

City Of  
**Glenpool**  
*Creating Opportunity*



## ANNUAL FINANCIAL REPORT

**City of Glenpool Oklahoma**  
**For the Year Ended June 30, 2013**

Prepared by:  
City of Glenpool Finance Department

Charles Barnes, CPA  
Finance Director

**CITY OF GLENPOOL  
Glenpool, Oklahoma**

**CONTENTS**

	<b>Page No.</b>
<b>Introductory Section:</b>	
Letter of Transmittal	1-6
List of Principal Officials	7
City Council / City Manager Photos	8
City Governmental Organization Chart	9
<b>Financial Section:</b>	
<b>Independent Auditor's Report</b>	10-11
<b>Management Discussion and Analysis</b>	12-17
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities and Changes in Net Position	19-20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Position	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Fiduciary Funds	28
<b>Notes to the Basic Financial Statements</b>	29-45
<b>Required Supplemental Information:</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Budgetary Basis) and Actual – Governmental Funds	46
Notes to Required Supplemental Information	47

**CITY OF GLENPOOL  
Glenpool, Oklahoma**

**CONTENTS**

	<b>Page No.</b>
<b>Other Information:</b>	
Schedule of Expenditures of Federal Awards	48
<b>Reports Required by <i>Government Auditing Standards</i>:</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49-50

City Of  
**Glenpool**  
*Creating Opportunity*



## INTRODUCTORY SECTION

**City of Glenpool Oklahoma**  
**For the Year Ended June 30, 2013**

City Of  
**Glenpool**  
*Creating Opportunity*

---

October 18, 2013

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

Dear Mayor and Members of Council:

The Annual Financial Report of the City of Glenpool (the "City") for the year ended June 30, 2013, is hereby submitted as requested by the City Manager. The City is required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Responsibility of both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Department of the City. The City has established a comprehensive internal control framework designed to both protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Glenpool's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits derived from those controls, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the information, as presented, are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Glenpool. All disclosures necessary to enable the reader to gain an understanding of the City of Glenpool's activities have been included.

The City's financial statements have been audited by CBEW Professional Group, LLP., a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements: assessed the accounting principles used and estimates made by management, and evaluated the overall financial statement presentation. Based upon the results of their audit, CBEW Professional Group, LLP. has rendered unqualified opinions on all of the City's opinion units within the financial statements for the year ending June 30, 2013. An unqualified opinion provides objective confirmation that the City's financial statements are fairly presented in conformity with GAAP and are free of material misstatement. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to the independent audit of the financial statements, the City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget's Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". The audit requires the auditor to report on the government's

internal controls and compliance with legal requirements involved with the administration of major federal grant awards received by the City. These reports are designed to meet the special needs of federal grantor agencies and are available in the City's separately issued Single Audit Report.

Generally accepted accounting principles require City management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The City is situated in the Northeast portion of the state and is contiguous with the southern border of the City of Jenks which is contiguous with the southern border of City of Tulsa. The City of Glenpool is located in the southwest portion of Tulsa County and was once known as "The world's largest oil field". The City covers an area of approximately 27 square miles. Glenpool's history starts with the discovery of oil in Glenn Pool in 1905 and the first settlers arrived in 1907. It was a town for many decades; then, the "City" of Glenpool was incorporated in 1983. According to the 2010 Census, the population is 9,458 for the calendar year ending December 31, 2010, and estimated to be 10,808 in 2012. The City features quiet suburban living with a large conference center, a central business district, a major shopping center, office areas and spacious residential developments. In the early days of the oil boom, Tulsa was considered the "Oil Capital of the World" and Glenpool is still known as "The town that made Tulsa famous".

According to the consumer reference site NeighborhoodScout.com, Glenpool is nearly on par with the US average for all cities of college education with 19.28% of residents having bachelor's degrees or advanced degrees. Overall, Glenpool is a city of sales and office workers, professionals and service providers. Specifically, many people living in Glenpool work in office and administrative support (18.02%), sales jobs (15.39%) and management occupations (8.54%). The city's good public school district and large population of college-educated adults provide an environment conducive to academic success. Many people own their own single-family homes, providing areas for children to play and stability in the community. Finally, Glenpool's overall crime rate is lower than average for the country. Much of the housing stock in Glenpool was built relatively recently, which is an indication that the local Glenpool economy is robust, and that jobs or other amenities are attracting an influx of new residents. The per capita income in Glenpool in 2000 (latest available data) was \$24,096, which is upper middle income relative to Oklahoma, and middle income relative to the rest of the US. This equates to an annual income of \$96,384 for a family of four. Glenpool is a very ethnically-diverse city. The people who call Glenpool home describe themselves as belonging to a variety of racial and ethnic groups. The greatest number of Glenpool residents report their race to be White, followed by Native American. Important ancestries of people in Glenpool include German, Irish, English, Scots-Irish, Dutch and Italian.

The City has adopted a statutory council-manager form of city government. The legislative authority of the City is vested in a five member elected council, consisting of one council member from each of four wards and one council member at large. The council shall elect from among its members a mayor and a vice-mayor. Council members serve four-year staggered terms with two council members elected every two years. The mayor and vice-mayor serve two year terms. The City Council members are also the Trustees of the Glenpool Utility Service Authority, the Glenpool Industrial Authority and the Glenpool Area Emergency Medical Trust Authority. The Mayor and Council appoint the City Manager, who is the chief executive officer of the City and is responsible to the Mayor and City Council for the administration of all City services, including budget preparation, and employs all City employees under a merit plan.

The City provides a wide range of municipal services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure, and a multitude of recreational and cultural events

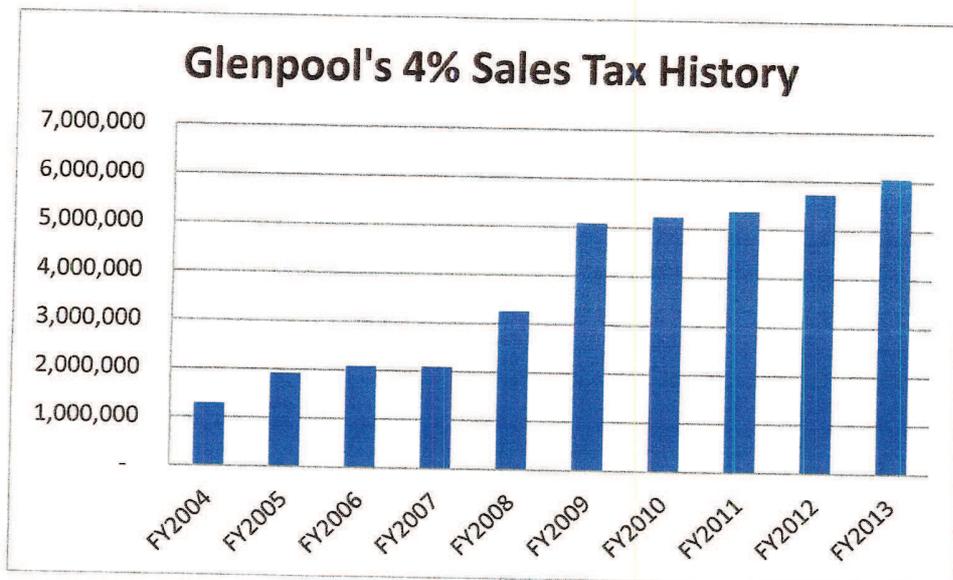
throughout the year. The City also provides water, wastewater, drainage and solid waste services to its residents under the legal entity of the Glenpool Utility Service Authority (GUSA). GUSA is a public trust created under applicable Oklahoma statutes on June 12, 1967, with the City named as the beneficiary thereof. The utility systems operate for the benefit of the City of Glenpool and are an integral part of City operations. The City is also financially accountable for three other legally separate entities. The City promotes economic development within the city limits under the legal entity of the Glenpool Industrial Authority (GIA). GIA is a public trust created under applicable Oklahoma statutes on September 24, 1981, with the City named as the beneficiary thereof. The City also provides emergency ambulance service to residents and visitors of the Glenpool area under the legal entity of the Glenpool Area Emergency Medical Trust Authority (GEMS). GEMS was created in cooperation with Tulsa County to provide ambulance services to the southwest portion of Tulsa County. GUSA's financial statements, GIA's financial statements and GEMS financial statements are blended into the City's financial statements and together they comprise the City's primary financial presentation. On July 6, 2010, the Glenpool Cemetery Trust Authority was created as a public trust under applicable Oklahoma statutes for the purpose of establishing and operating the Glenpool Municipal Cemetery. Since the land was purchased for this cemetery, the Trust has been inactive and is not a part of the City of Glenpool financial statements.

A comprehensive planning document known as "The 2030 Plan" is the driving force behind the City's financial planning and control. This document covers all aspects of city planning and resource usage. The City Manager issues corporate guidelines that establish priorities and specific economic factors for the upcoming budget year. Budgets are then developed by fund each year. The City Manager's recommended budget is required to be submitted to the City Council by June 1. The City Council must hold a public hearing on the budget by June 15 and adopt the budget at least seven days prior to July 1, which is the beginning of the new fiscal year. The appropriated budget is prepared by fund, department and object level / category.

Department heads may request transfers of appropriations within an expenditure object category. Transfers between funds and budget supplements must be approved by the City Council. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector.

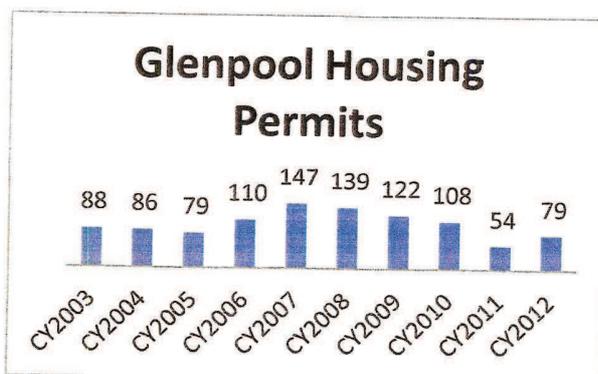
### **Sales Tax and Our Local Economy**

Glenpool's economy began recovering from the national recession in FY11-12 with sales tax collections exceeding the budgeted projection. After projecting a 4% growth for FY09-10, sales tax collections grew by 5%, starting a new positive outlook in sales tax growth. In FY10-11, the City had projected a 5% increase and was disappointed to see only 0.5%; however, this was tied to the national recession. The positive growth in sales tax was again projected for FY11-12, with a projected increase of 5%; however, the City ended the year with a 6.66% increase or an additional \$104,866.07. The City then projected another increase of 5% for FY12-13. The actual Sales Tax for FY12-13 was \$6,064,456 which represents a 5.9% growth and an increase of \$338,631. The City has once again projected a growth of 5% for FY13-14.



Note: The spike in FY08-09 is due to the opening of a major shopping center.

Since the 1970s, Glenpool has experienced dramatic growth, from 770 in 1970; 2,706 in 1980; 6,688 in 1990; 8,123 in 2000 and 9,458 in 2010, to an estimated population of 9,955 in 2011; and, almost double the county's growth rate. Although commercial building permits have remained steady in the 12 – 25 permits per year, housing permits, which was steady at 100-150 permits per year, has declined to only 79 permits in 2012. The value of the 12 commercial permits issued in 2012 totaled \$2,782,900 compared to \$10,926,767 for 25 permits in 2011. The value of the 79 residential permits issued in 2012 totaled \$9,036,250 compared to \$6,445,181 for the 54 permits issued in 2011.



### Capital Improvements

Glenpool's Capital Improvements Fund is funded by transferring one cent of the City's four cent sales tax and other transfers from the General Fund and the Utility Service Authority Fund (GUSA). This sales tax dedication is through a vote of the citizens to fund a series of revenue bonds. The 2010 and 2011 revenue bonds refunded prior revenue bonds and promissory notes from the Oklahoma Water Resources Board and provided funds for further economic development in the City. The prior bonds were issued to build a new Conference Center / City Hall,

Utility Services Building (to house the water department) and a Public Safety Building (to house the Police and Fire departments), improve water and sewer facilities and improve multiple recreational facilities throughout the City. The City anticipates a new apartment complex in the southern portion of the City.

In October 2011, the Utility Service Authority (GUSA) signed another promissory note with the Oklahoma Water Resources Board to fund improvements to the Waste Water Treatment Plant and the Shell Liftstation. This \$3,740,625 project was almost completed in fiscal year 2013 with the City incurring \$1,740,930 in expenditures and receiving \$1,761,953 in reimbursement from OWRB during the Fiscal Year. After the projects are complete, the City will start making semi-annual payments for principal, interest and administrative fees to OWRB from the Capital Improvement Fund.

### **Risk Management Program**

Safety and accountability are the responsibility of each department and overseen by the City Manager. The City is currently contracting with a third party administrator, Oklahoma Municipal Assurance Group, to process the City's workers' compensation claims. Oklahoma Municipal Assurance Group also provides general liability coverage and property liability coverage and manages the liability claims. Additional information on Risk Management may be found in Note 3A in the notes to the financial statements.

### **Employee Retirement Plan**

The City participates in a defined contribution plan with the Oklahoma Municipal Retirement Fund (OMRF). 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 5% of covered compensation.

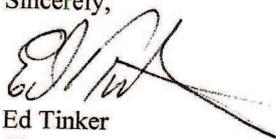
The City also participates in the Oklahoma Police Pension Retirement Fund and the Oklahoma Firefighters Pension and Retirement Fund on behalf of the City's police officers and firefighters. These are statewide plans managed by the state of Oklahoma. The City has no obligation in connection with employee benefits offered through these plans beyond the thirteen percent contribution rate on certain wages paid. Additional information on these retirement plans may be found in Note 3C in the notes to financial statements.

The City provides retiring employees the opportunity to continue the City's health and dental insurance coverage at their expense if so elected at time of retirement. At the end of the fiscal year, none of the City's retired employees have availed themselves of City coverage. As such, this does not create an OPEB obligation to the City.

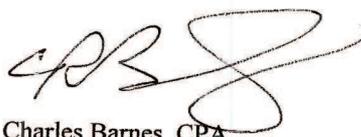
**ACKNOWLEDGMENTS**

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Financial Services department and the professional assistance of our accounting consultants, CBEW Professional Group, LLP. Our sincere appreciation is extended to all who contributed to its preparation. In addition, our thanks are extended to the Mayor, the City Council and the City Clerk for their interest and support in strengthening and improving the fiscal policies of the City of Glenpool. The City will strive to continue to provide the citizens the quality services, management and reporting.

Sincerely,



Ed Tinker  
City Manager



Charles Barnes, CPA  
Finance Director / Treasurer

**CITY OF GLENPOOL, OKLAHOMA**

**PRINCIPAL OFFICIALS AND ADMINISTRATION**

**JUNE 30, 2013**

**ELECTED OFFICIALS**

**Momodou Ceesay  
Alyce Korb  
Tim Fox  
Patricia Agee  
Tommy E. Carner**

**Mayor  
Vice – Mayor  
Councilmember-Ward 1  
Councilmember-Ward 3  
Councilmember-Ward 4**

**ADMINISTRATION**

**Ed Tinker  
David Tillotson  
Lowell Peterson  
Susan White  
Charles Barnes, CPA**

**Paul Newton  
Dennis Waller  
Lynn Burrow**

**Lea Ann Reed**

**Debbie Pengelly  
Rick Malone  
Robert Gayle  
Joe Robinson  
George Miles**

**City Manager  
Assistant City Manager  
City Attorney  
City Clerk  
Director, Finance / City  
Treasurer  
Fire Chief  
Police Chief  
Director, Community  
Development  
Director, Community  
Relations / Conference  
Center Director  
Director, Human Resources  
City Planner  
Director, Streets and Parks  
Building Inspector  
Municipal Judge**

**FINANCE DEPARTMENT STAFF**

**Kathy Smith  
Cynthia Padgett  
Gina Copeland**

**Payroll, Accounts Payable  
Accounts Payable  
City Clerk, Admin. Asst.**

**City of Glenpool, Oklahoma**

**ELECTED OFFICIALS**

**Ward II - Mayor**



**Momodou Ceesay**

**At Large - Vice Mayor**



**Alyce Korb**

**Ward I**



**Tim Fox**

**Ward III**



**Patricia Agee**

**Ward IV**



**Tommy E. Carner**

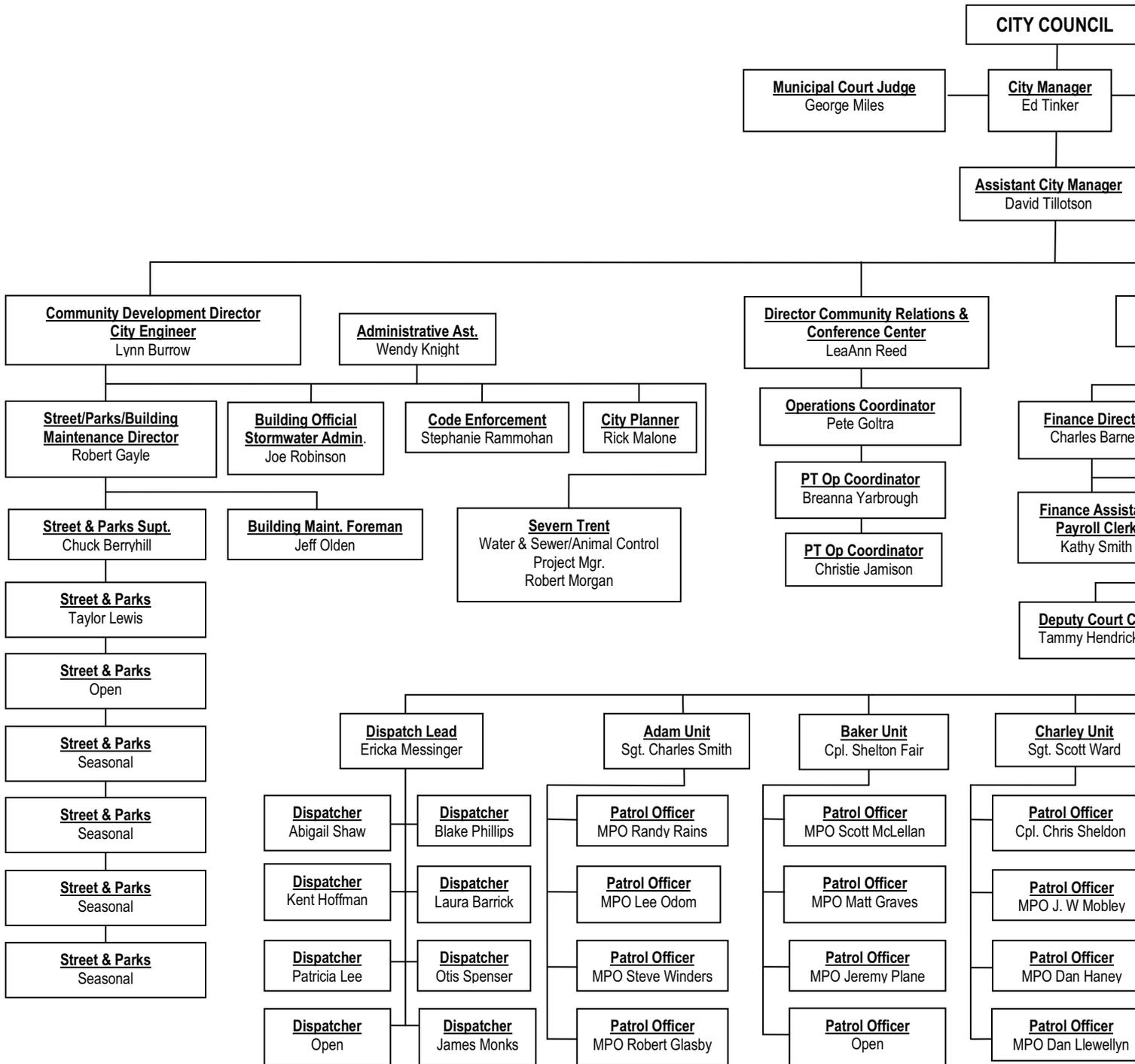
---

**CITY MANAGER**



**Ed Tinker**

# City of Glenpool

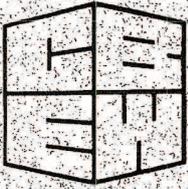


City Of  
**Glenpool**  
*Creating Opportunity*



## FINANCIAL SECTION

**City of Glenpool Oklahoma  
For the Year Ended June 30, 2013**



**CBEW**  
**Professional**  
**Group, LLP**

Certified Public Accountants

206 N. HARRISON • P.O. BOX 790 • CUSHING, OKLAHOMA 74023 • 918-225-4216 • FAX 918-225-4315

DON K. ETHRIDGE, CPA  
WALTER H. WEBB, CPA  
JANE FRAZIER, CPA  
CHARLES E. CROOKS, CPA  
TRISHA J. RIEMAN, CPA

**INDEPENDENT AUDITOR'S REPORT**

October 18, 2013

The Honorable City Council  
City of Glenpool  
Glenpool, Oklahoma

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glenpool, Oklahoma, (City) as of and for the year ended June 30, 2013, 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 an opinion 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Glenpool, Oklahoma, as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in conformity with accounting

City of Glenpool  
October 18, 2013

**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 on pages 11 – 16 and 44 and the notes on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, 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 results of that testing, and not to provide an opinion on the 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.

*CBEW Professional Group, LLP*

CBEW Professional Group, LLP  
Certified Public Accountants



**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013**

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**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 other component units. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole, including the GUSA and component units, and present a longer-term view of the City's finances. Included in this report are government-wide statements for each of the two categories of activities – governmental and business-type.

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

**Reporting the City as a Whole – Statements of Net Assets 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 Assets 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 assets and changes in them from the prior year. The City's net assets – the difference between assets and liabilities – are one way to measure the City's financial condition or position. Over time, increases or decreases, in the City's net assets 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 property tax base and the condition of the City's roads, to assess the overall health of the City.

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

Governmental Activities – Most of the City’s basic services are reported here, including the police, fire, administration, streets and parks. Sales and other taxes, license and permit fees, franchise fees, fines, rental income and reimbursements finance most of these activities. The City’s small Debt Service/Sinking Fund is reported here. With only the proceeds from an expired ad valorem tax, this fund services the City’s general obligation bond balance.

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

### **Reporting the City’s Most Significant Funds – Fund Financial Statements**

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

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

The Capital Fund receives a transfer from the general fund of one cent of the City’s four cent sales tax dedicated to repayment of revenue bonds.

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

## The City as a Whole

For the year ended June 30, 2013, net position for the governmental activities and business-type activities changed as follows:

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

	Governmental Activities	Business-Type Activities	Total
Beginning net position	\$ 9,661	\$ (2,265)	\$ 7,396
Increase / (Decrease)	<u>196</u>	<u>(4,651)</u>	<u>(4,455)</u>
Ending net position	<u>\$ 9,857</u>	<u>\$ (6,916)</u>	<u>\$ 2,941</u>

The above numbers reflect an increase of 2.03% in net position for governmental activities and a decrease in net position for business-type activities. Overall, the net position for both governmental and business-type activities decreased for this fiscal year mainly due to the new guidance from GASB which the City was required to write off loan issue and discount costs during the year which amounted to more than \$3 million dollars.

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

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

	Governmental Activities		Business-Type Activities		Total	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Current and other assets	\$ 2,673	\$ 2,256	\$ 14,427	\$ 14,999	\$ 17,100	\$ 17,255
Capital assets	<u>8,114</u>	<u>8,605</u>	<u>32,730</u>	<u>34,942</u>	<u>40,844</u>	<u>43,547</u>
Total assets	<u>10,787</u>	<u>10,861</u>	<u>47,157</u>	<u>49,941</u>	<u>57,944</u>	<u>60,802</u>
Long-term liabilities	672	1,082	52,922	51,561	53,594	52,643
Other liabilities	<u>258</u>	<u>102</u>	<u>1,151</u>	<u>645</u>	<u>1,409</u>	<u>747</u>
Total liabilities	<u>930</u>	<u>1,184</u>	<u>54,073</u>	<u>52,206</u>	<u>55,003</u>	<u>53,390</u>

#### Net position:

##### Invested in capital assets,

net of related debt	7,442	7,758	(20,192)	(16,619)	(12,750)	(8,861)
---------------------	-------	-------	----------	----------	----------	---------

Restricted	89	81	12,881	13,598	12,970	13,679
------------	----	----	--------	--------	--------	--------

Unrestricted	<u>2,326</u>	<u>1,838</u>	<u>395</u>	<u>756</u>	<u>2,721</u>	<u>2,594</u>
--------------	--------------	--------------	------------	------------	--------------	--------------

Total net position	<u>\$ 9,857</u>	<u>\$ 9,677</u>	<u>\$ (6,916)</u>	<u>\$ (2,265)</u>	<u>\$ 2,941</u>	<u>\$ 7,412</u>
--------------------	-----------------	-----------------	-------------------	-------------------	-----------------	-----------------

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, building, machinery and equipment, and infrastructure. Consequently, 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.

Net accounts receivable increased .79% from the prior year. The allowance for doubtful accounts in the general fund includes municipal court fines and water accounts that are deemed to be uncollectable.

An additional portion of the City's net position, less than one percent, 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

Governmental activities increased the City of Glenpool's net position by \$195,791, the business-type activities decreased by \$4,650,692 which contributed to the overall decrease in the net position of the City of Glenpool. The following provides details of the decrease:

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

	Governmental Activities		Business-Type Activities		Total	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Revenues:						
Program revenues						
Charges for services	\$ 558	\$ 743	\$ 3,775	\$ 3,464	\$ 4,333	\$ 4,207
Operating grants and contributions	24	26	-	643	24	669
General revenues:						
Sales and use taxes	6,064	5,726	-	-	6,064	5,726
Other taxes	720	685	-	-	720	685
Other general revenue	212	102	397	422	609	524
Total revenues	<u>7,578</u>	<u>7,282</u>	<u>4,172</u>	<u>4,529</u>	<u>11,750</u>	<u>11,811</u>
Expenses:						
General government	1,717	1,716	-	-	1,717	1,716
Public safety and judiciary	3,048	2,975	-	-	3,048	2,975
Streets and parks	572	736	-	-	572	736
Financing	25	20	5,445	2,758	5,470	2,778
Glenpool Utility Service Authority	-	-	3,841	3,989	3,841	3,989
Glenpool Industrial Authority	-	-	131	86	131	86
Glenpool Emergency Medical Service	-	-	102	126	102	126
Unallocated depreciation	566	673	758	734	1,324	1,407
Total expenses	<u>5,928</u>	<u>6,120</u>	<u>10,277</u>	<u>7,693</u>	<u>16,205</u>	<u>13,813</u>
Increases in net position						
before transfers	1,650	1,162	(6,105)	(3,164)	(4,455)	(2,002)
Transfers	(1,454)	(1,419)	1,454	1,419	-	-
Increase in net position	196	(257)	(4,651)	(1,745)	(4,455)	(2,002)
Net position - beginning of year	9,661	9,918	(2,265)	(520)	7,396	9,398
Net position - end of year	<u>\$ 9,857</u>	<u>\$ 9,661</u>	<u>\$ (6,916)</u>	<u>\$ (2,265)</u>	<u>\$ 2,941</u>	<u>\$ 7,396</u>

## Governmental Activities

Sales and use tax received in fiscal year 2013 resulted in an increase from the prior year of \$338,631. Investment income decreased by \$28,345 from the prior year.

## Business-type Activities

Business-type activities expenses continued to outpace revenue. This is due to two increases in the cost of water that were not passed on to the customers. This is being corrected in the next fiscal year. Details are presented in the preceding chart.

## General Fund Budgetary Highlights

Actual total revenues exceeded budgeted revenues by \$307,621 or 4%. This was mainly due to an increase in Sales and Use Taxes which exceeded budget by \$240,862 or 4.1%. Licenses and permits, as well as, franchise and hotel taxes increased from last fiscal year. Expenditures were controlled to allow them to come in under budget, thus allowed us to increase the fund balance for the year by \$425,382 or 19.8%.

## Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for Fiscal Year 2013. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 37 to 38; and, pages 39 to 41, respectively.

## Capital Assets

At the end of June 30, 2013, the City had \$52.3 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	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Land	\$ 310	\$ 310	\$ 3,534	\$ 3,534	\$ 3,844	\$ 3,844
Construction in process	-	-	3,332	2,460	3,332	2,460
Buildings & Improvement	8,719	8,719	14,447	14,447	23,166	23,166
Furniture & Equipment	2,292	2,288	727	727	3,019	3,015
Vehicles	2,673	2,603	495	495	3,168	3,098
Infrastructure	275	275	15,569	14,679	15,844	14,954
	14,269	14,195	38,104	36,342	52,373	50,537
Less: Depreciation	(6,156)	(5,590)	(5,374)	(4,617)	(11,530)	(10,207)
Total	\$ 8,113	\$ 8,605	\$ 32,730	\$ 31,725	\$ 40,843	\$ 40,330

**Debt Administration**

At year end, the City had \$53.6 million in long term debt. These debts are further detailed below as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Revenue bonds payable	\$ 644	\$ 833	\$ 3,552	\$ 1,951	\$ 4,196	\$ 2,784
Notes payable	-	-	49,370	49,605	49,370	49,605
Total	<u>\$ 644</u>	<u>\$ 833</u>	<u>\$ 52,922</u>	<u>\$ 51,556</u>	<u>\$ 53,566</u>	<u>\$ 52,389</u>

NOTE: \$10 million is in escrow with our Bond Trustee to pay interest and principal in the 2007 series bonds. These funds came from the 2010 series bond proceeds and are restricted in purpose. While this presentation is technically correct, it appears to overstate the total long-term debt obligation of the Revenue Bonds.

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

With costs continuing to rise and total revenues growing at only around one half percent, the budget approach for FY2013-2014 was to prepare for the “new normal”. The City has provided a wide array of services to our citizens for many years and there is a commitment to continue to do so.

The focus of the budget for FY2013-2014 is to ensure sufficient allocation of resources to fully maintain core services related to the health, safety and well-being of our citizens and visitors. Providing water, sewer, solid waste management and public safety are quickly identified among those critical services. Water rates, which are based on the cost to the City to obtain water from the City of Tulsa, had to be increased for FY2013-2014 to cover the increase in cost of water. Every effort has been made in assure that the needs do not go unmet.

The City of Glenpool budgeted 5% sales/use tax growth for FY2013-2014. This was primarily based on the fact that in FY2012-2013, our sales/use tax collections improved almost 6%.

While the economic recovery is not sufficient to make up for having no wage increases for two previous years, except for union employees, we have added an across the board four percent wage increase for FY2014. This was accomplished through a 2% increase in base wages and a 2% increase in retirement contribution from 7% to 9%.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**CITY OF GLENPOOL**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Cash and investments:			
Cash & cash equivalents (Note 1)	\$ 1,052,930	\$ 634,534	\$ 1,687,464
Investments	-	74,413	74,413
Receivables (net of allowance for uncollectibles):			
Accounts receivable	375,731	273,071	648,802
Notes receivable	-	296,776	296,776
Taxes	1,154,507	-	1,154,507
Grants receivable	5,651	-	5,651
Due to/from others	13,055	(13,055)	-
Restricted assets:			
Cash and investments (Note 1)	72,028	13,161,492	13,233,520
<b>Capital assets:</b>			
Land and construction in progress	310,000	6,865,860	7,175,860
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 2)	7,803,548	25,864,136	33,667,684
<b>Total assets</b>	<b>\$ 10,787,450</b>	<b>\$ 47,157,227</b>	<b>\$ 57,944,677</b>
<b>Deferred outflows of resources:</b>			
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 75,997	\$ 261,745	\$ 337,742
Cash overdraft	-	604,929	604,929
Accrued compensated absences payable (Note 1)	179,031	4,344	183,375
Payable from restricted assets:			
State court fees	3,493	-	3,493
Interest payable	-	280,697	280,697
Accrued interest payable	12,109	-	12,109
Leases payable (Note 3)	124,734	-	124,734
Notes payable (Note 2)	15,733	68,069	83,802
Revenue bonds payable (Note 2)	-	390,000	390,000
Non-current liabilities:			
Leases payable (Note 3)	479,273	-	479,273
Notes payable (Note 2)	40,398	3,483,512	3,523,910
Revenue bonds payable (Note 2)	-	48,980,000	48,980,000
<b>Total liabilities</b>	<b>930,768</b>	<b>54,073,296</b>	<b>55,004,064</b>
<b>Deferred inflows of resources:</b>			
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>			
Invested in capital assets, net of related debt	7,441,301	(20,191,585)	(12,750,284)
Restricted	89,943	12,880,795	12,970,738
Unrestricted	2,325,438	394,721	2,720,159
<b>Total net position</b>	<b>\$ 9,856,682</b>	<b>\$ (6,916,069)</b>	<b>\$ 2,940,613</b>

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, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
General government:				
General government	\$ 1,321,778	\$ 143,470	\$ -	\$ -
Code and planning	395,533	-	-	-
Total general government	<u>1,717,311</u>	<u>143,470</u>	<u>-</u>	<u>-</u>
Public safety and judiciary:				
City attorney	-	-	-	-
Fire	1,233,928	-	8,767	-
Municipal court	16,481	349,844	-	-
Police	1,749,878	-	15,239	-
Emergency management	12,636	-	-	-
911 operations	34,534	64,940	-	-
Total public safety and judiciary	<u>3,047,457</u>	<u>414,784</u>	<u>24,006</u>	<u>-</u>
Transportation:				
Streets	165,549	-	-	-
Total transportation	<u>165,549</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, parks and recreation:				
Parks	406,731	-	-	-
Total cultural, parks and recreation	<u>406,731</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financing costs	25,530	-	-	-
Unallocated depreciation*	566,011	-	-	-
<b>Total governmental activities</b>	<u>5,928,589</u>	<u>558,254</u>	<u>24,006</u>	<u>-</u>
<b>Business-type activities</b>				
General and administrative	-	-	-	-
Water treatment	3,334,696	1,931,353	-	-
Sewer treatment	-	765,493	-	-
Solid waste	506,645	534,340	-	-
Storm water	-	98,713	-	-
Medical services	131,074	212,638	-	-
Industrial Authority	101,795	233,056	-	-
Financing costs	5,444,989	-	-	-
Unallocated depreciation*	757,541	-	-	-
<b>Total business-type activities</b>	<u>10,276,740</u>	<u>3,775,593</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 16,205,329</u>	<u>\$ 4,333,847</u>	<u>\$ 24,006</u>	<u>\$ -</u>
				<u>\$ (11,847,476)</u>

\* - This amount does not include the depreciation that is included in the direct expenses of various programs.

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, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Net (expense)/revenue</b>	(5,346,329)	(6,501,147)	(11,847,476)
<b>General revenues:</b>			
Taxes:			
Sales and use taxes	6,064,456	-	6,064,456
Franchise taxes	435,436	-	435,436
Cigarette taxes	74,595	-	74,595
Intergovernmental	116,161	-	116,161
Hotel/motel tax	91,486	-	91,486
Property taxes	1,296	-	1,296
Investment earnings	974	284,015	284,989
Miscellaneous	153,110	-	153,110
Other fees	-	112,707	112,707
Rental income	45,039	-	45,039
Sale of property	13,300	-	13,300
Transfers	(1,453,733)	1,453,733	-
<b>Total general revenues and transfers</b>	<u>5,542,120</u>	<u>1,850,455</u>	<u>7,392,575</u>
<b>Change in net position</b>	195,791	(4,650,692)	(4,454,901)
<b>Net position - beginning of year</b>	<u>9,660,891</u>	<u>(2,265,377)</u>	<u>7,395,514</u>
<b>Net position - end of year</b>	<u>\$ 9,856,682</u>	<u>\$ (6,916,069)</u>	<u>\$ 2,940,613</u>

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

**CITY OF GLENPOOL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	<u>General Fund</u>	<u>Debt Service Sinking Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and investments:			
Cash & cash equivalents (Note 1)	\$ 1,031,522	\$ 21,408	\$ 1,052,930
Investments	-	-	-
Accrued governmental transfers	1,154,507	-	1,154,507
Accounts receivable (net of allowance for uncollectibles)	375,731	-	375,731
Grant receivable	5,651	-	5,651
Prepaid expenses	-	-	-
Due from others	38,502	-	38,502
Restricted assets:			
Cash and investments (Note 1)	72,028	-	72,028
<b>Total assets</b>	<u>\$ 2,677,941</u>	<u>\$ 21,408</u>	<u>\$ 2,699,349</u>
<b>Liabilities:</b>			
Accounts payable	\$ 75,997	\$ -	\$ 75,997
Due to others	25,447	-	25,447
Payable from restricted assets:			
State court fees	3,493	-	3,493
<b>Total liabilities</b>	<u>104,937</u>	<u>-</u>	<u>104,937</u>
<b>Fund balance:</b>			
<b>Restricted for:</b>			
Debt service	-	21,408	21,408
DEA forfeitures	68,535	-	68,535
<b>Unassigned</b>	<u>2,504,469</u>	<u>-</u>	<u>2,504,469</u>
<b>Total fund balance</b>	<u>2,573,004</u>	<u>21,408</u>	<u>2,594,412</u>
<b>Total liabilities and fund balance</b>	<u>\$ 2,677,941</u>	<u>\$ 21,408</u>	<u>\$ 2,699,349</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, 2013**

**Total Fund Balances - Total Governmental Funds** \$ 2,594,412

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

Accrued compensated absences (179,031)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Leases payable	(604,007)	
Notes payable	(56,131)	
Accrued interest payable	(12,109)	
Total	(672,247)	(672,247)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 310,000	
Infrastructure	275,376	
Buildings	8,718,813	
Equipment	2,292,393	
Vehicles	2,673,247	
Accumulated depreciation	(6,156,281)	8,113,548

**Net position of governmental activities** **\$ 9,856,682**

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, 2013**

	<u>General Fund</u>	<u>Debt Service Sinking Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Charges for services	\$ 56,183	\$ -	\$ 56,183
Cigarette taxes	74,595	-	74,595
Interest	972	3	975
Franchise taxes	435,436	-	435,436
Hotel/motel taxes	91,486	-	91,486
Intergovernmental programs	140,168	-	140,168
Fines and forfeits	349,844	-	349,844
Rental receipts	45,039	-	45,039
Licenses and permits	87,287	-	87,287
Miscellaneous revenue	153,109	-	153,109
Donations	-	-	-
Property sales	13,300	-	13,300
Property taxes	1,296	-	1,296
Sales and use taxes	6,064,456	-	6,064,456
Special assessments	64,940	-	64,940
<b>Total revenues</b>	<u>7,578,111</u>	<u>3</u>	<u>7,578,114</u>
<b>Expenditures:</b>			
Current:			
General government	1,787,448	-	1,787,448
Public safety	3,047,456	-	3,047,456
Highways and roads	165,549	-	165,549
Cultural and recreational	406,731	-	406,731
Debt Service:			
Principal	188,815	-	188,815
Interest expense	26,826	-	26,826
Capital outlay	74,910	-	74,910
<b>Total expenditures</b>	<u>5,697,735</u>	<u>-</u>	<u>5,697,735</u>
<b>Excess of revenues over (under) expenditures</b>	1,880,376	3	1,880,379
<b>Other financing uses:</b>			
Operating transfers in (out)	(1,454,994)	1,261	(1,453,733)
Lease proceeds	-	-	-
<b>Excess of revenues over (under) expenditures &amp; transfers</b>	425,382	1,264	426,646
<b>Fund balance - beginning of year</b>	<u>2,147,622</u>	<u>20,144</u>	<u>2,167,766</u>
<b>Fund balance - end of year</b>	<u>\$ 2,573,004</u>	<u>\$ 21,408</u>	<u>\$ 2,594,412</u>

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

**CITY OF GLENPOOL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES**  
**IN NET POSITION**  
**Year Ended June 30, 2013**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	426,646
Amounts reported for governmental activities in the Statement of Activities are different because:		
The interest paid on notes and judgements is recorded as an expense in governmental funds and not as a payment against the accrual. However, in the Government-Wide Statement of Activities and Changes in Net Position, the interest is recorded against the payable. This is the amount of interest paid in the current period.		
		1,297
Government-Wide Statement of Activities and Changes in Net Position report accrued compensated absences in the period incurred. However, Governmental Funds do not pay on this liability until the employee has left employment. The amount of the change in accrued absences recorded in the current period.		
		70,134
Governmental Funds report note and lease payments as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the principal paid on that liability is applied against the liability. This is the amount of principal recorded in the current period.		
		188,815
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		
		(566,011)
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		
		<u>74,910</u>
<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>195,791</u></u>

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

**CITY OF GLENPOOL  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Totals</b>
	<b>Utility Service Authority</b>	<b>Industrial Authority</b>	<b>GEMS Trust Authority</b>	
<b>Assets:</b>				
Cash and investments:				
Cash & cash equivalents (Note 3)	\$ -	\$ 341,424	\$ 293,110	\$ 634,534
Investments, at cost	74,413	-	-	74,413
Receivables (net of allowance for uncollectibles):				
Accounts receivable	261,105	11,966	-	273,071
Notes receivable	-	296,776	-	296,776
Due from others	-	-	-	-
Restricted assets:				
Cash & investments (Notes 3 & 4)	13,161,492	-	-	13,161,492
<b>Capital assets:</b>				
Land and construction in process	6,865,860	-	-	6,865,860
Depreciable buildings, equipment and infrastructure, net of depreciation (Notes 1 & 3)	25,864,136	-	-	25,864,136
<b>Total assets</b>	<b>\$ 46,227,006</b>	<b>\$ 650,166</b>	<b>\$ 293,110</b>	<b>\$ 47,170,282</b>
<b>Deferred outflows of resources:</b>				
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	\$ 261,603	\$ -	\$ 142	\$ 261,745
Cash overdraft	604,929	-	-	604,929
Due to other funds	-	13,055	-	13,055
Accrued compensated absences payable (Note 1)	4,344	-	-	4,344
Payable from restricted assets:				
Interest payable	280,697	-	-	280,697
Notes payable (Note 3)	68,069	-	-	68,069
Revenue bonds payable (Notes 3 & 4)	390,000	-	-	390,000
Non-current liabilities:				
Notes payable (Note 3)	3,483,512	-	-	3,483,512
Revenue bonds payable (Notes 3 & 4)	48,980,000	-	-	48,980,000
<b>Total liabilities</b>	<b>54,073,154</b>	<b>13,055</b>	<b>142</b>	<b>54,086,351</b>
<b>Deferred inflows of resources:</b>				
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>				
Invested in capital assets, net of related debt	(20,191,585)	-	-	(20,191,585)
Restricted	12,880,795	-	-	12,880,795
Unrestricted	(535,358)	637,111	292,968	394,721
<b>Net position</b>	<b>\$ (7,846,148)</b>	<b>\$ 637,111</b>	<b>\$ 292,968</b>	<b>\$ (6,916,069)</b>

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

**CITY OF GLENPOOL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Totals</b>
	<b>Utility Service Authority</b>	<b>Industrial Authority</b>	<b>GEMS Trust Authority</b>	
<b>Revenues:</b>				
Water revenue	\$ 1,851,348	\$ -	\$ -	\$ 1,851,348
Sewer revenue	748,524	-	-	748,524
Solid waste revenue	518,396	-	-	518,396
Water taps	80,005	-	-	80,005
Sewer taps	16,969	-	-	16,969
Solid waste management fees	15,944	-	-	15,944
Storm water management fees	98,713	-	-	98,713
Water/sewer fees	-	-	-	-
Connect/transfer fees	6,809	-	-	6,809
Delinquent fees	92,408	-	-	92,408
Miscellaneous charges	13,490	-	-	13,490
Return on fees	-	-	-	-
Property tax revenues	-	-	212,638	212,638
Lease revenue	-	233,056	-	233,056
<b>Total revenues</b>	<b>3,442,606</b>	<b>233,056</b>	<b>212,638</b>	<b>3,888,300</b>
<b>Operations expense:</b>				
General and administrative	-	-	-	-
Water treatment	3,334,696	-	-	3,334,696
Sewer treatment	-	-	-	-
Solid waste	506,645	-	-	506,645
Storm water	-	-	-	-
Medical services	-	-	131,074	131,074
Community Center operating expense	-	101,795	-	101,795
Depreciation	757,541	-	-	757,541
<b>Total operations expense</b>	<b>4,598,882</b>	<b>101,795</b>	<b>131,074</b>	<b>4,831,751</b>
<b>Income before non-operating revenues, expenses &amp; transfers</b>	<b>(1,156,276)</b>	<b>131,261</b>	<b>81,564</b>	<b>(943,451)</b>
<b>Non-operating revenues (expenses):</b>				
Interest revenue	262,584	21,256	175	284,015
Interest expense	(2,050,036)	-	-	(2,050,036)
Loan costs	(3,216,730)	-	-	(3,216,730)
Grant revenues	-	-	-	-
Trustee fees	(178,223)	-	-	(178,223)
<b>Total</b>	<b>(5,182,405)</b>	<b>21,256</b>	<b>175</b>	<b>(5,160,974)</b>
<b>Income (loss) before operating transfers</b>	<b>(6,338,681)</b>	<b>152,517</b>	<b>81,739</b>	<b>(6,104,425)</b>
<b>Transfers in (out)</b>	<b>1,531,990</b>	<b>(32,466)</b>	<b>(45,791)</b>	<b>1,453,733</b>
<b>Change in net position</b>	<b>(4,806,691)</b>	<b>120,051</b>	<b>35,948</b>	<b>(4,650,692)</b>
<b>Net position at beginning of year</b>	<b>(3,039,457)</b>	<b>517,060</b>	<b>257,020</b>	<b>(2,265,377)</b>
<b>Net position at end of year</b>	<b>\$ (7,846,148)</b>	<b>\$ 637,111</b>	<b>\$ 292,968</b>	<b>\$ (6,916,069)</b>

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

**CITY OF GLENPOOL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2013**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Utility Service Authority</b>	<b>Industrial Authority</b>	<b>GEMS Trust Authority</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers & service users	\$ 3,400,275	\$ 226,089	\$ 212,638	\$ 3,839,002
Cash payments for goods & services & employees	(3,835,244)	(104,501)	(130,932)	(4,070,677)
<b>Net cash provided by operating activities</b>	<b>(434,969)</b>	<b>121,588</b>	<b>81,706</b>	<b>(231,675)</b>
<b>Cash flows from noncapital financing activities:</b>				
Net change in due to/due from other funds	-	-	-	-
Operating transfers in/out to other funds	1,531,990	(32,466)	(45,791)	1,453,733
<b>Net cash provided (used) for noncapital financing activities</b>	<b>1,531,990</b>	<b>(32,466)</b>	<b>(45,791)</b>	<b>1,453,733</b>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition & construction of capital assets	(1,761,953)	-	-	(1,761,953)
Principal paid on debt	(396,585)	-	-	(396,585)
New debt issued	1,761,954	-	-	1,761,954
Interest paid on debt	(2,099,790)	-	-	(2,099,790)
Receipts on notes receivable	-	11,261	-	11,261
Trustee fees	(178,223)	-	-	(178,223)
<b>Net cash provided (used) for capital and related financing activities</b>	<b>(2,674,597)</b>	<b>11,261</b>	<b>-</b>	<b>(2,663,336)</b>
<b>Cash flows from investing activities:</b>				
(Purchase) liquidation of investments - unrestricted	(67)	-	-	(67)
Interest on investments	262,584	21,256	175	284,015
<b>Net cash provided by investing activities</b>	<b>262,517</b>	<b>21,256</b>	<b>175</b>	<b>283,948</b>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>(1,315,059)</b>	<b>121,639</b>	<b>36,090</b>	<b>(1,157,330)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>13,871,622</b>	<b>219,785</b>	<b>257,020</b>	<b>14,348,427</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 12,556,563</b>	<b>\$ 341,424</b>	<b>\$ 293,110</b>	<b>\$ 13,191,097</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ (1,156,276)	\$ 131,261	\$ 81,564	\$ (943,451)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation	757,541	-	-	757,541
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(42,331)	(6,967)	-	(49,298)
Increase (decrease) in accounts payable	6,302	(2,706)	142	3,738
Increase (decrease) in accrued expenses	(205)	-	-	(205)
<b>Total adjustments</b>	<b>721,307</b>	<b>(9,673)</b>	<b>142</b>	<b>711,776</b>
<b>Net cash provided by operating activities</b>	<b>\$ (434,969)</b>	<b>\$ 121,588</b>	<b>\$ 81,706</b>	<b>\$ (231,675)</b>

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

**CITY OF GLENPOOL  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2013**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments at cost	\$ <u>234,322</u>
<b>Total assets</b>	\$ <u><u>234,322</u></u>
<b>Liabilities:</b>	
Deposits	\$ <u>234,322</u>
<b>Total liabilities</b>	\$ <u><u>234,322</u></u>

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

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Glenpool, Oklahoma (the City) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. Reporting Entity**

The City of Glenpool, Oklahoma is organized under the statutes of the State of Oklahoma. The City operates under a council form of government and is governed by a five-member board of commissioners. The commissioners elect the mayor from their own body. The City provides the following services as authorized by the State of Oklahoma: general government, public safety (fire and police), streets, public works (water, sewer and sanitation), judicial, health and social services, culture, parks and recreation, public improvements and planning and zoning for the geographical area organized as the City of Glenpool, Oklahoma.

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

Blended Component Units/Trusts:

The Glenpool Utility Services Authority (Authority) was created pursuant to a Trust Indenture for the benefit of the City of Glenpool, Oklahoma. The Authority was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water and sewer facilities for the City of Glenpool. The water, sanitary sewer and solid waste disposal systems owned by the City have been leased to the Authority until such date that all indebtedness of the Authority is retired or provided for. The Authority 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 with the City Council. The Authority is exempt from State and Federal Income taxes. The Authority is reported as an enterprise fund.

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

The Glenpool Emergency Medical Services Trust Authority (GEMSTA) was created for the benefit of the City of Glenpool, Oklahoma. GEMSTA was created to provide first responder ambulance service in the Glenpool, Oklahoma, area. The Authority 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. GEMSTA is exempt from State and Federal Income taxes. GEMSTA is reported as an enterprise fund.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues, or expenditures of the corresponding element for all funds of that category *and* is at least 5% of the corresponding element total for all governmental and enterprise funds combined *or* is a fund that the government believes is important enough for financial statement users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting** – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Sales and use taxes, cigarette taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

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

The following governmental fund of the City does not meet the percentage criteria for a major fund but the City has described this non-major fund in the presentation within the governmental type financial statements:

Debt Service Fund – accounts for and report financial resources that are restricted, committed, or assigned to principal and interest payments. At balance sheet date there is no known bond, coupon, or judgment indebtedness outstanding. Funds are provided from ad valorem taxes and interest income.

**Proprietary Funds** – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the City has applied only Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as enterprise.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The following is the City's major enterprise fund:

Glenpool Utility Services Authority – which accounts for the operations of providing public works (water, sewer and sanitation) to the City.

The other enterprise funds of the City do not meet the percentage criteria for major funds but the City has elected to treat the following two non-major funds as though they were major funds 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.

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

Glenpool Emergency Medical Services Trust Authority – which provide first responder ambulance service in the City.

**CITY OF GLENPOOL  
Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fiduciary Funds** – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The City's only fiduciary fund is an agency fund that is composed of customer deposit funds.

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

Oklahoma Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments. Investments are stated at cost.

**2. Restricted Cash and Investments**

The restricted bond fund cash and investments are the result of financial requirements of bond issues and consist of funds held in the Bond Project Fund Accounts, Bond Sinking Fund Accounts Bond Fund Reserve Accounts, Bond Capital Improvement Fund Accounts and Construction Accounts. Under the terms and provisions of the Bond Indenture, these special accounts and reserve funds are maintained with the Trustee bank for the benefit of the holders of the bonds and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any bonds are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture.

**3. Fair Value of Financial Instruments**

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**4. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**5. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

**6. Inventories**

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

**7. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$10,000 for the governmental and proprietary funds.

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40 years	40 years
Furniture, Fixtures and Equipment	3-5 years	3-5 years
Land Improvements	20 years	20 years
Vehicles	5-20 years	5-20 years
Infrastructure	10-50 years	10-50 years

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**8. Compensated Absences**

It is the City's policy to permit full-time employees to accumulate earned but unused vacation. Full-time and part-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit.

**9. Long-term Obligations**

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

**10. Net Position/Fund Balance**

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

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

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

**CITY OF GLENPOOL**  
Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**10. Net Position/Fund Balance (Continued)**

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

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

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

**11. Resource Use Policy**

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

**2. DETAILED NOTES CONCERNING THE FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk*

At June 30, 2013, the City held deposits of approximately \$14,622,629 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the City or by its agent in the City's name.

*Investment Interest Rate Risk*

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF GLENPOOL**  
Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

*Investment Credit Risk*

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

- a. 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.
- b. 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.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. 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.
- e. 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.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The cash and investments held at June 30, 2013 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	\$ 14,333,724	\$ 14,333,724
Certificate of deposit	6.00	N/A	288,605	288,605
Total investments			<u>\$ 14,622,329</u>	<u>\$ 14,622,329</u>

Reconciliation to Statement of Net Assets	
Governmental activities	\$ 1,215,699
Business-type activities	13,175,298
Fiduciary activities	231,332
	<u>\$ 14,622,329</u>

*Concentration of Investment Credit Risk*

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 2% in Certificates of deposit (\$288,605) and 98% in Money Market funds (\$14,333,74).

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**B. Capital Assets**

Primary Government capital asset activity for the year ended is as follows:

<b>Governmental Activities:</b>	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
<b>Non-depreciable assets:</b>				
Land	\$ 310,000	\$ -	\$ -	\$ 310,000
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
<b>Depreciable assets:</b>				
Buildings and improvements	8,718,813	-	-	8,718,813
Furniture, fixtures and equipment	2,287,915	4,478	-	2,292,393
Vehicles	2,602,815	70,432	-	2,673,247
Infrastructure	275,376	-	-	275,376
Total depreciable assets	<u>13,884,919</u>	<u>74,910</u>	<u>-</u>	<u>13,959,829</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	(2,001,450)	(217,970)	-	(2,219,420)
Furniture, fixtures and equipment	(1,680,126)	(207,350)	-	(1,887,476)
Vehicles	(1,891,890)	(133,806)	-	(2,025,696)
Infrastructure	(16,804)	(6,885)	-	(23,689)
Total accumulated depreciation	<u>(5,590,270)</u>	<u>(566,011)</u>	<u>-</u>	<u>(6,156,281)</u>
Net depreciable assets	<u>8,294,649</u>	<u>(491,101)</u>	<u>-</u>	<u>7,803,548</u>
Net governmental activities capital assets	<u>\$ 8,604,649</u>	<u>\$ (491,101)</u>	<u>\$ -</u>	<u>\$ 8,113,548</u>

**CITY OF GLENPOOL**  
Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**B. Capital Assets (Continued)**

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

<b>Business-Type Activities:</b>	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
<b>Non-depreciable assets:</b>				
Land	\$ 3,533,953	\$ -	\$ -	\$ 3,533,953
Construction in progress	2,459,758	1,761,953	(889,805)	3,331,906
Total non-depreciable assets	<u>5,993,711</u>	<u>1,761,953</u>	<u>(889,805)</u>	<u>6,865,859</u>
<b>Depreciable assets:</b>				
Buildings and improvements	14,447,380	-	-	14,447,380
Furniture, fixtures and equipment	727,203	-	-	727,203
Vehicles	495,181	-	-	495,181
Infrastructure	14,678,781	-	889,805	15,568,586
Total depreciable assets	<u>30,348,545</u>	<u>-</u>	<u>889,805</u>	<u>31,238,350</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	(476,654)	(361,559)	-	(838,213)
Furniture, fixtures and equipment	(483,803)	(29,000)	-	(512,803)
Vehicles	(363,504)	(29,034)	-	(392,538)
Infrastructure	(3,292,711)	(337,948)	-	(3,630,659)
Total accumulated depreciation	<u>(4,616,672)</u>	<u>(757,541)</u>	<u>-</u>	<u>(5,374,213)</u>
Net depreciable assets	<u>25,731,873</u>	<u>(757,541)</u>	<u>889,805</u>	<u>25,864,137</u>
Net business-type activities capital assets	<u>\$ 31,725,584</u>	<u>\$ 1,004,412</u>	<u>\$ -</u>	<u>\$ 32,729,996</u>

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

**C. Long-term Debt and Capitalized Leases**

The City has entered into general obligation bonds payable, notes payable and capitalized lease for the acquisition of a fire truck. The lease agreements met the criteria of a capital lease as defined by *FASB Accounting Standards Codification (ASC) 840-10 (Formerly FAS No. 13), Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as expenditures on the fund financial statements.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

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

The long-term debt is described below.

(1) Lease payable to Oshkosh Capital for the lease purchase of a fire truck. 10 yearly payments plus interest.	439,513
(2) Lease payable to Oklahoma State Bank for lease purchase of 5 police cruisers. 36 monthly payments of \$5,401.09 plus interest at 2.93%.	105,298
(3) Lease payable to Oklahoma State Bank for 2 police supervisor vehicles. 36 monthly payments of \$2,1125.77 plus interest at 2.93%.	43,463
(4) Note payable to the Oklahoma Department of Transportation for right-of-way. Monthly payments of \$1,200 plus interest at 0%.	18,225
(5) Note payable to the Oklahoma Department of Transportation for right-of-way. Monthly payments of \$1,200 plus interest at 0%.	23,461
(6) Note payable to the Oklahoma Department of Commerce for CDBG. Monthly payments of \$1,111 plus interest at 0%.	14,445
(7) Lease payable to First Texas Bank for the lease purchase of Incode software. 18 quarterly payments of \$22,611.63 plus interest at 3.5%. Paid off.	<u>-</u>
<b>Total</b>	<b>\$ <u>644,405</u></b>

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

	Balance July 1, 2012	Additions	Payments and Cancellations	Balance June 30, 2013	Current Portion
Capital lease obligations	\$ 761,356	\$ -	\$ 173,082	\$ 588,274	\$ 124,734
Notes payable	71,864	-	15,733	56,131	15,733
Total	<u>\$ 833,220</u>	<u>\$ -</u>	<u>\$ 188,815</u>	<u>\$ 644,405</u>	<u>\$ 140,467</u>

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

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

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 140,467	\$ 21,851	\$ 162,318
2015	104,448	17,667	122,115
2016	43,469	15,193	58,662
2017	45,318	13,345	58,663
2018	47,249	11,414	58,663
2019-2023	245,769	22,078	267,847
2024-2028	12,000	-	12,000
2029-2033	5,685	-	5,685
Total	<u>\$ 644,405</u>	<u>\$ 101,548</u>	<u>\$ 745,953</u>

**D. Long-term Debt**

The City is not obligated in any manner for the debt of its component units. The water system, including all of the proceeds, revenue, water charges, assessments and income of all kinds and nature together with contract rights, accounts receivable and general intangibles have been pledged as collateral to secure these notes. The note agreements call for monthly payments to be made toward debt retirement.

The long-term debt is described below.

A Utility Revenue Refunding Bond Payable, Series 2007 was issued by the GUSA, acting on behalf of the City, in the principal amount of \$6,500,000 dated October 1, 2007, due in semi-annual installments of \$120,000 to \$745,000, through October 1, 2036 with interest at 3.5% to 4.5% per annum.

A Utility Revenue Bond Payable, Series 2007A was issued by the GUSA, acting on behalf of the City, in the principal amount of \$3,945,000 dated October 1, 2007, due in semi-annual installments of \$30,000 to \$640,000, through October 1, 2037 with interest at 5.75% to 6.45% per annum.

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

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

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

\$1,361,388 GUSA, Tulsa County, Oklahoma, Series 2001 Clean Water SRF promissory note to the Oklahoma Water Resources Board, dated May 1, 2001, due in semi-annual installments over 20 years plus interest of 2.55%, secured by pledged sales taxes and utility system revenues.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**D. Long-term Debt (Continued)**

\$3,740,625 GUSA, Tulsa County, Oklahoma, Series 2011 promissory note to the Oklahoma Water Resources Board, dated October 21, 2011, due in semi-annual installments over 20 years plus interest of 2.16%, secured by pledged sales taxes and utility system revenues.

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Current Portion
Revenue Bond 2007	\$ 6,110,000	\$ -	\$ 125,000	\$ 5,985,000	\$ 130,000
Revenue Bond 2007A	3,915,000	-	30,000	3,885,000	35,000
Revenue Bond 2010A	29,575,000	-	-	29,575,000	-
Revenue Bond 2010B	2,740,000	-	80,000	2,660,000	155,000
Revenue Bond 2011	7,265,000	-	-	7,265,000	70,000
OWRB 2011	1,338,587	1,761,954	93,516	3,007,025	-
OWRB 2001	612,624	-	68,069	544,555	68,069
Total	<u>\$ 51,556,211</u>	<u>\$ 1,761,954</u>	<u>\$ 396,585</u>	<u>\$ 52,921,580</u>	<u>\$ 458,069</u>

Note: The Revenue Bond 2007 and 2007A series have offsetting funds in escrow that have been provided by the Revenue Bond 2010A series. These funds are being held by our Bond Trustee for the express and specific purpose of paying interest when due and paying off these 2007 bond series when they become callable in 2018. These funds cannot be used by the City or GUSA for any other purpose. We realize this presentation, while technically correct, may seem to the average reader of these financial statements as overstating the actual obligation of the City or GUSA

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 458,069	\$ 2,386,606	\$ 2,844,675
2015	548,069	2,370,660	2,918,729
2016	1,093,069	2,343,594	3,436,663
2017	1,133,069	2,304,617	3,437,686
2018	1,183,070	2,264,249	3,447,319
2019-2023	6,554,209	8,703,679	15,257,888
2024-2028	7,890,000	9,032,077	16,922,077
2029-2033	10,055,000	6,848,498	16,903,498
2034-2038	13,695,000	3,958,581	17,653,581
2039-2041	7,305,000	576,671	7,881,671
Total Liability	<u>* \$ 49,914,555</u>	<u>\$ 40,789,232</u>	<u>\$ 90,703,787</u>

\* No repayment schedule has been set yet on the \$3,740,625 OWRB promissory note. Work on the projects is not complete and no repayment schedule can be set until completion of projects.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**3. OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

**B. Contingent Liabilities**

The City is currently involved with one legal action. It is with a Rural Water District over a contract dispute. The City is not aware of any other pending or threatened legal actions against it. However, insurance protection has been obtained to cover probable claims.

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

**C. Employee Retirement System and Plan**

The City of Glenpool, as the employer, participates in two statewide cost-sharing multi-employer defined benefit plans on behalf of the policemen and firefighters. The systems are funded by contributions from participants, employers, insurance premium taxes and state appropriations, as necessary.

**CITY OF GLENPOOL  
Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2013**

**3. OTHER INFORMATION (Continued)**

**C. Employee Retirement System and Plans (Continued)**

**1. Oklahoma Police Pension and Retirement Fund**

All City police department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Police Pension and Retirement System (OPPRS). Under this plan, police department personnel contribute 8.0% of base salary and the City contributes an additional 13.0%. The OPPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Police Pension and Retirement System, 101 NW 63<sup>rd</sup> Street, Suite 305, Oklahoma City, OK 73116-7335, or by calling 1-800-347-6552.

The required contribution from the City for these plans was \$125,829, \$120,039 and \$111,735 for 2013, 2012 and 2011. The required contribution was fully contributed. At June 30, 2013 the system held no related-party investments of the City or of its related entities.

**2. Oklahoma Firefighter's Pension and Retirement Fund**

All City fire department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8.0% of base salary and the City contributes an additional 13.0%. The OFPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

The required contribution from the City for these plans was \$110,253, \$110,326 and \$97,972 for 2013, 2012 and 2011. The required contribution was fully contributed. At June 30, 2013 the system held no related-party investments of the City or of its related entities.

**3. Defined contribution plan**

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 5% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost of \$55,753, \$56,135 and \$60,085 for 2013, 2012 and 2011, was equal to the City's required and actual contributions. The City is required to contribute 17% of covered compensation for the City Manager and 13% for the Assistant City Manager. The City Manager and Assistant City Manager are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost of \$41,004, \$34,020, and \$33,919 for 2013, 2012 and 2011, 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.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**3. OTHER INFORMATION (Continued)**

**D. Other Post-Employment Benefits**

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

Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. The plan is only provided for employees between the ages of 62 and 65. As of June 30, 2013, approximately no retired employees are receiving benefits under this plan.

*Funding Policy.* The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the City contributed 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (0 retirees).

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The City is not required to perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2013 since no one is participating at this time.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF GLENPOOL  
Glenpool, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2013**

**4. SUBSEQUENT EVENTS**

On July 30, 2012, the Oklahoma State Auditor and Inspector's office began a petition audit of specific items per a citizen petition for an audit. That report has been issued on October 3, 2013, and is available to the public on the OASI website. Management has evaluated subsequent events through date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2013**

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**

<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>
<b>Environmental Protection Agency:</b>				
<b>Passed through the Oklahoma Water Resources Board:</b>				
Capitalization Grants for Clean Water Revolving Funds	66.458	_____	_____	_____
<b>U. S. Department of Homeland Security:</b>				
<b>Passed through the Oklahoma Department of Emergency Management:</b>				
Emergency Management Assistance	97.042	- _____	- _____	- _____
<b>Total of Expenditures of Federal Awards</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the presentation of the basic financial statements.

**CITY OF GLENPOOL**  
Glenpool, Oklahoma

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
Year Ended June 30, 2013  
(Unaudited)

**BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Manager (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

The City uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year-end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent. The remaining purchase orders (and encumbrances) are cancelled and reissued during the following year. There are no outstanding encumbrances at year-end.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**SUPPLEMENTAL INFORMATION**  
**June 30, 2013**

**CITY OF GLENPOOL  
Glenpool, Oklahoma**

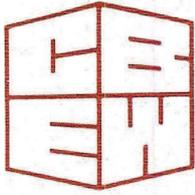
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013**

<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>
<b><u>U.S. Department of Homeland Security:</u></b>				
<b><u>Passed through the Oklahoma Department of Emergency Management:</u></b>				
Emergency Management Assistance	97.042	37,957	8,767	8,767
<b>Total of Expenditures of Federal Awards</b>		<b>\$ 37,957</b>	<b>\$ 8,767</b>	<b>\$ 8,767</b>

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements.

**CITY OF GLENPOOL**  
**Glenpool, Oklahoma**

**REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS***  
**June 30, 2013**



**CBEW**  
**Professional**  
**Group, LLP**  
Certified Public Accountants

206 N. HARRISON ● P.O. BOX 790 ● CUSHING, OKLAHOMA 74023 ● 918-225-4216 ● FAX 918-225-4315

DON K. ETHRIDGE, CPA  
WALTER H. WEBB, CPA  
JANE FRAZIER, CPA  
CHARLES E. CROOKS, CPA  
TRISHA J. RIEMAN, CPA

**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**

October 18, 2013

Honorable Board of City Commissioners  
City of Glenpool  
Glenpool, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenpool, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Glenpool, Oklahoma's basic financial statements, and have issued our report thereon dated October 18, 2013

***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.

City of Glenpool  
October 18, 2013

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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.

*CBEW Professional Group, LLP*

CBEW Professional Group, LLP  
Certified Public Accountants

City Of  
**Glenpool**  
*Creating Opportunity*



STATISTICAL SECTION

**City of Glenpool Oklahoma**  
**For the Year Ended June 30, 2013**

**CITY OF GLENPOOL  
UTILITY REVENUE BY TYPE  
TABLE 8**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water	\$ 1,260,316	\$ 1,354,227	\$ 1,454,231	\$ 1,604,673	\$ 1,708,170	\$ 1,587,600	\$ 2,026,944	\$ 1,864,124	\$ 1,644,317	\$ 1,813,387
Sewer	516,378	627,098	664,587	695,228	690,712	707,296	661,916	714,891	742,816	748,524
Solid Waste	348,203	405,011	398,075	419,759	437,311	464,168	454,189	499,086	509,969	556,357
Waste Management Fees	9,075	8,642	11,786	12,856	13,396	14,299	12,006	15,458	15,668	15,944
Water Taps	71,673	77,542	84,837	100,873	149,232	113,053	108,903	52,253	62,175	80,005
Sewer Taps	22,656	18,420	18,568	21,838	34,775	26,525	25,198	10,800	13,600	16,969
Stormwater Management Fees	54,327	52,022	67,890	73,488	77,072	81,064	79,458	88,436	96,943	91,298
Other Revenues	<u>55,954</u>	<u>73,991</u>	<u>86,753</u>	<u>228,511</u>	<u>102,689</u>	<u>182,277</u>	<u>173,507</u>	<u>144,188</u>	<u>112,433</u>	<u>119,881</u>
g Total Revenues	\$ 2,338,582	\$ 2,616,953	\$ 2,786,727	\$ 3,157,226	\$ 3,213,357	\$ 3,176,282	\$ 3,542,121	\$ 3,389,236	\$ 3,197,921	\$ 3,442,365