,992,188 |
| Transfers to other funds | (1,860,000) | - | (1,860,000) |
| Acquisition & construction of capital assets | (1,355,773) | (182,336) | (1,538,109) |
| Proceeds from debt | 40,720,000 | - | 40,720,000 |
| Principal paid on debt | (37,629,154) | - | (37,629,154) |
| Interest paid on debt | (941,618) | - | (941,618) |
| Net cash provided by (used in) for capital and related financing activities | <u>2,820,890</u> | <u>(77,583)</u> | <u>2,743,307</u> |
| Cash flows from investing activities: | | | |
| (Purchase) liquidation of investments | (3,757,533) | - | (3,757,533) |
| Interest on investments | 40,545 | 10,787 | 51,332 |
| Net cash provided by (used in) investing activities | <u>(3,716,988)</u> | <u>10,787</u> | <u>(3,706,201)</u> |
| Net increase (decrease) in cash & cash equivalents | 331,834 | (215,844) | 115,990 |
| Cash and cash equivalents - beginning of year | <u>829,490</u> | <u>1,112,046</u> | <u>1,941,536</u> |
| Cash and cash equivalents - end of year | <u>\$ 1,161,324</u> | <u>\$ 896,202</u> | <u>\$ 2,057,526</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ 140,235 | \$ (139,485) | \$ 750 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 1,002,046 | 11,116 | 1,013,162 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 30,585 | 8,655 | 39,240 |
| Increase (decrease) in customer deposits | (250,558) | - | (250,558) |
| Increase (decrease) in accounts payable and accrued expenses | 290,830 | 13,296 | 304,126 |
| Increase (decrease) in OPEB Liability | 15,873 | 4,774 | 20,647 |
| Increase (decrease) in compensated absences | (1,079) | (1,504) | (2,583) |
| Total adjustments | <u>1,087,697</u> | <u>36,337</u> | <u>1,124,034</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,227,932</u> | <u>\$ (103,148)</u> | <u>\$ 1,124,784</u> |

See Notes to Financial Statements

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies

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.

Reporting Entity

The City is organized under the statutes of the State of Oklahoma. The City operates under a Council-Manager 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.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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 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 two fund categories which are governmental and proprietary. 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 (including deferred outflows), liabilities (including deferred inflows), 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:

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.

Special Revenue Fund - A Special revenue fund is 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 two special revenue funds active during the fiscal year ending June 30, 2020. The Hotel-Motel Tax fund accounts for hotel-motel tax revenues and expenditures related to economic development and cultural activities. The Public Safety Personnel fund accounted for a dedicated tax that is used solely for public safety personnel expenditures.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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, 2020:

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

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) for 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances

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.

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.

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 \$208,886, consisting mostly of unpaid court fines, are based upon 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 \$225,000 are based upon the periodic aging of accounts receivable.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances
(Continued)

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.

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.

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 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:

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

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position/Fund Balances
(Continued)

Compensated Absences - It is the City's policy to permit full-time employees to accumulate earned but unused vacation. Full-time 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.

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.

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 consist primarily of accrued compensated absences, pension benefits, capital leases payable, notes payable and revenue bonds payable.

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.

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. Also, the deferred amounts on refunding are reported in the government-wide statement of net position. A deferred amounts on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or funding debt.

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.

Equity Classifications

Government-wide Financial Statements - Equity is classified as net position and is displayed in three components:

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

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 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.

Revenues, Expenditures and Expenses

Sales Tax: The City levies a 5.1 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.

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, 2020, the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2020.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues, Expenditures and Expenses (Continued)

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:

| <u>Activity</u> | <u>Program Revenue</u> |
|---------------------------|---|
| 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.

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.
Expenditures/Expenses:

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.

Fund Financial Statements: In the fund financial statements, proprietary funds report expenses relating to use of economic resources. Governmental funds report expenditures of financial resources which are classified as follows:

Current (further classified by function)

- Debt Service
- Capital Outlay

Internal and Interfund Balances and Activities

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:

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Internal and Interfund Balances and Activities (Continued)

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.

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.

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 Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Subsequent Events

Subsequent events have been evaluated through September 21, 2021, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

By its nature as a local government unit, the City and its component units 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.

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:

| <u>Fund</u> | <u>Required by</u> |
|--|---------------------------|
| Glenpool Utility Service Authority Funds | Trust Indenture |
| Glenpool Industrial Authority Funds | Trust Indenture |

Deposits and Investments

The City maintains a cash pool that is available for use by most funds, as discussed in Use of Estimates. 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.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 2: Stewardship, Compliance and Accountability (Continued)

Deposits and Investments (Continued)

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, 2020, the City and its public trusts complied, in all material respects, with these investment restrictions.

Revenue Restrictions

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

Revenue Source

Sales Tax
Gasoline Excise and Commercial Vehicle Tax
E-911 Revenue
Ad Valorem Tax
Grants Revenue

Legal Restriction of Use

See Note Use of Estimates
Street and alley purposes
E-911 Emergency Service Purposes
Debt service on bonds and judgements
Based on individual grant agreements

For the year ending June 30, 2020, the City complied, in all material respects, with these revenue restrictions.

Debt Restrictions and Covenants

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, 2020, the City complied with this restriction.

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, 2020, no such debt was incurred by the City.

Revenue Bond Debt: The bond indenture relating to the revenue bond issues of the GUSA contains a number of restrictions or covenants that are financial related 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 summary of the most significant requirements and the GUSA's level of compliance thereon as of June 30, 2020:

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 2: Stewardship, Compliance and Accountability (Continued)

Debt Restrictions and Covenants (Continued)

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, 2020, available sales tax, and revenues, as defined by the bond indenture, were \$17,899,257 the bond coverage requirement is operating and maintenance excluding depreciation, or \$3,392,848 plus 125% of primary principal and interest plus 125% of subordinate principal and interest, or \$3,714,295. Excess coverage was \$5,378,772 or 1.45 times the required principal, interest, and fee coverage.

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, 2020.

Prior Period Restatement

Net position was restated as follows:

| | Fund Level | | | | | Government-Wide Level | |
|---|---------------------|-----------------------|---------------------|-----------------------|---------------------|-------------------------|--------------------------|
| | Governmental Funds | | | Proprietary Fund | | Governmental Activities | Business-Type Activities |
| | General | Special Revenue Funds | Capital Projects | GUSA | GIA | | |
| Beginning Fund balance/net position as previously reported at June 30, 2019: | \$ 7,592,826 | \$ 1,125,159 | \$ 1,130,050 | \$ (5,614,383) | \$ 2,155,763 | \$ 14,062,159 | \$ (3,458,620) |
| Prior period adjustment: | | | | | | | |
| Donated infrastructure | - | - | - | 208,815 | - | - | 208,815 |
| Capitalized infrastructure | - | - | - | - | - | 858,304 | - |
| Notes payable | - | - | - | - | - | (880,731) | - |
| Accrued interest | - | - | - | - | - | (37,539) | - |
| Fund Balance/Net position as restated July 1, 2019 | <u>\$ 7,592,826</u> | <u>\$ 1,125,159</u> | <u>\$ 1,130,050</u> | <u>\$ (5,405,568)</u> | <u>\$ 2,155,763</u> | <u>\$ 14,002,193</u> | <u>\$ (3,249,805)</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 2: Stewardship, Compliance and Accountability (Continued)

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.

Note 3: Deposits and Investments

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, 2020 the City's bank balance of \$9,505,860 was not exposed to custodial credit risk.

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, 2020.

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

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 3: Deposits and Investments (Continued)

Investments (Continued)

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.

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.

With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

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.

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.

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, 2020, 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, 2020:

| Type | Weighted Average Maturity (Months) | Credit Rating | Value |
|----------------------------------|--|---------------|----------------------|
| Demand deposits and cash on hand | N/A | (1) | \$ 14,014,747 |
| Certificates of deposit | N/A | (1) | 303,192 |
| | | | <u>\$ 14,317,939</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 3: Deposits and Investments (Continued)

Fair Value Measurement (Continued)

Reconciliation to Statement of Net Position

| | |
|--------------------------------------|----------------------|
| Cash and cash equivalents | \$ 6,811,917 |
| Restricted cash and cash equivalents | 2,693,943 |
| Restricted investments | <u>4,812,079</u> |
| | <u>\$ 14,317,939</u> |

Note 4: 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.

Note 5: Accounts Payable

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

Note 6: Restricted Assets

Certain cash and cash equivalents of the City are restricted in their use through grant agreements, contracts or laws and ordinances. Certain cash, cash equivalents, and investments of the GUSA are restricted in their use by bond and note indentures. Customer deposits received for water, sewer and refuse service are restricted in their use toward the customer's final bill. The following schedule shows restricted cash and cash equivalents and investments.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 6: Restricted Assets (Continued)

| | <u>Governmental</u> | <u>Business-Type</u> | |
|--|---|---|----------------------------|
| | Current Cash and Cash Equivalents | Current Cash and Cash Equivalents | Non-current Investments |
| 2011 CWSRF OWRB debt service fund | \$ - | \$ - | \$ 57,846 |
| 2019 Construction fund | - | - | 3,555,010 |
| 2019 Tax bond fund | - | - | 985,032 |
| Utility deposits | - | 110,340 | 214,191 |
| Police and fire operations | 488,780 | - | - |
| Economic development and cultural programs | 499,735 | - | - |
| Developer fees for future park improvements | 208,433 | - | - |
| Matching funds for construction of sidewalk improvements - ODOT | 121,277 | - | - |
| Streets and other infrastructure capital | 1,053,501 | - | - |
| Public safety capital | 211,877 | - | - |
| | <u>\$ 2,583,603</u> | <u>\$ 110,340</u> | <u>\$ 4,812,079</u> |

Note 7: Capital Assets

Governmental capital asset activity for the year ended is summarized below:

| | <u>Restated Balance 6/30/2019</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 6/30/2020</u> |
|--|---|---------------------|------------------|------------------------------|
| Governmental Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Construction in progress | 36,694 | 440,371 | - | 477,065 |
| Total non-depreciable assets | <u>36,694</u> | <u>440,371</u> | <u>-</u> | <u>477,065</u> |
| Depreciable assets: | | | | |
| Buildings and improvements | 7,986,179 | - | - | 7,986,179 |
| Furniture, fixtures and equipment | 4,898,604 | 85,456 | - | 4,984,060 |
| Vehicles | 4,727,670 | - | - | 4,727,670 |
| Infrastructure | 2,681,207 | 3,227,563 | - | 5,908,770 |
| Total depreciable assets | <u>20,293,660</u> | <u>3,313,019</u> | <u>-</u> | <u>23,606,679</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (2,724,989) | (197,962) | - | (2,922,951) |
| Furniture, fixtures and equipment | (2,924,124) | (408,721) | - | (3,332,845) |
| Vehicles | (2,585,123) | (378,054) | - | (2,963,177) |
| Infrastructure | (328,580) | (150,204) | - | (478,784) |
| Total accumulated depreciation | <u>(8,562,816)</u> | <u>(1,134,941)</u> | <u>-</u> | <u>(9,697,757)</u> |
| Net depreciable assets | <u>11,730,844</u> | <u>2,178,078</u> | <u>-</u> | <u>13,908,922</u> |
| Net governmental activities capital assets | <u>\$ 11,767,538</u> | <u>\$ 2,618,449</u> | <u>\$ -</u> | <u>\$ 14,385,987</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 7: Capital Assets (Continued)

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

| | Restated Balance 6/30/2019 | Additions | Disposals | Balance 6/30/2020 |
|--|----------------------------------|--------------------|-------------|----------------------|
| Business-Type Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 2,883,021 | \$ - | \$ - | \$ 2,883,021 |
| Construction in progress | - | 182,334 | - | 182,334 |
| Total non-depreciable assets | <u>2,883,021</u> | <u>182,334</u> | <u>-</u> | <u>3,065,355</u> |
| Depreciable assets: | | | | |
| Buildings and improvements | 14,707,380 | - | - | 14,707,380 |
| Furniture, fixtures and equipment | 779,973 | 12,284 | - | 792,257 |
| Vehicles | 498,732 | - | - | 498,732 |
| Infrastructure | 25,094,870 | 1,343,491 | - | 26,438,361 |
| Total depreciable assets | <u>41,080,955</u> | <u>1,355,775</u> | <u>-</u> | <u>42,436,730</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (3,022,965) | (367,160) | - | (3,390,125) |
| Furniture, fixtures and equipment | (645,300) | (28,523) | - | (673,823) |
| Vehicles | (414,524) | (22,816) | - | (437,340) |
| Infrastructure | (6,497,718) | (594,663) | - | (7,092,381) |
| Total accumulated depreciation | <u>(10,580,507)</u> | <u>(1,013,162)</u> | <u>-</u> | <u>(11,593,669)</u> |
| Net depreciable assets | <u>30,500,448</u> | <u>342,613</u> | <u>-</u> | <u>30,843,061</u> |
| Net governmental activities capital assets | <u>\$ 33,383,469</u> | <u>\$ 524,947</u> | <u>\$ -</u> | <u>\$ 33,908,416</u> |

Note 8: 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, 2020 was \$1,663,611 and will not be paid within one year.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 9: 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, 2020, consisted of the following:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Nature of Interfund Transfer</u> |
|----------------------|--------------------------|---------------------|--------------------------------------|
| General Fund | GUSA | \$ 1,929,062 | Dedicated Sales Tax for Debt Service |
| General Fund | GUSA | 1,860,000 | Bond Pledge |
| General Fund | GIA | 44,753 | Budgetary |
| General Fund | Streets & Park | 559,422 | Supplemental Funds for Road Improv. |
| General Fund | Public Safety Capital | 143,963 | Debt Service |
| GUSA | General Fund | 1,860,000 | Return of Bond Pledge |
| Hotel Motel Fund | GIA | 60,000 | Budgetary |
| GIA | General Fund | 31,500 | Budgetary |
| GIA | Capital Improvement Fund | 14,400 | Budgetary |
| Streets & Park | GUSA | 98,373 | Capital Purchases |
| | | <u>\$ 6,601,473</u> | |

| | <u>Transfer In</u> | <u>Transfer Out</u> | <u>Total</u> |
|---|---------------------|---------------------|----------------|
| Reconciliation to Fund Financial Statements: | | | |
| Governmental Funds | \$ 2,609,285 | \$ 4,695,573 | \$ (2,086,288) |
| Proprietary Funds | 3,992,188 | 1,905,900 | 2,086,288 |
| | <u>\$ 6,601,473</u> | <u>\$ 6,601,473</u> | <u>\$ -</u> |

Note 10: 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.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 10: Long-term Liabilities (Continued)

Governmental Activities: As of June 30, 2020, the governmental activities long-term debt consisted of the following:

| | <u>2020</u> |
|--|--------------------|
| <u>Notes Payable - Direct Borrowings</u> | |
| 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. | \$ 9,525 |
| 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. | 15,961 |
| St Francis Public Improvements-Agreement dated October 2017, original amount of \$952,142 for public improvement, 39 monthly payments of \$23,804 beginning January 2019 | 785,517 |
| Total Notes Payable | <u>\$ 811,003</u> |
| Current portion | \$ 97,614 |
| Non-current portion | 713,389 |
| Total Notes Payable | <u>\$ 811,003</u> |
| | <u>2020</u> |
| <u>Capital Lease Obligations</u> | |
| \$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. | \$ 135,220 |
| \$26,320 capital lease with Oklahoma State Bank for animal control truck, interest rate of 1.98%, monthly installments commencing April 22, 2017 through March 22, 2021. | 5,265 |
| \$804,229 capital lease with Santander Leasing for automated meter reading system, interest rate of 2.97%, annual installments commencing February 9, 2018 through February 9, 2022 | 336,315 |
| \$731,100.23 capital lease with Community Bank for fire truck, interest rate of 2.9%, annual installments commencing May 1, 2017 through May 5, 2021. Final balloon payment due May 10, 2021. | 379,390 |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 10: Long-term Liabilities (Continued)

| | |
|--|----------------------------|
| \$521,003 capital lease with BB&T for public safety communications system infrastructure, interest rate of 3.65%, annual installments commencing November 23, 2017 through November 23, 2028. | \$ 410,955 |
| \$580,870 capital lease with Central Trust Bank for public safety communications equipment, interest rate of 2.9%, annual installments commencing December 16, 2017 through December 16, 2021. | 242,355 |
| \$203,539 capital lease with Oklahoma State Bank for five police vehicles, interest rates of 1.98%, monthly installments commencing December 1st 2017 through March 1st, 2021 | 48,071 |
| \$84,796 capital lease with Oklahoma State Bank for two Police Vehicles, interest rate 2.39%, Monthly installment commencing December 14th 2017 through November 14th, 2022. | 30,961 |
| \$227,647.40 capital lease with Oklahoma State Bank for Breathing Apparatus 2.39% Interest rate, annual installment commencing November 14th 2018 through November 14th, 2022 | 116,507 |
| \$36,500 lease with Axon Enterprise Inc., for breathing apparatus equipment annual installment commencing December 13th 2017 through December 13th, 2022 | 15,600 |
| \$8,119 Tasers Cartridge with Axon Enterprise Inc, for Tasers Cartridge annual installment commencing December 13th 2017 through December 13th, 2022 | 1,623 |
| \$562,976.56 Oklahoma State Bank, 2009 Pierce velocity 100 aerial Platform Fire Truck, 3.36% Interest rate, annual installment commencing April 24th 2019 through April 24th, 2024 | 457,737 |
| Total Capital Leases | \$ <u>2,179,999</u> |
| Current portion | 713,791 |
| Non-current portion | 1,466,208 |
| Total Capital Leases | \$ <u><u>2,179,999</u></u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 10: Long-term Liabilities (Continued)

Business-Type Activities: As of June 30, 2020, the business-type activities long-term debt consisted of the following:

| | <u>2020</u> |
|---|----------------------|
| <u>Revenue Bonds Payable</u> | |
| 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. | \$ - |
| Series 2019 Utility Revenue Refunding Bonds dated September 30, 2019, original issue amount of \$40,720,000, sold on the open market, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 2.361% to 3.665%, semiannual interest and annual principal installments commencing December 1, 2019 through November 1, 2060 | 40,485,000 |
| Total Revenue Bonds Payable | \$ <u>40,485,000</u> |
| Current portion | \$ 1,470,000 |
| Non-current portion | 39,015,000 |
| Total Revenue Bonds Payable | \$ <u>40,485,000</u> |
| | <u>2020</u> |
| <u>Notes Payable - Direct Borrowings</u> | |
| 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. | \$ 68,070 |
| 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. | 2,284,593 |
| Total Notes Payable | \$ <u>2,352,663</u> |
| Current portion | \$ 224,039 |
| Non-current portion | 2,128,624 |
| Total Notes Payable | \$ <u>2,352,663</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 11: 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.

Note 12: Revenue Bond Refunding

On September 30, 2019, the City issued the Series 2019 Utility Revenue Refunding Bonds in the amount of \$40,720,000. The proceeds of this issue were to advance refund the City's 2010A, 2010B, and 2011 bonds. This transaction reduced debt service payments of approximately \$2,846,000 over the next 21 years and result in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$2,089,000. The refunding resulted in a deferred gain on refunding of \$1,749,410.

Note 13: Changes in Long-term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2020 are summarized below:

Governmental Activities:

| | Balance June 30, 2019 | Additions | Reductions | Balance June 30, 2020 |
|---------------------------|----------------------------------|------------------|---------------------|----------------------------------|
| Notes payable | \$ 908,617 | \$ - | \$ (97,614) | \$ 811,003 |
| Capital lease obligations | 2,880,633 | - | (700,634) | 2,179,999 |
| Compensated absences | 362,356 | - | (6,007) | 356,349 |
| Total | <u>\$ 4,151,606</u> | <u>\$ -</u> | <u>\$ (804,255)</u> | <u>\$ 3,347,351</u> |

Business-type Activities:

| | Balance June 30, 2019 | Additions | Reductions | Balance June 30, 2020 |
|----------------------|----------------------------------|----------------------|------------------------|----------------------------------|
| Revenue Bond 2010A | \$ 27,375,000 | \$ - | \$ (27,375,000) | \$ - |
| Revenue Bond 2010B | 1,640,000 | - | (1,640,000) | - |
| Revenue Bond 2011 | 6,410,000 | - | (6,410,000) | - |
| Revenue Bond 2019 | - | 40,720,000 | (235,000) | 40,485,000 |
| OWRB 2001 | 136,140 | - | (68,070) | 68,070 |
| OWRB 2011 | 2,436,268 | - | (151,675) | 2,284,593 |
| Claim Settlement | - | - | - | - |
| Compensated absences | 33,654 | - | (2,583) | 31,071 |
| Total | <u>\$ 38,031,062</u> | <u>\$ 40,720,000</u> | <u>\$ (35,882,328)</u> | <u>\$ 42,868,734</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 14: Maturities of Long-term Debt

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

Governmental Activities:

Business-type Activities:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2021 | \$ 811,405 | \$ 68,073 | \$ 879,478 |
| 2022 | 996,672 | 35,790 | 1,032,462 |
| 2023 | 256,199 | 20,016 | 276,215 |
| 2024 | 261,639 | 14,575 | 276,214 |
| 2025 | 143,081 | 8,926 | 152,007 |
| 2026-2030 | 518,050 | 18,490 | 536,540 |
| 2031-2034 | 3,956 | - | 3,956 |
| Total | <u>\$ 2,991,002</u> | <u>\$ 165,870</u> | <u>\$ 3,156,872</u> |

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2021 | \$ 1,694,039 | \$ 1,267,715 | \$ 2,961,754 |
| 2022 | 1,660,203 | 1,229,215 | 2,889,418 |
| 2023 | 1,699,553 | 1,189,855 | 2,889,408 |
| 2024 | 1,738,893 | 1,149,675 | 2,888,568 |
| 2025 | 1,783,607 | 1,108,308 | 2,891,915 |
| 2026-2030 | 9,551,271 | 4,836,909 | 14,388,180 |
| 2031-2035 | 10,450,097 | 3,394,873 | 13,844,970 |
| 2036-2040 | 11,670,000 | 1,564,377 | 13,234,377 |
| 2041-2042 | 2,590,000 | 47,462 | 2,637,462 |
| Total | <u>\$ 42,837,663</u> | <u>\$ 15,788,389</u> | <u>\$ 58,626,052</u> |

Note 15: Pledge of Future Revenues

Sales Tax Pledge: The City has pledged four cents of future sales tax revenues to repay \$40,720,000 of Series 2019 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 2042. The total principal and interest payable for the remainder of the life of these bonds is \$58,626,052. Pledged sales taxes received in the current year were \$7,872,722 for the bonds and the net utility revenues were \$6,098,558. Debt service payments for the bonds of \$2,688,521 for the current fiscal year were 34% of the pledged sales taxes and 19% of both pledged sales taxes and utility revenues combined.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 15: Pledge of Future Revenues (Continued)

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 \$2,695,568. Pledged sales taxes received in the current year were \$7,872,722 for the notes and the net utility revenues were \$6,098,558. Debt service payments for the notes of \$239,268 for the current fiscal year were 3% of the pledged sales taxes and 2% of both pledged sales taxes and utility revenues combined.

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.

Note 16: Employee Pension Plans and Other Post-Employment Benefits

Pension Plan Obligations

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

Oklahoma Police Pension and Retirement System

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

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

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Benefits provided (Continued)

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 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 \$179,041. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$167,056 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 \$167,056. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported an asset of \$26,959 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability (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, 2019. Based upon this information, the City's proportion was .42223%.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$323,473. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

| | Deferred Outflows of Resources | Deferred Inflows of Recourses |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 16,179 | \$ 127,287 |
| Changes of assumptions | 68,838 | - |
| Net difference between projected and actual earnings on pension plan investments | 246,356 | - |
| Changes in proportion | 3,806 | 524 |
| Contributions during measurement date | 5,741 | 1,399 |
| City of benefit payments subsequent to the measurement date | <u>179,041</u> | <u>-</u> |
| Total | <u>\$ 519,961</u> | <u>\$ 129,210</u> |

In the year ending June 30, 2021, \$179,041 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 (asset) in the subsequent year. 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:

| | |
|------|-------------------|
| 2021 | \$ 119,831 |
| 2022 | (33,855) |
| 2023 | 40,508 |
| 2024 | 81,923 |
| 2025 | 3,303 |
| | <u>\$ 211,710</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|-----------------------------|--|
| Inflation: | 2.75% |
| Salary increases: | 3.5% to 12.0% average, including inflation |
| Investment rate of return: | 7.5% net of pension plan investment expense |
| Cost-of-living adjustments: | Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation). |
| 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. |

The actuarial assumptions used in the July 1, 2019, valuation was based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Actuarial Assumptions (Continued)

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, 2019, are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|---|
| Fixed income | 4.79% |
| Domestic equity | 5.74% |
| International equity | 9.19% |
| Real estate | 7.99% |
| Private equity | 10.20% |
| Commodities | 3.50% |

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

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

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) 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 (assets) | \$ 1,148,457 | \$ (29,959) | \$ (1,122,973) |

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.

Oklahoma Firefighter's Pension and Retirement System

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

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- **Hired Prior to November 1, 2013**
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- **Hired After November 1, 2013**
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also, participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

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-the-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-the-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 \$240,694. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$504,814 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 \$504,814. 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, 2020, the City reported a liability of \$5,245,030 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was .4964%.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$1,142,599. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 878,278 | \$ 106,686 |
| Changes of assumptions | - | 134,742 |
| Net difference between projected and actual earnings on pension plan investments | - | 379,679 |
| Changes in proportion | 1,105,414 | 11,276 |
| Contributions during measurement date | 4,759 | 1,118 |
| City of benefit payments subsequent to the measurement date | <u>240,694</u> | <u>-</u> |
| Total | \$ <u><u>2,229,145</u></u> | \$ <u><u>633,501</u></u> |

In the year ending June 30, 2021, \$240,694 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|----------------------------|----------------------------|
| <u>Year Ended June 30:</u> | |
| 2021 | \$ 465,636 |
| 2022 | 308,293 |
| 2023 | 414,497 |
| 2024 | 169,331 |
| 2025 | <u>(2,807)</u> |
| | \$ <u><u>1,354,950</u></u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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 |

For 2019, mortality rates were based on:

Active members—Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

Retired members—Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018.

Disabled members—Pub-2010 Public Safety Disabled Table set forward 2 years

The actuarial assumptions used in the July 1, 2019, valuation was based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019, are summarized in the following table:

| <u>Asset Class</u> | <u>Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|-------------------|---|
| Fixed income | 20% | 4.90% |
| Domestic equity | 47% | 7.09% |
| International equity | 15% | 9.19% |
| Real estate | 10% | 7.99% |
| Other assets | 8% | 5.57% |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

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

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

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|----------------------------------|-----------------------|------------------------------------|-----------------------|
| Employers' net pension liability | \$ 6,772,817 | \$ 5,245,030 | \$ 3,567,384 |

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.

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. A defined contribution plan's benefits depend solely on amounts contributed to the plan and investment earnings. Benefits vest at time of employment, with normal retirement at age 65. 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 cost for covered employees (with the exception of the City Manager, Assistant City Manager, and the Chief of Police) of \$135,801, \$125,689, and \$109,089 for 2020, 2019 and 2018, respectively, was equal to the City's required and actual contributions.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

The City has separate defined contribution plans for the City Manager, Assistant City Manager, and the Chief of Police. The City makes employer contributions that are set amounts in accordance with plan each year. For fiscal year 2020, the employer contributed 17%, 7%, and 13% respectively for the participants. The City's annual cost for the City Manager's plan of \$27,368, \$21,899, and \$15,610 for 2020, 2019, and 2018 was equal to the City's required and actual contributions. The City's annual cost for the Assistant City Manager and Chief of Police of \$7,950 and \$11,671 for 2020 were equal to the City's required and actual contributions.

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 employees not yet eligible for Medicare that elect to make required contributions. The benefits are provided in accordance with State law 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.

Employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City and may continue until they become eligible for Medicare benefits. As of June 30, 2020, one retired employee is receiving benefits under this plan.

Funding Policy: The City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay premiums established by the City, with the City subsidizing the remaining costs. Contribution requirements are established and amended as needed by the City Council on an annual basis.

Employees Covered by Benefit Terms: At June 30, 2020 the following employees were covered by the benefit terms:

| | |
|--|----|
| Active Employees | 89 |
| Inactive or beneficiaries currently receiving benefit payments | 1 |
| Total | 90 |

Total OPEB Liability: The City's total OPEB liability of \$1,006,934 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement

- Actuarial cost method – entry age normal
- Cost method application – level percentage of pay
- Discount rate – 2.21%
- Healthcare cost trend rates – 6.09% grading to 4.87%
- Pay increases – 3%
- Mortality rates – Pub2010Gen and Pub2010PS Mortality (separate employee and retiree tables for males and females; separate tables for disabled lives) with full cohort mortality projection using SOA scale AA
- Retirement and turnover rates – OKMRF 2017 experience study for civilians; police and fire are based on rates for those groups in Oklahoma.

As long as the City's OPEB plan remains unfunded the expected long-term rate of return is not relevant. However, should the plan be funded through an irrevocable trust sometime in the future, the OPEB expense will be reduced by the expected return on the fund, and the discount rates will be based on a mix of the municipal bond yield on the measurement date and the long term rate of return of the fund based on its asset allocation.

The long-term expected rate of return on OPEB plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 (3.0%) and deducting investment expenses. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|-------------------|---|
| Large cap stocks | 37% | 5.70% |
| Mid/small cap stocks | 12% | 6.50% |
| International stocks | 17% | 5.40% |
| Bonds | 33% | 2.50% |
| Multi-sector bonds | 0% | 3.50% |
| Real estate | 0% | 4.80% |
| Cash equivalents | 1% | 0.00% |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Deferred Outflows and Deferred Inflows: At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Recourses |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 26,263 | \$ 7,217 |
| Changes of assumptions | 307,192 | 10,981 |
| Changes in proportion | - | 7,762 |
| Total | <u>\$ 333,455</u> | <u>\$ 25,960</u> |

Amounts reported as deferred outflows and deferred inflows above will be recognized in compensation expense as follows:

| | |
|----------------------------|-------------------|
| <u>Year Ended June 30:</u> | |
| 2021 | \$ 40,221 |
| 2022 | 40,221 |
| 2023 | 40,221 |
| 2024 | 40,221 |
| Thereafter | 146,611 |
| | <u>\$ 307,495</u> |

Sensitivity of the Total OPEB Liability to changes in the discount rate: The following presents the total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower and higher than the current discount rate:

| | 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (5.87%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| Employers' net pension liability | <u>\$ 1,270,274</u> | <u>\$ 1,006,934</u> | <u>\$ 805,750</u> |

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 16: Employee Pension Plans and Other Post-Employment Benefits
(Continued)

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability, as well as what the City's total OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1% lower and higher than the current healthcare cost trend rates:

| | 1% Decrease | Healthcare Cost, Trend Rates 5.99% | 1% Increase |
|----------------------------------|-------------------|--|---------------------|
| | 4.99% | Grading to | 6.99% |
| | 3.87% | 4.87% | Grading to |
| | | | 5.87% |
| Employers' net pension liability | \$ <u>813,858</u> | \$ <u>1,006,934</u> | \$ <u>1,251,739</u> |

Note 17: Risk Related Activities

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

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

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

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

City of Glenpool, Oklahoma
Notes to the Financial Statements
June 30, 2020

Note 18: Commitments and Contingencies

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.

Note 19: Tax Abatements

The City attracts and/or maintains business development through the GIA, which has the ability to induce developers with a sales tax and/or hotel-motel tax abatement agreement. These incentives stimulate economic growth and are seen as a benefit to all the residents and business owners throughout the City. Some of the factors considered are the jobs created during the development of the project, the permanent jobs that will remain after the completion of the project, the cost of the improvements to the property and the amount of sales tax that is expected to be generated by the business.

For the fiscal year ended June 30, 2020 the GIA did not abate hotel-motel tax that would have otherwise been remitted to the City.

Required Supplementary Information

City of Glenpool, Oklahoma
Schedule of City's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years*
For the Year Ended June 30, 2020

| | 2020 | 2019 |
|---|--------------|--------------|
| <u>Oklahoma Police Pension and Retirement Plan</u> | | |
| City's proportion of the net pension liability | 0.42230% | 0.40010% |
| City's proportionate share of net pension liability (asset) | \$ (26,959) | \$ (201,718) |
| City's covered-employee payroll | \$ 1,398,315 | \$ 1,320,836 |
| City proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -1.93% | -15.27% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 100.24% | 101.89% |
| <u>Oklahoma Firefighters Pension and Retirement Plan</u> | | |
| City's proportion of the net pension liability | 0.49638% | 0.47067% |
| City's proportionate share of net pension liability (asset) | \$ 5,245,030 | \$ 5,298,045 |
| City's covered-employee payroll | \$ 1,529,807 | \$ 1,398,565 |
| City proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 342.86% | 378.82% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 72.85% | 70.73% |

* Prior year information is not available

(Continued)

City of Glenpool, Oklahoma
Schedule of City's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years*
For the Year Ended June 30, 2020
(Continued)

| | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|
| <u>Oklahoma Police Pension and Retirement Plan</u> | | | | |
| City's proportion of the net pension liability | 0.40010% | 0.37570% | 0.37210% | 0.37030% |
| City's proportionate share of net pension liability (asset) | \$ 30,779 | \$ 575,383 | \$ 15,172 | \$ (124,661) |
| City's covered-employee payroll | \$ 1,203,929 | \$ 1,147,269 | \$ 1,051,731 | \$ 1,035,823 |
| City proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 2.56% | 50.15% | 1.44% | -12.03% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 99.68% | 93.50% | 99.82% | 101.53% |
| <u>Oklahoma Firefighters Pension and Retirement Plan</u> | | | | |
| City's proportion of the net pension liability | 0.42470% | 0.33530% | 0.32160% | 0.32630% |
| City's proportionate share of net pension liability (asset) | \$ 5,341,402 | \$ 4,096,830 | \$ 3,413,117 | \$ 3,354,967 |
| City's covered-employee payroll | \$ 1,257,713 | \$ 982,474 | \$ 871,564 | \$ 870,964 |
| City proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 424.69% | 416.99% | 391.61% | 385.20% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 66.61% | 64.87% | 68.27% | 68.12% |

* Prior year information is not available

City of Glenpool, Oklahoma
Schedule of Pension Contributions - Last 10 Fiscal Years*
For the Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------|
| <u>Oklahoma Police Pension and Retirement Plan</u> | | |
| Statutorily required contributions | \$ 179,041 | \$ 181,781 |
| Contributions in relation to the statutorily required contributions | <u>179,041</u> | <u>181,781</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 1,377,238 | \$ 1,398,315 |
| Contributions as a percentage of covered-employee payroll | 13.00% | 13.00% |
| <u>Oklahoma Firefighters Pension and Retirement Plan</u> | | |
| Statutorily required contributions | \$ 240,694 | \$ 214,173 |
| Contributions in relation to the statutorily required contributions | <u>240,694</u> | <u>214,173</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 1,719,243 | \$ 1,529,807 |
| Contributions as a percentage of covered-employee payroll | 14.00% | 14.00% |

* Prior year information is not available

(Continued)

City of Glenpool, Oklahoma
Schedule of Pension Contributions - Last 10 Fiscal Years*
For the Year Ended June 30, 2020
(Continued)

| | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|
| <u>Oklahoma Police Pension and Retirement Plan</u> | | | | |
| Statutorily required contributions | \$ 171,709 | \$ 152,662 | \$ 149,106 | \$ 136,836 |
| Contributions in relation to the statutorily required contributions | <u>171,709</u> | <u>152,662</u> | <u>149,106</u> | <u>136,836</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 1,320,836 | \$ 1,203,929 | \$ 1,147,269 | \$ 1,051,493 |
| Contributions as a percentage of covered-employee payroll | 13.00% | 12.68% | 13.00% | 13.01% |
| <u>Oklahoma Firefighters Pension and Retirement Plan</u> | | | | |
| Statutorily required contributions | \$ 195,799 | \$ 176,080 | \$ 137,546 | \$ 122,123 |
| Contributions in relation to the statutorily required contributions | <u>195,799</u> | <u>176,080</u> | <u>137,546</u> | <u>122,123</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 1,398,565 | \$ 1,257,713 | \$ 982,474 | \$ 871,564 |
| Contributions as a percentage of covered-employee payroll | 14.00% | 14.00% | 14.00% | 14.01% |

* Prior year information is not available

City of Glenpool, Oklahoma
Schedule of Changes in Net OPEB Liability and Related Ratios
Postretirement Medical Plan - Last 10 Fiscal Years*
For the Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|-------------------|-------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 79,815 | \$ 42,338 | \$ 43,113 |
| Interest | 33,574 | 22,292 | 17,633 |
| Changes in Benefits Terms | - | - | - |
| Difference between expected and actuals experience | (9,317) | 38,385 | - |
| Change of Assumptions | 179,338 | 245,965 | (19,619) |
| Expected net benefit payments | <u>(7,615)</u> | <u>(3,217)</u> | <u>-</u> |
| Net Change in Total OPEB Liability | 275,795 | 345,763 | 41,127 |
| Total OPEB Liability - Beginning of Year | <u>879,445</u> | <u>533,682</u> | <u>492,555</u> |
| Total OPEB Liability - End of Year | <u>\$ 1,155,240</u> | <u>\$ 879,445</u> | <u>\$ 533,682</u> |
| Covered employee payroll | \$ 4,830,000 | \$ 4,850,000 | \$ 4,250,000 |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 23.92% | 18.13% | 12.56% |

* Prior year information is not available

City of Glenpool, Oklahoma
Budgetary Comparison Schedule (Continued)
General Fund

| | Budgeted Amounts | | | Variance With |
|--|-------------------------|---------------|---------------|----------------------|
| | Original | Final | Actual | Final Budget |
| | Budget | Budget | | Over (Under) |
| Beginning Budgetary Fund Balance | \$ 7,592,824 | \$ 7,592,824 | \$ 7,592,824 | \$ - |
| Resources (Inflows) | | | | |
| TAXES | | | | |
| Sales Tax | \$ 5,732,693 | \$ 5,732,693 | \$ 5,904,326 | \$ 171,633 |
| Dedicated Tax | 1,911,223 | 1,911,223 | 1,968,396 | 57,173 |
| Use Tax | 483,107 | 483,107 | 765,985 | 282,878 |
| Franchise Tax | 486,543 | 486,543 | 411,085 | (75,458) |
| E911 Prepaid Wireless Fees | 6,000 | 6,000 | 6,244 | 244 |
| E911 Fees | 100,000 | 100,000 | 106,938 | 6,938 |
| Total Taxes | 8,719,566 | 8,719,566 | 9,162,974 | 443,408 |
| LICENSES & PERMITS | | | | |
| Solicitors License | 1,000 | 1,000 | 925 | (75) |
| Building Permits | 18,000 | 18,000 | 25,473 | 7,473 |
| Occupational Tax | 8,550 | 8,550 | 19,550 | 11,000 |
| Plumbing License | 5,000 | 5,000 | 7,200 | 2,200 |
| Electrical License | 7,000 | 7,000 | 5,700 | (1,300) |
| Mechanical License | 3,000 | 3,000 | 4,700 | 1,700 |
| Pet License | 100 | 100 | 60 | (40) |
| Assessment Letters | 5,000 | 5,000 | 660 | (4,340) |
| Fireworks Permits | 5,000 | 5,000 | 6,000 | 1,000 |
| Sign Permits | 1,000 | 1,000 | 1,255 | 255 |
| State Permit Fees | 50 | 50 | 86 | 36 |
| Liquor License | 600 | 600 | - | (600) |
| Total Licenses & Permits | 54,300 | 54,300 | 71,609 | 17,309 |
| CHARGES FOR SERVICES | | | | |
| Development fees | 8,000 | 8,000 | 9,197 | 1,197 |
| Zoning Fees | 4,500 | 4,500 | 4,950 | 450 |
| Inspection Fees | 50,000 | 50,000 | 52,192 | 2,192 |
| Dog Pound | 7,000 | 7,000 | 4,324 | (2,676) |
| Police Reports | 500 | 500 | 472 | (28) |
| GEMS Reimbursement | 90,000 | 90,000 | 103,275 | 13,275 |
| Police Special Services | 74,000 | 74,000 | 74,000 | - |
| Abatement | - | - | 4,050 | 4,050 |
| Total Charges for Services | 234,000 | 234,000 | 252,460 | 18,460 |
| INTERGOVERNMENTAL | | | | |
| Excise Tax | 24,200 | 24,200 | 24,673 | 473 |
| Cigarette Tax | 80,200 | 80,200 | 87,325 | 7,125 |
| Alcohol Tax | 25,000 | 25,000 | 32,427 | 7,427 |
| Commercial Vehicle Tax | 95,000 | 95,000 | 92,639 | (2,361) |
| Total Intergovernmental | 224,400 | 224,400 | 237,064 | 12,664 |
| FINES & FORFEITURES | | | | |
| Municipal Court | 225,000 | 225,000 | 163,068 | (61,932) |
| Court Costs | 90,000 | 90,000 | 61,484 | (28,516) |
| Juvenile Fines | 5,000 | 5,000 | 3,365 | (1,635) |
| Total Fines & Forfeitures | 320,000 | 320,000 | 227,917 | (92,083) |
| OTHER | | | | |
| Interest Income | 67,326 | 67,326 | 48,499 | (18,827) |
| Sale of Assets | - | - | - | - |
| Donations | - | - | 3,732 | 3,732 |
| Refunds | - | - | 1,729 | 1,729 |
| Miscellaneous | - | - | 115,340 | 115,340 |
| Rental Income | 37,000 | 37,000 | 25,233 | (11,767) |
| Transfers In | 1,960,300 | 2,785,722 | 1,905,900 | (879,822) |
| Total Other | 2,064,626 | 2,890,048 | 2,100,433 | (789,615) |
| Total Resources (Inflows) | 11,616,892 | 12,442,314 | 12,052,457 | (389,857) |
| Amounts Available for Appropriation | \$ 19,209,716 | \$ 20,035,138 | \$ 19,645,281 | \$ (389,857) |

See Accompanying Independent Auditors' Report.

City of Glenpool, Oklahoma
Budgetary Comparison Schedule (Continued)
General Fund (Continued)

| Charges to Appropriations (outflows) | Budgeted Amounts | | Actual | Variance With |
|--------------------------------------|------------------|--------------|--------------|---------------------------|
| | Original Budget | Final Budget | | Final Budget Over (Under) |
| GENERAL GOVERNMENT | | | | |
| CITY CLERK/FINANCE | | | | |
| Personal Services | \$ 282,746 | \$ 282,746 | \$ 284,648 | \$ 1,902 |
| Supplies | 46,500 | 59,300 | 60,880 | 1,580 |
| Other Services & Charges | 335,335 | 327,735 | 331,829 | 4,094 |
| Travel and Training | 5,000 | 5,000 | 3,350 | (1,650) |
| Repairs and Maintenance | 19,000 | 13,800 | 11,418 | (2,382) |
| Miscellaneous | 30,000 | 30,000 | 29,668 | (332) |
| Capital Outlay | 15,000 | 15,000 | 14,076 | (924) |
| Total City Clerk/Finance | 733,581 | 733,581 | 735,869 | 2,288 |
| PUBLIC SAFETY | | | | |
| ANIMAL CONTROL | | | | |
| Personal Services | 75,935 | 75,935 | 66,302 | (9,633) |
| Supplies | 13,900 | 13,100 | 8,095 | (5,005) |
| Other Services & Charges | 1,000 | 1,000 | 830 | (170) |
| Travel and Training | 1,675 | 1,675 | 175 | (1,500) |
| Repairs and Maintenance | 1,300 | 1,700 | 1,029 | (671) |
| Total Animal Control | 93,810 | 93,410 | 76,431 | (16,979) |
| POLICE | | | | |
| Personal Services | 1,770,590 | 1,779,190 | 1,853,609 | 74,419 |
| Supplies | 114,500 | 107,500 | 78,685 | (28,815) |
| Other Services & Charges | 83,000 | 76,600 | 56,680 | (19,920) |
| Travel and Training | 10,000 | 10,000 | 6,207 | (3,793) |
| Repairs and Maintenance | 42,000 | 46,700 | 46,370 | (330) |
| Miscellaneous | 400 | 900 | 815 | (85) |
| Debt Service | 74,200 | 74,200 | 11,048 | (63,152) |
| Capital Expenditures | - | - | - | - |
| Total Police | 2,094,690 | 2,095,090 | 2,053,414 | (41,676) |
| DISPATCH | | | | |
| Personal Services | 328,548 | 332,848 | 343,281 | 10,433 |
| Supplies | 12,000 | 10,400 | 7,752 | (2,648) |
| Other Services & Charges | 69,000 | 69,800 | 64,631 | (5,169) |
| Travel and Training | 1,500 | 1,000 | 850 | (150) |
| Total Dispatch | 411,048 | 414,048 | 416,514 | 2,466 |
| FIRE | | | | |
| Personal Services | 1,644,460 | 1,648,260 | 2,155,667 | 507,407 |
| Supplies | 44,500 | 40,579 | 35,868 | (4,711) |
| Other Services & Charges | 62,700 | 54,400 | 35,923 | (18,477) |
| Travel and Training | 9,000 | 9,000 | 4,436 | (4,564) |
| Repairs and Maintenance | 53,000 | 61,421 | 58,341 | (3,080) |
| Miscellaneous | 3,000 | 3,000 | 2,040 | (960) |
| Debt Service | 68,263 | 68,263 | 56,263 | (12,000) |
| Total Fire | \$ 1,884,923 | \$ 1,884,923 | \$ 2,348,538 | \$ 463,615 |

City of Glenpool, Oklahoma
Budgetary Comparison Schedule (Continued)
General Fund (Continued)

Charges to Appropriations (outflows) - (Continued)

| | Budgeted Amounts | | | Variance With |
|---|-------------------------|-------------------|-------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| | Budget | Budget | | Over (Under) |
| EMERGENCY MANAGEMENT | | | | |
| Supplies | \$ 3,500 | \$ 3,500 | \$ 1,289 | \$ (2,211) |
| Other Services & Charges | 13,000 | 13,000 | 7,133 | (5,867) |
| Repairs and Maintenance | 46,445 | 46,446 | 38,696 | (7,750) |
| Capital Outlay | 16,554 | 16,554 | - | (16,554) |
| Total Emergency Management | 79,499 | 79,500 | 47,118 | (32,382) |
| COMMUNITY DEVELOPMENT | | | | |
| Personal Services | 552,002 | 543,002 | 519,099 | (23,903) |
| Supplies | 17,000 | 21,800 | 19,934 | (1,866) |
| Other Services & Charges | 61,521 | 52,221 | 26,136 | (26,085) |
| Travel and Training | 3,750 | 3,750 | 3,191 | (559) |
| Repairs and Maintenance | 4,500 | 9,200 | 8,529 | (671) |
| Miscellaneous | 2,000 | 10,800 | 1,997 | (8,803) |
| Capital Outlay | 16,500 | 16,500 | 12,996 | (3,504) |
| Total Community Development | 657,273 | 657,273 | 591,882 | (65,391) |
| ADMINISTRATION | | | | |
| Personal Services | 601,399 | 601,599 | 602,215 | 616 |
| Supplies | 13,800 | 13,600 | 4,904 | (8,696) |
| Other Services & Charges | 56,000 | 56,000 | 40,336 | (15,664) |
| Travel and Training | 21,000 | 21,000 | 15,603 | (5,397) |
| Miscellaneous | 13,000 | 13,000 | 4,895 | (8,105) |
| Total Administration | 705,199 | 705,199 | 667,953 | (37,246) |
| STREETS & PARKS | | | | |
| Personal Services | 351,872 | 347,172 | 318,597 | (28,575) |
| Supplies | 34,000 | 41,900 | 35,835 | (6,065) |
| Other Services & Charges | 128,500 | 125,300 | 123,843 | (1,457) |
| Travel and Training | 500 | 500 | 215 | (285) |
| Repairs and Maintenance | 450,000 | 716,000 | 679,585 | (36,415) |
| Capital Outlay | 77,000 | 77,000 | 2,390 | (74,610) |
| Debt Service | 2,400 | 2,400 | 2,400 | - |
| Total Streets & Park | 1,044,272 | 1,310,272 | 1,162,865 | (147,407) |
| OTHER FINANCING USES | | | | |
| Transfers out | 3,836,263 | 4,395,685 | 4,537,200 | 141,515 |
| Debt Service: | | | | |
| Capital lease principal | 68,086 | 68,086 | - | (68,086) |
| Capital lease interest | 8,246 | 8,246 | - | (8,246) |
| Total Other Financing Uses | 3,912,595 | 4,472,017 | 4,537,200 | 65,183 |
| Total Charges to Appropriations | 11,616,890 | 12,445,313 | 12,637,784 | 192,471 |
| Ending Budgetary Fund Balance | \$ 7,592,826 | \$ 7,589,825 | \$ 7,007,497 | \$ (582,328) |
| Ending Unobligated Budgetary Fund Balance | | | \$ 7,007,497 | |

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:

| | |
|--|---------------|
| Total Resources per Budgetary Comparison Schedule | \$ 12,052,457 |
| Add State Fire and Police pension on-behalf payments | 677,088 |
| Less Transfer in | (1,905,900) |
| Total Revenues per Statement of Revenues, Expenditures and Changes in Fund Balance | \$ 10,823,645 |
| Total Charges to Appropriations per Budgetary Comparison Schedule | \$ 12,637,784 |
| Less Transfer out | (4,537,200) |
| Total Expenditures per Statement of Revenues, Expenditures and Changes in Fund Balance | \$ 8,100,584 |

City of Glenpool, Oklahoma
 Budgetary Comparison Schedule (Continued)
 Special Revenue

| | Budgeted Amounts | | | Variance With |
|--|-------------------------|-------------------|-------------------|----------------------|
| | Original | Final | Actual | Final Budget |
| | Budget | Budget | | Over (Under) |
| | | | | |
| <u>Hotel-Motel Tax Fund</u> | | | | |
| Beginning Budgetary Fund Balance | \$ 476,115 | \$ 476,115 | \$ 476,115 | \$ - |
| Taxes | | | | |
| Hotel Motel Tax | 145,900 | 145,900 | 176,761 | 30,861 |
| Other | | | | |
| Interest Income | 4,500 | 4,500 | 4,875 | 375 |
| Amounts Available for Appropriation | 626,515 | 626,515 | 657,751 | 31,236 |
| Economic Development | | | | |
| Economic Development | 90,400 | 90,400 | 82,803 | (7,597) |
| Total Charges to Appropriations | 90,400 | 90,400 | 82,803 | (7,597) |
| Less Transfers out | (60,000) | (60,000) | (60,000) | - |
| Ending budgetary fund balance | <u>\$ 476,115</u> | <u>\$ 476,115</u> | <u>\$ 514,948</u> | <u>\$ 38,833</u> |
| | | | | |
| <u>Public Safety Personnel Fund</u> | | | | |
| Beginning Budgetary Fund Balance | \$ 649,044 | \$ 649,044 | \$ 649,044 | \$ - |
| Taxes | | | | |
| Taxes | 1,127,995 | 1,127,995 | 1,179,033 | 51,038 |
| Other | | | | |
| Interest Income | 6,000 | 6,000 | 4,999 | (1,001) |
| Amounts Available for Appropriation | 1,783,039 | 1,783,039 | 1,833,076 | 50,037 |
| Public Safety | | | | |
| Personal Services | 1,353,833 | 1,353,833 | 1,182,514 | (171,319) |
| Supplies | 13,300 | 13,300 | 13,646 | 346 |
| Other Services & Charges | 6,000 | 6,000 | 6,879 | 879 |
| Travel and Training | 1,500 | 1,500 | 304 | (1,196) |
| Repairs and Maintenance | 9,800 | 9,800 | 5,242 | (4,558) |
| Total Charges to Appropriations | 1,384,433 | 1,384,433 | 1,208,585 | (175,848) |
| Ending budgetary fund balance | <u>\$ 398,606</u> | <u>\$ 398,606</u> | <u>\$ 624,491</u> | <u>\$ 225,885</u> |

City of Glenpool, Oklahoma
Notes to the Budgetary Comparison Schedule
June 30, 2020

Note 1: 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.



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

**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**

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 21, 2021.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hick & Company, PC

Tulsa, Oklahoma
September 21, 2021



City of Glenpool, Oklahoma
Summary Schedule of Findings and Responses
June 30, 2020

No matters are reportable.