



**NOTICE
GLENPOOL UTILITY SERVICE AUTHORITY
REGULAR MEETING**

A Regular Session of the Glenpool Utility Service Authority will be held at 6:00 p.m. immediately following the Glenpool City Council Meeting on December 7, 2020, at Glenpool City Hall, City Council Chambers, 12205 S. Yukon Ave., 3rd Floor, Glenpool, Oklahoma.

NOTE: The Glenpool Utility Service Authority will be assembled for the meeting at the City Council Chambers, 12205 S. Yukon Ave, Glenpool, Oklahoma. Members of the public are invited to attend the in-person meeting, or join a live broadcast at this link:

Join Zoom Meeting

<https://us02web.zoom.us/j/82066748452?pwd=YTRqYjQ4Y05vQyt3Z096ZHJhVEIEZz09>

Meeting ID: 820 6674 8452

Passcode: 755483

One tap mobile

+12532158782,,82066748452#,,,,,0#,,755483# US (Tacoma)

+13462487799,,82066748452#,,,,,0#,,755483# US (Houston)

Dial by your location

+1 253 215 8782 US (Tacoma)

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Meeting ID: 820 6674 8452

Passcode: 755483

Find your local number: <https://us02web.zoom.us/j/kcj1GyVim7>

The GUSA Board welcomes comments from citizens of Glenpool who wish to address any item on the agenda.

- Speakers attending in **PERSON** are required to complete the Request to Speak form located on the agenda table and return to the City Clerk **PRIOR TO THE CALL TO ORDER.**
- Speakers attending via **ZOOM** are required to complete the Request to Speak form located on our website:
<https://glenpoolonline.civicweb.net/document/19057/Request%20to%20Speak%20Form.pdf>
and email it to the City Clerk: Wknight@cityofglenpool.com **PRIOR TO 6:00 PM DECEMBER 7, 2020.**

AGENDA

Page

- A) **Call to Order - Timothy Lee Fox, Chairman**
- B) **Roll Call, Declaration of Quorum – Wendy Knight, Secretary; Timothy Lee Fox, Chairman**
- C) **Public Works Director Report - Rob Werley**

- 1) [GUSA PW report Nov 2020](#) 3 - 4

D) **Scheduled Business**

- 1) Discussion and possible action to approve minutes from November 2, 2020 meeting. 5 - 12
(Wendy Knight, Secretary)
[GUSA - 02 Nov 2020 - Minutes - Html](#)
- 2) Discussion and possible action to acknowledge receipt of audited FY2018-2019 13 - 92
Financial Report and Operating Report and direct that the Report be placed in the
permanent files.
(John Gonsalves, Finance Director)
[GUSA FY2018-2019 Audited Financial Report and Operating Report Final](#)
- 3) Discussion and possible action to approve 3rd quarter blanket purchase orders in the 93 - 95
amount of \$924,375.48.
(John Gonsalves, Finance Director)
[GUSA FY 20-21 3rd QTR Blanket Po's](#)
- 4) Discussion and possible action to receive and approve the Annual Audit of Compliance 96 - 103
with Agreement of Settlement, Compromise and Release (“Settlement Agreement”) as
required by Sec. 10 of such Settlement Agreement, dated May 15, 2015 and which
settled outstanding litigation between the City and GUSA (together, “Glenpool”) and
Creek County Rural Water District No. 2 (“Creek-2”).
(Wendy Knight, City Clerk)
[Staff Report FY 2019-2020 Creek II Audit](#)
[FY 2019-2020 Creek II Audit](#)

E) **Adjournment**

This notice and agenda was posted at Glenpool City Hall, 12205 S. Yukon Ave., Glenpool, Oklahoma, on December 4, 2020, by 4:00 pm.

Signed: Wendy Knight

Secretary



7 December 2020

To: Honorable Chairman and Trustee's, Glenpool Utility Service Authority

From: Rob Werley, Public Works Director

RE: November 2020 Public Works Operations Report

The following information is a summary of the work that is in progress or has been completed by Public Works crews for the month of November:

Wastewater:

- Had electrician replace a float and duplexer at Glen Park lift station due to station not wanting to run in auto
- Had electrician make repairs to solenoid on the auger system at WWTP, had exposed water lines to auger system winterized
- 3 sewer line backups, possibly due to grease in main, added line degreaser to upstream manhole, will follow up with TV inspection of sewer mains
- WET system samples taken and sent to lab
- DMRQA 40 results were sent to the ODEQ

Water:

- Meter reading started on the 2nd of November and were completed by the 5th of November to include 1 re-read
- Replaced 12 defective registers
- 99 customers were cutoff for non-payment
- 5 blue tags were sent out for non-sufficient funds
- 186 service orders were completed for the Utility Billing Department
- Monthly bac-t samples were taken, all samples passed
- 213 locates were completed
- Repaired an 8" water main leak on 146th and Warrior Rd.
- Contractor cut in 3 inserta valves in the Kendallwood N neighborhood
- Replaced one hydrant at 13679 S Oak Pl
- Made taps, ran service lines, set meters and meter boxes in Glen Hills and Elm Point II subdivisions
- Repaired 1 leak at water meter and one leak on water service line

12205 S. Yukon, Glenpool, OK 74033 OFFICE: 918-322-5409 FAX: 918-209-4641
Mayor Tim Fox, Vice-Mayor Momodou Ceesay, Councilors: Joyce Calvert, Brandon Kearns, and Jacqueline Lund
City Manager David Tillotson, Assistant City Manager Susan White, City Clerk Wendy Knight
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Parks:

- Daily check of parks, pick up trash and empty trash cans
- Trim crepe myrtles at Black Gold Park and along 141st
- Trim pampas grass along 141st
- Weed the flower beds at Public Safety and the Senior Center
- Closed and winterize restrooms at Black Gold Park
- Painted bollards at Parks and Warrior Rd

Streets:

- Repaired a stop sign at 136th & Glen Abbey
- Straightened and reset a speed limit sign on 141st @ Poplar St.
- Reset anchors on vehicle barrier cables located in ROW on Waco St. across from Robertson's tire Installed Christmas lights and decorations on 141st
- Placed down and leveled asphalt millings at Morris Park
- Installed new street sign on 145th, 146th, and Oak
- Removed stump blocking storm culvert at 145 Broadway, cleaned out culvert
- Removed stumps at Rolling Meadows and Black Gold Parks
- Starting to remove trees and weeds from swale area at Public Safety Building



**MINUTES
GUSA Meeting**

November 2, 2020 Zoom video conference 6:00 PM

TRUSTEES PRESENT:

Tim Fox
Momodou Ceesay
Joyce Calvert
Jacqueline Triplett-Lund
Brandon Kearns

STAFF PRESENT:

David Tillotson
Susan White
Lowell Peterson
Wendy Knight
John Gonsalves
Lynn Burrow
Jim Martin
Lea Ann Reed
Rob Werley

- A) Call to Order - Timothy Lee Fox, Chairman**
Chairman Fox called the meeting to order at 7:06 p.m.
- B) Roll Call, Declaration of Quorum – Wendy Knight, Secretary; Timothy Lee Fox, Chairman**
Wendy Knight called the roll, Chairman Fox declared a quorum present.
- C) Public Works Director Report - Rob Werley**

[GUSA PW report Oct 2020](#)

D) Scheduled Business

- 1) Discussion and possible action to approve minutes from October 5, 2020 meeting.
(Wendy Knight, Secretary)

Moved by Momodou Ceesay, seconded by Brandon Kearns

To approve the minutes as presented.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert			x	
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	4	0	1	0

CARRIED.

[GUSA - 05 Oct 2020 - Minutes - Html](#)

- 2) Discussion and possible action to approve a change order request received from Barnhart Excavating in the amount of \$3,634.02 for the Rolling Meadows Sanitary Sewer Relocation Project, to be funded from FY 2020/2021 Annual Budget Item No. 02-6- 16-6273: Repair and Maintenance.
(Lynn Burrow, Community Development Director)

Mr. Burrow presented and recommended Board approval of a change order request received from Barnhart Excavating in the amount of \$3,634.02 for the Rolling Meadows Sanitary Sewer Relocation Project, to be funded from FY 2020/2021 Annual Budget Item No. 02-6- 16-6273: Repair and Maintenance. The request covers the additional expense incurred by the Contractor regarding the need to utilize specialized hydro-excavating equipment due to the discovery of numerous underground utilities previously unknown along the course of the relocated sanitary sewer mainline in Rolling Meadows Addition.

Moved by Brandon Kearns, seconded by Joyce Calvert

To approve a change order request received from Barnhart Excavating in the amount of \$3,634.02 for the Rolling Meadows Sanitary Sewer Relocation Project, to be funded from FY 2020/2021 Annual Budget Item No. 02-6- 16-6273: Repair and Maintenance.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	5	0	0	0

CARRIED.

[Change Order Request Barnhart Excavating](#)

- 3) Discussion and possible action to approve 2nd quarter blanket purchase orders in the amount of \$924,375.48.
(John Gonsalves, Finance Director)

Mr. Gonsalves presented and recommended Board approval of 2nd quarter blanket purchase orders in the amount of \$924,375.48.

Moved by Momodou Ceesay, seconded by Jacqueline Triplett-Lund

To approve 2nd quarter blanket purchase orders in the amount of \$924,375.48.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	5	0	0	0

CARRIED.

Final GUSA SECOND QTR BLANKET PURCHASE ORDERS

- 4) Discussion and possible action to authorize Encumbrance Rollover from FY 2019-2020 to FY 2020-2021.
(John Gonsalves, Finance Director)

Mr. Gonsalves presented and recommended Board authorization of Encumbrance Rollover from FY 2019-2020 to FY 2020-2021. The attached purchase was approved by Council on 6/15/2020 in the amount of \$11,940.00. \$4,170.00 was paid last fiscal year which leaves a balance of \$7,770.00 to be rolled over to FY2020-2021.

Moved by Jacqueline Triplett-Lund, seconded by Joyce Calvert

To authorize Encumbrance Rollover from FY 2019-2020 to FY 2020-2021.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	5	0	0	0

CARRIED.

GUSA ROLL OVER

- 5) Discussion and possible action to approve FY 2020-2021 Budget Amendment No. GUSA-1.
(John Gonsalves, Finance Director)

Mr. Gonsalves presented and recommended Board approval of FY 2020-2021 Budget Amendment No. GUSA-1. The budget amendment exhibits an increase to revenue and expenditure to cover the cost of incomplete projects that was rolled over from FY2019-2020 to FY2020-2021.

Moved by Jacqueline Triplett-Lund, seconded by Momodou Ceesay

To approve FY 2020-2021 Budget Amendment No. GUSA-1.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	5	0	0	0

CARRIED.

GUSA BUDGET AMENDMENT

- 6) Discussion and possible action to authorize the encumbrance of \$172,646.60 to Tetra Tech from account 02-6-16-6244, Engineering Fees.
(John Gonsalves, Finance Director)

Mr. Gonsalves presented and recommended Board approval of the encumbrance of \$172,646.60 to Tetra Tech from account 02-6-16-6244, Engineering Fees. On June 1, 2020, the Board approved a contract with Tetra Tech for \$224,700.00 to cover the work required under the ODEQ Consent Decree. GUSA has paid \$64,053.40 of this contract for work done through the end of the FY19-20 fiscal year. The remaining balance of \$172,646.60 will need to be encumbered from this year's funds since we cannot carry over purchase orders from one fiscal year to the next.

Moved by Joyce Calvert, seconded by Jacqueline Triplett-Lund

To authorize the encumbrance of \$172,646.60 to Tetra Tech from account 02-6-16-6244, Engineering Fees.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			

Jacqueline Triplett-Lund	x				
Brandon Kearns	x				
	5	0	0	0	

CARRIED.

Final FY 2019-2020 Encumbrance GUSA Tetra Tech

- 7) Discussion and possible action to approve and authorize the Chairman to execute annual issuance by Bancfirst of \$25,000 Letter of Credit, plus incremental increases, in compliance with the Agreement of Settlement, Compromise and Release ("Settlement Agreement") entered into with Creek County Rural Water District #2 in Settlement of Litigation.
(John Gonsalves, Finance Director)

Mr. Gonsalves Board approval of annual issuance by Bancfirst of \$25,000 Letter of Credit, plus incremental increases, in compliance with the Agreement of Settlement, Compromise and Release ("Settlement Agreement") entered into with Creek County Rural Water District #2 in Settlement of Litigation. In the Settlement Agreement that terminated the litigation between the City of Glenpool and the Glenpool Utility Services Authority (together "Glenpool") and Creek County Rural Water District #2 ("Creek-2") in May of 2015, Glenpool undertook the obligation to make certain payments to Creek-2 in consideration of the right to serve water to areas of the Glenpool city limits that have been or will be annexed after March 2, 2012 (known as the "Permissive Area). Section 14(c) of the Agreement provides for the annual issuance of a letter of credit to secure performance of Glenpool's reporting and payment obligations referenced above. If the Audit discloses any deficiency of payments under Sections G(c) and (d), Creek-2 has the option to rely on the letter of credit as a means of recovering all or a portion of such deficiency pending any other remedies Creek-2 may be entitled to.

Moved by Brandon Kearns, seconded by Jacqueline Triplett-Lund

To approve and authorize the Chairman to execute annual issuance by Bancfirst of \$25,000 Letter of Credit, plus incremental increases, in compliance with the Agreement of Settlement, Compromise and Release ("Settlement Agreement") entered into with Creek County Rural Water District #2 in Settlement of Litigation.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	5	0	0	0

CARRIED.

CREEK II LETTER OF CREDIT

- 8) Discussion and possible action to approve 2021 Meeting Calendar.
(Wendy Knight, City Clerk)

Ms. Knight presented and recommended Board approval of the 2021 Meeting Calendar. It is similar to 2020 in frequency and convening time, with December's meeting date changed from the first week of December to the second week of December.

Moved by Jacqueline Triplett-Lund, seconded by Joyce Calvert

To approve 2021 Meeting Calendar.

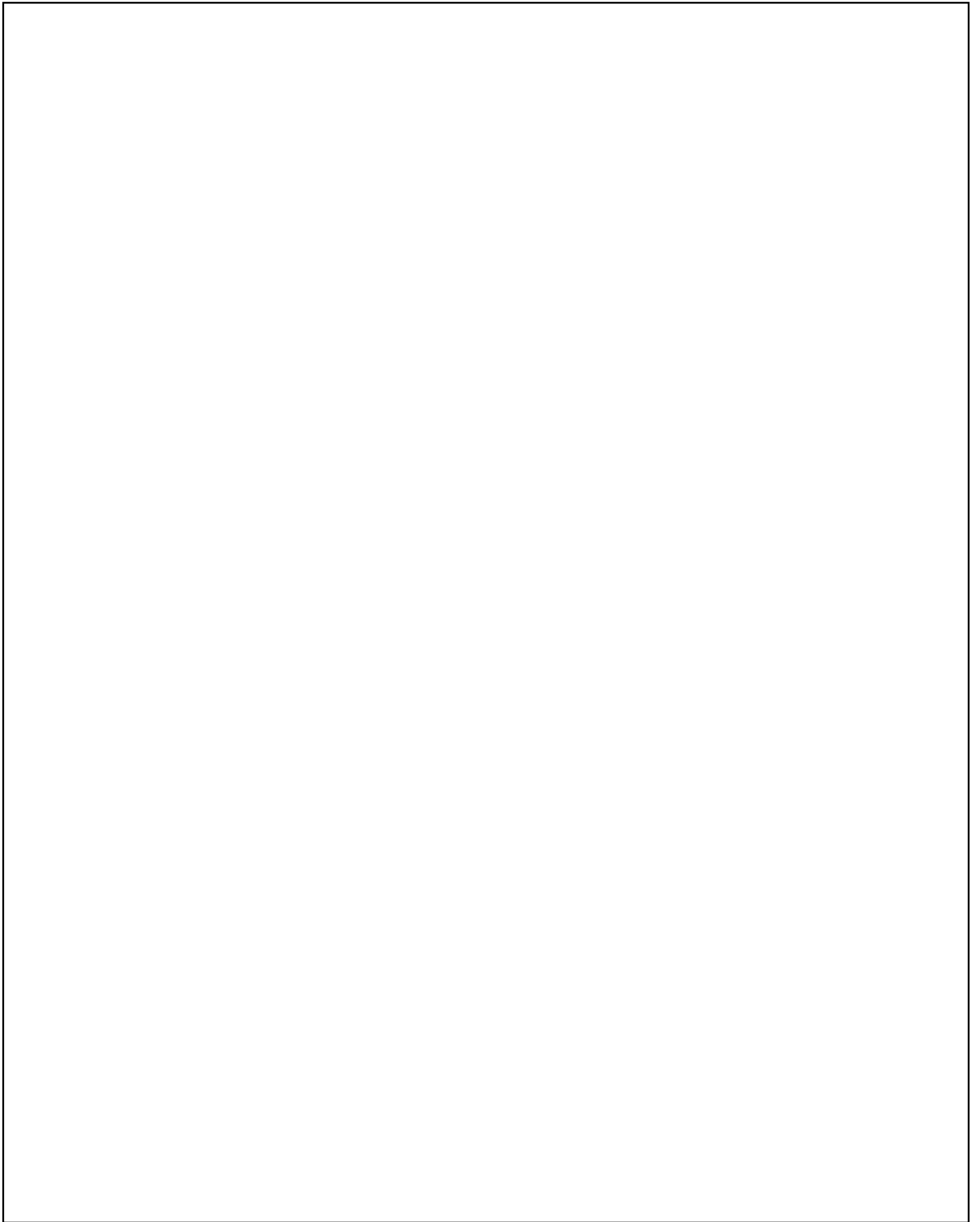
	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			
Joyce Calvert	x			
Jacqueline Triplett-Lund	x			
Brandon Kearns	x			
	5	0	0	0

CARRIED.

2021 Meeting Schedule

E) Adjournment

Chairman Fox declared the meeting adjourned at 7:31 p.m.





STAFF REPORT

To: Honorable Chairman and GUSA Board of Trustees

From: John Gonsalves, Finance Director/Treasurer

Date: December 07, 2020

Subject: Acceptance of the FY2018-2019 Audited Financial Report and Operating Report

Background:

Arledge & Associates has completed its audit of the financial activities of the City of Glenpool, the Glenpool Utility Service Authority and the Glenpool Industrial Authority for fiscal year 2018-2019.

Staff Recommendation:

Staff recommends a motion to acknowledge receipt of the audited FY2018-2019 Financial Report and Operating Report.

Attachments:

- FY 2018-2019 Report and Operating Report

12205 S. Yukon, Glenpool, OK 74033 OFFICE: 918-322-5409 FAX: 918-209-4641
Mayor Tim Fox, Vice-Mayor Momodou Ceesay, Councilors: Jacqueline Triplett-Lund, Joyce Calvert, and Brandon Kearns
City Manager David Tillotson, Assistant City Manager Susan White, City Clerk Wendy Knight
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CITY OF GLENPOOL
ANNUAL FINANCIAL REPORT
AND OPERATING REPORT
FOR THE YEAR ENDED JUNE 30, 2019

**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

Timothy Lee Fox, Mayor – Ward 1

Momodou Ceesay, Vice-Mayor– Ward 2
Joyce Calvert, Councilmember – Ward 3
Jacqueline Lund, Councilmember – Ward 4
Brandon Kearns, Councilmember – At Large

Executive Staff

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

Prepared by

John Gonsalves, Director of Finance / City Treasurer



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The Introductory Section and Fiscal Year 2019 Operating Report, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2020, 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.

Arledge & Associates, P.C.
October 12, 2020

City of Glenpool, Oklahoma

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2019

As management of the City of Glenpool, we offer readers this narrative overview and analysis of the financial activities of the City of Glenpool for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information contained in the accompanying financial statements and supplementary information.

Using the Financial Statement in this Annual Report

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

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

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

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

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

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

Business-type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, storm water management and refuse fees are reported here, along with loan and bond proceeds. In addition, the conference center activities and economic development initiatives of the Glenpool Industrial Authority (GIA) are reported in the business-type activities.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Reporting the City's Funds – Fund Financial Statements

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

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

The General Fund's fund balance increased from fiscal year 2018 by \$1,366,150 compared to an increase of \$965,564 in fiscal year 2018, partly due to conservative spending, a 1% increase in overall tax revenues and sale of property. In addition, expenditures increased 6% compared to fiscal year 2018, primarily due to public safety and highway and roads expenses in fiscal year 2019.

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

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 2018 by \$723,626. In addition, operating revenues decreased by 10% due to a 10% decrease in water gallons sold, and operating costs increased by 10% due to an increase in water and sewer operation cost resulting in an operating profit of \$665,704 in 2019 compared to a profit of \$750,119 in fiscal year 2018.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

The net position of the GIA decreased from fiscal year 2018 by \$100,575 due to allocations made for accounts receivable. The Conference Center event receipts increased by 10% over prior year and operating costs increased by 6% because of increased maintenance and repairs. In addition, economic development cost in 2019 increased 18% compared to 2018.

The City as a Whole

For the year ended June 30, 2019, the net position for the governmental activities and business-type activities is as follows:

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

	Governmental Activities		Business -type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current Assets	\$ 9,949	\$ 8,532	\$ 1,059	\$ 845	\$ 11,008	\$ 9,377
Non-current Assets	202	-	1,054	1,701	1,256	1,701
Capital Assets	10,909	10,583	33,175	33,350	44,084	43,933
Total Assets	21,060	19,115	35,288	35,896	56,348	55,011
DEFERRED OUTFLOW OF RESOURCES						
Pension and OPEB Related	3,112	2,271	33	-	3,145	2,271
Total Deferred Outflows	3,112	2,271	33	-	3,145	2,271
LIABILITIES						
Current Liabilities	1,165	717	1,870	1,917	3,035	2,634
Non-current liabilities	8,280	8,495	36,907	38,058	45,187	46,553
Total Liabilities	9,445	9,212	38,777	39,975	48,222	49,187
DEFERRED INFLOW OF RESOURCES						
Pension and OPEB Related	665	381	2	2	667	383
Total Deferred Inflows	665	381	2	2	667	383
NET POSITION						
Net Investment in Capital Asset:	8,001	7,612	(4,823)	(5,924)	3,178	1,688
Restricted	3,043	2,243	841	1,487	3,884	3,730
Unrestricted (Deficit)	3,018	1,938	524	356	3,542	2,294
Total Net Position (Deficit)	\$ 14,062	\$ 11,793	\$ (3,458)	\$ (4,081)	\$ 10,604	\$ 7,712

The City's combined net position increased from \$7.7 million to \$10.6 million between fiscal years 2018 and 2019, with an increase of 19% in net position for governmental activities and an increase of 15% in net position for business-type activities. Overall, the net position for both governmental and business-type activities increased by 37.5% for fiscal year 2019, and the City is able to report a positive balance in net position for the City as a whole.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

The increase in deferred outflows relates to changes in assumptions for the OPEB plan of about \$220,000, fire pension increase in differences between expected and actual experience of about \$390,000, and fire pension increase in changes in proportion of about \$238,000.

The largest portion of the City's net position reflects its investments in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure, which includes streets, water and sewer lines, as well as storm water facilities. These assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of 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.

Government-wide sales and use tax revenues increased from the prior year by \$130,000, or 1.3%. Other general revenue increased \$472,000 (124%) mainly due to approximately \$605,000 gain on asset recovery in fiscal year 2019. Total expenses for governmental activities increased by \$375,000 compared to fiscal year 2018, or 4.45%, largely due to increased depreciation expense.

Governmental activities increased the City's net position by \$2.3 million. The details of the increase are summarized on the following page.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

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

	Governmental Activities		Business -type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUE						
Program Revenue:						
Charges for Services	\$ 690	\$ 642	\$ 5,227	\$ 5,308	\$ 5,917	\$ 5,950
Operating, Capital Grants and Contributions	637	511	-	-	637	511
General Revenues:						
Sales and Use Taxes	10,110	9,980	-	-	10,110	9,980
Other Taxes	666	684	-	-	666	684
Other General Revenue	853	381	109	292	962	673
Total Revenue	12,956	12,198	5,336	5,600	18,292	17,798
EXPENSES						
General Government	1,828	1,572	-	-	1,828	1,572
Public Safety and Judiciary	5,388	5,384	-	-	5,388	5,384
Public Works	327	563	-	-	327	563
Cultural, Parks and Recreation	-	30	-	-	-	30
Economic Development	82	74	-	-	82	74
Financing	107	97	1,842	1,883	1,949	1,980
Water and Sewer	-	-	2,661	2,772	2,661	2,772
Solid Waste	-	-	728	675	728	675
Storm Water	-	-	4	16	4	16
Glenpool Industrial Authority	-	-	367	351	367	351
Unallocated Depreciation	1,075	712	991	961	2,066	1,673
Total Expenses	8,807	8,432	6,593	6,658	15,400	15,090
Increase (decrease) in net position before transfers	4,149	3,766	(1,257)	(1,058)	2,892	2,708
Transfers	(1,880)	(1,549)	1,880	1,549	-	-
Increases (decreases) in net position	2,269	2,217	623	491	2,892	2,708
Net position (deficit) - Beginning of Year	11,793	10,012	(4,081)	(4,516)	7,712	5,496
Prior period adjustment	-	(436)	-	(56)	-	(492)
Net position (deficit) - End of Year	\$ 14,062	\$ 11,793	\$ (3,458)	\$ (4,081)	\$ 10,604	\$ 7,712

Business-type Activities

Business-type Activities provided an increase in net position of approximately \$623,000 as noted above. Total revenues decreased slightly by approximately \$265,000 (5%) and total expenses also decreased slightly by approximately \$65,000 (1%). An increase in transfers in of 21% provided an additional \$331,000.

General Fund Budgetary Highlights

Actual revenues increased by 11% over final budgeted revenues, or \$1,225,526, partly due to unbudgeted grants of \$638,000 and sale of property for \$774,000. Total expenditures and transfers-out were over final appropriations by \$254,603, or 2% over budget, due mainly to fire and police personal services in excess of budgeted amounts.

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2019. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 33 to 34; and, pages 35 to 40, respectively.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Capital Assets

At the end of June 30, 2019, the City had \$44 million invested in capital assets including police and fire equipment, buildings, park facilities, water and sewer lines and roads.

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

	Governmental Activities		Business-Type Activities		Total	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Land	\$ -	\$ -	\$ 2,883	\$ 2,883	\$ 2,883	\$ 2,883
Construction in process	37	37	-	-	37	37
Buildings & Improvements	7,986	8,827	14,707	14,707	22,693	23,534
Furniture & Equipment	4,898	4,847	780	757	5,678	5,604
Vehicles	4,728	3,793	499	443	5,227	4,236
Infrastructure	1,787	1,321	24,882	24,145	26,669	25,466
	19,436	18,825	43,751	42,935	63,187	61,760
Less: Depreciation	(8,527)	(8,242)	(10,576)	(9,585)	(19,103)	(17,827)
Total	\$ 10,909	\$ 10,583	\$ 33,175	\$ 33,350	\$ 44,084	\$ 43,933

Debt Administration

At the end of the fiscal year, the City had total bonded debt outstanding of \$35,425,000 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 III(H) for additional information about notes payable, lease obligations, bonds payable and settlements.

At year end, the City had \$40.9 million in long term debt as detailed below (expressed in \$ 000's):

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

	Governmental Activities		Business -type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue Bonds Payable	\$ -	\$ -	\$ 35,425	\$ 36,360	\$ 35,425	\$ 36,360
Notes Payable	28	30	2,572	2,790	2,600	2,820
Lease Payable	2,881	2,905	-	-	2,881	2,905
Claim Settlement Liability	-	-	-	125	-	125
Total Assets	\$ 2,909	\$ 2,935	\$ 37,997	\$ 39,275	\$ 40,906	\$ 42,210

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Economic Factors and Next Year's Budget

Sales tax revenues continued to decline in the early half of the fiscal year but showed strong improvement in later months. Due to concern over continued volatility in the economic environment, the City took a conservative approach and projected relatively flat revenues for fiscal year 2018-2019. Projected expenditures were then balanced against those estimates, along with the use of fund balance used to cover certain one-time capital expenditures.

In April of 2016 the voters of Glenpool approved three tax propositions, increasing Glenpool's total sales tax rate to 9.967%. Proposition 3, for the support of new fire and police personnel, became effective July 1, 2016 and added 0.55% to the City's tax rate perpetually. The other two propositions became effective January 1, 2017, thus those revenues were not realized until the second half of fiscal year 2017. Proposition 1 added 0.29% to the tax rate for 20 years, and is restricted to fund public infrastructure, equipment, and economic development. Proposition 2 added 0.26% to the tax rate for 20 years and is generally restricted to the acquisition of public safety equipment.

The FY2018-2019 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 development projects were underway at the end of FY2019, including the near completion of Warrior Road Project. In addition, the Speedy's lift station project was completed. These and other large development projects are expected to contribute 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
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,795,340	\$ 1,836,809	\$ 6,632,149
Restricted cash and cash equivalents	2,019,322	104,727	2,124,049
Accounts receivable, net	360,593	781,128	1,141,721
Due from other governments	1,110,126	-	1,110,126
Internal balances	1,663,611	(1,663,611)	-
Total current assets	<u>9,948,992</u>	<u>1,059,053</u>	<u>11,008,045</u>
Non-current assets:			
Restricted investments	-	1,054,546	1,054,546
Capital assets:			
Land and construction in progress	36,694	2,883,021	2,919,715
Other capital assets, net	10,872,539	30,291,633	41,164,172
Net pension assets	201,718	-	201,718
Total non-current assets:	<u>11,110,951</u>	<u>34,229,200</u>	<u>45,340,151</u>
Total assets	<u>21,059,943</u>	<u>35,288,253</u>	<u>56,348,196</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to OPEB	221,172	32,604	253,776
Deferred resources related to pensions	2,891,138	-	2,891,138
Total deferred outflows	<u>3,112,310</u>	<u>32,604</u>	<u>3,144,914</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	83,571	166,707	250,278
Accrued interest payable	-	160,178	160,178
Accrued compensated absences	362,356	33,654	396,010
Deposits subject to refund	-	315,466	315,466
Leases payable	699,447	-	699,447
Notes payable	2,400	219,745	222,145
Revenue bonds payable	-	975,000	975,000
Amounts held in escrow	17,386	-	17,386
Total current liabilities	<u>1,165,160</u>	<u>1,870,750</u>	<u>3,035,910</u>
Non-current liabilities:			
Net pension liability	5,298,045	-	5,298,045
OPEB Liability	775,137	104,308	879,445
Leases payable	2,181,186	-	2,181,186
Notes payable	25,486	2,352,662	2,378,148
Revenue bonds payable	-	34,450,000	34,450,000
Total non-current liabilities	<u>8,279,854</u>	<u>36,906,970</u>	<u>45,186,824</u>
Total Liabilities	<u>9,445,014</u>	<u>38,777,720</u>	<u>48,222,734</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	652,021	-	652,021
Deferred resources related to OPEB	13,059	1,757	14,816
Total deferred inflows	<u>665,080</u>	<u>1,757</u>	<u>666,837</u>
NET POSITION			
Net investment in capital assets	8,000,714	(4,822,753)	3,177,961
Restricted for:			
Public Safety	1,679,353	-	1,679,353
Streets and Infrastructure	554,931	-	554,931
Parks & recreation capital projects	193,217	-	193,217
Capital projects	120,106	40,890	160,996
Economic development/culture	476,115	-	476,115
Juvenile programs	19,575	-	19,575
Debt Service	-	799,465	799,465
Unrestricted (deficit)	3,018,148	523,778	3,541,926
Total net position (deficit)	<u>\$ 14,062,159</u>	<u>\$ (3,458,620)</u>	<u>\$ 10,603,539</u>

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

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental activities:				
General government:				
General government	\$ 1,323,890	\$ 55,380	\$ -	\$ (1,269,602)
Code and planning	504,382	55,885	-	(448,497)
Total general government	1,828,272	111,265	-	(1,718,099)
Public safety and judiciary:				
Municipal court	25,311	280,484	-	255,173
Fire	2,565,804	106,755	472,235	(1,986,814)
Police and Animal Control	2,386,821	82,086	165,770	(2,138,965)
Dispatch	404,707	-	-	(404,707)
Emergency management	5,603	-	-	(5,603)
911 operations	-	109,854	-	109,854
Total public safety and judiciary	5,388,246	579,179	638,005	(4,171,062)
Public Works:				
Streets	327,360	-	-	(327,360)
Total public works	327,360	-	-	(327,360)
Economic Development				
Hotel-motel	82,000	-	-	(82,000)
Total Economic Development	82,000	-	-	(82,000)
Cultural, parks and recreation:				
Parks	-	-	-	-
Total cultural, parks and recreation	-	-	-	-
Financing Cost				
Financing Cost	107,337	-	-	(107,337)
Total Financing Cost	107,337	-	-	(107,337)
Unallocated depreciation	1,074,451	-	-	(1,074,451)
Total governmental activities	8,807,666	690,444	638,005	(7,480,309)
Business-type activities				
Water & sewer	2,660,325	3,955,680	-	1,295,355
Solid waste	728,273	781,080	-	52,807
Storm water	4,250	106,900	-	102,650
Industrial Authority	367,273	383,398	-	16,125
Financing costs	1,842,057	-	-	(1,842,057)
Unallocated depreciation	991,191	-	-	(991,191)
Total business-type activities	6,593,369	5,227,058	-	(1,366,311)
Total Primary Government	\$ 15,401,035	\$ 5,917,502	\$ 638,005	\$ (1,092)

(continued next page.)

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (continued)
Year Ended June 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (7,480,309)	\$ (1,366,311)	\$ (8,846,620)
General revenues:			
Taxes:			
Sales and use taxes	10,110,290	-	10,110,290
Franchise taxes	455,980	-	455,980
Hotel/motel tax	209,604	-	209,604
Intergovernmental	109,254	-	109,254
Investment earnings	56,207	47,767	103,974
Miscellaneous/Other Fees	45,951	61,363	107,314
Rental income	37,032	-	37,032
Gain (loss) on recovery of assets	605,849	-	605,849
Transfers - internal activities	(1,880,232)	1,880,232	-
Total general revenues and transfers	<u>9,749,935</u>	<u>1,989,362</u>	<u>11,739,297</u>
Change in net position	2,269,626	623,051	2,892,677
Net position (deficit) - beginning of year	<u>11,792,533</u>	<u>(4,081,671)</u>	<u>7,710,862</u>
 Net position (deficit) - end of year	 <u>\$ 14,062,159</u>	 <u>\$ (3,458,620)</u>	 <u>\$ 10,603,539</u>

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

**CITY OF GLENPOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	Special Revenue Funds			Capital Projects			Total
	General Fund	Hotel-Motel Tax Fund	Public Safety Personnel Fund	Parks & Rec Fund	Capital Improvement Fund	Streets & Infrastructure Fund	Governmental Funds
Assets							
Cash and cash equivalents	\$ 4,795,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,795,340
Due from other governments	1,110,126	-	-	-	-	-	1,110,126
Accounts receivable, net	66,453	17,426	138,293	-	-	72,995	360,593
Due from other funds	1,663,611	-	-	-	-	-	1,663,611
Restricted assets:							
Cash and cash equivalents	44,088	458,689	524,916	193,217	120,106	481,936	2,019,322
Total assets	\$ 7,679,618	\$ 476,115	\$ 663,209	\$ 193,217	\$ 120,106	\$ 554,931	\$ 9,948,992
Liabilities and Fund Balances:							
Liabilities							
Accounts payable	\$ 5,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,302
Other accrued expenses	64,104	-	14,165	-	-	-	78,269
Amounts held in escrow	17,386	-	-	-	-	-	17,386
Total liabilities	86,792	-	14,165	-	-	-	100,957
Fund balances							
Restricted	788,088	476,115	649,044	193,217	120,106	554,931	3,043,297
Unassigned	6,804,738	-	-	-	-	-	6,804,738
Total fund balances	7,592,826	476,115	649,044	193,217	120,106	554,931	9,848,035
Total liabilities and fund balance	\$ 7,679,618	\$ 476,115	\$ 663,209	\$ 193,217	\$ 120,106	\$ 554,931	\$ 9,948,992

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

CITY OF GLENPOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Funds \$ 9,848,035

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	36,694	
Infrastructure	1,787,141	
Buildings	7,986,179	
Equipment	4,898,604	
Vehicles	4,727,668	
Accumulated depreciation	<u>(8,527,053)</u>	
		<u>10,909,233</u>

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

Net pension asset	201,718	
OPEB related deferred outflows	221,172	
Pension related deferred outflows	<u>2,891,138</u>	
Total		<u>3,314,028</u>

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

Accrued compensated absences	(362,356)	
Net pension liability	(5,298,045)	
OPEB Liability	(775,137)	
OPEB related deferred inflows	(13,059)	
Pension related deferred inflows	(652,021)	
Capital leases payable	(2,880,633)	
Notes payable	(27,886)	
Total		<u>(10,009,137)</u>

Total Net Position - Governmental Activities \$ 14,062,159

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

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Special Revenue			Capital Projects			Total
	General Fund	Hotel-Motel Tax Fund	Public Safety Personnel Fund	Parks & Rec Fund	Capital Improvement	Streets & Infrastructure	Governmental Funds
Revenues:							
Taxes	\$ 8,495,336	\$ 209,604	\$ 1,089,888	\$ -	\$ -	\$ 575,276	\$ 10,885,730
Licenses and permits	55,380	-	-	-	-	-	55,380
Charges for services	239,150	-	-	5,575	-	-	244,725
Intergovernmental programs	868,939	-	-	-	-	-	868,939
Fines and forfeits	280,484	-	-	-	-	-	280,484
Interest income	39,317	3,849	4,425	1,515	953	5,322	56,207
Miscellaneous	856,352	-	-	-	-	-	856,352
Total revenues	<u>10,834,958</u>	<u>213,453</u>	<u>1,094,313</u>	<u>7,090</u>	<u>953</u>	<u>580,598</u>	<u>13,247,817</u>
Expenditures:							
Current:							
General government	1,847,087	-	-	-	-	-	1,847,087
Public safety	4,773,729	-	1,052,713	-	-	-	5,826,442
Highways and roads	502,095	-	-	-	-	-	502,095
Economic Development	-	82,000	-	-	-	-	82,000
Cultural and recreational	-	-	-	-	-	-	-
Debt Service:							
Principal	98,422	-	-	-	-	153,349	617,186
Interest expense	12	-	-	-	-	21,630	78,948
Capital outlay	282,231	-	-	4,968	-	491,836	1,568,162
Total expenditures	<u>7,503,576</u>	<u>82,000</u>	<u>1,052,713</u>	<u>4,968</u>	<u>-</u>	<u>666,815</u>	<u>10,521,920</u>
Excess of revenues over (under) expenditures	<u>3,331,382</u>	<u>131,453</u>	<u>41,600</u>	<u>2,122</u>	<u>953</u>	<u>(86,217)</u>	<u>2,725,897</u>
Other financing sources (uses):							
Operating transfers in	1,905,900	-	-	-	-	-	2,055,900
Operating transfers out	(3,871,132)	(65,000)	-	-	-	-	(3,936,132)
Lease proceeds	-	-	-	-	-	562,977	562,977
Total other financing sources (uses)	<u>(1,965,232)</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,977</u>	<u>(1,317,255)</u>
Net change in fund balances	<u>1,366,150</u>	<u>66,453</u>	<u>41,600</u>	<u>2,122</u>	<u>953</u>	<u>(86,217)</u>	<u>1,408,642</u>
Fund balances (deficit) - beginning of year	<u>6,226,677</u>	<u>409,662</u>	<u>607,444</u>	<u>191,095</u>	<u>119,153</u>	<u>641,148</u>	<u>8,439,394</u>
Fund balance - end 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>\$ 9,848,035</u>

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

CITY OF GLENPOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,408,642

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:

Contributions made by the State of Oklahoma on behalf of the City	
Net pension expense - Police	140,319
Net pension expense - Fire	408,641
OPEB Liability	(17,260)

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	1,568,161
Capital assets disposed	(167,521)
Depreciation Expenses	(1,074,451)

Debt proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the Statement of
Net Position. Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities in
the Statement of Net Position:

Capital lease obligation proceeds	(562,977)
Capital lease obligation principal payments	587,560
Notes payable principal payments	2,400

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	39,751
Accrued compensated absences	(63,639)

Change in Net Position of Governmental Activities \$ 2,269,626

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

**CITY OF GLENPOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019**

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and equivalents	\$ 724,763	\$ 1,112,046	\$ 1,836,809
Restricted cash and equivalents	104,727	-	104,727
Accounts receivable, net	762,167	18,961	781,128
Total current assets	<u>1,591,657</u>	<u>1,131,007</u>	<u>2,722,664</u>
Non-current Assets:			
Restricted investments	1,054,546	-	1,054,546
Capital assets:			
Land and construction in process	2,092,556	790,465	2,883,021
Depreciable buildings, equipment and infrastructure, net of depreciation	30,032,670	258,963	30,291,633
Total non-current assets:	<u>33,179,772</u>	<u>1,049,428</u>	<u>34,229,200</u>
Total assets	<u>34,771,429</u>	<u>2,180,435</u>	<u>36,951,864</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to OPEB	<u>24,537</u>	<u>8,067</u>	<u>32,604</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	164,372	2,335	166,707
Accrued interest payable	160,178	-	160,178
Accrued compensated absences	25,766	7,888	33,654
Due to other funds	1,663,611	-	1,663,611
Deposits subject to refund	315,466	-	315,466
Notes Payable	219,745	-	219,745
Revenue Bonds Payable	975,000	-	975,000
Claim settlement liability	-	-	-
Total current liabilities	<u>3,524,138</u>	<u>10,223</u>	<u>3,534,361</u>
Non-current liabilities:			
Notes Payable	2,352,662	-	2,352,662
OPEB Liability	82,165	22,143	104,308
Revenue Bonds Payable	34,450,000	-	34,450,000
Claim settlement liability	-	-	-
Total non-current liabilities	<u>36,884,827</u>	<u>22,143</u>	<u>36,906,970</u>
Total Liabilities	<u>40,408,965</u>	<u>32,366</u>	<u>40,441,331</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to OPEB	<u>1,384</u>	<u>373</u>	<u>1,757</u>
Total deferred inflows	<u>1,384</u>	<u>373</u>	<u>1,757</u>
Net position:			
Net investment in capital assets	(5,872,181)	1,049,428	(4,822,753)
Restricted	840,355	-	840,355
Unrestricted (deficit)	<u>(582,557)</u>	<u>1,106,335</u>	<u>523,778</u>
Net position (deficit)	<u>\$ (5,614,383)</u>	<u>\$ 2,155,763</u>	<u>\$ (3,458,620)</u>

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

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
Operating Revenues:			
Water revenue	\$ 2,649,565	\$ -	\$ 2,649,565
Sewer revenue	1,266,450	-	1,266,450
Solid waste revenue	762,452	-	762,452
Water taps	30,500	-	30,500
Sewer taps	7,650	-	7,650
Solid waste management fees	18,628	-	18,628
Storm water management fees	106,900	-	106,900
Water/sewer fees	1,515	-	1,515
Connect/transfer fees	7,212	-	7,212
Delinquent fees	112,850	-	112,850
Miscellaneous charges	29,855	(133,604)	(103,749)
Reconnect fees	45,050	-	45,050
Lease revenue	-	383,398	383,398
Total revenues	<u>5,038,627</u>	<u>249,794</u>	<u>5,288,421</u>
Operations expense:			
Water and Sewer operations	2,660,325	-	2,660,325
Solid waste operations	728,273	-	728,273
Stormwater operations	4,250	-	4,250
Conference Center operations	-	353,131	353,131
Economic Development	-	14,142	14,142
Depreciation	980,075	11,116	991,191
Total operations expense	<u>4,372,923</u>	<u>378,389</u>	<u>4,751,312</u>
Operating income (loss)	<u>665,704</u>	<u>(128,595)</u>	<u>537,109</u>
Non-operating revenues (expenses):			
Interest revenue	38,847	8,920	47,767
Interest expense and fiscal agent charges	(1,842,057)	-	(1,842,057)
Total Non-operating revenues (expenses)	<u>(1,803,210)</u>	<u>8,920</u>	<u>(1,794,290)</u>
Income (loss) before operating transfers	<u>(1,137,506)</u>	<u>(119,675)</u>	<u>(1,257,181)</u>
Transfers in	3,721,132	65,000	3,786,132
Transfers out	(1,860,000)	(45,900)	(1,905,900)
Change in net position	<u>723,626</u>	<u>(100,575)</u>	<u>623,051</u>
Total Net position (deficit), beginning	<u>(6,338,009)</u>	<u>2,256,338</u>	<u>(4,081,671)</u>
Total Net position (deficit), ending	<u>\$ (5,614,383)</u>	<u>\$ 2,155,763</u>	<u>\$ (3,458,620)</u>

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

**CITY OF GLENPOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers & service users	\$ 5,121,989	\$ 418,318	\$ 5,540,307
Cash payments for goods & services & employees	(3,356,919)	(359,766)	(3,716,685)
Net cash provided (used) by operating activities	<u>1,765,070</u>	<u>58,552</u>	<u>1,823,622</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(45,900)	(45,900)
Net cash provided (used) 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	3,721,132	65,000	3,786,132
Transfers to other funds	(1,860,000)	-	(1,860,000)
Acquisition & construction of capital assets	(792,382)	(23,079)	(815,461)
Principal paid on debt	(1,275,907)	-	(1,275,907)
Interest paid on debt	(1,806,664)	-	(1,806,664)
Fiscal agent fees	(36,188)	-	(36,188)
Net cash provided (used) for capital and related financing activities	<u>(2,050,009)</u>	<u>41,921</u>	<u>(2,008,088)</u>
Cash flows from investing activities:			
(Purchase) liquidation of investments	646,363		646,363
Interest on investments	38,847	8,920	47,767
Net cash provided by investing activities	<u>685,210</u>	<u>8,920</u>	<u>694,130</u>
Net increase (decrease) in cash & cash equivalents	400,271	63,493	463,764
Cash and cash equivalents - beginning of year	<u>429,219</u>	<u>1,048,553</u>	<u>1,477,772</u>
Cash and cash equivalents - end of year	<u>\$ 829,490</u>	<u>\$ 1,112,046</u>	<u>\$ 1,941,536</u>
Reconciliation of operating income to net cash			
Operating income (loss)	\$ 665,704	\$ (128,595)	\$ 537,109
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	980,075	11,116	991,191
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	80,957	168,389	249,346
Increase (decrease) in customer deposits	2,405	(23,269)	(20,864)
Increase (decrease) in accounts payable	18,203	23,281	41,484
Increase (decrease) in accrued expenses	1,855	1,378	3,233
Increase (decrease) in OPEB Liability	33,203	10,527	43,730
Increase (decrease) in OPEB deferrals	(24,716)	(8,065)	(32,781)
Increase (decrease) in CREEK II LIABILITY	793	-	793
Increase (decrease) in Miscellaneous expenses	-	35	35
Increase (decrease) in Donation	-	135	135
Increase (decrease) in compensated absences	6,591	3,620	10,211
Total adjustments	<u>1,099,366</u>	<u>187,147</u>	<u>1,286,513</u>
Net cash provided (used) by operating activities	<u>\$ 1,765,070</u>	<u>\$ 58,552</u>	<u>\$ 1,823,622</u>

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

B. Reporting Entity

The City is organized under the statutes of the State of Oklahoma. The City operates under a council form of government and is governed by council members. The five members elect the mayor from their own body. The City provides the following services as authorized by the State: general government, code and planning, public safety and judiciary (fire, police, animal control and court), public works, and culture, parks and recreation for the geographical area organized as the City.

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

Blended Component Units:

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

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

C. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

The funds of the City are described below:

- a. General Fund: The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Fund: 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, 2019. 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 the used solely for public safety personnel expenditures.
- c. Debt Service Fund: The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for the payment of long term debt principal, interest and related costs. The City had no debt service funds active during the fiscal year ending June 30, 2019.
- d. Capital Projects Fund: A capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The following capital projects funds were active during the fiscal year ending June 30, 2019:
 - **Parks & Recreation Fund.** This fund does not meet the percentage criteria for a major fund but has been presented within the governmental type financial statements.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

- 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.
- e. Enterprise Fund: An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, management control, accountability or other purpose. The reporting entity includes the following enterprise funds:
 - Glenpool Utility Service Authority (GUSA): Accounts for the operations of providing public works (water, sewer and sanitation) to the City.
 - Glenpool Industrial Authority (GIA): Promotes the development of industry in the City and operates the Glenpool Conference Center, which is dedicated to attracting business and social functions to Glenpool. This fund does not meet the percentage criteria for a major fund but the City has elected to treat this non-major fund as though it were major fund for purposes of presentation within the proprietary funds of the financial statements rather than aggregating this information separately, solely for the benefit of user understandability of the financial statements.

D. Measurement Focus and Basis of Accounting

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

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

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

1. **Cash and Cash Equivalents:** Cash in bank, cash on hand and short-term investments with original maturities of ninety days or less are reported as cash and cash equivalents. The resources of the individual funds are general in purpose and combined to form a pool of investments which is managed by the Director of Finance. These pooled assets are stated at amortized cost if the investment had a maturity of one year or less at the time of purchase. All investments held are authorized under Oklahoma State Statutes. Permissible investments include direct obligations of the U. S. government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations.
2. **Investments:** Money market investments with an original maturity of one year or less are recorded at amortized cost. Long term investments are recorded at fair value.
3. **Accounts Receivable/Due from Other Governments:** In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable of \$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.
4. **Restricted Assets:** Proceeds from debt and related sinking fund accounts and contributions from governmental grantors to the Enterprise Funds are classified as restricted assets, since their use is restricted by applicable bond indentures and grant agreements. Customer utilities deposits held by the City are classified as restricted assets.
5. **Inventories:** Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.
6. **Capital Assets:** General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$10,000 for the governmental and proprietary funds

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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:

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

- 7. Compensated Absences:** It is the City's policy to permit full-time employees to accumulate earned but unused vacation. Full-time and part-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit.
- 8. Long-term Debt:** Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.
- a. Government-wide Financial Statements: All long-term debts to be repaid from governmental and business-type component unit resources are reported as liabilities in the government-wide statements. The long-term debts consists primarily of accrued compensated absences, pension benefits, capital leases payable, notes payable and revenue bonds payable.
 - b. Fund Financial Statements: Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. Payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.
- 9. Deferred Outflow/Inflow of Resources:** In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) which will not be recognized as an outflow of resources until that time. The City reports deferred outflows related to pension contributions subsequent to the measurement date, the change in proportion, and the difference between the expected and actual plan experience.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

10. Equity Classifications

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

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on net position use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through ordinance or other enabling legislation. For the year ended June 30, 2019, the statement of net position reports restricted net position in the amount of \$3,883,652.
- Unrestricted – This component of net position consists of net positions that do not meet the definition of “net investment in capital assets” or “restricted.”

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

b. Fund Financial Statements: As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balances for governmental funds are made up of the following:

- Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. These restrictions arise from bond indentures and votes of the citizens of Glenpool. Restrictions may effectively be changed or lifted only with the consent of the applicable resource providers.
- Assigned fund balance comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City's Council or (2) a body or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes. Such delegation is made to the City Manager, CFO, or applicable department manager at a City Council meeting and is recorded in the meeting minutes.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

F. Adoption of New Accounting Standards

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

GASB Statement No. 83, “Certain Asset Retirement Obligations” – GASB No. 83 requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets must recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. GASB 83 was implemented in fiscal year 2019 and the City has determined that it had no impact on the Cities financial statements.

G. Revenues, Expenditures and Expenses

1. **Sales Tax:** The City levies a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The entire sales tax is recorded as revenue within the General Fund. Upon receipt, the General Fund distributes the dedicated portion of the sales tax as follows:
 - Three cents retained by the General Fund for operations.
 - One cent transferred to the Capital Improvement Fund as approved by the voters in 2001 to be used for capital projects or debt service related to capital projects.
2. **Property Tax:** Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonds and court-assessed judgments. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2019.

- 3. Program Revenues:** In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each listed activity:

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

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

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

5. Expenditures/Expenses:

- 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

H. Internal and Interfund Balances and Activities

- 1. Government-wide Financial Statements:** In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. The eliminations or reclassifications, if any, in the government-wide statements are as follows:

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

- Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.

2. Fund Financial Statements: Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- Interfund services – sales or purchases of goods and services between funds are reported as revenue and expenditures/expenses.
- Interfund reimbursements – repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements. Rather, the reimbursements are reported as adjustments to expenditures/expenses in the respective funds.
- Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

I. Use of Estimates

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

J. Pensions

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

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

II. 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.

A. Fund Accounting Requirements

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

Fund	Required by
Glenpool Utility Service Authority Funds	Trust Indenture
Glenpool Industrial Authority Funds	Trust Indenture

B. Deposits and Investments

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

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

Public trusts created under O.S. Title 60, are not subject to the statutory investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2019, the City and its public trusts complied, in all material respects, with these investment restrictions.

C. Revenue Restrictions

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

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

For the year ending June 30, 2019, the City complied, in all material respects, with these revenue restrictions.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

D. Debt Restrictions and Covenants

- 1. General Obligation Debt:** Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2019, the City complied with this restriction.
- 2. Other Long-term Debt:** As required by the Oklahoma State Constitution, the City (excluding public trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without obtaining voter approval. For the year ended June 30, 2019, no such debt was incurred by the City.
- 3. 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, 2019:

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, 2019, available sales tax and revenues, as defined by the bond indenture, were \$12,485,915 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.

E. Fund Equity/Net Position Restrictions.

Title 11, section 17-211 of the Oklahoma statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). The City had no fund balance deficits at June 30, 2019.

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

A. Deposits and Investments

1. **Deposits:** Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The deposit policy of the City for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds or bonds of any county or school district of the State of Oklahoma. At June 30, 2019 the City's bank balance of \$9,197,109 was not exposed to custodial credit risk.
2. **Investments:** The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

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

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

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

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial risk. However, the City's investments are in the City's name, thus the City has no custodial risk at June 30, 2019.

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

- 1) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- 2) Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 3) With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 4) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

- 5) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- 6) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (1) through (4).

Fair Value Measurement—The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2019, 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, 2019:

Type	Weighted Average Maturity (Months)	Credit Rating	Value
Demand deposits and cash on hand	N/A	(1)	\$ 8,756,198
Short-term money market funds	N/A	(1)	840,355
Certificates of deposit	9.2	(1)	214,191
			<u>\$ 9,810,744</u>
Not subject to rating (1)			
Reconciliation to Statement of Net Position			
			\$ 6,632,149
			2,124,049
			1,054,546
			<u>\$ 9,810,744</u>

B. Accounts Receivable

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

C. Accounts Payable

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

D. Restricted Assets

Certain 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 BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

	GOVERNMENTAL	BUSINESS-TYPE	
	Current	Current	Noncurrent
	Cash and cash	Cash and cash	Investments
	Equivalents	Equivalents	
2010 Revenue Bond Sinking Fund	\$ -	\$ -	\$ 594,280
2011 Revenue Bond Construction Fund	-	-	40,890
2011 Revenue Bond Sinking Fund	-	-	130,855
2011 CWSRF OWRB Debt Service Fund	-	-	74,330
Utility Deposits	-	104,727	214,191
DEA Funds for police equipment and training	10,271	-	-
Municipal court bonds	333	-	-
Juvenile programs	19,575	-	-
Employee safety project	13,909	-	-
Police and fire operations	524,916	-	-
Economic development and cultural programs	458,689	-	-
Developer fees for future park improvements	193,217	-	-
Matching funds for construction of sidewalk improvements - ODOT	120,106	-	-
Streets and other infrastructure capital	481,936	-	-
Public safety capital	196,370	-	-
Total	<u>\$ 2,019,322</u>	<u>\$ 104,727</u>	<u>\$ 1,054,546</u>

E. Capital Assets

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

	Balance 6/30/2018	Additions	Disposals	Balance 6/30/2019
Governmental Activities				
Non-depreciable assets:				
Land	\$ -	\$ -	-	\$ -
Construction in progress	36,694	-	-	36,694
Total non-depreciable assets	<u>36,694</u>	<u>-</u>	<u>-</u>	<u>36,694</u>
Depreciable assets:				
Buildings and improvements	8,826,996	116,443	(957,260)	7,986,179
Furniture, fixtures and equipment	4,847,413	51,191	-	4,898,604
Vehicles	3,792,959	934,709	-	4,727,668
Infrastructure	1,321,323	465,818	-	1,787,141
Total depreciable assets	<u>18,788,691</u>	<u>1,568,161</u>	<u>(957,260)</u>	<u>19,399,592</u>
Less accumulated depreciation:				
Buildings and improvements	(3,317,555)	(197,173)	789,739	(2,724,989)
Furniture, fixtures and equipment	(2,504,900)	(419,224)	-	(2,924,124)
Vehicles	(2,194,424)	(390,699)	-	(2,585,123)
Infrastructure	(225,462)	(67,355)	-	(292,817)
Total accumulated depreciation	<u>(8,242,341)</u>	<u>(1,074,451)</u>	<u>789,739</u>	<u>(8,527,053)</u>
Net depreciable assets	<u>10,546,350</u>	<u>493,710</u>	<u>(167,521)</u>	<u>10,872,539</u>
Net governmental activities capital assets	<u>\$ 10,583,044</u>	<u>\$ 493,710</u>	<u>\$ (167,521)</u>	<u>\$ 10,909,233</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance 6/30/2019</u>
Business-Type Activities				
Non-depreciable assets:				
Land	\$ 2,883,021	\$ -	\$ -	\$ 2,883,021
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>2,883,021</u>	<u>-</u>	<u>-</u>	<u>2,883,021</u>
Depreciable assets:				
Buildings and improvements	14,707,380	-	-	14,707,380
Furniture, fixtures and equipment	1,582,551	23,079	(825,657)	779,973
Vehicles	443,217	55,515	-	498,732
Infrastructure	<u>23,319,269</u>	<u>736,867</u>	<u>825,657</u>	<u>24,881,793</u>
Total depreciable assets	<u>40,052,417</u>	<u>815,461</u>	<u>-</u>	<u>40,867,878</u>
Less accumulated depreciation:				
Buildings and improvements	(2,655,806)	(367,159)	-	(3,022,965)
Furniture, fixtures and equipment	(617,391)	(27,909)	-	(645,300)
Vehicles	(391,708)	(22,816)	-	(414,524)
Infrastructure	<u>(5,920,149)</u>	<u>(573,307)</u>	<u>-</u>	<u>(6,493,456)</u>
Total accumulated depreciation	<u>(9,585,054)</u>	<u>(991,191)</u>	<u>-</u>	<u>(10,576,245)</u>
Net depreciable assets	<u>30,467,363</u>	<u>(175,730)</u>	<u>-</u>	<u>30,291,633</u>
Net Business-Type activities capital assets	<u>\$ 33,350,384</u>	<u>\$ (175,730)</u>	<u>\$ -</u>	<u>\$ 33,174,654</u>

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

F. Interfund Receivables and Payables

The City's General Fund made an advance to the GUSA to cover a cash deficit resulting from operating losses in prior years. The balance of this advance at June 30, 2019 was \$1,663,611 and will not be paid within one year.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

G. Interfund Transfers

Interfund transfers were made to comply with sales tax collection provisions and agreements and to fund cash shortages in various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Interfund transfers reported in the fund financial statements for the year ended June 30, 2019, consisted of the following:

TRANSFER IN	TRANSFER OUT				
	GENERAL FUND	GUSA	CIF	GIA	TOTAL
GENERAL FUND		\$ 3,721,132	\$ 150,000		\$ 3,871,132
CAPITAL IMPROVEMENT FUND					
HOTEL MOTEL				\$ 65,000	\$ 65,000
STREETS & PARK					
GIA	\$ 45,900				\$ 45,900
GLENPOOL UTILITY SERVICE AUTHORITY	\$ 1,860,000				\$ 1,860,000
TOTAL	\$ 1,905,900	\$ 3,721,132	\$ 150,000	\$ 65,000	\$ 5,842,032

H. Long-term Liabilities

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

- 1. Governmental Activities:** As of June 30, 2019, the governmental activities long-term debt consisted of the following:

Notes Payable	Balance 6/30/19
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.	\$ 10,725
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.	17,161
Total Notes Payable	\$ 27,886
Current portion	\$ 2,400
Non-current portion	25,486
Total Notes Payable	\$ 27,886

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Capital Lease Obligations	Balance 6/30/19
\$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.	\$ 183,237
\$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.	11,941
\$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	496,585
\$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.	465,778
\$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.	448,960
\$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.	358,434
\$203,539 capital lease with Oklahoma State Bank for five police vehicles, interest rate of 1.98%, monthly installments commencing December 1st 2017 through March 1st, 2021	99,525
\$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	52,192
\$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	172,734
\$36,500 lease with Axon Enterprise inc, for breathing apparatus equipment annual installment commencing December 13th 2017 through December 13th, 2022	23,400
\$8,119 Tasers Cartridge with Axon Enterprise Inc, for Tasers Cartridge annual annual installment commencing December 13th 2017 through December 13th, 2022	4,871
\$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	562,977
Total Capital Leases	\$ <u>2,880,633</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Current portion	\$ 699,447
Non-current portion	2,181,186
Total Capital Leases	<u>\$ 2,880,633</u>

**Balance
6/30/19**

Accrued Compensated Absences

Current portion	\$ 362,356
Total Accrued Compensated Absences	<u>\$ 362,356</u>

- 2. Business-Type Activities:** As of June 30, 2019, the business-type activities long-term debt consisted of the following:

Revenue Bonds Payable

**Balance
6/30/19**

Series 2010A Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$29,575,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 2.7% to 5.15%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2040.

\$ 27,375,000

Series 2010B Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$2,740,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.0% to 6.0%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2025.

1,640,000

Series 2011 Utility Revenue Refunding Bond dated January 5, 2011, original issue amount of \$7,315,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.7% to 5.15%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2040.

6,410,000

Total Revenue Bonds Payable \$ 35,425,000

Current portion \$ 975,000

Non-current portion 34,450,000

Total Revenue Bonds Payable \$ 35,425,000

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Notes Payable	Balance 6/30/19
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.	\$ 136,139
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.	2,436,268
Total Notes Payable	\$ <u>2,572,407</u>
Current portion	\$ 219,745
Non-current portion	<u>2,352,662</u>
Total Notes Payable	\$ <u>2,572,407</u>

Accrued Compensated Absences	Balance 6/30/19
Current portion	\$ 33,654
Total Accrued Compensated Absences	\$ <u>33,654</u>

Deposits Subject to Refund	Balance 6/30/19
Current portion	\$ 315,466
Total Deposits Subject to Refund	\$ <u>315,466</u>

I. Applicability of Federal Arbitrage Regulations

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

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

J. Changes in Long-term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2019 are summarized below:

1. Governmental Activities:

	Balance June 30, 2018		Additions		Reductions		Balance June 30, 2019
Notes payable	\$ 30,286	\$	-	\$	(2,400)	\$	27,886
Capital lease obligations	2,905,216		562,977		(587,560)		2,880,633
Total	\$ 2,935,502	\$	562,977	\$	(589,960)	\$	2,908,519

2. Business-type Activities:

	Balance June 30, 2018		Additions		Reductions		Balance June 30, 2019
Revenue Bond 2010A	\$ 27,950,000	\$	-	\$	(575,000)	\$	27,375,000
Revenue Bond 2010B	1,830,000		-		(190,000)		1,640,000
Revenue Bond 2011	6,580,000		-		(170,000)		6,410,000
OWRB 2001	204,209		-		(68,070)		136,139
OWRB 2011	2,584,105		-		(147,837)		2,436,268
Claim Settlement	125,000		-		(125,000)		-
Total	\$ 39,273,314	\$	-	\$	(1,275,907)	\$	37,997,407

K. Maturities of Long-term Debt

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

1. Governmental Activities:

Year Ending June 30,	Principal	Interest	Total
2020	701,847	88,850	790,697
2021	1,092,226	68,100	1,160,326
2022	526,605	35,804	562,409
2023-2027	476,049	56,329	532,378
2028-2032	110,231	5,679	115,910
2033-2035	1,561	-	1,561
Total	\$ 2,908,519	\$ 254,762	\$ 3,163,281

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

2. Business-type Activities:

Year Ending June 30,	Principal	Interest	Total
2020	1,194,745	1,768,496	2,963,241
2021	1,234,037	1,727,010	2,961,047
2022	1,205,203	1,681,615	2,886,818
2023-2027	6,813,536	7,596,065	14,409,601
2028-2032	8,428,064	5,904,979	14,333,043
2033-2037	9,611,822	3,714,026	13,325,848
2038-2041	9,510,000	1,009,657	10,519,657
	<u>\$ 37,997,407</u>	<u>\$ 23,401,848</u>	<u>\$ 61,399,255</u>

L. Pledge of Future Revenues

Sales Tax Pledge: The City has pledged four cents of future sales tax revenues to repay \$39,630,000 of Series 2010A, 2010B and 2011 Utility System Revenue Bonds. Proceeds from the bonds provided financing for capital assets. The bonds are payable from pledged sales tax revenues and further secured by net water, wastewater, solid waste and stormwater revenues. The bonds are payable through 2040, 2025 and 2040 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$58,431,260. Pledged sales taxes received in the current year were \$7,408,442 for the bonds and the net utility revenues were \$1,635,797. Debt service payments for the bonds of \$2,685,865 for the current fiscal year were 36% of the pledged sales taxes and 29% of both pledged sales taxes and utility revenues combined.

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 \$2,967,995. Pledged sales taxes received in the current year were \$7,408,442 for the notes and the net utility revenues were \$1,635,797. Debt service payments for the notes of \$285,569 for the current fiscal year were 3.8% of the pledged sales taxes and 3% 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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

IV. EMPLOYEE PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Pension Plan Obligations

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

1. Oklahoma Firefighters Pension & Retirement System (FPRS)

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

Plan description – The City of Glenpool, as the employer, participates in the Firefighters Pension & retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the 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 retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

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

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

City of Glenpool, Oklahoma**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$214,173. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$433,911 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 \$309,615. 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, 2019, the City reported a liability of \$5,298,045. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.4707% percent.

For the year ended June 30, 2019, the City recognized pension expense of \$277,767. At June 30, 2019, 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	\$ 1,106,612	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments		440,225
Changes in proportion	1,178,866	19,881
Differences between City contributions and proportionate share of contributions	6,528	324
City contributions subsequent to the measurement date	214,173	-
Total	<u>\$ 2,506,179</u>	<u>\$ 460,430</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

The \$214,173 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:

Year ended June 30:	
2020	510,304
2021	452,501
2022	303,620
2023	403,481
2024	161,670
	1,831,576

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 (asset)	\$ 6,939,376	\$ 5,298,045	\$ 3,919,562

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.

2. Oklahoma Police Pension and Retirement Fund (OPPRF)

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

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

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of 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 \$181,781 The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$139,417 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 \$134,937. 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, 2019, the City reported an asset of \$201,718 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.4001%.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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For the year ended June 30, 2019, the City recognized pension expense of \$145,174. At June 30, 2019, 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	\$ 1,191	\$ 189,010
Changes of assumptions	88,098	-
Net difference between projected and actual earnings on pension plan investments	105,043	-
Changes in proportion	4,883	668
Differences between City contributions and proportionate share of contributions	3,963	1,913
City contributions subsequent to the measurement date	181,781	-
Total	<u>\$ 384,959</u>	<u>\$ 191,591</u>

The \$181,781 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the 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:	
2020	108,107
2021	43,784
2022	(110,326)
2023	(35,754)
2024	5,776
Thereafter	-
	<u>11,587</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private Equity	9.21%
Commodities	5.06%

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 935,706	\$ (201,718)	\$ (1,163,281)

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.

3. Oklahoma Municipal Retirement Fund (OMRF)

The City participates in a defined contribution plan with the Oklahoma Municipal Retirement Fund. The defined contribution plan is available to all full-time employees not already participating in another plan. A defined contribution plan's benefits depend solely on amounts contributed to the plan, investment earnings and forfeitures of other participants' benefits that may be allocated to remaining participants' accounts. Benefits vest at time of employment, with normal retirement at age 65 and early retirement at age 55 with 10 years or more of service. Participants are required to contribute 2% of their covered compensation and the City is required to contribute 7% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost for covered employees (with the exception of the City Manager, Assistant City Manager and the Chief of Police) of \$125,689, \$109,089, and \$108,894 for 2019, 2018 and 2017, respectively, was equal to the City's required and actual contributions.

The City has separate defined contribution plans for the City Manager, Assistant City Manager, and the Chief of Police. The City is required to pick up the employee contributions for each of these participants at the rates of 8%, 5%, and 8%, respectively. Also, the City makes employer contributions that will vary each year. For fiscal year 2019, the employer contributed 17%, 7%, and 13% respectively for the participants. These participants are allowed to make voluntary non-deductible contributions to the plan. The City's annual pension cost for the City Manager's plan of \$21,899, \$15,610, and \$14,319 for 2019, 2018, and 2017 was equal to the City's required and actual contributions. The City's annual pension cost for the Assistant City Manager and Chief of Police of \$2,731 and \$4,782 for 2019 were equal to the City's required and actual contributions.

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

B. Other Post-Employment Benefits (OPEB)

Plan Description: The City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired 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, 2019, 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. Benefit payments of \$3,217 were made during fiscal year 2019.

Employees Covered by Benefit Terms: At June 30, 2019 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 \$879,445 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability was measured using the following actuarial assumptions:

- Actuarial cost method – entry age normal
- Cost method application – level percentage of pay
- Discount rate – 3.50%
- 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.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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The discount rate used to value benefits was the municipal bond yield on the measurement date as specified by GASB 74/75. Over the twelve-month measurement period ending 6/30/2019 the 20-year bond rates decreased from 3.87% to 3.50%.

Changes in Total OPEB Liability: The following table summarizes the components of the change in the total OPEB liability:

Service Cost	42,338
Interest	22,292
Change of Benefits Terms	-
Difference between expected and actuals experience	38,385
Change of Assumptions	245,965
Expected net benefit payments	<u>(3,217)</u>
Net change in Total OPEB Liability	345,763
Total OPEB Liability - Beginning of year	533,682
Total OPEB Liability - End of year	879,445

Deferred Outflows and Deferred Inflows: At June 30, 2019, 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 Resources	Net Deferrals
Differences between expected and actual experience	\$ 34,258	\$ -	\$ 34,258
Change of Assumptions	219,518	(14,816)	\$ 204,702
Changes in proportion	-	-	\$ -
Totals	<u>\$ 253,776</u>	<u>\$ (14,816)</u>	<u>\$ 238,960</u>

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

Year ended June 30:	
2020	\$ 28,357
2021	28,357
2022	28,357
2023	28,357
2024	28,357
Thereafter	<u>97,175</u>
Total	<u>\$ 238,960</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:

City of Glenpool, Oklahoma**NOTES TO THE BASIC FINANCIAL STATEMENTS
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	As of June 30, 2019		
	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,101,847	\$ 879,445	\$ 708,356

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:

	As of June 30, 2019		
	Healthcare Cost		
	1% Decrease 5.09% Grading to 3.87%	Trend Rates 6.09% Grading to 4.87%	1% Increase 7.09% Grading to 5.87%
Total OPEB Liability	\$ 713,558	\$ 879,445	\$ 1,089,032

V. RISK MANAGEMENT

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

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

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

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

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

VI. CONTINGENT LIABILITIES

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

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

VII. 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, 2019 the GIA abated hotel-motel tax that would have otherwise been remitted to the City totaling \$22,274 under an agreement with one entity for the development of a hotel which generates tax and other revenue to fund government services. The amount abated represents 26% of the hotel-motel taxes generated by the entity.

VIII. SUBSEQUENT EVENTS

Subsequent to June 30, 2019, the City entered into a \$227,647 capital lease obligation to acquire twenty-two Self-Contained Breathing Apparatuses for use by public safety personnel. The interest rate on the capital lease is 2.39% and the final maturity date is during November 2021.

Subsequent to June 30, 2019, the City entered into an \$84,796 capital lease obligation to acquire two police vehicles. The interest rate on the capital lease is 2.39% and the final maturity date is during November 2021.

The current economic slowdown that began in early March 2020 related to the effects of the Coronavirus will certainly have some kind of financial impact on the City's financial position and activities. However, the City plans to respond with appropriate actions once the depth and length of the slowdown and its impact on the City have been determined.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

IX. RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described in the following pages.

GASB Statement 84, "Fiduciary Activities" – GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position. This Statement will become effective for the City in the fiscal year ended June 30, 2020.

GASB Statement 87, "Leases" – GASB No. 87 has a primary objective to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about activities. The City has not yet determined the impact that implementation of GASB 87 will have on its financial statements. This Statement will become effective for the City in the fiscal year ended June 30, 2021.

City of Glenpool, Oklahoma
REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.47067%	0.4247%	0.3353%	0.3216%	0.3263%
City's proportionate share of the net pension liability	\$ 5,298,045	\$ 5,341,402	\$ 4,096,830	\$ 3,413,117	\$ 3,354,967
City's covered-employee payroll	\$ 1,398,565	\$ 1,257,713	\$ 982,474	\$ 871,564	\$ 870,964
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379%	425%	417%	392%	385%
Plan fiduciary net position as a percentage of the total pension liability	70.73%	66.61%	64.87%	68.27%	68.12%

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

Notes to Schedule:

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

City of Glenpool, Oklahoma
REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Statutorially required contribution	\$ 214,173	\$ 195,799	\$ 176,080	\$ 137,546	\$ 122,123
Contributions in relation to the statutorially required contribution	214,173	195,799	176,080	137,546	122,123
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,529,807	\$ 1,398,565	\$ 1,257,713	\$ 982,474	\$ 871,564
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.01%

Notes to Schedule:

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

City of Glenpool, Oklahoma
REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.4001%	0.4001%	0.3757%	0.3721%	0.3703%
City's proportionate share of the net pension liability (asset)	\$ (201,718)	\$ 30,779	\$ 575,383	\$ 15,172	\$ (124,661)
City's covered-employee payroll	\$1,320,836	\$1,203,929	\$1,147,269	\$1,051,731	\$1,035,823
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.27%	2.56%	50.15%	1.44%	-12.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.89%	99.68%	93.50%	99.82%	101.53%

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

Notes to Schedule:

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

City of Glenpool, Oklahoma
REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Statutorially required contribution	\$ 181,781	\$ 171,709	\$ 152,662	\$ 149,106	\$ 136,836
Contributions in relation to the statutorially required contribution	181,781	171,709	152,662	149,106	136,836
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,398,315	\$ 1,320,836	\$ 1,203,929	\$ 1,147,269	\$ 1,051,493
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	12.68%	13.00%	13.01%

Notes to Schedule:

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

City of Glenpool, Oklahoma
REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
POSTEMPLOYMENT HEALTH INSURANCE IMPLICITY RATE SUBSIDY PLAN

	FY Ended 6/30/2019	FY Ended 6/30/2018
Total OPEB Liability		
Service Cost	42,338	43,113
Interest	22,292	17,633
Change of Benefits Terms	-	-
Difference between expected and actuals experience	38,385	-
Change of Assumptions	245,965	(19,619)
Expected net benefit payments	<u>(3,217)</u>	<u>-</u>
Net change in Total OPEB Liability	345,763	41,127
Total OPEB Liability - Beginning of year	533,682	492,555
Total OPEB Liability - End of year	879,445	533,682
Covered employee payroll	\$ 4,850,000	\$ 4,250,000
Total OPEB liability as a percentage of covered employee payroll	18.13%	12.56%

Notes to schedule: Only two fiscal years are presented because 10 year data not yet available.

City of Glenpool, Oklahoma

**REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Beginning Budgetary Fund Balance	\$ 6,224,791	\$ 6,224,791	\$ 6,226,675	\$ 1,884
Resources (Inflows)				
TAXES				
Sales Tax	5,675,934	5,675,934	5,556,095	(119,839)
Dedicated Tax	1,892,300	1,892,300	1,852,347	(39,953)
Use Tax	455,761	455,761	521,060	65,299
Lodging Tax	-	-	-	-
Franchise Tax	486,543	486,543	455,980	(30,563)
E911 Fees	115,074	115,074	109,854	(5,220)
Total Taxes	8,625,612	8,625,612	8,495,336	(130,276)
LICENSES & PERMITS				
Solicitors License	1,000	1,000	1,200	200
Building Permits	15,000	15,000	16,368	1,368
Occupational Tax	4,300	4,300	15,955	11,655
Plumbing License	5,000	5,000	3,900	(1,100)
Electrical License	7,000	7,000	4,825	(2,175)
Mechanical License	3,000	3,000	2,700	(300)
Pet License	100	100	115	15
Assessment Letters	5,000	5,000	2,685	(2,315)
Fireworks Permits	5,000	5,000	6,250	1,250
Sign Permits	1,000	1,000	1,050	50
State Permit Fees	50	50	32	(18)
Liquor License	-	-	300	300
Total Licenses & Permits	46,450	46,450	55,380	8,630
CHARGES FOR SERVICES				
Development Fees	5,500	5,500	8,714	3,214
Zoning Fees	4,500	4,500	5,428	928
Inspection Fees	50,000	50,000	36,166	(13,834)
Dog Pound	6,000	6,000	7,536	1,536
Police Reports	500	500	550	50
First Responder Reimbursement	107,700	107,700	106,755	(945)
Police Special Services	84,293	84,293	74,000	(10,293)
Total Charges for Services	258,493	258,493	239,149	(19,344)
INTERGOVERNMENTAL				
Excise Tax	24,200	24,200	25,372	1,172
Cigarette Tax	80,200	80,200	83,052	2,852
Alcohol Tax	22,300	22,300	26,202	3,902
Commercial Vehicle Tax	90,000	90,000	97,900	7,900
Property Resale	-	-	-	-
CDBG Grant	107,000	107,000	(1,092)	(108,092)
Other Grants	-	-	637,505	637,505
Total Intergovernmental	323,700	323,700	868,939	545,239
FINES & FORFEITURES				
Municipal Court	225,000	225,000	189,795	(35,205)
Court Costs	85,000	85,000	85,437	437
Juvenile Fines	3,000	3,000	5,252	2,252
Total Fines & Forfeitures	313,000	313,000	280,484	(32,516)
OTHER				
Interest income	25	25	39,317	39,292
Sale of Assets	-	-	773,369	773,369
Donations	-	-	500	500
Refunds	-	-	591	591
Miscellaneous	5,000	5,000	44,800	39,800
Rental Income	36,851	36,851	37,032	181
Return check fee	-	-	60	60
Transfers in	1,905,900	1,905,900	1,905,900	-
Total Other	1,947,776	1,947,776	2,801,569	853,793
Total Resources (Inflows)	11,515,031	11,515,031	12,740,857	1,225,526
Amounts Available for Appropriation	17,739,822	17,739,822	18,967,532	1,227,410

City of Glenpool, Oklahoma

REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Charges to Appropriations (outflows)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
City Clerk/Finance				
Personal Services	\$ 302,574	\$ 306,024	\$ 294,603	\$ (11,421)
Supplies	47,500	53,614	49,572	(4,042)
Other Services & Charges	356,618	347,254	321,227	(26,027)
Travel and Training	10,500	10,500	2,925	(7,575)
Repairs and Maintenance	20,000	19,000	14,747	(4,253)
Miscellaneous	30,000	28,900	28,028	(872)
Capital Outlay	25,000	28,100	27,583	(517)
Total City Clerk/Finance	792,192	793,392	738,685	(54,707)
PUBLIC SAFETY				
ANIMAL CONTROL				
Personal Services	77,326	78,726	64,663	(14,063)
Supplies	15,900	13,800	9,862	(3,938)
Other Services & Charges	500	500	72	(428)
Travel and Training	675	1,675	1,040	(635)
Repairs and Maintenance	1,300	1,300	655	(645)
Total Animal Control	95,701	96,001	76,293	(19,708)
POLICE:				
Personal Services	1,697,015	1,691,015	1,827,196	136,181
Supplies	138,300	98,800	93,516	(5,284)
Other Services & Charges	67,000	67,300	59,059	(8,241)
Travel and Training	8,000	9,500	9,406	(94)
Repairs and Maintenance	45,000	46,300	40,440	(5,860)
Miscellaneous	400	400	180	(220)
Debt Service	72,538	72,538	39,771	(32,767)
Capital Expenditures	-	35,700	35,615	(85)
Total Police	2,028,253	2,021,553	2,105,184	83,631
DISPATCH:				
Personal Services	316,326	319,626	318,780	(846)
Supplies	9,000	10,315	9,981	(334)
Other Services & Charges	57,500	64,085	62,713	(1,372)
Travel and Training	1,500	1,500	550	(950)
Repairs and Maintenance	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Police	384,326	395,526	392,024	(3,502)
FIRE:				
Personal Services	1,838,751	1,678,751	2,103,601	424,850
Supplies	41,723	40,200	35,758	(4,442)
Other Services & Charges	54,000	54,800	50,318	(4,482)
Travel and Training	7,000	7,450	5,973	(1,477)
Repairs and Maintenance	57,000	72,273	71,843	(430)
Miscellaneous	3,000	3,000	2,520	(480)
Debt Service	56,263	56,263	56,263	-
Total Fire	2,057,737	1,912,737	2,326,275	413,538
EMERGENCY MANAGEMENT:				
Supplies	3,500	3,500	564	(2,936)
Other Services & Charges	13,000	13,000	1,494	(11,506)
Repairs and Maintenance	17,200	12,200	3,545	(8,655)
Capital Outlay	25,000	25,000	-	(25,000)
Total Emergency Management	58,700	53,700	5,603	(48,097)
COMMUNITY DEVELOPMENT				
Personal Services	505,838	483,238	405,854	(77,384)
Supplies	13,500	19,000	16,486	(2,514)
Other Services & Charges	69,282	74,982	68,424	(6,558)
Travel and Training	3,900	3,900	3,711	(189)
Repairs & Maintenance	4,500	3,000	2,279	(721)
Miscellaneous	1,500	2,000	1,748	(252)
Capital Outlay	35,000	41,700	41,688	(12)
Total Community Development	633,520	627,820	540,190	(87,630)

(continued)

City of Glenpool, Oklahoma

**REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Charges to Appropriations (outflows) (continued)	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
ADMINISTRATION				
Personal Services	533,130	540,030	535,593	(4,437)
Supplies	9,300	6,900	5,383	(1,517)
Other Services & Charges	60,000	44,000	40,780	(3,220)
Travel and Training	12,000	23,054	22,517	(537)
Miscellaneous	35,000	35,346	5,627	(29,719)
Total Administration	649,430	649,330	609,900	(39,430)
STREETS & PARKS				
Personal Services	352,472	353,472	310,057	(43,415)
Supplies	33,000	35,000	30,553	(4,447)
Other Services & Charges	126,000	127,300	120,660	(6,640)
Travel and Training	1,000	1,100	-	(1,100)
Repairs and Maintenance	448,000	444,000	164,546	(279,454)
Capital Outlay	100,000	100,000	81,206	(18,794)
Debt Service	2,400	2,400	2,400	-
Total Streets & Parks	1,062,872	1,063,272	709,422	(353,850)
OTHER FINANCING USES				
Transfers out	3,752,300	3,902,300	3,871,132	(31,168)
Debt Service:				
Capital lease principal	-	-	-	-
Capital lease interest	-	-	-	-
Total Other Financing Uses	3,752,300	3,902,300	3,871,132	(31,168)
Total Charges to Appropriations	11,130,705	11,120,105	11,374,708	254,603
Ending Budgetary Fund Balance	\$ 6,609,117	\$ 6,619,717	\$ 7,592,824	\$ 972,807
Ending Unobligated Budgetary Fund Balance			\$ 7,592,824	

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

Total Resources per Budgetary Comparison Schedule	\$ 12,740,857
Add State Fire and Police pension on-behalf payments	
Less Transfer in	(1,905,900)
Total Revenues per Statement of Revenues, expenditures and changes in Fund Balance	\$ 10,834,958
Total Charges to Appropriations per Budgetary Comparison Schedule	\$ 11,374,708
Add State Fire and Police pension on-behalf payments	
Less Transfer out	(3,871,132)
Total Expenditures per Statement of Revenues, expenditures and changes in Fund Balance	\$ 7,503,576

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.



Annual Operating Report Glenpool Utility Service Authority

**Glenpool, Oklahoma
For the Year Ended June 30, 2019**

Prepared by:
City of Glenpool Finance Department

John Gonsalves
Finance Director

CITY OF GLENPOOL, OKLAHOMA

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

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

1. POPULATION*

Year	City of Glenpool	Tulsa County
1940	284	193,363
1950	280	251,686
1960	353	346,038
1970	770	401,663
1980	2,706	470,593
1990	6,688	503,341
2000	8,123	563,299
2010	9,458	600,578
July 1, 2019 (Estimate)	15,254	636,385

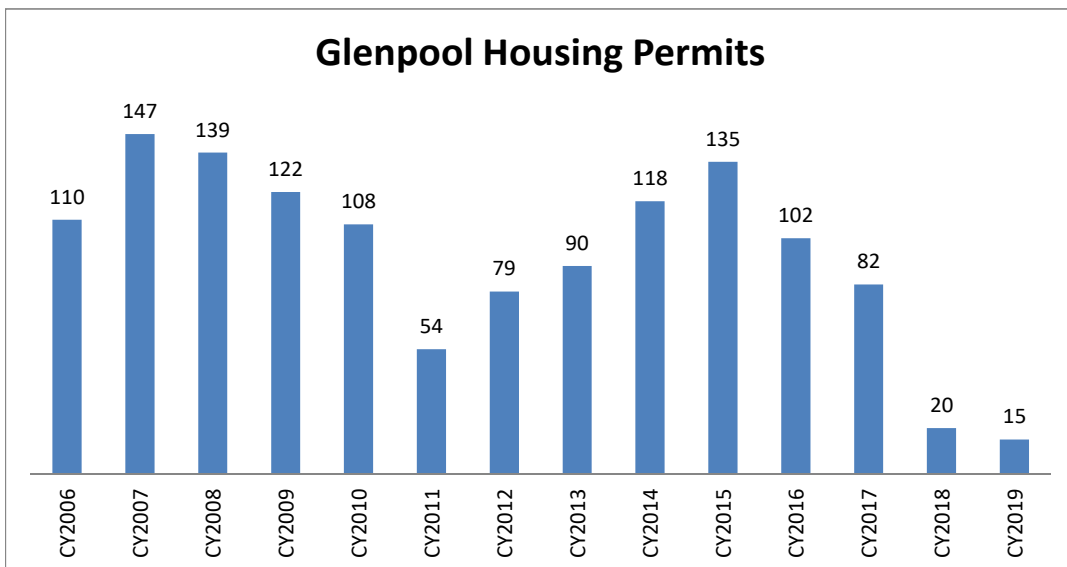
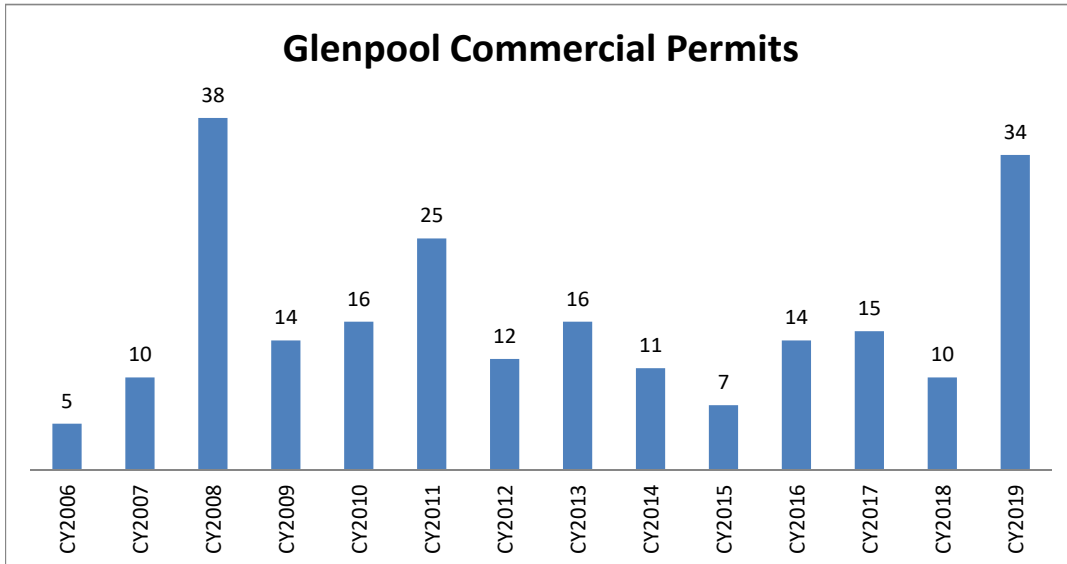
* Source: U.S. Census Bureau

2. BUILDING PERMITS

Calendar Year	COMMERCIAL		RESIDENTIAL	
	Number	Value	Number	Value
2000	3	\$ 750,000	13	\$ 21,509,399
2001	11	\$ 3,790,645	7	\$ 1,086,350
2002	9	\$ 1,453,000	24	\$ 3,077,003
2003	4	\$ 422,000	88	\$ 10,648,057
2004	6	\$ 2,939,748	86	\$ 11,182,482
2005	4	\$ 1,900,000	79	\$ 10,333,269
2006	5	\$ 3,470,000	110	\$ 15,280,036
2007	10	\$ 8,480,788	147	\$ 19,177,562
2008	38	\$ 13,811,500	139	\$ 17,716,733
2009	14	\$ 17,356,000	122	\$ 13,397,989
2010	16	\$ 7,966,440	108	\$ 11,314,119
2011	25	\$ 10,926,767	54	\$ 6,445,181
2012	12	\$ 2,782,900	79	\$ 9,036,250
2013	16	\$ 11,603,049	90	\$ 9,832,363
2014	11	\$ 2,211,640	118	\$ 42,313,315
2015	7	\$ 3,139,459	135	\$ 15,652,773
2016	10	\$ 3,639,000	102	\$ 12,585,730
2017	15	\$ 26,249,000	82	\$ 11,399,265
2018	10	\$ 13,464,000	20	\$ 2,472,044
2019	15	\$ 7,318,500	34	\$ 5,447,340

CITY OF GLENPOOL

**BUILDING PERMITS ISSUED
JANUARY 2019 - DECEMBER 2019**



CITY OF GLENPOOL**June 30, 2019****3. TOP TEN WATER CONSUMERS**

	Billed Consumption (Gallons)	Percent of Total Consumption
Glenwood Healthcare Center	3,811,000	0.66%
Zips Car Wash	2,949,000	0.51%
Walmart	2,841,000	0.49%
Saint Francis Glenpool	2,776,773	0.48%
Alderview Apartments	1,839,000	0.32%
Glenpool Hospitality (Holiday Inn)	1,786,000	0.31%
OM SAI Hotels, LLC	1,493,000	0.26%
Moura Properties	1,267,466	0.22%
Glenpool Schools	1,261,000	0.22%
Eurocraft	1,223,912	0.21%
Total Ten Largest Water Consumers	21,248,151	3.65%
Total Billed Water Consumption - All Customers (July 2018 - June 2019)	581,829,227	

CITY OF GLENPOOL**June 30, 2019****4. TOP TEN SEWER CONSUMERS**

	Billed Consumption (Gallons)	Percent of Total Consumption
Glenwood Healthcare Center	3,766,000	1.42%
Zips Car Wash	2,921,000	1.10%
Saint Francis Glenpool	2,640,902	0.99%
Alderview Apartments	1,857,000	0.70%
Glenpool Hospitality (Holiday Inn)	1,799,000	0.68%
Walmart	1,629,000	0.61%
OM SAI Hotels, LLC	1,557,000	0.59%
Moura Properties	1,281,606	0.48%
Glenpool Schools	1,245,000	0.47%
Eurocraft	1,175,715	0.44%
Total Ten Largest Sewer Consumers	19,872,223	7.48%
Total Billed Sewer Consumption - All Customers (July 2018 - June 2019)	265,788,677	

CITY OF GLENPOOL
June 30, 2019

5. TOP TAXPAYERS

<u>Taxpayer Name</u>	<u>Net Assessed Valuation</u>	<u>Percent of Total NAV</u>
EXPLORER PIPELINE SERVICES CO	\$4,458,269	5.72%
GRANDVIEW HEIGHTS APARTMENTS LLC	\$2,367,485	3.04%
WAL-MART STORES	\$2,089,146	2.68%
OKLAHOMA GAS & ELECTRIC	\$1,617,666	2.08%
CHAMPAGNE METALS	\$1,332,016	1.71%
KEYERA ENERGY INC	\$1,071,276	1.38%
TUL PARTNERS LLC	\$1,067,572	1.37%
NGUYEN, VINNY VU MANH & GINA	\$656,379	0.84%
OKLAHOMA NATURAL GAS	\$558,313	0.72%
PHILLIPS 66	\$555,509	0.71%
GLENPOOL HOSPITALITY LLC	\$540,916	0.69%
QUIK TRIP CORP	\$522,545	0.67%
AINO TULSA/ROMEO HOMES OKLA LLC	\$476,309	0.61%
CON-WAY TRANSPORTATION	\$461,444	0.59%
NEW LEASE ON LIFE LLC	\$425,739	0.55%
Total	<u>\$ 18,200,584</u>	<u>23.37%</u>

CITY OF GLENPOOL
June 30, 2019

6. MAJOR EMPLOYERS

Employer	Product / Service	Number of Employees
Glenpool Public Schools	Education	356
Walmart	Grocery / Retail	264
XPO Logistics	Freight Contractor	205
Phoenix Industrial	Electrical Contractor	157
T & L Foundry	Manufacturing	64
McDonald's	Restaurant	63
Sante Fe Cattle Company	Restaurant	55
Country Mart	Grocery / Retail	44
Whataburger	Restaurant	37
IHOP	Restaurant	26

CITY OF GLENPOOL**June 30, 2019****7. EDUCATION AND LEARNING FACILITIES**

Glenpool has 3 primary and secondary schools with approximately 2,772 students and 246 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	PK-6	1	1,438	131
Public	7-8	1	600	45
Public	9-12	1	752	70

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

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

8. UTILITY CONNECTIONS - 10 YEAR HISTORY

<u>Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
FY2019	4,510	4,388	4,481
FY2018	4,476	4,387	4,089
FY2017	4,377	4,318	4,174
FY2016	4,278	4,178	4,243
FY2015	4,139	4,055	4,098
FY2014	3,970	3,885	3,570
FY2013	3,898	3,821	3,499
FY2012	3,799	3,719	3,683
FY2011	3,743	3,669	3,565
FY2010	3,661	3,591	3,288
FY2009	3,437	3,383	3,122
FY2008	3,399	3,355	3,135

CITY OF GLENPOOL

June 30, 2019

9. MONTHLY UTILITY RATES

Water Rates

Residential

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

Commercial

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

Sewer Rates

Residential and Commercial

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

Stormwater Rates

Residential and Commercial

Stormwater Management Fee	\$2.00
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Refuse Rates

Base Charge	\$15.82
Senior Base Charge	\$11.43
Extra Pick Up	\$15.95
2nd Cart	\$26.53
3rd Cart	\$37.24
Recycling Fee	\$0.35

GLENPOOL UTILITY SERVICES AUTHORITY
10. COMPARATIVE NET REVENUE

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES												
Water	2,649,564	2,718,752	2,851,084	\$ 2,563,311	\$ 2,307,448	\$ 1,962,274	\$ 1,851,348	\$ 1,644,317	\$ 1,864,124	\$ 2,026,944	\$ 1,587,600	\$ 1,708,170
Sewer	1,266,450	1,302,204	1,292,247	1,279,631	789,410	747,534	748,524	742,816	714,891	661,916	707,296	690,712
Solid Waste	762,452	734,301	624,569	604,524	570,203	529,299	518,396	-	12,488	13,914	464,168	437,311
Miscellaneous	29,855	28,608	191,317	45,241	(418)	16,056	13,490	17,839	7,694	24,421	50,114	11,268
Solid Waste Mgmt Fees	18,628	18,336	17,927	17,449	16,830	16,340	15,944	15,668	15,458	12,006	14,299	13,396
Water Taps	30,500	71,621	97,900	97,500	115,650	113,100	80,005	62,175	52,253	108,903	113,053	149,232
Sewer Taps	7,650	10,472	23,000	22,250	22,400	19,500	16,969	13,600	10,800	25,198	26,525	34,775
Delinquent Fees	112,850	121,368	120,590	126,423	100,891	95,312	92,408	85,113	79,539	73,409	88,878	46,351
Storm Water Mgmt Fees	106,900	105,244	102,904	100,212	96,572	102,746	98,713	96,943	88,436	79,458	81,064	77,072
Connect Transfer Fees	7,212	8,175	47,003	52,941	46,945	45,472	6,809	6,421	41,375	37,925	7,130	6,910
Reconnect Fees	45,050	44,903										
Interest	38,847											
Return on Fees			-	-	-	-	-	3,060	3,092	23,838	23,082	23,564
Water/Sewer Fees	1,515	3,036	12,081	10,603	12,510	-	-	509,969	499,086	454,189	13,073	14,596
TOTAL REVENUES	\$ 5,077,473	\$ 5,167,020	\$ 5,380,622	\$ 4,920,085	\$ 4,078,441	\$ 3,647,633	\$ 3,442,606	\$ 3,197,921	\$ 3,389,236	\$ 3,542,121	\$ 3,176,282	\$ 3,213,357
OPERATING EXPENSES												
General Administration		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,308	\$ 101,379	\$ 80,000	\$ -	\$ 115,788
Water & Sewer Treatment (1)	2,660,325	2,771,575	2,460,372	2,764,684	3,296,710	3,100,974	3,334,696	3,443,570	2,885,472	1,721,235	1,805,158	1,540,604
Sewer Treatment		-	-	-	-	-	-	-	-	-	194,392	208,028
Solid Waste	728,273	675,301	561,715	624,966	449,228	522,645	506,645	496,700	480,468	466,566	465,367	437,604
Storm Water	4,250	15,791	4,000	-	-	-	-	-	-	47,619	44,263	40,465
TOTAL EXPENSES (2)	\$ 3,392,848	\$ 3,462,667	\$ 3,026,087	\$ 3,389,650	\$ 3,745,938	\$ 3,623,619	\$ 3,841,341	\$ 3,989,578	\$ 3,467,319	\$ 2,315,420	\$ 2,509,180	\$ 2,342,489
NET REVENUE AVAILABLE FOR DEBT SERVICE	\$ 1,684,625	\$ 1,704,353	\$ 2,354,535	\$ 1,530,435	\$ 332,503	\$ 24,014	\$ (398,736)	\$ (791,657)	\$ (78,083)	\$ 1,226,701	\$ 667,102	\$ 870,868
NON OPERATING REVENUES												
Sales Tax Collections (3)	7,408,442	7,324,106	6,871,222	6,462,311	6,664,955	6,098,848	5,949,268	5,555,841	5,208,797	5,182,318	4,935,404	2,205,228
TOTAL NON OPERATING REVENUES	\$ 7,408,442	\$ 7,324,106	\$ 6,871,222	\$ 6,462,311	\$ 6,664,955	\$ 6,098,848	\$ 5,949,268	\$ 5,555,841	\$ 5,208,797	\$ 5,182,318	\$ 4,935,404	\$ 2,205,228
	\$ 9,093,067	\$ 9,028,459	\$ 9,225,757	\$ 7,992,746	\$ 6,997,458	\$ 6,122,862	\$ 5,550,532	\$ 4,764,184	\$ 5,130,714	\$ 6,409,019	\$ 5,602,506	\$ 3,076,096
INCOME AVAILABLE FOR DEBT SERVICE												
DEBT SERVICE REQUIREMENTS (4)												
Series 2010 Revenue Bonds	\$ 2,202,211	\$ 2,214,012	\$ 2,211,865	\$ 2,217,100	\$ 1,701,163	\$ 1,700,888	\$ 1,629,413	\$ 1,630,613	\$ 692,671	\$ -	\$ -	\$ -
Series 2011 Revenue Bonds	\$ 483,655	\$ 487,755	\$ 487,755	\$ 488,855	\$ 489,755	\$ 419,405	\$ 351,155	\$ 402,405	\$ 140,993	\$ -	\$ -	\$ -
Series 2011 OWRB Note	\$ 216,551	\$ 216,677	\$ 217,050	\$ 217,050	\$ 208,742	\$ 269,574	\$ 146,288	\$ 2,058	\$ -	\$ -	\$ -	\$ -
Series 2001-2007A Revenue Bonds			-	-	-	-	-	-	819,664	1,478,902	940,217	940,447
Series 2001 OWRB Note	\$ 69,019	\$ 68,069	\$ 69,709	\$ 70,060	\$ 70,399	\$ 70,744	\$ 71,090	\$ 71,444	\$ 71,780	\$ 72,125	\$ 72,470	\$ 72,828
Series 1992 OWRB Note			-	-	-	-	-	-	5,998	12,157	15,697	15,109
TOTAL DEBT SERVICE REQUIREMENTS	\$ 2,971,436	\$ 2,986,513	\$ 2,986,379	\$ 2,993,065	\$ 2,470,059	\$ 2,460,611	\$ 2,197,946	\$ 2,106,520	\$ 1,731,106	\$ 1,563,184	\$ 1,028,384	\$ 1,028,384
COVERAGE	3.06 #	3.02	3.09	2.67	2.83	2.49	2.53	2.26	2.96	4.10	5.45	2.99

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

(2) Less depreciation

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 12, 2020.

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.



October 12, 2020

CITY OF GLENPOOL, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2019

Finding 2019-001 Financial Reporting

Criteria: Internal control should be sufficient to ensure accurate and timely financial reporting.

Condition: The City's trial balance provide for auditing was incomplete and included multiple material errors that required audit adjustments to correct. Following is a summary of errors over \$50,000 corrected as part of the auditing process: (a) Increase utilities accounts receivable and related revenue \$397,690, (b) Increase accounts payable and related expenses \$67,189, (c) Increase allowance for miscellaneous accounts receivable and related expense \$170,643, (d) Reduce capital assets/capital outlay and increase cash \$474,776, (e) Increase utility accounts receivable allowance and reduce related revenue \$81,742 and (f) Increase capital asset and debt \$562,977.

Cause: The City did not perform sufficient reconciliations of its accounts and (or) misapplied GAAP in the preparation of its financial records.

Effect: Certain accounts were analyzed only after questions arose during the auditing process, resulting in audit adjustments and delays in year-end reporting.

Recommendation: We encourage the City to improve its financial reporting process, including the possibility of using outside assistance on an as needed basis.

City's Response: The City agrees that internal control should be sufficient to ensure accurate and timely financial reporting. The City will continue to improve the financial reporting process and will evaluate different accounting processes, software programs, and consultants to improve this process.



STAFF REPORT

To: Honorable Chairman and GUSA Board of Trustees

From: John Gonsalves, Finance Director/Treasurer

Date: December 07, 2020

Re: FY 2020-2021 Third QTR Blanket Purchase Orders

Background:

A blanket Purchase Order (PO) is a PO that is valid for a specified time period and authorizes multiple orders during that time period, and are useful when there is a recurring need for goods or services from a single vendor which are paid as part of a monthly charge account or contract. Examples of situations in which we normally utilize Blanket Purchase Orders include oil changes, miscellaneous vehicle parts, building maintenance parts, etc. These purchases are still each individually reviewed by the various departments and by Finance before being paid to make sure they are appropriate and within budget.

The following blanket purchase orders are submitted for your consideration:

Staff Recommendation:

Staff recommends approval of the blanket purchase order as printed. Totaling \$924,375.48

Attachments:

- Blanket PO Detail List

12205 S. Yukon, Glenpool, OK 74033 OFFICE: 918-322-5409 FAX: 918-209-4641
Mayor Tim Fox, Vice-Mayor Momadou Ceesay, Councilors: Jacqueline Triplett-Lund, Joyce Calvert, and Brandon Kearns
City Manager David Tillotson, Assistant City Manager Susan White, City Clerk Wendy Knight
www.glenpoolonline.com

**GUSA BLANKET PURCHASE ORDERS
FY 2020-2021 THIRD QTR**

Vendor/Department	GL Account	Dept Amount	Blanket Total	Description
AIRGAS	MULTI			OXYGEN/ACETYLENE RENTALS
GLENPOOL UTILITY SERVICE AUTHORITY	02-6-16-6230	\$ 25.00	\$ 25.00	TANK RENTALS
AMERICAN WASTE CONTROL INC.	MULTI			CITY WIDE PICK & CITY BLD PICK UP
CITY WIDE PICK UP	02-6-19-6252	\$ 160,000.00		REFUSE PICK UP
CITY BLD/PKS PICKUP	02-6-19-6252	\$ 2,500.00	\$ 162,500.00	REFUSE PICK UP
ATWOODS	MULTI			
GUSA	02-6-16-6206	\$ 50.00		SMALL TOOLS & MINOR
GUSA	02-6-16-6202	\$ 50.00		OPERATING SUPPLIES
GUSA	02-6-16-6272	\$ 50.00		OPERATING SUPPLIES
GUSA	02-6-16-6224	\$ 475.00		UNIFORM/CLOTHING
GUSA	02-6-16-6273	\$ 50.00	\$ 675.00	BUILDING REPAIRS
AUTOZONE	MULTI			
GUSA	02-6-16-6271	\$ 50.00		VEHICAL/PARTS REPAIR
GUSA	02-6-16-6202	\$ 25.00		OPERATING SUPPLIES
GUSA	02-6-16-6206	\$ 50.00		SMALL TOOLS & MINOR
GUSA	02-6-16-6272	\$ 50.00		EQUIPMENT REPAIR
GUSA UT	02-6-17-6273	\$ 12.50	\$ 187.50	BUILDING REPAIRS
BANK OF OKLAHOMA	MULTI			
OWRB ORF-11-0002-CW (\$12,869.12)	02-6-90-6565	\$ 19,303.69		OWRB CRF-11-0002-CW
INT-OWRB ORF-11-0002-CW (\$3,848.00)	02-6-90-6555	\$ 5,772.00		INTREST OWRB CRF-11-0002-CW
OWRB ADMIN FEES (\$973.07)	02-6-90-6560	\$ 1,459.60		ADMIN FEES OWRB
INTREST GLNPL 2019 TAX BND A/B (\$100,535.34)	02-6-90-6555	\$ 308,968.57		INTREST SERIES 2010 A/B BOND
PRINC GLNPL 2019 TAX BND (\$120,045.81)	02-6-90-6563	\$ 367,500.00		SERIES 2011 BONDS
81-9116-04-7-2011 REF BOND SINK F	02-6-90-6570	\$ 125.00		BOND TRUSTEE FEE
83-8667-01-2-2011 CW SRF OWRB	02-6-90-6570	\$ 1,500.00	\$ 704,628.85	BOND TRUSTEE FEE
BREWER RUSSELL EXTERMINATIONS	MULTI			
PUBLIC WORKS (20.00)	02-6-16-6235	\$ 60.00		PEST CONTROL
GUSA UT (30.00)	02-6-17-6235	\$ 90.00	\$ 150.00	PEST CONTROL
BROOKS GREASE SERVICE	MULTI			GREASE TRAP CLEANING SVC
CHARLEY'S SOUTHSIDE LOCK & SAFE	MULTI			
GUSA	02-6-16-6273	\$ 75.00		BUILDING REPAIRS
GUSA	02-6-16-6272	\$ 25.00		EQUIPMENT REPAIR
GUSA UT	02-6-17-6273	\$ 12.50	\$ 112.50	BUILDING REPAIRS
CITY WIDE PLUMBING	MULTI			
GUSA	02-6-16-6273	\$ 12.50		BUILDING REPAIRS
GUSA UT	02-6-17-6273	\$ 25.00	\$ 37.50	BUILDING REPAIRS
CORE & MAIN LP	MULTI			
GUSA	02-6-16-6202	\$ 5,000.00		WATER/WWTP PARTS
GUSA	02-6-16-6272	\$ 75.00	\$ 5,075.00	EQUIPMENT REPAIR
DATAPROSE, LLC	MULTI			
BILL PRINTING JULY-JUNE	02-6-17-6235	\$ 1,590.00		BILL PRINTING
LATE NOTICES JULY-JUNE	02-6-17-6235	\$ 300.00		LATENOTICES
POSTAGE JULY-JUNE	02-6-17-6234	\$ 5,000.00		POSTATGE
UT/WD	02-6-17-6202	\$ 25.00		SUPPLIES
GUSA	02-6-16-6202	\$ 12.50		SUPPLIES
GUSA	02-6-16-6273	\$ 125.00		SOD REPAIRS
GUSA/UT	02-6-17-6235	\$ 750.00		JANI SVC
GUSA	02-6-16-6202	\$ 50.00		SHIPPING CHARGES
GUSA UT	02-6-17-6202	\$ 12.50		SHIPPING CHARGES
GUSA	02-6-16-6204	\$ 3,825.00	\$ 11,690.00	FUEL
GREEN COUNTRY TESTING	02-6-16-6202			BOD/TSS-CBOD TEST
GUSA UT	02-6-17-6235	\$ 225.00		COPIER SERVICE
GUSA UT	02-6-17-6202	\$ 50.00		COFFEE SVC
GUSA	02-6-16-6271	\$ 200.00		VEHICAL/MAINT/REPAIR
GUSA	02-6-16-6273	\$ 50.00		BUILDING REPAIRS

GUSA/UT	02-6-17-6273	\$ 25.00		BUILDING REPAIRS
GUSA	02-6-16-6272	\$ 50.00		EQUIPMENT REPAIR
GUSA	02-6-16-6273	\$ 50.00		BUILDING REPAIRS
GUSA/UT	02-6-17-6273	\$ 50.00		BUILDING REPAIRS
GUSA/UT	02-6-17-6202	\$ 25.00		MISC SUPPLIES
GUSA	02-6-16-6272	\$ 50.00		EQUIPMENT REPAIR
GUSA	02-6-16-6202	\$ 250.00		OPERATING SUPPLIES
GUSA	02-6-16-6273	\$ 50.00		BUILDING REPAIRS
GUSA	02-6-16-6206	\$ 125.00		TOOLS/MINOR EQUIP
GUSA UT	02-6-17-6202	\$ 25.00		OPERATING SUPPLIES
GUSA UT	02-6-17-6273	\$ 75.00		BUILDING REPAIRS
GUSA	02-6-16-6271	\$ 50.00	\$ 1,350.00	AUTO REPAIR
OMAG	MULTI			
LIABILITY & AUTO	MULTI	\$ 4,444.00		LIABILITY & AUTO
PROPERTY	MULTI	\$ 6,446.00		PROPERTY
WORKMANS COMP	MULTI	\$ 16,415.88		WORKERS COMP INS
GUSA	02-6-16-6272	\$ 125.00		EQUIPMENT REPAIR
GUSA	02-6-16-6271	\$ 50.00		VEHICAL/PARTS REPAIR
GUSA	02-6-16-6206	\$ 50.00		SMALL TOOLS & MINOR
GUSA	02-6-16-6202	\$ 50.00		OPPERATIONAL SUPPLIES
GUSA	02-6-16-6262	\$ 87.50		TOLL USAGE
GUSA/UT	02-6-17-6262	\$ 0.25	\$ 27,668.63	TOLL USAGE
PREGLER LAWN EQUIPMENT CO.	MULTI			
RG3 METER COMPANY	MULTI			
GUSA - NEW	02-6-16-6202	\$ 2,500.00		AMR METERS NEW SVC
GUSA - REPAIR	02-6-16-6272	\$ 1,250.00		EQUIPMENT REPAIR
GUSA	02-6-16-6271	\$ 875.00		VEH/MAINT REPAIR
GUSA UT	02-6-17-6201	\$ 75.00		OFFICE SUPPLIES
GUSA UT	02-6-17-6202	\$ 50.00		OPERATING SUPPLIES
GUSA	02-6-16-6201	\$ 12.50		OFFICE SUPPLIES
GUSA	02-6-16-6202	\$ 25.00		TOOLS/MINOR EQUIP
UT (138.20)	02-6-17-6235	\$ 387.25		OFFICE 365
GUSA (209.53)	02-6-16-6235	\$ 563.25		OFFICE 365
GUSA UT	02-6-17-6201	\$ 250.00		OFFICE SUPPLIES
GUSA UT	02-6-17-6273	\$ 125.00		BUILDING REPAIRS
GUSA UT	02-6-17-6202	\$ 250.00		OPERATING SUPPLIES
GUSA	02-6-16-6202	\$ 125.00		OPERATING SUPPLIES
GUSA	02-6-16-6201	\$ 50.00		OFFICE SUPPLIES
ST/PK	02-6-16-6272	\$ 12.50		EQUIPMENT REPAIR
ST/PK	02-6-16-6206	\$ 12.50		SMALL TOOLS & MINOR
GUSA	02-6-16-6202	\$ 12.50		SUPPLIES
GUSA	02-6-16-6202	\$ 25.00		OPERATIONAL SUPPLIES
GUSA	02-6-16-6273	\$ 25.00		BUILDING REPAIRS
GUSA/UT	02-6-17-6202	\$ 50.00		OPERATIONAL SUPPLIES
GUSA/UT	02-6-17-6273	\$ 25.00		BLD/EQUIP REPAIR
GUSA	02-6-16-6202	\$ 50.00		OPERATIONAL SUPPLIES
GUSA	02-6-16-6273	\$ 25.00		MAINT/RPR
GUSA	02-6-16-6272	\$ 50.00		EQUIPMENT REPAIR
GUSA	02-6-16-6206	\$ 25.00		SMALL TOOLS & MINOR
GUSA	02-6-16-6224	\$ 125.00		UNIFORM/CLOTHING
GUSA/UT	02-6-17-6273	\$ 25.00		BUILDING REPAIRS
GUSA/UT	02-6-17-6202	\$ 25.00	\$ 7,025.50	OPERATING SUPPLIES
UTILITY SUPPLY	MULTI			
GUSA	02-6-16-6202	\$ 750.00		OPPERATIONAL SUPPLIES
GUSA	02-6-16-6272	\$ 1,000.00		EQUIPMENT REPAIR
GUSA	02-6-16-6272	\$ 750.00		MRO SUPPLIES/EQUP/REPAIR
GUSA	02-6-16-6202	\$ 250.00		MRO SUPPLIES
GUSA	02-6-16-6273	\$ 250.00		MRO SUPPLIES/EQUP/REPAIR
GUSA	02-6-16-6224	\$ 25.00		UNIFORM/CLOTHING
WD/WS	02-6-16-6235	\$ 200.00		GPS TRAC/IPAD USAGE
GUSA	02-6-16-6271	\$ 25.00	\$ 3,250.00	AUTO REPAIR
TOTAL		\$ 924,375.48		



To: City of Glenpool, Mayor and City Council
Glenpool Utility Services Authority, Chair and Board of Trustees

From: Wendy Knight, City and GUSA Clerk

Date: December 7, 2020

Subject: Annual Audit of Compliance with Agreement of Settlement, Compromise and Release ("Settlement Agreement"); and Reconciliation Agreement (Sec. 10(f) of Settlement Agreement)

Background:

In the Settlement Agreement that terminated the litigation between the City of Glenpool and the Glenpool Utility Services Authority (together, "Glenpool") and Creek County Rural Water District #2 ("Creek-2") in May of 2015, (the "Agreement") Glenpool proposed and Creek-2 accepted a methodology for minimizing and hopefully preventing any future disputes or claims based on multiple years of real or perceived non-compliance by either party. The parties agreed to retain, annually, an independent auditor who will examine all pertinent records and accounts of both parties to determine whether the parties have met their respective reporting and payment obligations during the "Auditable Period" under review. Auditable Period has been defined to conform to Glenpool's fiscal year, the 12-month period from July 1-June 30, for each remaining year of the Agreement.

Sec. 10 (a) and (b) of the Agreement require the Independent Accountant's Audit Report to be completed within 90 days following the close of the Auditable Period. The Audit Report for FY 2019-2020 was dated and issued to the parties October 22, 2020.

Historical Perspective

The Council/Trustees may recall that performance under the Settlement Agreement has been an arduous task. Keeping up with all the procedures and protocols includes staff from: the Community Development Department (issuance of building permits and assessment of connection fees), Utility Department (allocating monthly royalty payments correctly with different rules for whether the customer's property is in the Permissive Area, the Released Area and/or is a "Reserved Creek-2 Water Customer", monthly reporting requirements and keeping track of the issuance of "construction meters" for temporary connection to fire hydrants on work sites); City/GUSA Clerk who oversees the entire ordeal; and the City Attorney.

Notwithstanding this level of difficulty and the time and attention it requires, we can happily report that our annual audits have found us in substantial and improving compliance with the Settlement Agreement for each of the four years we have been undertaking this activity. This year, the auditor has noted the CPI-U adjustment was calculated and applied properly in the

current year, however, an error from the prior year for the calculation for the royalty fee was not corrected, resulting in a continued trivial overpayment in the current year. Subsequently, in July 2020, the error was discovered, and the CPI-U notification was changed to show the corrected rate. A second person will now review future CPI-U calculations. Our auditor has commented favorably on the quality of our efforts, and in several instances has noted "Glenpool should continue" current procedures.

Reconciliation of Records

If the Audit Report discloses any non-compliance by either party, the other party is allowed 90 days following the date of issuance of the Audit in which to put the non-compliant party on notice of a potential default. Any such notice, to be effective, must be communicated by no later than 90 days following issuance of the Agreed Upon Procedures Audit Report.

The Settlement Agreement also requires that, upon expiration of the 90-day notice period without notice of default, the Auditable Period under audit is deemed compliant and the parties are required to sign a written agreement establishing the parties' accounts are reconciled and all real or potential claims are forever waived. "The resulting reconciliation agreement shall be binding on both parties as a definitive statement of compliance with this Agreement [the Settlement Agreement] as of the date of such reconciliation agreement." Settlement Agreement § 10(g). Glenpool and Creek-2 will each be requested to enter such reconciliation agreement following expiration of the 90-day deadline without notice of default by either party.

Recommendation:

Legal counsel for both parties to the Settlement Agreement have recommended that the City Council, the Glenpool Utilities Services Authority's Board of Trustees and the Creek-2 Board of Directors formally receive and approve the final Independent Accountant's Report on Applying Agreed-Upon Procedures, dated October 22, 2020.

Enclosure: Independent Accountant's Report on Applying Agreed-Upon Procedures, dated October 22, 2020



Elfrink and Associates, PLLC
Certified Public Accountants

City of Glenpool
Glenpool Utility Service Authority
12205 So. Yukon Ave
Glenpool, OK 74033

Creek County Rural Water District No. 2
2425 West 121st Street South
Jenks, OK 74037

Independent Accountant's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were requested by and agreed to by the specified users of the report as identified above, as required by that certain Agreement of Compromise, Settlement and Release (the "Agreement") entered into between the users, effective May 15, 2015 (the "Effective Date"). Management of the City of Glenpool ("City"), Glenpool Utility Service Authority ("Authority") (collectively, "Glenpool") and the Creek County Rural Water District No. 2 ("Creek-2") are responsible for their entities' financial accountability and its compliance with applicable legal and contractual requirements. The audit period covered by this report is July 1, 2019 through June 30, 2020. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA") and *Generally Accepted Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have performed the procedures enumerated below, which were agreed to by Glenpool and Creek-2 to assist you in evaluating and monitoring the Agreement.

The procedures that we performed, and our results are as follows:

With respect to Glenpool's Records

1. We will update our understanding of the policies, procedures, and methodologies used by Glenpool to create, maintain, bill, and terminate water utility customers, particularly those existing within the Permissive Area, as that term is defined in the Agreement. Such understanding shall be documented by us in writing.

All Glenpool Building Permit applications are sent to the Glenpool Community Development Department, to ensure compliance with the Agreement. This Agreement defines the "Glenpool Territory" as comprised of the "Permissive Area" and the "Released Area" for water service. The City Planner maintains the Glenpool Territory map referenced in the Agreement marking the boundaries of the Released Area and the Permissive Area. The Released Area includes the city limits and land annexed into the City as of March 2, 2012 and will not change during the term of the Agreement. The "Permissive Area" is defined as all parts of Glenpool Territory within the colloquial "Fenceline" that were unincorporated as of March 2, 2012 (even if annexed in later) and as to which Glenpool is obligated by the Agreement to pay meter connection fees and monthly royalties. Three areas were annexed into the City in the current audit period as designated by City Ordinances 695, 701, and 719.

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The Planner reviews all building permit applications that will include new meter connections for water or sewer service. Per direction from Glenpool management, and in accordance with the Agreement, the planner will not approve any applications for new water meters on properties that are in the Permissive Area and outside the City limits. For properties in the city limits, but also in the Permissive Area (that is, annexed after March 2, 2012), applicants for water service are given the choice to receive service from Glenpool or from Creek-2. Those customers choosing service from Creek-2 are referred directly to Creek-2 to establish water service.

If a property requesting water service in the Released Area has never had Glenpool water service and is or becomes an active or inactive Creek-2 water customer at any time before or after the Effective Date, it is defined as a "Reserved Creek-2 Water Customer". (All Reserved Creek-2 Water Customers as of the Effective Date were to be identified on the baseline customer count, as defined in the Agreement.) In that case, the Planner refers the customer to Creek-2. If water service is anticipated for a development on property that is classified as a Reserved Creek-2 Water Customer such that Glenpool fire suppression service will be required, Glenpool and Creek-2 have arranged for a mechanism to bifurcate the water requirements. If the property is within the Released Area and is requesting water service and does not have an active or an inactive Creek-2 water meter, the Planner approves the water service request and notes that the service address is in the Released area. The Community Development Administrative Assistant sends the "Notice Concerning Applications for Water Service in Glenpool Territory" ("notice") to Creek-2 and to the City's utility billing office to establish an account.

If Glenpool management decides to provide additional water service in the Permissive Area, this notice is also sent to Creek-2 and the City's utility billing office. Such water service requires the payment of a one-time connection fee and a monthly royalty provided by the Agreement. The connection fee and monthly royalty payments are calculated by the City's utility billing department. Customers in the permissive area are identified by the "class" of "SP2" on the INCODE billing system and the "service code" of "305 – CCRD2 Royalty".

The Third Amendment to the Agreement of Compromise, Settlement and Release was executed by Glenpool and Creek-2 on December 12, 2018. This amendment requires that Glenpool track construction meter connections and terminations of the connections, such that five or more such iterations in a fiscal year will trigger the requirement to remit a meter connection fee to Creek-2. Glenpool has established a new procedure that went into effect in the 2019-2020 audit period to track construction meters in the permissive area. After successful application for a construction meter, the contractor will meet a Glenpool public works foreman at the fire hydrant location who then verifies with the public works supervisor as to the classification of the location as either Permissive or Released. The utility department then creates a service order using a "job code" that will show the location designation of the construction meter. Once a construction meter is flagged in the permissive area, it will be tracked sufficiently to determine if 5 iterations as described above have occurred in a fiscal period at which time a meter connection fee will be remitted to Creek-2.

Glenpool remitted royalty fees for one customer with two meters in the Permissive Area; the Triumph Worship Center located at 2125 West 181st Street South, that were installed prior to execution of the Agreement and a second customer with six meters, Mark Allen Chevrolet that were installed in a prior audit period. There were no new meters identified in the Permissive Area in the current audit period. The City reported these eight meters monthly sending the 'Monthly Reporting Form for Glenpool' to the Creek-2 District office. Glenpool sent the required monthly report for each month from July 1, 2019 through June 30, 2020 ("Audit Period"), remitting the monthly royalty fees for these eight meters.

We obtained a customer history file for all active Glenpool utility customers and compared the service addresses to the service addresses in the original baseline customer count file and the building permit files provided in the current and prior years. We updated our reference file to include all service addresses for future comparisons.

Findings: There appears to be a continued emphasis at Glenpool that the procedures and controls are in place to assure compliance with the agreement. However, there did not appear to be a procedure in place at Creek-2 to review the notices received from Glenpool and classify them as either "released" or "permissive". The result of this is to undermine the purpose of these notices. There was a turnover in the bookkeeper position during the

audit period and there did not appear to be a good knowledge transfer of the history and purpose of these procedures.

Suggestions: Creek-2 management should assure that key employees receive the proper training regarding the settlement agreement and purpose of the required procedures as well as consider preparing a "desk procedure" regarding the settlement procedures. Glenpool management should continue to assure that there is proper training provided as well, especially to new employees performing key roles in assuring compliance.

2. We will obtain building permit records for all new construction within the Permissive Area during the Audit Period and compare such records to records maintained within Glenpool's utility billing system pertaining to the installation of new water meters at the physical addresses on the building permits to ensure that information regarding new meter installations reported to Creek-2 is timely and accurate.

We obtained a listing of building permits issued by Glenpool during the Audit Period and determined that there were 60 properties that had a permit type of "BLD-RES" or "BLD-COM". We compared these permits to the "Notice Concerning Applications" reports that were received by Creek-2.

Finding: We noted no exceptions to this requirement.

Recommendation: Glenpool should continue current procedures to assure that all new connections are reported in a timely manner to Creek-2.

3. We will calculate the amount of Meter Connection Fees due Creek-2 during the Audit Period based upon building permits, utility installation records, and utility billing records, and will compare the results of that calculation to the amount remitted by Glenpool during the same period. We will reconcile any differences noted and determine the correct amount due during the Audit Period.

Finding: We noted no new connections in the Permissive area for which meter connection fees would be due.

4. We will examine Glenpool's records (including, but not limited to raw computer billing data, customer reports, software billing programs) to determine whether amounts paid to Creek-2 for Royalty Fees due on Active Water Connections in the Permissive Area during the Audit Period are correct. We will reconcile any differences noted and determine the correct amount due to Creek-2 during the Audit Period.

Finding: We noted no exceptions. Receipt of the fees was confirmed by a review of Creek-2's records.

5. We will obtain documentation of the CPI-U adjustments made to Meter Connection Fees and Royalty Fees paid by Glenpool to Creek-2 during the Audit Period and determine whether such adjustments were accurate and made in a timely manner.

The Agreement requires that the CPI-U adjustment shall be the percentage change of the year-end CPI-U from December 31 of the immediate past calendar year and the year-end CPI-U from December 31 of the second immediate past calendar year, as published by the Bureau of Labor Statistics annually. The CPI-U for December 2018 was 251.233. The CPI-U for December 2019 was 256.974 which is a 5.741 index point change. This index point change is then divided by the earlier index of 251.233 for an adjustment of 2.29%.

After the CPI-U adjustment, the meter connection fee increased by \$19.60 to \$875.52 for connection less than 1" in diameter and by \$29.40 to \$1,313.27 for connections greater than or equal to 1" in diameter. The monthly royalty fee increased by \$0.19 to \$8.51 which was the rate paid by Glenpool from the February billing cycle forward.

Finding: The CPI-U adjustment was calculated and applied properly in the current year, however, an error from the prior year for the calculation for the royalty fee was not corrected, resulting in a continued trivial overpayment in the current year. Subsequently, in July 2020, the error was discovered, and the CPI-U notification was changed to show the corrected rate for the monthly royalty fee of \$8.49. It was noted that the original CPI calculation performed in February 2020 did not indicate any review procedures were performed, however the corrected one was signed by both the City's Attorney as well as the City's Finance Director.

Suggestion: The City should continue the practice of requiring a second review of the calculation prior to implementation of the rate changes.

With Respect to Creek-2's Records

1. We will update our understanding of the policies, procedures, and methodologies used by Creek-2 to create, maintain, bill, and terminate Shared Utility Customers. Such understanding shall be documented by the Auditor in writing.

Shared Utility Customers receive water service from Creek-2 and wastewater sewer service from Glenpool. Because there is no separate mechanism for measuring wastewater usage without metering potable water, Glenpool has provided Creek-2 with its rate structure for calculating sewer service based on water usage. This is billed to the Shared Utility Customers by Creek-2 and remitted to the City on a monthly basis, whether or not billing is paid to Creek-2. During the Audit Period, Creek-2 billed seventeen shared utility customers, eleven of these customers are located on the 14000 block of South Elwood. All of the Shared Utility Customers are located in the released area. Creek-2 is expecting more Shared Utility Customers from South 26th West Avenue once the Glenpool sewer line is complete.

Historically, the establishment of a Shared Utility Customer has been a rare occurrence. These customers all live in the Glenpool city limits, are Creek-2 water customers and have converted from septic or anaerobic systems to Glenpool sewer. As the City expands its sewer services, the number of Shared Utility Customers will likewise increase. It is anticipated that a proposed development near the 14600 block of South Elwood to create as many as 230 new shared utility customers.

We reviewed the billing and collection records for all seventeen active Shared Utility Customers. All Shared Utility Customers were billed a base charge of \$14.00 which includes the first 1,000 gallons, and an additional \$2.75 for each additional 1,000 gallons of water usage. The rates were confirmed by the City of Glenpool and were unchanged from the prior audit period. The Shared Utility Customers are noted in the Creek-2 utility billing system as "Secondary Status G" and service type "SvrGP". Creek-2 remits the total billed for all sewer charges to Glenpool by the 20th of the month, whether or not such billing has been collected by Creek-2.

Findings: Procedures were documented in writing as above.

2. We will obtain and compare records maintained by Glenpool pertaining to wastewater taps made or maintained at addresses served by Creek-2's domestic water and compare such records to Creek-2's billing records for Shared Utility Customers.

Glenpool provided a list of 64 customers with sewer connections established during the audit period, of which 29 did not have current Glenpool water service. All 29 properties were located in the released area and were on the Glenpool permit list for the current audit period. The notices provided by Glenpool were reviewed and all 29 customers had elected water service from Glenpool. 28 of the 29 tap permits showed a status of "open" and one showed a status of "closed". Glenpool reported that address had just begun water service as of July 20, 2020.

Findings: We noted nine customers at an office complex located at the 1500 block of Elwood that were new Creek-2 water taps and had sewer service from Glenpool but no remittance for sewer service to Glenpool. Creek reported that these properties did not begin receiving water service until July 2020.

3. We will examine Creek-2's records (including but not limited to raw computer billing data, customer reports, software billing programs) regarding water consumption by Shared Utility Customers and calculate the amounts due Glenpool for wastewater collection services for those customers. The Auditor shall compare the calculation above to the actual amounts paid to Glenpool for the Audit Period and reconcile any differences noted.

We reviewed the billing and collection records for all seventeen active Shared Utility Customers. The rates billed were consistent with the rate schedule provided by Glenpool. Creek-2 remits the total billed for all sewer charges to Glenpool by the 20th of each month. Glenpool confirmed receipt of all the payments.

Finding: The report related to the Creek-2 billing period ended February 19, 2020 (normally sent in March) was never sent to Glenpool. However, the check for the Creek-2 billing period ended March 20, 2020 and received by Glenpool April 21, 2020 included the amount due from the billing period ended February 19, 2020. Overall, the remittances by Creek-2 to Glenpool were \$28.56 less than the amount calculated by the system. The Creek-2 bookkeeper reported that this was due to an error in setting up the billing code for a customer. In addition, there were amounts paid to Glenpool in the amounts of \$28.50, \$29.82 and \$38.85 for the billing periods ending March 20, 2020, May 19, 2020 and June 19, 2020, respectively, for the same customer in error (Tap 5245, 8072 W 133RD ST S).

Creek-2 is also required to send notices to Glenpool when a new water tap is established in the Glenpool Territory. In our review of the notices sent to Glenpool, we could not find notices for two of the taps within the Glenpool Territory that were shown in the Creek tap log in 2020. We also noted that none of the notices showed an indication for sewer service.

Suggestion: Creek-2 should indicate whether or not a location is expected to have sewer service on each new tap notice in the Glenpool territory. A procedure should be implemented to identify each new tap in the Glenpool Territory and assure that a notice is provided to Glenpool. The amount of \$96.67 should be deducted from the next remittance to Glenpool for the payments identified above that were remitted as described above.

Procedures Applicable to Creek-2 and Glenpool

1. We will apply the following agreed-upon procedures, as specified in the Agreement provided that we may implement the Audit Sampling standards set forth in AU Section 350, Audit Sampling, implementing Statements on Auditing Standards No. 39, 43, 45 and 111, promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants, as such AU 350 may be amended or superseded.

Finding: Sampling Standards as set forth in AICPA AU Section 350, Audit Sampling were followed as indicated in the descriptions of procedures performed above.

2. We will perform any other procedures we deem reasonable and necessary to ensure that the purpose and intent of the Agreement has been met by both Creek-2 and Glenpool.

We obtained a customer listing from the City of Glenpool's Utility Billing Department and cross-checked the service addresses with a listing that included the addresses of the Glenpool Baseline Customer Count and the relevant building permit lists obtained in the audit procedures for the period ended June 30 2016, and years ended June 30, 2017, 2018, 2019, and 2020. This list has been updated to include any previously omitted addresses and will be maintained and built upon in future.

Finding: Based on the agreed-upon procedures performed, we find that the purpose and intent of the Agreement has been substantially met by both Creek-2 and Glenpool for the Audit Period.

3. The above agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA") and the Government Accountability Office ("GAO").

Finding: The procedures described above were conducted in accordance with attestation standards established by the AICPA and GAO.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying review of transactions. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
October 22, 2020