

**NOTICE
GLENPOOL UTILITY SERVICE AUTHORITY
SPECIAL MEETING**

A Special Session of the Glenpool Utility Service Authority will be held at 6:00 p.m. immediately following the Glenpool City Council Meeting on Monday, January 22, 2018, at Glenpool City Hall, City Council Chambers, 12205 S. Yukon Ave., 3rd Floor, Glenpool, Oklahoma.

AGENDA

Page

A) **Call to Order - Momodou Ceesay, Vice Chairman**

B) **Roll Call, Declaration of Quorum – Susan White, Secretary; Momodou Ceesay, Vice Chairman**

C) **Scheduled Business**

- | | | |
|----|---|---------|
| 1) | Discussion and possible action to acknowledge receipt of audited FY17 Financial Report and Operating Report and direct that the Report be placed in the permanent files.
(Julie Casteen, Financial Consultant)
<u>2018-01-22-Staff Report FY17 Audit Report</u> | 2 - 102 |
|----|---|---------|

D) **Adjournment**

This notice and agenda was posted at Glenpool City Hall, 12205 S. Yukon Ave., Glenpool, Oklahoma, on _____, _____ at _____ am/pm.

Signed:

City Clerk



To: HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL
From: Julie Casteen
Date: January 17, 2018
Subject: Acceptance of the FY17 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 2016-2017.

Staff Recommendation:

Staff recommends a motion to acknowledge receipt of the audited FY17 Financial Report and Operating Report.

Attachments:

- Required communication letter from Arledge & Associates
- Fiscal Year 2017 Financial Highlights
- FY17 Financial Report and Operating Report



January 9, 2018

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund, of the City of Glenpool, Oklahoma (the "City") for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 18, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I. to the financial statements. The City adopted the following Governmental Accounting Standards Board (GASB) Statements during 2017:

- GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about the nature and magnitude of the agreements to increase transparency to financial statement users. Disclosures related to this statement are found in Note VII.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, "Accounting and Financial Reporting for Pensions." This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement did not have an impact on the City's financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement did not have an impact on the City's financial statements.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

1. Management's estimate of the allowance for uncollectable accounts receivable that is based on past due balances and historical collections experience.
2. Pension assets, deferred outflows, liabilities, and deferred inflows, which are based on actuarial reports and the City's contribution towards the plan.

We evaluated the key factors and assumptions used to develop the reported amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of employee pension and other benefit plans, risk management, and contingencies that, in management's judgment are material to the users of these financial statements as described in Note IV and Note VI, respectively, to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: Increase of \$925,836 in lease escrow and capital lease proceeds related to fire truck, auto meter reader system and 911 communication system leases.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 8, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no consultations with other accountants which could affect our opinions on the City's financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information and pension plan information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of federal awards, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Fiscal Year 2017 Operating Report, which accompanies the financial statements but is not RSI. Such information 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.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in dark ink, reading "Arledge & Associates, P.C." in a cursive script.

Arledge & Associates, P.C.

Fiscal Year 2017 Financial Highlights

Government-Wide Net Position

The assets and deferred outflows of resources of the City of Glenpool exceeded its liabilities and deferred inflows of resources at the close of the fiscal year, with an ending net position of \$5,496,510 (*page 10*)

The government's total net position increased by \$4,233,910 (*page 12*).

- The net position of the GUSA increased by \$2.4 million, largely due to capital contributions from developers and other governments. In addition, operating revenues increased by 9.4%, while operating costs decreased by 6%, resulting in an operating profit of \$1.4 million compared to \$695,500 in FY16.
- The net position of the GIA increased by \$297,600, mostly as a result of a \$312,000 developer rebate received in 2017.

Governmental Activities

Total revenues for the governmental activities increased by 26%, or \$2.2 million, largely a result of higher sales and use tax revenues due to the recognition of a full year of the tax increase approved by voters in 2016.

Total expenses for the governmental activities increased by \$1,048,000 compared to fiscal year 2016, mostly due to increased personnel costs resulting from new public safety positions added in late 2016, as well as a 36.3% increase in net pension liability expense for public safety personnel.

Business-Type Activities – GUSA and GIA

Charges for services for the business-type activities increased by \$332,383, or 6.6%, with a 6.9% increase in operating revenues realized by GUSA compared to FY16 as a result of increased water sales.

Total expenses for the business-type activities decreased by \$190,200, largely due to lower operating expenses in the GUSA fund due to the termination of the Severn Trent contract in 2016.

Governmental Fund Statements

At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$7,275,819 (*page 15*), with a net increase of \$2,652,007 in fund balance. Approximately 29% of this total amount, or \$2,088,467, is restricted for specific purposes, such as capital improvements funded by sales tax initiatives that were approved by voters in 2016.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,187,352 (*page 13*), or 77% of total general fund expenditures for the fiscal year. It is important to note, however, that the comparison to general expenditures does not include transfers out for debt service. Net transfers out of the General Fund for debt service totaled \$1,698,693 in FY2017.

In addition, the General Fund continues to GUSA's cash deficit, now down to \$1.7 million. The receivable is shown as an asset for the General Fund, but is not likely to be repaid in the next fiscal year, so the City's cash position is lacking until GUSA is able to fully repay the deficit.

Long-Term Debt

The City's total debt increased by \$1.3 million (3.1%) during fiscal year 2017. \$1.42 million was paid toward the principal of its debt obligations, but capital leases totaling \$2.7 million were added in various governmental funds for the purchase of public safety vehicles, public safety communications equipment, and an automated water meter reading system.

Pension Liability

The City's financial responsibility for public safety pensions increased by \$1.24 million, or 36.3% over fiscal year 2016.

City Of Glenpool

Creating Opportunity



CITY OF GLENPOOL
ANNUAL FINANCIAL REPORT
and Operating Report
FOR THE YEAR ENDED JUNE 30, 2017

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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ANNUAL FINANCIAL REPORT
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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

Timothy Lee Fox, Mayor – Ward 1

Momodou Ceesay, Vice-Mayor– Ward 2

Patricia Agee, Councilmember – Ward 3

Jacqueline Lund, Councilmember – Ward 4

Brandon Kearns, Councilmember – At Large

Executive Staff

Susan White, Interim City Manager

Lowell Peterson, City Attorney

Prepared by

Julie Casteen, Director of Finance / City Treasurer

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

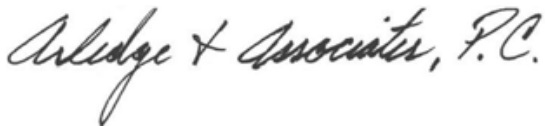
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Introductory Section and Fiscal Year 2017 Operating Report, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018, 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.



January 9, 2018

City of Glenpool, Oklahoma

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information contained in the accompanying financial statements and supplementary information.

Using the Financial Statement in this Annual Report

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

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

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

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

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

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

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

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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

Reporting the City's Funds – Fund Financial Statements

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

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

The General Fund's fund balance increased from fiscal year 2016 by \$958,900 compared to an increase of \$185,500 in fiscal year 2016, partly due to a 7.1% increase in overall tax revenues. In addition, expenditures decreased 1.7% compared to fiscal year 2016, largely as result of a major street improvement project completed in fiscal year 2016.

The Capital Improvement Fund receives a transfer from the General Fund of one cent of the City's four cent sales tax dedicated to the acquisition or construction of capital infrastructure and the debt service related to such acquisition or construction. In fiscal year 2017, the Capital Improvement Fund made a transfer of \$1.7 million to the GUSA for debt service.

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

The net position of the GUSA increased from fiscal year 2016 by \$2,388,400, largely due to capital contributions from developers and other governments. In addition, operating revenues increased by

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

9.4% due to a 6.8% increase in water gallons sold, while operating costs decreased by 6.0%, resulting in an operating profit of \$1.4 million compared to a profit of \$695,500 in fiscal year 2016.

The net position of the GIA increased from fiscal year 2016 by \$297,600. The Conference Center event receipts increased by 1.7% over prior year. Operating costs increased by 37.0% because of increased maintenance and repairs. However, the GIA received a developer rebate of \$312,000, resulting in an operating profit of \$340,900. This represents a 207.4% increase over fiscal year 2016's profit of \$110,900.

The City as a Whole

For the year ended June 30, 2017, the net position for the governmental activities and business-type activities changed as follows:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current assets	\$ 7,354	\$ 4,773	\$ 546	\$ (567)	\$ 7,900	\$ 4,206
Non-current assets	-	-	1,673	2,668	1,673	2,668
Capital assets	9,381	8,062	34,271	33,199	43,653	41,260
Total Assets	16,735	12,835	36,490	35,299	53,225	48,134
DEFERRED OUTFLOW OF RESOURCES						
Pension related	1,386	357	-	-	1,386	357
Total Deferred Outflows	1,386	357	-	-	1,386	357
LIABILITIES						
Current liabilities	608	279	1,711	1,978	2,320	2,257
Non-current liabilities	7,399	4,006	39,294	40,523	46,693	44,529
Total Liabilities	8,007	4,285	41,006	42,501	49,013	46,786
DEFERRED INFLOW OF RESOURCES						
Pension related	102	443	-	-	102	443
Total Deferred Inflows	102	443	-	-	102	443
NET POSITION						
Net investment in capital assets	6,412	7,535	(6,244)	(8,390)	168	(855)
Restricted	2,088	400	1,459	2,454	3,547	2,852
Unrestricted (deficit)	1,512	530	269	(1,265)	1,782	(735)
Total Net Position (Deficit)	\$ 10,012	\$ 8,464	\$ (4,516)	\$ (7,202)	\$ 5,497	\$ 1,262

The City's combined net position increased from \$1.3 million to \$5.5 million between fiscal years 2016 and 2017, with an increase of 18.3% in net position for governmental activities and an increase of

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

37.3% in net position for business-type activities. Overall, the net position for both governmental and business-type activities increased by 335.6% for fiscal year 2017, and the City is able to report a positive balance in net position for the City as a whole.

The increase in deferred outflows and other liabilities relates to the actual investment earnings being less than projected investment earnings in the City's two defined benefit retirement plans for public safety employees.

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 \$1.9 million, or 28.7%, mostly due a 0.26% sales and use tax increase approved by voters in April 2016 to fund capital improvements. Total expenses for governmental activities increased by \$1,048,000 compared to fiscal year 2016, or 16.0%, largely due to increased personnel costs resulting from new public safety positions added in late 2016, as well as a 36% increase in net pension liability expense for public safety personnel.

Governmental activities increased the City's net position by \$1,548,000. 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, 2017

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for Services	\$ 855	\$ 748	\$ 5,385	\$ 5,053	\$ 6,240	\$ 5,801
Operating and capital grants and contributions	531	466	1,188	2,396	1,719	2,862
General Revenues:						
Sales and use taxes	8,543	6,636	-	-	8,543	6,636
Other taxes	777	653	-	-	777	653
Other general revenue	103	77	703	253	806	330
Total Revenues	<u>10,809</u>	<u>8,580</u>	<u>7,276</u>	<u>7,702</u>	<u>18,085</u>	<u>16,282</u>
EXPENSES						
General Government	1,802	1,669	-	-	1,802	1,669
Public Safety and Judiciary	4,795	3,717	-	-	4,795	3,717
Public Works	427	663	-	-	427	663
Cultural, parks and recreation	109	63	-	-	109	63
Financing	43	17	1,919	1,954	1,962	1,971
Water and sewer	-	-	2,460	2,765	2,460	2,765
Solid waste	-	-	562	624	562	624
Storm water	-	-	4	-	-	-
Glenpool Industrial Authority	-	-	362	268	362	268
Unallocated Depreciation	418	417	950	835	1,368	1,252
Total Expenses	<u>7,594</u>	<u>6,546</u>	<u>6,257</u>	<u>6,446</u>	<u>13,847</u>	<u>12,992</u>
Increase (decrease) in net position before transfers	3,215	2,034	1,019	1,256	4,234	3,290
Transfers	(1,667)	(1,931)	1,667	1,931	-	-
Increases (decreases) in net position	1,548	103	2,686	3,187	4,234	3,290
Net position (deficit) - beginning of year	8,464	8,361	(7,202)	(10,389)	1,262	(2,028)
Net position (deficit) - end of year	<u>\$ 10,012</u>	<u>\$ 8,464</u>	<u>\$ (4,516)</u>	<u>\$ (7,202)</u>	<u>\$ 5,496</u>	<u>\$ 1,263</u>

Business-type Activities

Strong water sales combined with a reduction in operating expenses resulted in an operating profit of \$1.4 million compared to \$695,000 in fiscal year 2016. In addition, donations and grants from developers and other governments contributed to an overall increase in net position of \$2.4 million for the public utility. Activities from conference center operations and economic development initiatives contributed an additional \$297,600 to the net position for a total increase in net position of \$2.7 million from business-type activities.

General Fund Budgetary Highlights

Actual revenues fell short of final budgeted revenues by \$1,360,000, or 12.0%, partly due sales tax receipts coming in under budget by 2.5%. In addition, a \$979,000 capital grant budgeted in the General Fund was instead recognized by the GUSA. Total expenditures and transfers-out were under final appropriations by \$2.2 million, or 19.8% under budget, due in part to lower tax transfers to other funds, but also as a result of improvement projects budgeted but not completed.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2017. 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 35; and, pages 36 to 42, respectively.

Capital Assets

At the end of June 30, 2017, the City had \$59.8 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	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Land	\$ -	\$ -	\$ 2,883	\$ 2,883	\$ 2,883	\$ 2,883
Construction-in-progress	1,730	18	825	1,965	2,555	1,983
Buildings & Improvements	8,827	8,827	14,707	14,447	23,534	23,274
Furniture & Equipment	2,364	2,364	757	757	3,121	3,121
Vehicles	2,670	2,644	416	416	3,086	3,060
Infrastructure	1,321	1,321	23,307	20,404	24,628	21,725
	16,912	15,174	42,895	40,872	59,807	56,046
Less: Depreciation	(7,531)	(7,112)	(8,624)	(7,674)	(16,155)	(14,786)
Totals	\$ 9,381	\$ 8,062	\$ 34,271	\$ 33,198	\$ 43,652	\$ 41,260

Debt Administration

During fiscal year 2017, the City added \$2,663,522 in lease obligations and retired \$218,789 in lease obligations. The City retired \$210,593 in notes payable, and \$125,000 in legal settlements payable. At the end of the fiscal year, the City had total bonded debt outstanding of \$37,265,000 with debt service supported by a 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 \$43.5 million in long term debt as detailed below (expressed in \$ 000's):

	Governmental Activities		Business-type Activities		Total	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenue bonds payable	\$ -	\$ -	\$ 37,265	\$ 38,130	\$ 37,265	\$ 38,130
Notes Payable	33	35	3,000	3,209	3,033	3,244
Leases Payable	2,936	492	-	-	2,936	492
Claim settlement liability	-	-	250	375	250	375
Totals	\$ 2,969	\$ 527	\$ 40,515	\$ 41,714	\$ 43,484	\$ 42,241

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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

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 2017-2018. 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 FY2017-2018 budget includes a 3.0% across the board increase in salaries and wages for all non-represented employees. Represented Public Safety employees received varied increases according to the terms of their respective labor agreements. 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 FY2017, including the near completion of Glenpool's first major medical complex. In addition, Glenpool's first major auto dealership is under construction, partly supported by the creation of the City's first tax increment financing district. 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.

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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

BASIC FINANCIAL STATEMENTS

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CITY OF GLENPOOL
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,457,549	\$ 1,171,406	\$ 3,628,955
Restricted cash and cash equivalents	1,837,152	87,400	1,924,552
Accounts receivable, net	387,987	950,274	1,338,261
Notes receivable	-	-	-
Due from other governments	1,008,418	-	1,008,418
Internal balances	1,663,611	(1,663,611)	-
Total current assets	7,354,717	545,469	7,900,186
Non-current assets:			
Restricted investments	-	1,673,176	1,673,176
Capital assets:			
Land and construction in progress	1,729,714	3,708,679	5,438,393
Other capital assets, net	7,651,679	30,562,647	38,214,326
Total non-current assets:	9,381,393	35,944,502	45,325,895
Total assets	16,736,110	36,489,971	53,226,081
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	1,385,675	-	1,385,675
Total deferred outflows	1,385,675	-	1,385,675
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	62,331	7,467	69,798
Accrued interest payable	36,834	160,178	197,012
Due to other governments	2,475	-	2,475
Deposits subject to refund	-	301,551	301,551
Leases payable	490,252	-	490,252
Notes payable	2,400	211,998	214,398
Revenue bonds payable	-	905,000	905,000
Claim Settlement Liability	-	125,000	125,000
Amounts held in escrow	14,092	-	14,092
Total current liabilities	608,384	1,711,194	2,319,578
Non-current liabilities:			
Accrued compensated absences	249,897	21,086	270,983
Net pension liability	4,672,213	-	4,672,213
Leases payable	2,446,547	-	2,446,547
Notes payable	30,286	2,788,313	2,818,599
Revenue bonds payable	-	36,360,000	36,360,000
Claim Settlement Liability	-	125,000	125,000
Total non-current liabilities	7,398,943	39,294,399	46,693,342
Total Liabilities	8,007,327	41,005,593	49,012,920
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	102,326	-	102,326
Total deferred inflows	102,326	-	102,326
NET POSITION			
Net investment in capital assets	6,411,908	(6,243,985)	167,923
Restricted for:			
Public Safety	1,345,610	-	1,345,610
Streets and Infrastructure	355,383	-	355,383
Parks & recreation capital projects	181,295	-	181,295
Capital projects	119,153	706,834	825,987
Economic development/culture	67,478	-	67,478
Juvenile programs	19,548	-	19,548
Debt Service	-	752,151	752,151
Unrestricted (deficit)	1,511,757	269,378	1,781,135
Total net position (deficit)	\$ 10,012,132	\$ (4,515,622)	\$ 5,496,510

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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government:					
General government	\$ 1,287,464	\$ 78,244	\$ -	\$ 80,092	\$ (1,129,128)
Code and planning	514,529	102,990	-	-	(411,539)
Total general government	<u>1,801,993</u>	<u>181,234</u>	<u>-</u>	<u>80,092</u>	<u>(1,540,667)</u>
Public safety and judiciary:					
Municipal court	68,556	330,316	-	-	261,760
Fire	2,276,548	103,774	309,615	-	(1,863,159)
Police and Animal Control	2,435,564	39,256	141,155	-	(2,255,153)
Emergency management	13,277	-	-	-	(13,277)
911 operations	-	85,991	-	-	85,991
Total public safety and judiciary	<u>4,793,945</u>	<u>559,337</u>	<u>450,770</u>	<u>-</u>	<u>(3,783,838)</u>
Public Works:					
Streets	427,155	114,697	-	-	(312,458)
Total public works	<u>427,155</u>	<u>114,697</u>	<u>-</u>	<u>-</u>	<u>(312,458)</u>
Cultural, parks and recreation:					
Parks	109,121	-	-	-	(109,121)
Total cultural, parks and recreation	<u>109,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,121)</u>
Financing costs	43,460	-	-	-	(43,460)
Unallocated depreciation	418,344	-	-	-	(418,344)
Total governmental activities	<u>7,594,018</u>	<u>855,268</u>	<u>450,770</u>	<u>80,092</u>	<u>(6,207,888)</u>
Business-type activities					
Water & sewer	2,460,372	4,276,312	-	1,188,367	3,004,307
Solid waste	561,715	642,496	-	-	80,781
Storm water	4,000	102,904	-	-	98,904
Industrial Authority	360,761	363,607	-	-	2,846
Financing costs	1,918,647	-	-	-	(1,918,647)
Unallocated depreciation	950,481	-	-	-	(950,481)
Total business-type activities	<u>6,255,976</u>	<u>5,385,319</u>	<u>-</u>	<u>1,188,367</u>	<u>317,710</u>
Total Primary Government	<u>\$ 13,849,994</u>	<u>\$ 6,240,587</u>	<u>\$ 450,770</u>	<u>\$ 1,268,459</u>	<u>\$ (5,890,178)</u>

(continued next page.)

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (continued)
Year Ended June 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (6,207,888)	\$ 317,710	\$ (5,890,178)
General revenues:			
Taxes:			
Sales and use taxes	8,542,460	-	8,542,460
Franchise taxes	470,655	-	470,655
Hotel/motel tax	185,390	-	185,390
Intergovernmental	121,493	-	121,493
Investment earnings	23	9,431	9,454
Miscellaneous/Other Fees	28,882	703,449	732,331
Rental income	74,059	-	74,059
Gain (loss) on recovery of assets	-	(11,754)	(11,754)
Transfers - internal activities	(1,667,193)	1,667,193	-
Total general revenues and transfers	<u>7,755,769</u>	<u>2,368,319</u>	<u>10,124,088</u>
Change in net position	1,547,881	2,686,029	4,233,910
Net position (deficit) - beginning of year	<u>8,464,251</u>	<u>(7,201,651)</u>	<u>1,262,600</u>
Net position (deficit) - end of year	<u>\$ 10,012,132</u>	<u>\$ (4,515,622)</u>	<u>\$ 5,496,510</u>

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

**CITY OF GLENPOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	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	2,457,549	-	-	-	-	-	2,457,549
Due from other governments	1,008,418	-	-	-	-	-	1,008,418
Accounts receivable, net	114,719	18,296	127,427	-	-	67,260	387,987
Due from other funds	1,663,611	-	-	-	-	-	1,663,611
Restricted assets:							
Cash and cash equivalents	87,851	49,182	232,340	181,295	119,153	288,123	1,837,152
Total assets	<u>5,332,148</u>	<u>67,478</u>	<u>359,767</u>	<u>181,295</u>	<u>119,153</u>	<u>355,383</u>	<u>7,354,717</u>
Liabilities and Fund Balances:							
Liabilities							
Accounts payable	674	-	-	-	-	-	674
Payable to other governments	2,475	-	-	-	-	-	2,475
Other accrued expenses	53,796	-	7,861	-	-	-	61,657
Amounts held in escrow	14,092	-	-	-	-	-	14,092
Total liabilities	<u>71,037</u>	<u>-</u>	<u>7,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,898</u>
Fund balances							
Restricted	73,739	67,478	351,906	181,295	119,153	355,383	2,086,467
Unassigned	5,187,352	-	-	-	-	-	5,187,352
Total fund balances	<u>5,261,111</u>	<u>67,478</u>	<u>351,906</u>	<u>181,295</u>	<u>119,153</u>	<u>355,383</u>	<u>7,275,819</u>
Total liabilities and fund balance	<u>5,332,148</u>	<u>67,478</u>	<u>359,767</u>	<u>181,295</u>	<u>119,153</u>	<u>355,383</u>	<u>7,354,717</u>

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

CITY OF GLENPOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2017

Total Fund Balances - Governmental Funds \$ 7,275,819

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	1,729,714	
Infrastructure	1,321,323	
Buildings	8,826,996	
Equipment	2,363,819	
Vehicles	2,670,056	
Accumulated depreciation	<u>(7,530,515)</u>	
		<u>9,381,393</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:

Pension related deferred outflows	<u>1,385,675</u>	
Total		<u>1,385,675</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	(249,897)	
Net pension liability	(4,672,213)	
Pension related deferred inflows	(102,326)	
Accrued interest payable	(36,834)	
Capital leases payable	(2,936,799)	
Notes payable	<u>(32,686)</u>	
Total		<u>(8,030,755)</u>

Total Net Position - Governmental Activities \$ 10,012,132

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, 2017

	General Fund	Hotel-Motel Tax Fund	Special Revenue	Public Safety Personnel Fund	Parks & Rec Fund	Capital Projects	Streets & Infrastructure	Public Safety Capital	Total Governmental Funds
Revenues:									
Taxes	\$ 7,775,868	\$ 67,478	\$ 970,361	\$ -	\$ -	\$ -	\$ 248,264	\$ 222,525	\$ 9,284,496
Licenses and permits	78,244	-	-	-	-	-	-	-	78,244
Charges for services	218,546	-	-	-	27,475	-	-	-	246,021
Intergovernmental programs	795,420	-	97,898	-	-	-	-	-	893,318
Fines and forfeits	330,316	-	-	-	-	-	-	-	330,316
Interest income	23	-	-	-	-	-	-	-	23
Miscellaneous	105,451	-	-	-	-	-	-	-	105,451
Total revenues	9,303,868	67,478	1,068,259	-	27,475	-	248,264	222,525	10,937,869
Expenditures:									
Current:									
General government	1,802,224	-	-	-	-	-	-	-	1,802,224
Public safety	4,253,435	-	716,353	-	-	-	-	-	4,969,788
Highways and roads	424,543	-	-	-	-	-	-	-	424,543
Cultural and recreational	109,121	-	-	-	-	-	-	-	109,121
Debt Service:									
Principal	120,111	-	-	-	-	-	-	101,078	221,189
Interest expense	16,969	-	-	-	-	-	-	297	17,266
Capital outlay	-	-	-	-	-	-	697,110	1,040,950	1,738,060
Total expenditures	6,726,403	-	716,353	-	-	-	697,110	1,142,325	9,282,191
Excess of revenues over (under) expenditures	2,577,465	67,478	351,906	-	27,475	-	(448,846)	(919,800)	1,655,678
Other financing sources (uses):									
Operating transfers in	1,100,167	-	-	-	-	1,698,693	-	-	2,798,860
Operating transfers out	(2,718,693)	-	-	-	-	(1,747,360)	-	-	(4,466,053)
Lease proceeds	-	-	-	-	-	-	804,229	1,859,293	2,663,522
Total other financing sources (uses)	(1,618,526)	-	-	-	-	(48,667)	804,229	1,859,293	996,329
Net change in fund balances	958,939	67,478	351,906	-	27,475	(48,667)	355,383	939,493	2,652,007
Fund balances (deficit) - beginning of year	4,302,172	-	-	-	153,820	167,820	-	-	4,623,812
Fund balance - end of year	\$ 5,261,111	\$ 67,478	\$ 351,906	\$ -	\$ 181,295	\$ 119,153	\$ 355,383	\$ 939,493	\$ 7,275,819

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	2,652,007
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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		444,552
Net pension expense - Police		(55,009)
Net pension expense - Fire		(263,834)

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		1,738,060
Capital assets donated		-
Book value of land transferred		-
Depreciation expense		(418,343)

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		(2,663,523)
Capital lease obligation principal payments		218,789
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		(26,195)
Accrued compensated absences		(81,023)

Change in Net Position of Governmental Activities	\$	1,547,881
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The accompanying notes are an integral part of the basic financial statements.

**CITY OF GLENPOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and equivalents	\$ 74,656	\$ 1,096,750	\$ 1,171,406
Restricted cash and equivalents	87,400	-	87,400
Accounts receivable, net	829,498	120,776	950,274
Total current assets	<u>991,554</u>	<u>1,217,526</u>	<u>2,209,080</u>
Non-current Assets:			
Restricted investments	1,673,176	-	1,673,176
Capital assets:			
Land and construction in process	2,918,213	790,466	3,708,679
Depreciable buildings, equipment and infrastructure, net of	30,309,147	253,500	30,562,647
Total non-current assets:	<u>34,900,536</u>	<u>1,043,966</u>	<u>35,944,502</u>
Total assets	<u>35,892,090</u>	<u>2,261,492</u>	<u>38,153,582</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	6,669	798	7,467
Accrued interest payable	160,178	-	160,178
Accrued compensated absences	17,126	3,960	21,086
Due to other funds	1,663,611	-	1,663,611
Deposits subject to refund	301,551	-	301,551
Notes Payable	211,998	-	211,998
Revenue Bonds Payable	905,000	-	905,000
Claim settlement liability	125,000	-	125,000
Total current liabilities	<u>3,391,133</u>	<u>4,758</u>	<u>3,395,891</u>
Non-current liabilities:			
Notes Payable	2,788,313	-	2,788,313
Revenue Bonds Payable	36,360,000	-	36,360,000
Claim settlement liability	125,000	-	125,000
Total non-current liabilities	<u>39,273,313</u>	<u>-</u>	<u>39,273,313</u>
Total Liabilities	<u>42,664,446</u>	<u>4,758</u>	<u>42,669,204</u>
Net position:			
Net investment in capital assets	(7,287,951)	1,043,966	(6,243,985)
Restricted	1,458,985	-	1,458,985
Unrestricted (deficit)	(943,390)	1,212,768	269,378
Net position (deficit)	<u>\$ (6,772,356)</u>	<u>\$ 2,256,734</u>	<u>\$ (4,515,622)</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, 2017

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
Operating Revenues:			
Water revenue	\$ 2,851,084	\$ -	\$ 2,851,084
Sewer revenue	1,292,247	-	1,292,247
Solid waste revenue	624,569	-	624,569
Water taps	97,900	-	97,900
Sewer taps	23,000	-	23,000
Solid waste management fees	17,927	-	17,927
Storm water management fees	102,904	-	102,904
Water/sewer fees	12,081	-	12,081
Connect/transfer fees	7,943	-	7,943
Delinquent fees	120,590	-	120,590
Miscellaneous charges	191,317	344,539	535,856
Reconnect fees	39,060	-	39,060
Lease revenue	-	363,607	363,607
Total revenues	5,380,622	708,146	6,088,768
Operations expense:			
Water and Sewer operations	2,460,372	-	2,460,372
Solid waste operations	561,715	-	561,715
Stormwater operations	4,000	-	4,000
Conference Center operations	-	296,266	296,266
Economic Development	-	64,495	64,495
Depreciation	943,981	6,500	950,481
Total operations expense	3,970,068	367,261	4,337,329
Operating income (loss)	1,410,554	340,885	1,751,439
Non-operating revenues (expenses):			
Interest revenue	9,431	-	9,431
Interest expense and fiscal agent charges	(1,918,647)	-	(1,918,647)
Loss on recovery of asset	-	(11,754)	(11,754)
Total Non-operating revenues (expenses)	(1,909,216)	(11,754)	(1,920,970)
Income (loss) before operating transfers	(498,662)	329,131	(169,531)
Capital Contributions	1,188,367	-	1,188,367
Transfers in	2,718,693	-	2,718,693
Transfers out	(1,020,000)	(31,500)	(1,051,500)
Change in net position	2,388,398	297,631	2,686,029
Total Net position (deficit), beginning	(9,160,754)	1,959,103	(7,201,651)
Total Net position (deficit), ending	\$ (6,772,356)	\$ 2,256,734	\$ (4,515,622)

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, 2017**

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers & service users	\$ 5,267,000	\$ 677,165	\$ 5,944,165
Cash payments for goods & services & employees	(3,321,182)	(366,357)	(3,687,539)
Net cash provided (used) by operating activities	<u>1,945,818</u>	<u>310,808</u>	<u>2,256,626</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(31,500)	(31,500)
Negative cash balance implicitly financed	(940,809)	-	(940,809)
Net cash provided (used) for noncapital financing activities	<u>(940,809)</u>	<u>(31,500)</u>	<u>(972,309)</u>
Cash flows from capital and related financing activities:			
Transfers from other funds	2,718,693	-	2,718,693
Transfers to other funds	(1,020,000)	-	(1,020,000)
Acquisition & construction of capital assets	(578,297)	-	(578,297)
Principal paid on debt	(1,198,193)	-	(1,198,193)
Interest paid on debt	(1,873,141)	-	(1,873,141)
Fiscal agent fees	(45,506)	-	(45,506)
Net cash provided (used) for capital and related financing activities	<u>(1,996,444)</u>	<u>-</u>	<u>(1,996,444)</u>
Cash flows from investing activities:			
(Purchase) liquidation of investments	994,498	-	994,498
Interest on investments	9,431	-	9,431
Net cash provided by investing activities	<u>1,003,929</u>	<u>-</u>	<u>1,003,929</u>
Net increase (decrease) in cash & cash equivalents	12,494	279,308	291,802
Cash and cash equivalents - beginning of year	<u>149,562</u>	<u>817,442</u>	<u>967,004</u>
Cash and cash equivalents - end of year	<u>\$ 162,056</u>	<u>\$ 1,096,750</u>	<u>\$ 1,258,806</u>
Reconciliation of operating income to net cash			
Operating income (loss)	\$ 1,410,554	\$ 340,885	\$ 1,751,439
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	943,981	6,500	950,481
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(120,101)	(30,981)	(151,082)
Increase (decrease) in customer deposits	6,479	-	6,479
Increase (decrease) in accounts payable	(315,060)	(6,824)	(321,884)
Increase (decrease) in accrued expenses	7,490	798	8,288
Increase (decrease) in compensated absences	12,475	430	12,905
Total adjustments	<u>535,264</u>	<u>(30,077)</u>	<u>505,187</u>
Net cash provided (used) by operating activities	<u>\$ 1,945,818</u>	<u>\$ 310,808</u>	<u>\$ 2,256,626</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
CITY OF GLENPOOL, OKLAHOMA
JUNE 30, 2017**

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**NOTES TO BASIC FINANCIAL STATEMENTS
CITY OF GLENPOOL, OKLAHOMA
JUNE 30, 2017**

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- D. GASB Statement 84, "Fiduciary Activities"
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City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

B. Reporting Entity

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

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

Blended Component Units:

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

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

C. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

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

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

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

The funds of the City are described below:

- a. General Fund: The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Fund: 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, 2017. 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, 2017.
- 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, 2017:

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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.

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 \$479,138, 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 \$143,258 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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$10,000 for the governmental and proprietary funds

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

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

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.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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.

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, 2017, the statement of net position reports restricted net position in the amount of \$3,547,452.
 - 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, 2017, 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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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.
- 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. 77, "Tax Abatement Disclosures" — This Statement requires governments that enter into tax abatement agreements to disclose information about the nature and magnitude of the agreements to increase transparency to financial statement users. Disclosures related to this statement are found in Note VII.

GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" — The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, "Accounting and Financial Reporting for Pensions." This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement did not have an impact on the City's financial statements.

GASB Statement No. 79, "Certain External Investment Pools and Pool Participants" — This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement did not have an impact on the City's financial statements.

G. Revenues, Expenditures and Expenses

1. **Sales Tax:** The City levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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 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, 2017 the City had no outstanding general obligation bonds or judgments. No property tax was levied during the fiscal year ended June 30, 2017.

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

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

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

4. **Operating Revenues and Expenses:** Operating revenues and expenses for proprietary funds and similar discretely presented component units are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities.
5. **Expenditures/Expenses:**
- a. Government-wide Financial Statements: In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.
 - b. Fund Financial Statements: In the fund financial statements, proprietary funds report expenses relating to use of economic resources. Governmental funds report expenditures of financial resources which are classified as follows:

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

- 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:

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

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

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

I. Use of Estimates

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

J. Pensions

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component 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, 2017, the City and its public trusts complied, in all material respects, with these investment restrictions.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the City complied, in all material respects, with these revenue restrictions.

D. Debt Restrictions and Covenants

- 1. General Obligation Debt:** Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2017, 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, 2017, 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, 2017:

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, 2017, available sales tax and revenues, as defined by the bond indenture, were \$12,251,844; the bond coverage requirement is operating and maintenance excluding depreciation, or \$3,026,087, plus 125% of primary principal and interest plus 125% of subordinate principal and interest, or \$3,732,974. Excess coverage was \$5,492,783 or 1.47 times the required principal, interest and fee coverage.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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, 2017.

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

A. Deposits and Investments

1. **Deposits:** Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The deposit policy of the City for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds or bonds of any county or school district of the State of Oklahoma. At June 30, 2017 the City's bank balance of \$4,391,524 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, 2017.

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

- 1) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

City of Glenpool, Oklahoma**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

- 2) Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 3) With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 4) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- 5) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- 6) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (1) through (4).

Fair Value Measurement—The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2017, 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, 2017:

Type	Weighted Average Maturity (Months)	Credit Rating	Value
Demand deposits and cash on hand	N/A	(1)	\$ 5,478,902
Short-term money market funds	N/A	(1)	1,458,984
Certificates of deposit	9.2	(1)	288,797
			<u>\$ 7,226,683</u>
(1) Not subject to rating			
Reconciliation to Statement of Net Position			
Cash and cash equivalents			\$ 3,628,955
Restricted Cash and cash equivalents			1,924,552
Restricted investments			1,673,176
			<u>\$ 7,226,683</u>

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

B. Accounts Receivable

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

C. Accounts Payable

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

D. Restricted Assets

Certain assets of the City are restricted in their use through grant agreements, contracts or laws and ordinances. Cash in the amount of \$54,211 at June 30, 2017 has been restricted in use for the purchase of police equipment and training, as well as \$232,340 to be used for police operations, \$19,548 for juvenile programs and \$49,182 for economic development and cultural programs. In addition, cash collected from developer fees in the amount of \$181,295 as of June 30, 2017 has been reserved for future park improvements. An additional \$119,153 in cash is restricted for matching funds related to the construction of sidewalk improvements through an agreement with the Oklahoma Department of Transportation. Other assets restricted for capital needs include \$288,123 for projects related to streets and other infrastructure, as well as \$879,208 restricted to public safety capital needs. Further, municipal court bonds received in relation to defendant warrants are restricted in their use toward resolution of the defendant's warrants. As of June 30, 2017, cash in the amount of \$14,092 has been restricted for municipal court bonds.

Certain assets of the GUSA are restricted in their use by bond and note indentures. Investments, classified as non-current, in the amount of \$752,150 at June 30, 2017 have been restricted in use to the service of debt. Investments, classified as noncurrent, in the amount \$706,834 at June 30, 2017 have been restricted for the purpose of financing future construction of capital improvements of the City. Customer deposits received for water, sewer and refuse service are restricted in their use toward the customer's final bill. As of June 30, 2017 cash and cash equivalents in the amount of \$301,592, of which \$87,400, is classified as current and \$214,191 is classified as non-current, have been restricted for customer deposits.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

E. Capital Assets

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

	Balance 6/30/2016	Additions	Disposals	Balance 6/30/2017
Governmental Activities				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	18,347	1,711,367	-	1,729,714
Total non-depreciable assets	18,347	1,711,367	-	1,729,714
Depreciable assets:				
Buildings and improvements	8,826,996	-	-	8,826,996
Furniture, fixtures and equipment	2,363,819	-	-	2,363,819
Vehicles	2,643,362	26,694	-	2,670,056
Infrastructure	1,321,323	-	-	1,321,323
Total depreciable assets	15,155,500	26,694	-	15,182,194
Less accumulated depreciation:				
Buildings and improvements	(2,880,816)	(218,545)	-	(3,099,361)
Furniture, fixtures and equipment	(2,100,682)	(48,149)	-	(2,148,831)
Vehicles	(2,002,656)	(102,927)	-	(2,105,583)
Infrastructure	(128,017)	(48,723)	-	(176,740)
Total accumulated depreciation	(7,112,171)	(418,344)	-	(7,530,515)
Net depreciable assets	8,043,329	(391,650)	-	7,651,679
Net governmental activities capital assets	\$ 8,061,676	\$ 1,319,717	\$ -	\$ 9,381,393

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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

	<u>Balance</u> <u>6/30/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2017</u>
Business-Type Activities				
Non-depreciable assets:				
Land	\$ 2,883,022	\$ -	\$ -	\$ 2,883,022
Construction in progress	1,965,513	819,456	(1,959,312)	825,657
Total non-depreciable assets	<u>4,848,535</u>	<u>819,456</u>	<u>(1,959,312)</u>	<u>3,708,679</u>
Depreciable assets:				
Buildings and improvements	14,447,380	260,000	-	14,707,380
Furniture, fixtures and equipment	756,894	-	-	756,894
Vehicles	415,758	-	-	415,758
Infrastructure	<u>20,403,955</u>	<u>2,902,980</u>	<u>-</u>	<u>23,306,935</u>
Total depreciable assets	<u>36,023,987</u>	<u>3,162,980</u>	<u>-</u>	<u>39,186,967</u>
Less accumulated depreciation:				
Buildings and improvements	(1,921,488)	(367,159)	-	(2,288,647)
Furniture, fixtures and equipment	(570,805)	(23,293)	-	(594,098)
Vehicles	(363,275)	(16,720)	-	(379,995)
Infrastructure	<u>(4,818,271)</u>	<u>(543,309)</u>	<u>-</u>	<u>(5,361,580)</u>
Total accumulated depreciation	<u>(7,673,839)</u>	<u>(950,481)</u>	<u>-</u>	<u>(8,624,320)</u>
Net depreciable assets	<u>28,350,148</u>	<u>2,212,499</u>	<u>-</u>	<u>30,562,647</u>
Net Business-Type activities capital assets	<u>\$ 33,198,683</u>	<u>\$ 3,031,955</u>	<u>\$ (1,959,312)</u>	<u>\$ 34,271,326</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, 2017 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, 2017****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, 2017, consisted of the following:

Transfer In	Transfer Out				
	General Fund	Capital Improvement Fund	Glenpool Industrial Authority	Glenpool Utility Service Authority	Total
General Fund	\$0	\$48,667	\$31,500	\$1,020,000	\$1,100,167
Capital Improvement Fund	1,698,693	0	0	0	1,698,693
Glenpool Utility Service Authority	1,020,000	1,698,693	0	0	2,718,693
	\$2,718,693	\$1,747,360	\$31,500	\$1,020,000	\$5,517,553

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, 2017, the governmental activities long-term debt consisted of the following:

Notes Payable	Balance 6/30/17
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.	\$ 13,125
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.	19,561
Total Notes Payable	<u>\$ 32,686</u>
Current portion	\$ 2,400
Non-current portion	<u>30,286</u>
Total Notes Payable	<u>\$ 32,686</u>

City of Glenpool, Oklahoma**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

	Balance 6/30/17
Capital Lease Obligations	
\$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.	\$ 273,155
\$183,685 capital lease with Oklahoma State Bank for police cars, interest rate of 1.98%, monthly installments commencing March 16, 2016 through February 16, 2019.	101,199
\$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.	24,905
\$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	804,229
\$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.	631,438
\$521,003 capital lease with BB&T for public safety communications system infrastructure, interest rate of 3.65%, annual installments commencing March 16, 2016 through February 16, 2019.	521,003
\$580,870 capital lease with Central Trust Bank for public safety communications equipment, interest rate of 2.9%, annual installments commencing March 16, 2016 through February 16,	580,870
Total Capital Leases	\$ <u>2,936,799</u>
Current portion	\$ 490,252
Non-current portion	<u>2,446,547</u>
Total Capital Leases	\$ <u>2,936,799</u>
	Balance 6/30/17
Accrued Compensated Absences	
Non-current portion	\$ 249,897
Total Accrued Compensated Absences	\$ <u>249,897</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

- 2. Business-Type Activities:** As of June 30, 2017, the business-type activities long-term debt consisted of the following:

Revenue Bonds Payable	Balance 6/30/17
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.	\$ 28,510,000
Series 2010B Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$2,740,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.0% to 6.0%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2025.	2,010,000
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.	6,745,000
Total Revenue Bonds Payable	<u>\$ 37,265,000</u>
Current portion	\$ 905,000
Non-current portion	<u>36,360,000</u>
Total Revenue Bonds Payable	<u>\$ 37,265,000</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

	Balance 6/30/17
Notes Payable	
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.	\$ 272,278
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.	2,728,033
Total Notes Payable	\$ <u>3,000,311</u>
Current portion	\$ 211,998
Non-current portion	<u>2,788,313</u>
Total Notes Payable	\$ <u>3,000,311</u>
	Balance 6/30/17
Claim Settlement	
2015 Creek County Rural Water District No. 2 Contract Dispute Settlement Agreement dated May 15, 2015, \$1,000,000 original amount, no interest, one payment of \$500,000 due June, 2015, with four additional annual payments of \$125,000 commencing May 15, 2016 through May 15, 2019.	\$ 250,000
Total Claim Settlements	\$ <u>250,000</u>
Current portion	\$ 125,000
Non-current portion	<u>125,000</u>
Total Capital Leases	\$ <u>250,000</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

	Balance 6/30/17
Accrued Compensated Absences	
Current portion	\$ 21,086
Total Accrued Compensated Absences	\$ 21,086

	Balance 6/30/17
Deposits Subject to Refund	
Current portion	\$ 301,551
Total Deposits Subject to Refund	\$ 301,551

I. Applicability of Federal Arbitrage Regulations

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

J. Changes in Long-term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2017 are summarized below:

1. Governmental Activities:

	Balance June 30, 2016		Additions		Reductions		Balance June 30, 2017
Notes payable	\$ 35,086	\$	-	\$	(2,400)	\$	32,686
Capital lease obligations	492,066		2,663,522		(218,789)		2,936,799
Compensated Absences	168,874		81,023		-		249,897
Total	\$ 696,026	\$	2,744,545	\$	(221,189)	\$	3,219,382

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

2. Business-type Activities:

	Balance			Balance
	June 30, 2016	Additions	Reductions	June 30, 2017
Revenue Bond 2010A	\$ 29,050,000	\$ -	\$ (540,000)	\$ 28,510,000
Revenue Bond 2010B	2,180,000	-	(170,000)	2,010,000
Revenue Bond 2011	6,900,000	-	(155,000)	6,745,000
OWRB 2001	340,347	-	(68,069)	272,278
OWRB 2011	2,868,157	-	(140,124)	2,728,033
Claim Settlement	375,000	-	(125,000)	250,000
Total	<u>\$ 41,713,504</u>	<u>\$ -</u>	<u>\$ (1,198,193)</u>	<u>\$ 40,515,311</u>

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		Principal	Interest	Total
June 30,				
2018	\$	492,652	\$ 91,959	\$ 584,611
2019		484,012	77,374	561,386
2020		458,273	63,224	521,497
2021		846,595	48,944	895,539
2022		336,536	22,617	359,153
2023-2027		239,625	44,337	283,962
2028-2032		110,231	5,679	115,910
2033-2035		1,561	-	1,561
Total	\$	<u>2,969,485</u>	<u>\$ 354,134</u>	<u>\$ 3,323,619</u>

City of Glenpool, Oklahoma**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017****2. Business-type Activities:**

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,241,998	\$ 1,841,694	\$ 3,083,692
2019	1,275,905	1,806,664	3,082,569
2020	1,194,745	1,768,496	2,963,241
2021	1,234,038	1,727,010	2,961,048
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>\$ 40,515,311</u>	<u>\$ 27,050,206</u>	<u>\$ 67,565,517</u>

L. Refunding of Long-term Debt

The City defeased certain bonds in the prior years by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liabilities for the defeased debt are not included in the City's financial statements. The amount of defeased debt outstanding at June 30, 2017 was \$9,145,000.

M. Pledge of Future Revenues

Sales Tax Pledge: The City has pledged four cents of future sales tax revenues to repay \$39,630,000 of Series 2010A, 2010B and 2011 Utility System Revenue Bonds. Proceeds from the bonds provided financing for capital assets. The bonds are payable from pledged sales tax revenues and further secured by net water, wastewater, solid waste and stormwater revenues. The bonds are payable through 2040, 2025 and 2040 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$63,804,850. Pledged sales taxes received in the current year were \$6,871,222 for the bonds and the net utility revenues were \$2,354,535. Debt service payments for the bonds of \$2,679,620 for the current fiscal year were 39% 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 \$3,510,667. Pledged sales taxes received in the current year were \$6,871,222 for the notes and the net utility revenues were \$2,354,535. Debt service payments for the notes of \$287,259 for the current fiscal year were 4% of the pledged sales taxes and 3% of both pledged sales taxes and utility revenues combined.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

An annual appropriation for the transfer of pledged sales tax is made based on the annual debt service requirements. Net utility revenues are used first to service the debt for the bonds and notes payable, with any remaining pledged sales taxes transferred back to the General Fund. The total amount of pledged sales taxes used to service the debt in fiscal year 2017 was \$1,717,987.

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$176,080. 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, 2017, the City reported a liability of \$4,096,830 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016. Based upon this information, the City's proportion was 0.3353% percent.

For the year ended June 30, 2017, the City recognized pension expense of \$439,924. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 109,825	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	250,663	-
Changes in proportion	129,532	37,091
Differences between City contributions and proportionate share of contributions	5,195	602
City contributions subsequent to the measurement date	176,080	-
Total	<u>\$ 671,295</u>	<u>\$ 37,693</u>

The \$176,080 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:		
2018	\$	48,667
2019		48,667
2020		179,166
2021		137,982
2022		33,642
Thereafter		9,398
	<u>\$</u>	<u>457,522</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2016, 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.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

The actuarial assumptions used in the July 1, 2016, 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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.18%
Domestic equity	42%	8.70%
International equity	15%	10.87%
Real estate	10%	7.23%
Other assets	13%	6.24%

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)	\$ 5,186,251	\$ 4,096,830	\$ 3,183,452

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.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

2. Oklahoma Police Pension and Retirement Fund (OPPRF)

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

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

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

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

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

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.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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 \$152,662 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, 2017, the City reported a liability of \$575,383 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2016. 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, 2016. Based upon this information, the City's proportion was 0.3757 percent.

For the year ended June 30, 2017, the City recognized pension expense of \$207,671. At June 30, 2017, 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	\$ 1,846	\$ 64,633
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	552,844	-
Changes in proportion	2,440	-
Differences between City contributions and proportionate share of contributions	4,588	-
City contributions subsequent to the measurement date	152,662	-
Total	\$ 714,380	\$ 64,633

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

The \$152,662 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. 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:		
2018	\$	81,721
2019		81,721
2020		194,877
2021		137,792
2022		974
	\$	<u>497,085</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with 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, 2016, 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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private equity	8.32%
Commodities	2.42%

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

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

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)	\$ 1,509,615	\$ 575,383	\$ (213,435)

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.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

3. Oklahoma Municipal Retirement Fund (OMRF)

The City participates in a defined contribution plan with the Oklahoma Municipal Retirement Fund. The defined contribution plan is available to all full-time employees not already participating in another plan. A defined contribution plan's benefits depend solely on amounts contributed to the plan, investment earnings and forfeitures of other participants' benefits that may be allocated to remaining participants' accounts. Benefits vest at time of employment, with normal retirement at age 65 and early retirement at age 55 with 10 years or more of service. Participants are required to contribute 2% of their covered compensation and the City is required to contribute 7% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost for covered employees (with the exception of the City Manager) of \$108,894, \$107,676 and \$81,379 for 2017, 2016 and 2015, respectively, was equal to the City's required and actual contributions. The City is required to contribute 13% of covered compensation for the City Manager. The City Manager is permitted to make voluntary deductible contributions to the plan. The City's annual pension cost for the City Manager's plan of \$15,610, \$14,319 and \$13,636 for 2017, 2016 and 2015, was equal to the City's required and actual contributions.

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

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, 2017, one retired employee is receiving benefits under this plan.

Funding Policy: The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2017, the City contributed 0% to the plan for previously retired employees (1 retiree) and 0% of premiums on newly retired employees (0 retirees). Plan members receiving benefits contributed \$6,001, or approximately 100 percent of the total premiums, through their required contribution of \$500.08 per month for retiree medical coverage for the twelve month period of their coverage.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The City did not perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2017.

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

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

and are readily available for use by the governing board. In accordance with GASB No. 10, the City reports the required contribution to the pool, net of refunds, as insurance expense. The balances in the RSR Fund and the Escrow Fund were \$0 and \$0, respectively.

VI. CONTINGENT LIABILITIES

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

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

VII. 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, 2017 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, 2017, 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, 2017, 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.

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.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" — The objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions and replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." The City has not yet determined the impact that implementation of GASB 75 will have on its financial statements. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

GASB Statement No. 81, "Irrevocable Split-Interest Agreements" – GASB No. 81 was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City does not believe that GASB No. 81 will have impact on its financial statements. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

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. The City has not yet determined the impact that implementation of GASB 83 will have on its net position. This Statement will become effective for the City in the fiscal year ended June 30, 2019.

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 85, "Omnibus 2017" – GASB No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City has not yet determined the impact that implementation of GASB 85 will have on its net position. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

GASB Statement 86, "Certain Debt Extinguishment Issues" – GASB No. 86 has a primary objective of improving the consistency in accounting and financial reporting for in-substance

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt substance. The City has not yet determined the impact that implementation of GASB 86 will have on its net position. This Statement will become effective for the City in the fiscal year ended June 30, 2018.

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
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

REQUIRED SUPPLEMENTAL INFORMATION

Defined Benefit Cost Sharing Plans

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

Budgetary Comparison Schedule - General Fund

Notes to RSI - Budgetary Information

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City of Glenpool, Oklahoma

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

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.3353%	0.3216%	0.3263%
City's proportionate share of the net pension liability	\$4,096,830	\$3,413,117	\$3,354,967
City's covered-employee payroll	\$ 982,474	\$ 878,593	\$ 870,964
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	417%	388%	385%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	68.27%	68.12%

Notes to Schedule:

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

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

City of Glenpool, Oklahoma

SCHEDULE OF THE CITY OF GLENPOOL'S CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 176,080	\$ 137,546	\$ 122,123
Contributions in relation to the statutorially required contribution	<u>176,080</u>	<u>137,546</u>	<u>122,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,257,713	\$ 982,474	\$ 871,564
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.01%

Notes to Schedule:

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

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

City of Glenpool, Oklahoma

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

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.3757%	0.3721%	0.3703%
City's proportionate share of the net pension liability (asset)	\$ 575,383	\$ 15,172	\$ (124,661)
City's covered-employee payroll	\$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	50.15%	1.44%	-12.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.50%	99.82%	101.53%

Notes to Schedule:

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

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

City of Glenpool, Oklahoma

SCHEDULE OF THE CITY OF GLENPOOL'S CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 152,662	\$ 149,146	\$ 136,836
Contributions in relation to the statutorially required	<u>152,662</u>	<u>149,146</u>	<u>136,836</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,176,318	\$ 1,147,269	\$ 1,051,493
Contributions as a percentage of covered-employee payroll	12.98%	13.00%	13.01%

Notes to Schedule:

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

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

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

YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Beginning Budgetary Fund Balance	\$ 4,631,215	\$ 4,631,215	\$ 5,261,111	\$ 629,896
Resources (Inflows)				
TAXES				
Sales Tax	7,046,158	7,046,158	6,871,223	(174,935)
Use Tax	185,000	185,000	230,087	45,087
Lodging Tax	170,000	170,000	117,912	(52,088)
Franchise Tax	465,000	465,000	470,655	5,655
E911 Fees	80,000	80,000	85,991	5,991
Total Taxes	7,946,158	7,946,158	7,775,868	(170,290)
LICENSES & PERMITS				
Solicitors License	500	500	975	475
Building Permits	35,000	35,000	38,835	3,835
Occupational Tax	4,000	4,000	4,325	325
Plumbing License	6,000	6,000	5,700	(300)
Electrical License	8,500	8,500	7,630	(870)
Mechanical License	4,000	4,000	4,800	800
Pet License	300	300	229	(71)
Assessment Letters	4,000	4,000	7,680	3,680
Fireworks Permits	4,000	4,000	6,785	2,785
Sign Permits	500	500	1,210	710
State Permit Fees	100	100	75	(25)
Total Licenses & Permits	66,900	66,900	78,244	11,344
CHARGES FOR SERVICES				
Development Fees	6,000	6,000	7,289	1,289
Zoning Fees	4,000	4,000	7,396	3,396
Inspection Fees	89,000	89,000	60,830	(28,170)
Dog Pound	6,000	6,000	6,822	822
Police Reports	600	600	434	(166)
First Responder Reimbursement	77,256	77,256	103,774	26,518
Police Special Services	29,498	29,498	32,000	2,502
Total Charges for Services	212,354	212,354	218,545	6,191
INTERGOVERNMENTAL				
Excise Tax	21,000	21,000	24,081	3,081
Cigarette Tax	80,000	80,000	98,122	18,122
Alcohol Tax	20,000	20,000	23,371	3,371
Commercial Vehicle Tax	86,000	86,000	90,616	4,616
Property Resale	-	-	12,045	12,045
CDBG Grant	72,645	72,645	80,092	7,447
Other Grants	-	982,470	3,708	(978,762)
Total Intergovernmental	279,645	1,262,115	332,035	(930,080)
FINES & FORFEITURES				
Municipal Court	350,000	350,000	304,137	(45,863)
Court Costs	-	-	25,150	25,150
Juvenile Fines	-	-	1,029	1,029
Total Fines & Forfeitures	350,000	350,000	330,316	(19,684)
OTHER				
Interest income	300	300	23	(277)
Donations	-	1,560	2,510	950
Refunds	20,000	20,000	1,966	(18,034)
Miscellaneous	20,000	20,000	14,871	(5,129)
Rental Income	76,344	76,344	74,059	(2,285)
Transfers in	1,100,168	1,332,719	1,100,167	(232,552)
Total Other	1,216,812	1,450,923	1,193,596	(257,327)
Total Resources (Inflows)	10,071,869	11,288,450	9,928,604	(1,359,846)
Amounts Available for Appropriation	14,703,084	15,919,665	15,189,715	(729,950)

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

YEAR ENDED JUNE 30, 2017

Charges to Appropriations (outflows)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
City Clerk/Finance				
Personal Services	\$ 388,513	\$ 367,259	\$ 356,273	\$ (10,986)
Supplies	61,750	74,450	70,531	(3,919)
Other Services & Charges	370,340	349,240	286,644	(62,596)
Travel and Training	10,500	10,500	4,866	(5,634)
Repairs and Maintenance	30,500	26,800	19,071	(7,729)
Miscellaneous	28,525	29,025	28,971	(54)
Capital Outlay	106,000	93,900	20,934	(72,966)
Total City Clerk/Finance	996,128	951,174	787,290	(163,884)
PUBLIC SAFETY				
ANIMAL CONTROL				
Personal Services	59,780	60,630	50,843	(9,787)
Supplies	14,000	13,200	4,222	(8,978)
Other Services & Charges	-	400	396	(4)
Travel and Training	500	1,100	803	(297)
Repairs and Maintenance	500	500	-	(500)
Total Animal Control	74,780	75,830	56,264	(19,566)
POLICE:				
Personal Services	1,815,537	1,844,001	1,807,840	(36,161)
Supplies	120,500	120,175	104,876	(15,299)
Other Services & Charges	70,780	177,317	143,511	(33,806)
Travel and Training	12,500	8,500	7,602	(898)
Repairs and Maintenance	40,500	54,600	40,779	(13,821)
Miscellaneous	200	245	245	-
Capital Outlay	5,500	21,281	19,733	(1,548)
Total Police	2,065,517	2,226,119	2,124,586	(101,533)
FIRE:				
Personal Services	1,555,081	1,556,081	1,471,276	(84,805)
Supplies	35,000	35,750	26,795	(8,955)
Other Services & Charges	40,600	48,100	41,897	(6,203)
Travel and Training	8,500	5,250	4,723	(527)
Repairs and Maintenance	61,500	66,000	37,447	(28,553)
Miscellaneous	3,000	3,000	1,740	(1,260)
Total Fire	1,703,681	1,714,181	1,583,878	(130,303)
EMERGENCY MANAGEMENT:				
Supplies	5,000	2,000	-	(2,000)
Other Services & Charges	-	3,000	1,836	(1,164)
Repairs and Maintenance	23,000	23,000	11,442	(11,558)
Capital Outlay	25,000	25,000	-	(25,000)
Total Emergency Management	53,000	53,000	13,278	(39,722)
COMMUNITY DEVELOPMENT				
Personal Services	379,208	384,508	378,034	(6,474)
Supplies	13,340	13,840	12,619	(1,221)
Other Services & Charges	48,000	157,470	117,558	(39,912)
Travel and Training	8,400	8,000	4,532	(3,468)
Repairs & Maintenance	2,500	2,500	1,510	(990)
Miscellaneous	2,500	2,500	1,290	(1,210)
Capital Outlay	21,800	21,800	-	(21,800)
Total Community Development	475,748	590,618	515,543	(75,075)

(continued)

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

YEAR ENDED JUNE 30, 2017

Charges to Appropriations (outflows) (continued)	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
ADMINISTRATION				
Personal Services	352,452	372,452	367,596	(4,856)
Supplies	6,500	8,200	5,311	(2,889)
Other Services & Charges	140,900	145,900	109,101	(36,799)
Travel and Training	3,600	15,800	14,593	(1,207)
Miscellaneous	61,980	3,136	2,788	(348)
Total Administration	<u>565,432</u>	<u>545,488</u>	<u>499,389</u>	<u>(46,099)</u>
STREETS & PARKS				
Personal Services	282,141	240,359	220,166	(20,193)
Supplies	35,000	61,000	33,681	(27,319)
Other Services & Charges	132,678	132,430	106,658	(25,772)
Travel and Training	2,000	2,500	632	(1,868)
Repairs and Maintenance	343,000	180,047	172,527	(7,520)
Capital Outlay	237,558	978,762	-	(978,762)
Total Streets & Parks	<u>1,032,377</u>	<u>1,595,098</u>	<u>533,664</u>	<u>(1,061,434)</u>
OTHER FINANCING USES				
Transfers out	3,794,860	3,299,856	2,718,692	(581,164)
Debt Service:				
Capital lease principal	104,892	120,113	120,111	(2)
Capital lease interest	16,885	16,973	16,969	(4)
Total Other Financing Uses	<u>3,916,637</u>	<u>3,436,942</u>	<u>2,855,772</u>	<u>(581,170)</u>
Total Charges to Appropriations	<u>10,883,300</u>	<u>11,188,450</u>	<u>8,969,665</u>	<u>(2,218,785)</u>
Ending Budgetary Fund Balance	\$ 3,819,784	\$ 4,731,215	\$ 6,220,050	\$ 1,488,835
Ending Unobligated Budgetary Fund Balance			\$ 6,220,050	
Reconciliation to Statement of Revenues, expenditures and changes in Fund Balance:				
Total Resources per Budgetary Comparison Schedule			\$ 9,928,604	
Add State Fire and Police pension on-behalf payments			475,431	
Less Transfer in			(1,100,167)	
Total Revenues per Statement of Revenues, expenditures and changes in Fund Balance			<u>\$ 9,303,868</u>	
Total Charges to Appropriations per Budgetary Comparison Schedule			\$ 8,969,665	
Add State Fire and Police pension on-behalf payments			475,431	
Less Transfer out			(2,718,693)	
Total Expenditures per Statement of Revenues, expenditures and changes in Fund Balance			<u>\$ 6,726,403</u>	

City of Glenpool, Oklahoma
Notes to the Required Supplemental Information

YEAR ENDED JUNE 30, 2017

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.

City of Glenpool, Oklahoma
Schedule of Expenditures of Federal Awards

YEAR ENDED JUNE 30, 2017

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development:				
Passed through Oklahoma Department of Commerce:				
Community Development Block Grant - Non-entitlement	14.218	52,200	7,446	7,446
Community Development Block Grant - Non-entitlement	14.218	<u>72,645</u>	<u>72,646</u>	<u>72,645</u>
Total U.S. Department of Housing and Urban Development		124,845	80,092	80,091
U. S. Department of Justice:				
Passed through District Attorneys Council				
Bulletproof Vests	16.607	<u>3,708</u>	<u>3,708</u>	<u>3,708</u>
Total U.S. Department of Housing and Urban Development		3,708	3,708	3,708
Total of Expenditures of Federal Awards		<u>\$ 128,553</u>	<u>\$ 83,800</u>	<u>\$ 83,799</u>

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Annual Operating Report Glenpool Utility Service Authority

**Glenpool, Oklahoma
For the Year Ended June 30, 2017**

Prepared by:
City of Glenpool Finance Department

Julie Casteen
Finance Director

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City of Glenpool Operating Report Year Ended June 30, 2017

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, 2016 (Estimate)	13,255	639,242

* Source: U.S. Census Bureau

2. BUILDING PERMITS

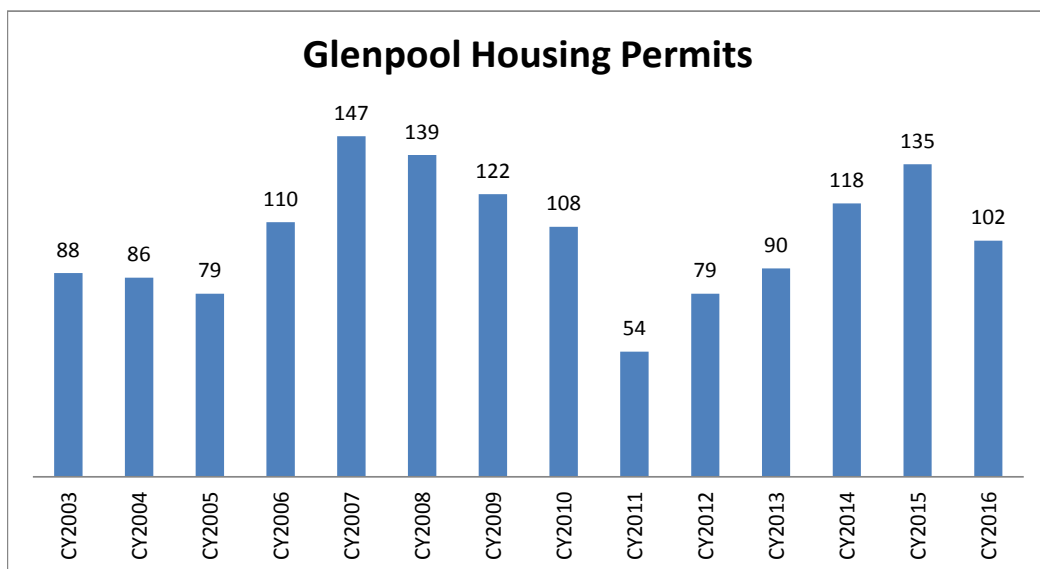
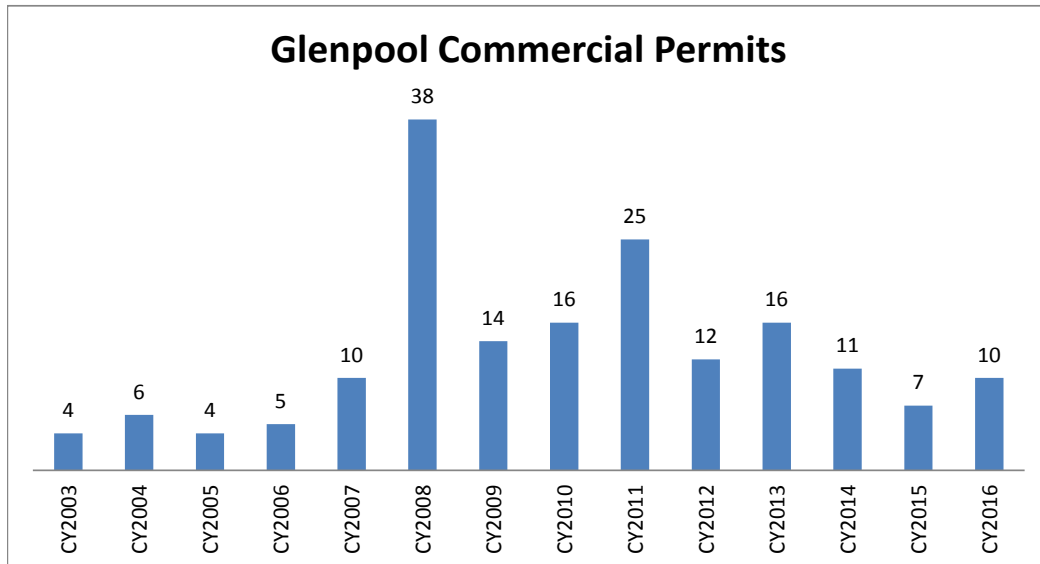
Calendar Year	COMMERCIAL		RESIDENTIAL	
	Number	Value	Number	Value
2000	3	\$ 750,000	13	\$ 21,509,399
2001	11	\$ 3,790,645	7	\$ 1,086,350
2002	9	\$ 1,453,000	24	\$ 3,077,003
2003	4	\$ 422,000	88	\$ 10,648,057
2004	6	\$ 2,939,748	86	\$ 11,182,482
2005	4	\$ 1,900,000	79	\$ 10,333,269
2006	5	\$ 3,470,000	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

City of Glenpool Operating Report
Year Ended June 30, 2017

CITY OF GLENPOOL

BUILDING PERMITS ISSUED

JANUARY 2016 - DECEMBER 2016



**City of Glenpool Operating Report
Year Ended June 30, 2017**

**CITY OF GLENPOOL
June 30, 2017**

3. TOP TEN WATER CONSUMERS

	Billed Consumption (Gallons)	Percent of Total Consumption
Walmart	5,152,000	1.80%
Zips Car Wash	4,993,000	1.75%
Grandview Heights Apartments	4,280,000	1.50%
Glenwood Healthcare Center	3,799,000	1.33%
Glenpool Schools	3,020,000	1.06%
Glenpool Hospitality (Holiday Inn)	2,863,000	1.00%
Santa Fe Cattle Co. Restaurant	1,647,000	0.58%
Eurocraft	1,528,000	0.54%
Comfort Inn	1,286,000	0.45%
Moura Properties	1,273,000	0.45%
Total Ten Largest Water Consumers	<u>24,689,000</u>	<u>8.65%</u>
Total Billed Water Consumption - All Customers (July 2016 - June 2017)	285,496,442	

**City of Glenpool Operating Report
Year Ended June 30, 2017**

CITY OF GLENPOOL
June 30, 2017

4. TOP TEN SEWER CONSUMERS

	Billed Consumption (Gallons)	Percent of Total Consumption
Zips Car Wash	4,091,000	1.57%
Glenwood Healthcare Center	3,839,000	1.47%
Walmart	3,179,000	1.22%
Santa Fe Cattle Co. Restaurant	1,766,000	0.68%
Glenpool Hospitality (Holiday Inn)	1,684,000	0.64%
Eurocraft	1,425,000	0.55%
Comfort Inn	1,256,000	0.48%
Alderview Apartments	1,241,000	0.47%
Moura Properties	1,233,000	0.47%
Glenpool Schools	1,117,000	0.43%
Total Ten Largest Sewer Consumers	<u>20,831,000</u>	<u>7.97%</u>
Total Billed Sewer Consumption - All Customers (July 2016 - June 2017)	261,391,639	

**City of Glenpool Operating Report
Year Ended June 30, 2017**

**CITY OF GLENPOOL
June 30, 2017**

5. TOP TAXPAYERS

<u>Taxpayer Name</u>	<u>Net Assessed Valuation</u>	<u>Percent of Total NAV</u>
Grandview Heights Apartments LLC	\$ 2,719,403	3.49%
Explorer Pipeline	2,622,203	3.37%
Wal-Mart Stores	2,440,886	3.13%
Oklahoma Gas & Electric	1,669,124	2.14%
Champagne Metals	1,161,350	1.49%
Nguyen, Vinny Vu Manh & Gina	596,995	0.77%
Glenpool Hospitality LLC	553,369	0.71%
Oklahoma Natural Gas	517,757	0.66%
Quik Trip Corp	472,473	0.61%
New Lease On Life LLC	465,773	0.60%
Con-Way Transportation	465,711	0.60%
Aino Tulsa/Romeo Homes Okla LLC	389,189	0.50%
MHP Hotel LLC	383,677	0.49%
T and L Foundry Inc	313,589	0.40%
CCL Ranch Properties LLC	309,353	0.40%
Total	<u><u>\$ 15,080,852</u></u>	<u><u>19.36%</u></u>

**City of Glenpool Operating Report
Year Ended June 30, 2017**

CITY OF GLENPOOL
June 30, 2017

6. MAJOR EMPLOYERS

Employer	Product / Service	Number of Employees
Glenpool Public Schools	Education	348
Walmart	Grocery / Retail	258
XPO Logistics	Freight Contractor	200
Phoenix Industrial	Electrical Contractor	150
T & L Foundry	Manufacturing	67
McDonald's	Restaurant	60
Sante Fe Cattle Company	Restaurant	60
Country Mart	Grocery / Retail	41
Whataburger	Restaurant	32
IHOP	Restaurant	25

**City of Glenpool Operating Report
Year Ended June 30, 2017**

**CITY OF GLENPOOL
June 30, 2017**

7. EDUCATION AND LEARNING FACILITIES

Glenpool has 3 primary and secondary schools with approximately 2,790 students and 196 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	PK-5	1	1,438	96
Public	6-8	1	600	47
Public	9-12	1	752	53

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>
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 Operating Report
Year Ended June 30, 2017**

CITY OF GLENPOOL
June 30, 2017

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

**City of Glenpool Operating Report
Year Ended June 30, 2017**

**GLENPOOL UTILITY SERVICES AUTHORITY
10. COMPARATIVE NET REVENUE**

REVENUES	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Water	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	1,292,247	1,279,631	789,410	747,534	748,524	742,816	714,891	661,916	707,296	690,712
Solid Waste	624,569	604,524	570,203	529,299	518,396	-	12,488	13,914	464,168	437,311
Miscellaneous	191,317	45,241	(418)	16,056	13,490	17,839	7,694	24,421	50,114	11,268
Solid Waste Mgmt Fees	17,927	17,449	16,830	16,340	15,944	15,668	15,458	12,006	14,299	13,396
Water Taps	97,900	97,500	115,650	113,100	80,005	62,175	52,253	108,903	113,053	149,232
Sewer Taps	23,000	22,250	19,500	19,500	16,969	13,600	10,800	25,198	26,525	34,775
Delinquent Fees	120,580	126,423	100,891	95,312	92,408	85,113	79,539	73,409	88,878	46,351
Storm Water Mgmt Fees	102,904	100,212	96,572	102,746	98,713	96,943	88,436	79,458	81,064	77,072
Connect Transfer Fees	47,003	52,941	46,945	45,472	6,809	6,421	41,375	37,925	7,130	6,910
Return on Fees	-	-	-	-	-	3,060	3,092	23,838	23,082	23,564
Water/Sewer Fees	12,081	10,603	12,210	-	-	509,969	499,086	454,189	13,073	14,596
TOTAL REVENUES	\$ 5,380,622	\$ 4,920,085	\$ 4,078,441	\$ 3,647,633	\$ 3,442,006	\$ 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 Treatment (1)	2,460,372	2,764,684	3,296,710	3,100,974	3,334,996	3,443,570	2,885,472	1,721,235	1,805,158	1,540,604
Sewer Treatment	-	-	-	-	-	-	-	-	194,392	208,028
Solid Waste	561,715	624,966	449,228	522,645	506,645	496,700	480,468	466,566	465,367	437,604
Storm Water	4,000	-	-	-	-	-	-	47,619	44,263	40,465
TOTAL EXPENSES (2)	\$ 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	\$ 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)	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	\$ 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
INCOME AVAILABLE FOR DEBT SERVICE	\$ 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
DEBT SERVICE REQUIREMENTS (4)										
Series 2010 Revenue Bonds	\$ 2,211,865	\$ 2,217,100	\$ 1,701,163	\$ 1,700,888	\$ 1,629,413	\$ 1,630,613	\$ 692,671	\$ -	\$ -	\$ -
Series 2011 Revenue Bonds	487,755	488,855	489,755	419,405	351,155	402,405	140,993	-	-	-
Series 2011 OMWB Note	217,050	217,050	208,742	269,574	146,288	2,058	-	-	-	-
Series 2001-2007A Revenue Bonds	-	-	-	-	-	-	-	1,478,902	940,217	940,447
Series 2001 OMWB Note	69,709	70,060	70,399	70,744	71,090	71,444	71,780	72,125	72,470	72,828
Series 1992 OMWB Note	-	-	-	-	-	5,998	5,998	12,157	15,697	15,109
TOTAL DEBT SERVICE REQUIREMENTS	\$ 2,986,379	\$ 2,993,065	\$ 2,470,959	\$ 2,460,611	\$ 2,197,946	\$ 2,106,520	\$ 1,731,106	\$ 1,563,184	\$ 1,028,384	\$ 1,028,384
COVERAGE	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: Oklahoma 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 9, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Arledge & Associates, P.C.

January 9, 2018