

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 6, 2019

**NEW ISSUE
BOOK ENTRY ONLY**

**RATING: S&P “A” (Stable Outlook)
See “CREDIT RATING” herein**

In the opinion of Bond Counsel, interest on the Series 2019 Bonds is excludable from the gross income of the payee thereof in the computation of State of Oklahoma income tax under present law and interpretation thereof. See "CERTAIN TAX MATTERS RESPECTING THE SERIES 2019 BONDS" and "LEGAL MATTERS" herein.

**THE GLENPOOL UTILITY SERVICES AUTHORITY
(City of Glenpool, Oklahoma)
\$41,000,000*
Utility System Revenue Bonds,
Taxable Refunding Series 2019**

Dated: Date of issue

Due: December 1, as shown on inside cover

The Glenpool Utility Services Authority (the “Authority”) Utility System Revenue Bonds, Taxable Refunding Series 2019 Bonds (the “Series 2019 Bonds”), are issuable in fully registered form and when issued will be registered initially in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). Purchases of the Series 2019 Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Purchases of the Series 2019 Bonds may be made in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Series 2019 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2019 Bonds, payment of the principal of, and premium, if any, on the Series 2019 Bonds will be made by BOKF, National Association, as Trustee (the “Trustee”), directly to DTC or its nominee. Interest on the Series 2019 Bonds is payable December 1 and June 1, commencing December 1, 2019. Disbursements of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “BOOK-ENTRY-ONLY-SYSTEM” herein.

The Series 2019 Bonds are special, limited obligations of the Authority payable solely from the revenues, income and other monies of the Authority described in the Bond Indenture dated as of September 1, 2019 (the “Indenture”) by and between the Authority and the Trustee. The Series 2019 Bonds are secured by a mortgage on the leasehold interest of the Authority in the water, sewer and sanitation systems (the “System” or “Secured Property”) of the City of Glenpool, Oklahoma, (the “City”), and a pledge of the revenues derived from said System, including certain sales tax revenues (the “Sales Tax Revenue”), (collectively the “Net Revenues”). See “Sources of Payment for the Series 2019 Bonds”. The Authority has covenanted in the Indenture at all times to maintain a schedule of rates and charges for services rendered through the System which will provide annually Net Revenues equal to not less than one and one quarter (1¼) times the average annual amount required to be paid into its Sinking Fund (described herein).

The Series 2019 Bonds are subject to redemption prior to maturity as more fully described herein. See "The Series 2019 Bonds-Redemption of The Series 2019 Bonds."

The Series 2019 Bonds do not constitute obligations or debts of the State of Oklahoma, Tulsa County, Oklahoma, the City of Glenpool, Oklahoma, or any municipality, county, political subdivision, governmental unit or agency of the State of Oklahoma, or personal obligations of the Trustees of the Authority or general obligations of the Authority, but are limited and special obligations of the Authority payable solely from the revenues pledged thereto pursuant to the Indenture. THE AUTHORITY HAS NOT TAXING POWER.

The Series 2019 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hilborne & Weidman, a professional corporation, Tulsa, Oklahoma, Bond Counsel. Certain legal matters will be passed upon by Lowell Peterson, City Attorney of the City of Glenpool, Oklahoma, counsel to the Authority. The Baker Group, Oklahoma City, Oklahoma, serves as financial advisor for the Authority. Certain legal matters will be passed upon for the Underwriter by its counsel, Winstead PC, San Antonio, Texas. It is expected that the Series 2019 Bonds in definitive form will be available for delivery to the Underwriter in Oklahoma City, Oklahoma, on or about September 30, 2019.

WELLS NELSON & ASSOCIATES, LLC
(a wholly owned subsidiary of the D.A. Davidson Companies)

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

**Utility System Revenue Bonds,
Taxable Refunding Series 2019**

**MATURITY SCHEDULE
\$41,000,000***

<u>Due December 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield/Price</u>	<u>Base CUSIP (1) Number</u>
12-01-2019				
12-01-2020				
12-01-2021				
12-01-2022				
12-01-2023				
12-01-2024				
12-01-2025				
12-01-2026				
12-01-2027				
12-01-2028				
12-01-2029				
12-01-2030				
12-01-2031				
12-01-2032				
12-01-2033				
\$	%	Term Bonds due 12-1-2037	Price	%
\$	%	Term Bonds due 12-1-2040	Price	%

(1) CUSIP numbers have been assigned to this issue by Standard & Poor’s CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc., and are included solely for the convenience of the owners of the Series 2019 Bonds. Neither the Authority nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

*Preliminary, subject to change.

REGARDING USE OF THE PRELIMINARY OFFICIAL STATEMENT

The Series 2019 Bonds are offered only by means of this Preliminary Official Statement. This Preliminary Official Statement does not constitute an offering of any security other than the Series 2019 Bonds specifically offered hereby. It does not constitute an offer to sell or a solicitation of an offer to buy the Series 2019 Bonds in any state or jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale, and no dealer, broker, salesman or other person has been authorized to make such unlawful offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Preliminary Official Statement in connection with the offering of the Series 2019 Bonds and, if given or made, such other information or representations must not be relied upon.

The Series 2019 Bonds will not be registered under the Securities Act of 1933, as amended, and the Authority and the Underwriter of the Series 2019 Bonds do not intend to list the Series 2019 Bonds on any stock or other securities exchange. The Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Preliminary Official Statement. With respect to the various States in which the Series 2019 Bonds may be offered, no attorney general, state official, state agency or bureau, or other state or local governmental entity has passed upon the accuracy or adequacy of this Preliminary Official Statement or passed on or endorsed the merits of this offering of Series 2019 Bonds.

All references made herein to the Series 2019 Bonds are qualified in their entirety by reference to the Indenture. All references made herein to the Indenture are qualified in their entirety by reference to such complete documents, original counterparts of which are on file in the offices of the Authority, 12205 S. Yukon Ave., Glenpool, Oklahoma, and the corporate trust offices of BOKF, National Association, Tulsa, Oklahoma.

The information contained in this Preliminary Official Statement, including the cover page and Exhibits hereto, has been obtained from the Authority and the City and other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Preliminary Official Statement is or shall be relied upon as a promise or representation by the Underwriter. This Preliminary Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or used in whole or in part for any other purpose. The delivery of this Preliminary Official Statement does not at any time imply that information herein is correct as of any time subsequent to its date.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2019 BONDS TO CERTAIN DEALERS AND CERTAIN DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

All information contained in this Official Statement, including the schedule and appendices attached hereto, is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

None of the Authority, the Underwriter, or the Financial Advisor makes any representation or warranty with respect to the information contained in this Official Statement regarding DTC (defined herein) or its Book-Entry-Only System, as such information has been provided by DTC.

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THE GLENPOOL UTILITY SERVICES AUTHORITY

TRUSTEES

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

MAYOR AND BOARD OF COMMISSIONERS OF THE CITY OF GLENPOOL

Tim Fox, Mayor
Momodou Ceesay, Vice Chairman
Brandon Kearns
Joyce Calvert
Jacqueline Triplett-Lund

OTHER MUNICIPAL OFFICIALS

David Tillotson	City Manager
Susan White	City Clerk
John Gonsalves	Director of Finance
Lowell Peterson	City Attorney

BOND COUNSEL

Hilborne & Weidman
Tulsa, Oklahoma

FINANCIAL ADVISOR

The Baker Group LP
Oklahoma City, Oklahoma

INDEPENDENT AUDITORS

Arledge & Associates, P.C.
Certified Public Accountants
Edmond, Oklahoma

**PRELIMINARY OFFICIAL STATEMENT
THE GLENPOOL UTILITY SERVICES AUTHORITY
(Glenpool, Oklahoma)**

**\$41,000,000*
Utility System Revenue Bonds,
Taxable Refunding Series 2019**

INTRODUCTION

This Preliminary Official Statement, including the cover page and Exhibits, is being provided by the Trustees of The Glenpool Utility Services Authority (the "Authority"), in connection with the issuance of the Authority's \$41,000,000* Utility System Revenue Bonds, Taxable Refunding Series 2019 (the "Series 2019 Bonds"). The Authority is a public trust created pursuant to a Trust Indenture, dated June 12, 1967, as amended, for the use and benefit of the City of Glenpool, Oklahoma (the "City"), under the provisions of Title 60, Oklahoma Statutes 2011, Section 176 et seq., inclusive, and the Oklahoma Trust Act (the "Act"). The Series 2019 Bonds are being issued under the provisions of a Bond Indenture, dated as of September 1, 2019 by and between the Authority and BOKF, National Association, Tulsa, Oklahoma, as Trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined herein have the same meaning set forth in Exhibit B - "SUMMARY OF CERTAIN PROVISIONS OF THE BOND DOCUMENTS".

The Series 2019 Bonds are being issued to fund improvements to the Authority's water and sanitary sewer treatment and distribution system and certain other capital improvements for the benefit of the City and to refund certain indebtedness of the Authority used for such purpose. See "Purpose of the Series 2019 Bond Issue" herein.

The City has leased its water, sewer and sanitation (garbage and trash collection and disposal) systems (the "System") to the Authority pursuant to a Lease dated as of January 24, 1973 and effective until November 1, 2060 or so long as there is indebtedness secured by the System is outstanding, (the "Lease"). The Series 2019 Bonds are secured by a mortgage on the leasehold interest of the Authority in the System and a pledge of the revenues of the System, including certain sales tax revenues (the "Sales Tax Revenues") received by the Authority from the City from time to time (collectively the "Net Revenues").

The Authority has covenanted in the Indenture at all times to maintain a schedule of rates and charges for services rendered through the System which will provide annually Net Revenues equal to not less than one and one quarter (1¼) times the average annual amount required to be paid into its Sinking Fund.

Pursuant to the Security Agreement by and between the City and the Authority, dated as of September 1, 2019, the City has agreed, subject to availability and appropriation of funds, to transfer, such proceeds of the Sales Tax (the "Sales Tax Revenue") on or before the 1st day of each month,

*Preliminary, subject to change.

beginning October 1, 2019, and any other dates as determined by the Authority, to the Trustee on behalf of the Authority for immediate deposit in the Authority's Revenue Fund created under the Bond Indenture. Such Sales Tax Revenue shall be used as set forth in the Bond Indenture, and shall be in such amounts as are necessary for the payment when due (whether upon the scheduled due date, upon purchase, or acceleration, or otherwise) of (a) principal of and interest on the Series 2019 Bonds coming due at such time; and (b) all other amounts due under the Bond Indenture. Under the Security Agreement, the Sales Tax is currently levied at 4% on all sales to any person under the Sales Tax Laws of the State of Oklahoma. The Sales Tax Revenue is pledged to the Authority on a year to year basis pursuant to the Security Agreement. The pledge or right to levy and collect the Sales Tax Revenue is subject to revocation under certain circumstances.

The Series 2019 Bonds are special and limited obligations of the Authority payable from the revenues and property of the Trust Estate. The Indenture requires that payments be made by the Authority in amounts and at times sufficient to pay the principal and interest on the Series 2019 Bonds, as well as other amounts required by the Indenture. The Authority may issue additional bonds (and subordinate indebtedness) payable from the Trust Estate to the extent and under the conditions set forth in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND DOCUMENTS" attached herein as "Exhibit B." The Series 2019 Bonds will be secured under the Indenture.

The payment of the principal of and interest on the Series 2019 Bonds does not constitute an indebtedness or liability of the State of Oklahoma, any political subdivision, thereof, the City or the individual trustees of the Authority. The issuance of the Series 2019 Bonds does not directly or indirectly obligate the State of Oklahoma, any political subdivision thereof or the City to provide any funds for the payment of the Series 2019 Bonds. The Series 2019 Bonds do not currently and shall never be considered a debt of the State of Oklahoma, any political subdivision thereof or the City within the meaning of the Constitution or the statutes of the State of Oklahoma, and do not currently and shall never constitute a charge against the credit or taxing power of the State, any political subdivision thereof or the City. Neither the State of Oklahoma, any political subdivision thereof nor the City shall be liable for the payment of the principal of and interest on the Series 2019 Bonds or for the performance of any Agreement or covenant of any kind which may be undertaken by the Authority. No breach by the Authority of any covenant or agreement shall create any obligation upon the State of Oklahoma or any political subdivision thereof or the City, including any charge against their credit or taxing power. **THE AUTHORITY HAS NO TAXING POWER.**

SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds constitute special and limited obligations of the Authority payable by the Authority from and secured by a pledge of (i) the revenues derived from the Authority's operation of the System pursuant to the Lease Agreement, including Sales Tax Revenues, if any, which may be appropriated and paid to the Authority by the City; (ii) a first mortgage lien on the leasehold interest created by the Lease Agreement, and (iii) all funds and accounts established by the Indenture, including the income derived from the investment thereof, if any, and the proceeds of the Series 2019 Bonds, until expended. In addition, the Authority has assigned and granted a

security interest in favor of the Trustee in all of the Authority's rights in and to the Lease Agreement. Since no City Council can bind itself nor be bound by an act either of its predecessors or by the terms of the election authorizing sales tax to make any such appropriation, the members of the Authority whose membership is identical with that of the City Council, have pledged that in the event that the City fails to make the appropriation or for any reason, amounts so appropriated are not paid over to the Authority or are insufficient in amount, the members of the Authority, in their capacity as Authority Trustees, will immediately increase rates, charges, and fee for services rendered by the System in that amount which will produce Net Revenues required by the Indenture.

The Authority shall establish and maintain in a licensed commercial bank or banks located in the City (or in such other bank or banks as the Authority from time to time shall designate), an account designated "The Glenpool Utility Services Authority Revenue Account" (herein called the "Revenue Account"), into which shall be deposited, daily, all money received by or for the Authority by reason of its ownership and/or operation of the Secured Property (including Sales Tax Revenue). Except as herein otherwise specifically provided, the Authority shall have sole authority to withdraw money from the Revenue Account. The Revenue Account shall be chargeable with the following payments, in the following order of priority: (i) Payment of the costs and expenses of and incidental to the operation and ordinary maintenance of the Secured Property including but not limited to the necessary costs and expenses of and incidental to collecting the revenues to be deposited in the Revenue Account, and fees and expenses due the Trustee for its services as bond trustee under this Indenture; (ii) Payments into the Bond Account as required by the Indenture; (iii) Use of any remainder by the Authority for any proper purpose or purposes of the Authority, including but not limited to redemption prior to maturity of any indebtedness issued under the Indenture or any supplement thereto, purchase of Bonds pursuant to the Indenture and payments to or for the Authority or any fund or funds of the Authority.

The Authority reserves the right to issue (i) additional bonds, on a parity with the Series 2019 Bonds pursuant to the Indenture, as described herein, and (ii) indebtedness subordinate to the Series 2019 Bonds.

The payment of the principal of and interest on the Series 2019 Bonds does not constitute an indebtedness or liability of the State of Oklahoma or any political subdivision thereof, the City, or the individual trustees of the Authority. The issuance of the Series 2019 Bonds does not directly or indirectly obligate the State of Oklahoma, any political subdivision thereof or the City, to provide any funds for the payment of the Series 2019 Bonds. The Series 2019 Bonds do not currently and shall never be considered a debt of the State of Oklahoma, any political subdivision thereof or the City, within the meaning of the Constitution or the statutes of the State of Oklahoma, and do not currently and shall never constitute a charge against the credit or taxing power of the State, any political subdivision thereof or the City. Neither the State of Oklahoma, any political subdivision thereof nor the City shall be liable for the payment of the principal of and interest on the Series 2019 Bonds or for the performance of any Agreement or covenant of any kind which may be undertaken by the Authority. No breach by the Authority of any covenant or agreement shall create any obligation upon the State of Oklahoma or any political subdivision thereof or the City, including any charge against their credit or taxing power. THE AUTHORITY HAS NO TAXING POWER.

THE SERIES 2019 BONDS

The following is a summary of certain provisions of the Series 2019 Bonds. Reference is made to the Series 2019 Bonds themselves for the complete text thereof and to the Indenture, and the discussion herein is qualified by such reference.

Authorization

The Series 2019 Bonds are issued in the principal amount of \$41,000,000* under the Indenture and pursuant to, and in full compliance with, the laws of the State of Oklahoma, including particularly Sections 176 to 180.3 inclusive, of Title 60, Oklahoma Statutes, 2011 Supplement.

Description

The Series 2019 Bonds are dated as of the date of initial issue. The Series 2019 Bonds will bear interest at the rates per annum set forth on the inside cover page of the Final Official Statement, payable semi-annually on December 1 and June 1 of each year, beginning on December 1, 2019, and will mature on December 1 in the years and in each of the principal amounts set forth on the inside cover page of this Preliminary Official Statement. Interest on the Series 2019 Bonds is payable by check or draft mailed by the Trustee to the Registered Owner at his address as it appears on the registration books kept by the Trustee under the Indenture.

Redemption of the Series 2019 Bonds

Optional Redemption. The Series 2019 Bonds maturing on and after December 1, ___, are subject to redemption at the option of the Authority, in whole or in part, in inverse order of maturity, by lot within a maturity, on any date, on or after December 1, ___, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Series 2019 Bonds maturing on December 1, ___, are subject to mandatory redemption prior to maturity, on thirty (30) days notice in part by lot, on December 1 ___, and each December 1, thereafter, out of required payments into the Sinking Fund, as described in the Indenture, at the principal amount thereof, together with accrued interest to the date of redemption. The Authority shall cause to be deposited in the Sinking Fund an amount sufficient to redeem, the following principal amounts of Series 2019 Bonds on December 1 in each of the years specified below:

Year

Amount

*Preliminary, subject to change.

The Series 2019 Bonds maturing on December 1, ____, are subject to mandatory redemption prior to maturity, on thirty (30) days notice in part by lot, on December 1, ____, and each December 1, thereafter, out of required payments into the Sinking Fund, as described in the Indenture, at the principal amount thereof, together with accrued interest to the date of redemption. The Authority shall cause to be deposited in the Sinking Fund an amount sufficient to redeem, the following principal amounts of Series 2019 Bonds on December 1 in each of the years specified below:

<u>Year</u>	<u>Amount</u>
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Special Redemption of Series 2019 Bonds. The Series 2019 Bonds are subject to redemption, in whole at any time, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, if such redemption is made from (a) insurance proceeds; (b) condemnation or expropriation awards; (c) the proceeds of the sale of all or part of the Trust Estate. The Series 2019 Bonds are also subject to redemption, at the option of the Authority, in whole at any time, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption if, as a result of any change in the Constitution of the United States of America or of the State of Oklahoma or legislative or administrative action whether State or Federal, or by final judgement of a court of competent jurisdiction after the contest thereof by the City or the Authority in good faith, wherein the Indenture or the Series 2019 Bonds become void, unenforceable, or impossible of performance in accordance with the intent and purpose of the parties as expressed therein.

Selection of Series 2019 Bonds to be Redeemed. If less than all the Series 2019 Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the particular Series 2019 Bonds or portions of Series 2019 Bonds, within a particular maturity and within a separate series of bonds, to be redeemed shall be selected from all Series 2019 Bonds then Outstanding of the series of bonds being called for redemption, by lot by the Trustee in such manner as the Trustee, in its sole discretion, may deem appropriate and fair; **PROVIDED, HOWEVER,** that the portion of any Series 2019 Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and that in selecting Series 2019 Bonds for redemption, the Trustee shall treat each Series 2019 Bond as representing that number of Series 2019 Bonds which is obtained by dividing the principal amount of such registered Series 2019 Bond by \$5,000 (such amounts being hereinafter referred to as the "applicable units of principal amount"). If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such Series 2019 Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the holder of such Series 2019 Bond shall forthwith surrender such Series 2019 Bond to the Trustee for (i) payment of redemption price (including interest to the date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption and (ii) exchange for a new Series 2019 Bond or Series 2019 Bonds of the aggregate principal of such Series 2019 Bonds and such new Series 2019 Bond or Series 2019 Bonds shall be numbered corresponding to the numbers of the \$5,000 units of principal amount not called for redemption. **IF THE REGISTERED**

HOLDER OF ANY SUCH SERIES 2019 BOND OF A DENOMINATION GREATER THAN \$5,000 SHALL FAIL TO PRESENT SUCH SERIES 2019 BOND TO THE TRUSTEE FOR PAYMENT AND EXCHANGE AS AFORESAID, SUCH SERIES 2019 BOND SHALL, NEVERTHELESS, BECOME DUE AND PAYABLE ON THE DATE FIXED FOR REDEMPTION TO THE EXTENT OF THE \$5,000 UNIT OR UNITS OF PRINCIPAL AMOUNT CALLED FOR REDEMPTION (AND TO THAT EXTENT ONLY).

Notice of Redemption. Notice of redemption shall be given by mailing a copy of the redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption to the holders of the Series 2019 Bonds to be redeemed at the addresses shown on the registration books; **PROVIDED, HOWEVER,** that failure duly to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of Series 2019 Bonds as to which no such failure or defect has occurred.

Interest on the Series 2019 Bonds shall be paid to the Registered Holder thereof at his address as it appears on the registration books kept pursuant to this Indenture at the close of business on the appropriate Record Date. No transfer or exchange of Series 2019 Bonds shall be required to be made after a Record Date and before the succeeding Interest Payment Date.

BOOK-ENTRY-ONLY-SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2019 Bonds (also referred herein as the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue and will be deposited with DTC at the office of the Trustee on behalf of DTC utilizing the DTC FAST System of registration.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with Securities and Exchange Commission.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities are discontinued.

To facilitate subsequent transfers, all Securities deposited by Participants with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST System of registration) are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose account such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Securities within the issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose account the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made by the Bank to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants and not of DTC, Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Authority or Agent, disbursement of such payments to Direct Participant shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Authority or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered. In reading this Preliminary Official Statement it should be understood that while the Securities are in the Book-Entry-Only System, references in other sections of this Preliminary Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Securities, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY

The Authority is a public trust created pursuant to a Trust Indenture, dated as of June 12, 1967, as amended, for the benefit of the City, and is governed by the five present members of the City Council of the City of Glenpool, who serve as ex-officio trustees of the Authority. The purposes of the Authority, in general, are to promote the acquisition, construction and operation of various facilities and public improvements in and for the City. Financial Statements of the Authority are contained in Exhibit "C" and should be read in their entirety.

The Trustees and officers of the Authority are as follows:

<u>Name</u>	<u>Position</u>
Tim Fox	Chairman
Momodou Ceesay	Vice Chairman
Brandon Kearns	Trustee
Joyce Calvert	Trustee
Jacqueline Triplett-Lund	Trustee

THE SYSTEM

The System consists of (1) all of the water production, storage, transportation and distribution system and facilities, including all tangible property, real and personal, and all interests therein, relating to or used in connection with, and all rights-of-way, easements, licenses, and other rights and privileges, appertaining or related to such systems and facilities or the use thereof, now belonging to said City or under its custody, management or control (the “Water System”); (2) all of the sanitary sewage collection, transportation, processing and disposal system and facilities, including all tangible property, real and personal, and all interests therein, relating to or used in connection with, and all rights-of-way, easements, licenses, and other rights and privileges, relating to such system and facilities or the use thereof, now belonging to said City or under its custody, management or control (the “Sewer System”); and (3) all of the garbage and trash collection, transportation, property, real and personal, and all interest therein, and all rights-of-way, easements, licenses and other rights and privileges, related to or to the use thereof, now belonging to City or under its custody, management or control (the “Sanitation System”).

Water System

<u>Storage Capacity</u>	<u>Daily Consumption</u>	<u>Pressure in Mains</u>	<u>Capacity</u>
Ground: 300,000 gal	Max: 2,196,000	90PSI	75,000,000
Elevated: 1,100,000 gal	Min: 367,483	75PSI	

Sewer System

Glenpool has an aerated lagoon type of treatment. The City’s sewage treatment system is currently operating at approximately 70% of capacity.

<u>Measurement</u>	<u>Capacity</u>	<u>Present Load</u>
Gallons per day	1,400,000	950,000
Population Equivalent	14,000	

Utility Rates

New Water Rate Schedule		New Sewer Rate Schedule	
Residential		Residential	
Base Rate (any usage up to 1,000 gallons)	\$22.00	Base Rate (any usage up to 1,000 gallons)	\$14.00
Each additional 1,000 gallons	\$ 6.20	Each additional 1,000 gallons	\$ 2.75
Commercial		Commercial	
Base Rate	\$42.00	Base Rate	\$14.00
Each additional 1,000 gallons	\$ 6.20	Each additional 1,000 gallons	\$ 2.75

Source: City of Glenpool

Sales Tax Revenue History

<u>FY</u>	<u>TOTAL COLLECTIONS</u>	<u>1 CENT COLLECTIONS</u>	<u>AVERAGE MONTHLY 1 CENT COLLECTIONS</u>	<u>% CHANGE</u>
2018/19	\$ 9,490,728	\$ 1,860,927	\$ 155,077	1.63%
2017/18	\$ 9,338,339	\$ 1,831,047	\$ 152,587	9.07%
2016/17	\$ 7,942,109	\$ 1,678,796	\$ 139,900	-0.48%
2015/16	\$ 6,747,717	\$ 1,686,929	\$ 140,577	2.61%
2014/15	\$ 6,576,102	\$ 1,644,025	\$ 137,002	N/A

2018/19 Collections are for 5.10% for twelve months.
 2017/18 Collections are for 5.10% for twelve months.
 2016/17 Collections are for 4% for one month, 4.55% six months, 5.10% for five months.
 2015/16 Collections are for 4% for twelve months.
 2014/15 Collections are for 4% for twelve months.

Source: Oklahoma Tax Commission

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REVENUES AND COVERAGE

The historical gross operating revenues, operating expenses, net operating revenues, and non-operating revenues of the System during the last three fiscal years ending June 30 are shown on the following chart:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES			
Water Revenue	\$ 2,718,752	\$ 2,851,084	\$ 2,563,311
Sewer Revenue	1,302,204	1,292,247	1,279,631
Solid Waste Revenue	734,301	624,569	604,524
Water Taps	71,621	97,900	97,500
Sewer Taps	10,472	23,000	22,250
Solid Waste Mgmt Fees	18,336	17,927	17,449
Stormwater Mgmt Fees	105,244	102,904	100,212
Water/Sewer Fees	3,036	12,081	10,603
Connect/Transfer Fees	8,175	7,943	8,531
Delinquent Fees	121,368	120,590	126,423
Miscellaneous Charges	28,608	191,317	45,241
Reconnect Fees	44,903	39,060	44,410
TOTAL REVENUES	\$ 5,167,020	\$ 5,380,622	\$ 4,920,085
EXPENSES			
Water/Sewer Operations	2,771,575	2,460,372	2,764,684
Solid Waste Operations	675,301	561,715	624,966
Stormwater Operations	15,791	4,000	100
TOTAL EXPENSES	\$ 3,462,667	\$ 3,026,087	\$ 3,389,750
NET INCOME	\$ 1,704,353	\$ 2,354,535	\$ 1,530,335
NON OPERATING REVENUES & EXPENSES			
Interest Revenue	\$ 17,947	\$ 9,431	\$ 3,597
Sales Tax Transfer (as per audit)	3,692,511	2,718,693	2,718,484
TOTAL NON OPERATING REVENUES & EXPENSES	\$ 3,710,458	\$ 2,728,124	\$ 2,722,081
INCOME AVAILABLE FOR DEBT SERVICE	\$ 5,414,811	\$ 5,082,659	\$ 4,252,416
DEBT SERVICE REQUIREMENT			
Proposed Debt Service, Series 2019	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000
OWRB CW 2001 Note	68,681	68,681	68,681
OWRB CW 2011 Note	234,782	234,782	234,782
TOTAL DEBT SERVICE REQUIREMENT	\$ 3,003,463	\$ 3,003,463	\$ 3,003,463
COVERAGE	1.80	1.69	1.42

Source: City Officials/audited financial statements

PURPOSE OF THE SERIES 2019 BOND ISSUE

The Series 2019 Bonds are being issued to provide funds which, together with other available funds, will be used to (1) pay the costs of acquisition, construction, furnishing and equipping certain capital improvements to the Authority's Systems and certain other capital improvements for the benefit of the City of Glenpool, Oklahoma, the Authority's beneficiary; (2) pay the costs of refunding all of the outstanding indebtedness evidenced by the Authority's Utility System Revenue Bonds, Tax Exempt Refunding Series 2010A, in the aggregate principal amount of \$29,575,000.00, dated December 1, 2010 of which \$27,375,000.00 is currently outstanding; Utility System Revenue Bonds, Taxable Refunding Series 2010B, in the aggregate principal amount of \$2,740,000.00, dated December 1, 2010 of which \$1,640,000.00 is currently outstanding; and Utility System Revenue Bonds, Tax Exempt Refunding Series 2011, in the aggregate principal amount of \$7,315,000.00, dated January 1, 2011 of which \$6,410,000.00 is currently outstanding; (which are herein collectively referred to as the "Prior Bonds"); and (3) pay certain costs of issuing the Series 2019 Bonds.

A portion of the proceeds received from the sale of the Series 2019 Bonds, together with funds released from the funds and accounts created under the Prior Indentures will be used to defease the Prior Bonds through the purchase of direct and general obligations of the United States of America, specifically United States Treasury Obligations, State and Local Government Series (the "Government Securities") for deposit to an irrevocable escrow (the "Escrow Account"). The Government Securities plus any beginning cash deposited in the Escrow Account will mature at such times and in such amounts that sufficient monies will be available to pay the principal and interest when due on the Prior Bonds on December 1, 2020.

SOURCES AND USES OF FUNDS

Sources	
Bond Proceeds	\$
Prior Bond Fund Series 2010A	
Prior Bond Fund Series 2010B	
Prior Bond Fund Series 2011	
Total	\$
Uses	
Deposit to Escrow Fund for payment of Prior Bonds	\$
Deposit to Construction Fund	
Cost of Issuance (1)	
Total	\$

(1) Includes Underwriter's discount, rating agency, legal, printing, Trustee fees, Financial Advisor fees and other costs of issuance.

RISKS OF BONDOWNERS

An investment in the Series 2019 Bonds is subject to certain risks, including, but not limited to the following. Prospective purchasers of the Series 2019 Bonds should make such investigations and obtain such additional information directly from the Authority and others as they deem advisable in connection with their evaluation of the suitability of the Series 2019 Bonds for purchase. Prospective purchasers of the Series 2019 Bonds should carefully consider the risks and uncertainties described below and the other information in this Official Statement before deciding whether to purchase the Series 2019 Bonds.

As reflected herein, the Series 2019 Bonds constitute special and limited obligations of the Authority payable by the Authority from and secured by a pledge of (i) the revenues derived from the Authority's operation of the Systems pursuant to the Lease Agreement, including Sales Tax Revenues, if any, which may be appropriated and paid to the Authority by the City; (ii) a first mortgage lien on the leasehold interest created by the Lease Agreement, and (iii) all funds and accounts established by the Indenture, including the income derived from the investment thereof, if any, and the proceeds of the Series 2019 Bonds, until expended. The ability of the Authority to generate sufficient revenues to pay (i) the debt service requirements of the Series 2019 Bonds and any Additional Bonds; (ii) the operation and maintenance expenses of the System; and (iii) any other monies required to meet any other lawful needs of the Authority, will depend, in part, upon the ability of the Authority to continue to contract for the operation and maintenance of the System at a reasonable cost. Any failure to operate and maintain the System, or cause the System to be operated and maintained, will result in a reduction or elimination of the revenues and could result in the inability of the Authority to pay the debt service requirements of the Series 2019 Bonds. Future revenues and expenses of the System will also be affected by future events and conditions relating severally to, among other things, economic developments in the State of Oklahoma, the ability to control costs during inflationary periods and government regulation. All of the aforementioned could have negative effects on the ability of the Authority to pay the principal amount, premium, if any, and interest on the Series 2019 Bonds and any additional bonds.

Furthermore, any reduction in the demand for the services of the System, any negative economic changes in the service area of the Authority, any substantial increases in the costs of operating and maintaining the System, any new technology which could render the services of the System obsolete and unneeded, and any other similar changes could have negative impact on the ability of the Authority to pay the debt service requirements of the Series 2019 Bonds. If the Authority shall be unable in the future to raise rates, fees and charges for services of the System, or cause such to be raised, the Authority may be unable to generate sufficient revenues to provide the monies to pay (i) through (iv) listed above.

The Oklahoma Constitution requires that any funds of the City be appropriated on a year to year basis. The payments of the City to be made pursuant to the Security Agreement shall be committed to the Authority on a year to year basis, subject to the annual appropriation of such monies by the City. It is anticipated that the City's commitment of such payments set forth in the Security Agreement will be renewed on or about July 1 of each year. If the City should decide not to appropriate such monies or should the City take action to eliminate the commitment of payments, the Authority may be unable to pay the debt service requirements of the Series 2019 Bonds.

The remedies available to the Trustee and the holders of the Bonds upon an event of default under the Bond Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Bond Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurances that the forward-looking statements included in this Official Statement would prove to be accurate.

CERTAIN TAX MATTERS RESPECTING THE SERIES 2019 BONDS

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2019 Bonds under the Code and the Regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series 2019 Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series 2019 Bond and one or more other investments, or

purchasers that have a “functional currency” other than the U.S. dollar. Except to the extent discussed below under “Foreign Investors,” this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Oklahoma or any local or foreign governments. Potential purchasers of the Series 2019 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2019 Bonds.

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2019 Bonds. Purchasers of the Series 2019 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019 Bonds and Bond Counsel has not expressed any opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Any federal tax advice contained in this Official Statement was written to support the marketing of the Series 2019 Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayers’ particular circumstances from independent tax advisors. This disclosure is provided to comply with Treasury Circular 230.

Interest Subject to Federal Income Taxation

Interest on the Series 2019 Bonds (including original issue discount, as discussed below) is not excludable from gross income for federal income tax purposes under Code Section 103. Interest on the Series 2019 Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2019 Bonds generally must include interest (including original issue discount) on the Series 2019 Bonds in gross income for federal income tax purposes.

In general, interest paid on the Series 2019 Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2019 Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount) will be treated as a return of capital.

Premium

An investor that acquires a Series 2019 Bond for a cost greater than its remaining stated redemption price at maturity and holds the Series 2019 Bond as a capital asset will be considered to have purchased the Series 2019 Bond at a premium and, under Section 171 of the Code, must generally amortize such premium under the constant yield method. Except as may be provided by

regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Regulations have been issued dealing with certain aspects of federal income tax treatment of bond premium, but such regulations do not fully address the method to be used to amortize bond premium on obligations such as the Series 2019 Bonds. Therefore, investors should consult their tax advisors regarding the tax consequences of amortizing bond premium.

Market Discount

An investor that acquires a Series 2019 Bond for a price less than the adjusted issue price of such Series 2019 Bond (or an investor who purchases the Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (i) in the case of a Series 2019 Bond originally issued at a discount, the amount by which the issue price of such Series 2019 Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (ii) in the case of a Series 2019 Bond not originally issued at a discount, the amount by which the stated redemption price of such Series 2019 Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2019 Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a bond as ordinary income to the extent of any remaining accrued market discount (as described at “Sale or Other Dispositions” under this caption) or (ii) to elect to include such market discount and income currently as it accrues on all market discount instruments acquired by such Bondholder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Act will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2019 Bond with original issue discount, in proportion to the accrual of original issue discount.

A Bondholder of a Series 2019 Bond who acquired a Series 2019 Bond at a market discount also may be required to defer, until the maturity date of such Series 2019 Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Bondholder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2019 Bond in excess of the aggregate amount of interest (including original issue discount) includable in such Bondholder’s gross income for the taxable year with respect to such Series 2019 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2019 Bond for the days during the taxable year on which the Bondholder held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2019 Bond matures or is disposed

of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such Bondholder in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Sales or Other Dispositions

If a Series 2019 Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Series 2019 Bond. The adjusted basis of a Series 2019 Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Series 2019 Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2019 Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Series 2019 Bond to which it is attributable is held as a “capital asset.”

Gain on the sale or other disposition of a Series 2019 Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Series 2019 Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described above under “Market Discount”).

Oklahoma Taxation

In the opinion of Hilborne & Weidman, a professional corporation, Bond Counsel, to be delivered at the time of original issuance of the Series 2019 Bonds, the interest on the Series 2019 Bonds is exempt from Oklahoma income taxation.

No Other Opinions

The opinion to be rendered by Bond Counsel on the date of delivery of the Series 2019 Bonds is expected to be in substantially the form of Exhibit D hereto. Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2019 Bonds.

Except with respect to State of Oklahoma taxation, the discussion above does not address the tax consequences of purchase, ownership or disposition of the Series 2019 Bonds under any state or local tax law. Investors should consult their own tax advisors regarding state and local tax consequences.

The foregoing is not intended to be a complete description of all Federal or Oklahoma income tax consequences associated with an investment in the Series 2019 Bonds, and except as set forth in Bond Counsel's opinion (described above), Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2019 Bonds should consult their own tax advisors regarding the particular tax consequences to them of an investment in such bonds.

INDEPENDENT ACCOUNTANTS

The basic financial statement of the Authority for the fiscal year ended as of June 30, 2018 included in Exhibit "C" of this Preliminary Official Statement, have been audited by the firm of Arledge & Associates, P.C., Certified Public Accountants, Edmond, Oklahoma, independent auditors, as stated in their report appearing herein and should be read in their entirety.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the principal of and interest on the Prior Bonds being refunded will be verified by Woodrum, Tate & Associates, PLLC, Tulsa, Oklahoma.

LEGAL MATTERS

The issuance of the Series 2019 Bonds is subject to the approval of Hilborne & Weidman, a professional corporation, Tulsa, Oklahoma, Bond Counsel, which will render an opinion in substantially the form attached as Exhibit D. Certain legal matters will be passed upon for the Authority by Lowell Peterson, City Attorney of the City of Glenpool, Oklahoma, Authority Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Winstead PC, San Antonio, Texas. The legal fees of all legal counsel are contingent upon the sale and delivery of the Series 2019 Bonds. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel has participated in the preparation, and has reviewed those portions, of this Official Statement pertaining to the Series 2019 Bonds, the tax status of interest on the Series 2019 Bonds, the provisions of the Indenture and the matters of law contained under "SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS"; "THE SERIES 2019 BONDS," "CERTAIN TAX MATTERS RESPECTING THE SERIES 2019 BONDS" and "LEGAL MATTERS" "EXHIBIT B SUMMARY OF CERTAIN PROVISIONS OF THE BOND DOCUMENTS" and "EXHIBIT D—PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel has not been retained to pass upon, and will not express any opinion upon, any other information contained in this Official Statement.

NO LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2019 Bonds or questioning or affecting the validity of the Series 2019 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the Authority, nor the title of the present trustees or officers of the Authority to their respective offices, is being contested.

CREDIT RATING

S&P Global Ratings has assigned a rating of “A” to the Series 2019 Bonds. The rating reflects only the view of such organization and an interpretation of the rating may be obtained only from the rating agency furnishing the same. There is no assurance that the rating will continue for any given period of time or that they will not be revised down or withdrawn entirely by such rating agencies, if circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2019 Bonds.

UNDERWRITING

The Series 2019 Bonds are to be purchased by Wells Nelson & Associates, LLC (the “Underwriter”), pursuant to a Contract of Purchase with the Authority (the “Contract of Purchase”). The Underwriter has agreed to purchase the Series 2019 Bonds at a price of \$_____ (which represents the \$_____ principal amount of Series 2019 Bonds, less Underwriter's Discount of \$_____). The Contract of Purchase provides that the Underwriter will not be obligated to purchase any Series 2019 Bonds if all Series 2019 Bonds are not available for purchase, and requires the Authority to indemnify the Underwriter against losses, claims, damages and liabilities arising out of any incorrect or incomplete statements or information contained in this Preliminary Official Statement pertaining to the Projects and other matters. The initial public offering price set forth on the inside cover page hereof may be changed by the Underwriter.

Wells Nelson & Associates, LLC is now a wholly owned subsidiary of the D.A. Davidson Companies, an employee-owned financial services firm offering a range of financial services and advice to individuals, corporations, institutions and municipalities nationwide. Founded in Montana in 1935, with regional headquarters in Great Falls, Denver, Los Angeles, Portland and Seattle, the company has approximately 1,380 employees and offices in 27 states coast to coast, and over \$253MM in shareholder’s equity.

Wells Nelson & Associates, LLC has entered into a distribution agreement (“Distribution Agreement”) with D.A. Davidson & Co. for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, D.A. Davidson & Co. will purchase the Bonds from Wells Nelson & Associates, LLC at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that D.A. Davidson & Co. sells.

FINANCIAL ADVISOR

The Authority's financial advisor is The Baker Group LP, Oklahoma City, Oklahoma. The Baker Group LP has prepared certain information for this Preliminary Official Statement in connection with its services to the Authority and has provided financial advice to the Authority in connection with the Series 2019 Bonds.

CONTINUING DISCLOSURE

The Authority will execute and deliver its Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the holders and beneficial owners of the Series 2019 Bonds. The Authority is required to observe the Continuing Disclosure Certificate for so long as it remains obligated to pay the Series 2019 Bonds. Pursuant to the Continuing Disclosure Certificate, the Authority will be obligated to provide certain updated financial information and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. See Appendix F - Continuing Disclosure Certificate.

Compliance with Prior Undertakings

The Authority has entered into prior continuing disclosure undertakings pursuant to the Rule with respect to its previously issued and currently outstanding Utility System Revenue Bonds, Tax Exempt Refunding Series 2010A, in the aggregate principal amount of \$29,575,000.00, dated December 1, 2010 of which \$27,375,000.00 is currently outstanding; Utility System Revenue Bonds, Taxable Refunding Series 2010B, in the aggregate principal amount of \$2,740,000.00, dated December 1, 2010 of which \$1,640,000.00 is currently outstanding; and Utility System Revenue Bonds, Tax Exempt Refunding Series 2011, in the aggregate principal amount of \$7,315,000.00, dated January 1, 2011 of which \$6,410,000.00 is currently outstanding (collectively, the "Prior Undertakings").

During the last five years, the Authority has failed to comply with continuing disclosure requirements. The Continuing Disclosure Certificates for the 2010A, 2010B, and 2011 Bonds requires filing the Annual Report to include information found in Exhibit E of the official statement and referred to as the Economic and System Information, and Audited Financial Statements within 180 days of the ending of the fiscal year on June 30. For fiscal year ending June 30, 2014: filed audited financial statements and operating data on time December 16, 2014; for fiscal year ending June 30, 2015: filed a Late Notice on January 8, 2016, filed operating data on January 13, 2016, and filed audited financials on February 16, 2016; for fiscal year ending June 30, 2016: filed unaudited financials and operating data on time December 29, 2016, and filed audited financials on February 3, 2017 regarding the Series 2011 Bonds only and by error not posted on the Series 2010A&B until August 6, 2019 with Late Notice on same date; for fiscal year ending June 30, 2017: unaudited financials and operating data posted January 2, 2018 and audited financials posted January 17, 2018 with a Late Notice posted August 6, 2019; and for fiscal year ending June 30, 2018: unaudited financials and operating data posted January 9, 2019, and audited financials posted June 4, 2019, with a Late Notice on August 6, 2019.

The Continuing Disclosure Certificate executed in connection with the issuance of the Series 2019 Bonds will provide for the disclosure of Annual Financial Information as provided for in the Indenture and Audited Financial Statements no later than 180 days after the close of the Authority's fiscal year.

The Authority has covenanted to provide the final Official Statement to the purchaser within seven business days after final agreement to purchase, offer, or sell the Bonds in an offering and in sufficient time to accompany any confirmation that request payment from any customer.

DEEMED FINAL

THE AUTHORITY HAS CERTIFIED THAT THIS OFFICIAL STATEMENT WAS DEEMED FINAL AS OF ITS DATE FOR PURPOSES OF RULE 15c2-12(b), EXCEPT FOR THE INFORMATION NOT REQUIRED TO BE INCLUDED THEREIN UNDER RULE 15c2-12(b).

Concurrently with the delivery of the Series 2019 Bonds, the Authority will furnish a certificate executed on behalf of the Authority to the effect that the final Official Statement, as of the date of the final Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make to the statements herein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Information concerning the Authority, the Project, the Financial Statements and the Series 2019 Bonds contained in this Preliminary Official Statement has been furnished by the Authority.

The foregoing summaries or descriptions of provisions in the Indenture and the Project Agreement and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such provisions. For further information, reference should be made to the complete documents, copies of which are on file at the corporate trust offices of the Trustee for examination and will be furnished by the Authority upon request.

All projections and other statements in this Preliminary Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Preliminary Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2019 Bonds.

This Preliminary Official Statement has been approved by the Authority.

**THE GLENPOOL UTILITY SERVICES
AUTHORITY**

By: /s/ _____
Chairman

EXHIBIT A

DEBT SERVICE SCHEDULE

The Glenpool Utility Services Authority
Utility System Revenue Bonds
Taxable Refunding Series 2019

Dated: Date of Delivery

Due: December 1, as shown below

<u>Years</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Principal + Interest</u>
12/1/2019				
12/1/2020				
12/1/2021				
12/1/2022				
12/1/2023				
12/1/2024				
12/1/2025				
12/1/2026				
12/1/2027				
12/1/2028				
12/1/2029				
12/1/2030				
12/1/2031				
12/1/2032				
12/1/2033				
12/1/2034				
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12/1/2037				
12/1/2038				
12/1/2039				
12/1/2040				

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EXHIBIT B
SUMMARY OF CERTAIN PROVISIONS OF THE BOND DOCUMENTS

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Indenture, copies of which are available for inspection at the principal offices of the Authority and the Trustee. Capitalized words or phrases which are not defined herein or conventionally capitalized have the meanings given such words or phrases in the Indenture.

CERTAIN DEFINITIONS

"Authorized Investments" shall include any of the following securities, if and to the extent the same are at the time legal under Oklahoma law for investment of Authority funds:

(a) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America;

(b) any bonds, debentures, notes or other evidence of indebtedness unconditionally guaranteed by the United States of America and issued by the U.S. Export-Import Bank, the Government National Mortgage Association, the Federal Financing Bank, Farmers Home Administration or Federal Housing Administration;

(c) New Communities Debentures issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under contracts with the United States of America; or Project Notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(d) direct and general obligations of any state of the United States of America or any municipality in Oklahoma, to the payment of the principal of and interest on which the full faith and credit of such state or municipality is pledged which are rated by Moody's or S&P in one of the two highest rating categories assigned by such agencies;

(e) savings certificates or certificates of deposit, whether negotiable or non-negotiable, issued by any savings and loan association organized under applicable state or federal law, provided such deposits shall be continuously and fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;

(f) certificates of deposit issued by any bank or trust company organized under the laws of the State of Oklahoma, or any other state, or any national banking association including the Trustee in any amount; provided that such certificates shall be either: (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described in clauses (a) through (c) above, which shall have a market value (not including accrued interest) at all times at least equal to the principal amount of such certificates of

deposit and such certificates of deposit shall be lodged with the Authority or the bank responsible for the derivative fund invested, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with either the securities pledged to the Authority as security therefor or a prior perfected security interest in such pledged securities which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the bank, trust company or national banking association issuing the certificate of deposit required to be so secured) as the agent solely of, or in trust solely for the benefit of, the Trustee, or (3) in the event any bank, trust company or national banking association has purchased any of the Bonds, such Bonds may be used as security up to the principal amount thereof, provided the Authority shall obtain an accompanying right of set-off of such Bonds, against the resulting deposit;

(g) obligations of or investment contracts with any national or state banking institution or any other qualified financial institution with the unsecured short-term indebtedness of such institution being rated in one of the three highest rating categories established by Moody's Investors Service, Inc., or Standard & Poor's Corporation; or

(h) money market funds or mutual funds backed or collateralized by securities described in clauses (a) through (c) and (f) above and which funds have been registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and rated in one of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Service, Inc.

"Bond" or **"Bonds"** means "The Glenpool Utility Services Authority Utility System Revenue Bonds, Taxable Refunding Series 2019 (the "Series 2019 Bonds") authorized by Article II hereof and any indebtedness issued pursuant to this Indenture or any supplement hereto which are at any time outstanding.

"Bond Account" means The Glenpool Utility Services Authority Bond Account created by the Indenture.

"Bondholder" or **"Holder"** means a person in whose name any Bond in registered form is registered with the Trustee.

"Business Day" means any day of the year other than a Saturday, a Sunday or any other day on which (i) banks in the States of New York and/or Oklahoma are required or authorized by law to remain closed, or (ii) the New York Stock Exchange is closed.

"City" means the City of Glenpool, Oklahoma, a municipal corporation.

"Code" means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

"Collateral" means all fees, revenues, charges, income, assessments, fixtures, goods to become fixtures, machinery, equipment, contract rights, accounts receivable, investment property,

business records and all articles of tangible and intangible personal property, of whatever character or description, now or hereafter constituting a part of, used in connection with, derived from or relating to the operation, management or maintenance of the Secured Property (including Sales Tax Revenues), and all substitutions, additions, accessions, exchanges, replacements or alterations thereof. Proceeds are also covered.

“Construction Fund” means the Glenpool Utility Services Authority Construction Fund created by the Indenture.

"Escrow Trust Agreement" means that certain Escrow Trust Agreement dated as of September 1, 2019, by and between the Authority and BOKF, National Association.

“Escrow Trustee” shall mean BOKF, National Association, Tulsa, Oklahoma.

"Event of Default" means the happening of any of following events:

Nonpayment of Bonds Failure of the Authority to pay when due any principal of, premium, or interest on any Bond.

Other Nonpayment Failure of the Authority to pay when due any other amount payable under the terms of the Indenture.

Breach of Covenant Failure by the Authority in the performance or observance of any covenant contained in the Indenture, the Bonds or under the terms of any other instrument executed in connection with the issuance and sale of the Bonds, including, without limitation, the falsity or breach of any representation, warranty or covenant.

Representations and Warranties If any representation, statement, certificate, schedule or report made or furnished to the Trustee by the Authority proves to be false or erroneous in any material respect at the time of the making thereof or any warranty ceases to be complied with in any material respect, and the Authority fails to take or cause to be taken corrective measures satisfactory to the Trustee within thirty (30) days after written notice by the Trustee.

Bankruptcy The dissolution, liquidation or insolvency of the Authority, the filing by the Authority of a voluntary petition in bankruptcy, the failure by the Authority within sixty (60) days to lift any execution, garnishment or attachment affecting the Secured Property, any act of bankruptcy by the Authority, the adjudication of the Authority as a bankrupt, the assignment by the Authority of any assets for the benefit of its creditors, the entry by the Authority into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Authority in any proceeding for the composition of its debts or for its reorganization instituted under the provisions of the Bankruptcy Act (11 U.S.C. §1 et seq.), as amended, or under any similar act which may hereafter be enacted.

Judgment Entry by any court of a final judgment against the Authority which shall not be

satisfactorily discharged within sixty (60) days from the date thereof, or an attachment of any fund or account created hereunder, which shall not be released or otherwise provided for to the Trustee's satisfaction within sixty (60) days after the making thereof.

"Government Obligations" shall mean direct general obligations of, or obligations the timely payment of principal and interest on which are unconditionally guaranteed by, the United States of America.

"Indenture" means the Indenture, dated as of September 1, 2019, and any Supplemental Bond Indentures and amendments and supplements thereto.

"Lease" means the Lease Agreement between the City, as lessor, and the Authority, as lessee, effective as of January 24, 1973, and any amendments, supplements, changes or modifications thereof.

"Maintenance" of properties means ordinary repairs and replacements of properties and shall be limited to minor repairs and replacements which are customarily treated as a business expense by a going concern.

"Net Revenues", when used with respect to the income from Secured Property means the income derived or accruing from the specified properties (together with any other income specified in the Indenture as entitled to be treated as income from such properties) (and also including the Sales Tax Revenue) and remaining after payment of, or providing for the payment of, the costs and expenses of operation and maintenance of such properties. For this purpose, the "costs and expenses of operation and maintenance" of properties shall include, but not be limited to:

- (a) The necessary costs and expenses of collecting the income involved;
- (b) All payments by the Authority under any contract for the operation and/or maintenance of such properties by others for the Authority; and
- (c) All fees and expenses paid to a bond trustee or trustees under any bond indenture or indenture mortgaging such properties and/or pledging or assigning the Net Revenues therefrom as security for the repayment of indebtedness incurred by the Authority to provide funds for the acquisition, construction, installation, extension, improvement or enlargement of the properties involved.

PROVIDED, HOWEVER, that "costs and expenses of operation and maintenance" of properties shall not include (i) interest on any debt payable from the revenues of the specified properties; (ii) depreciation and any other items not requiring the expenditure of cash; (iii) any amounts expended for capital replacements, repairs and maintenance not recurring annually (or shorter intervals) or reserves therefor; and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

"Official Statement" shall mean the Official Statement of the Authority relating to the issuance of the Bonds, including any supplement thereto.

"Outstanding" means, when used with respect to the Bonds, all Bonds which have been authenticated and delivered under the Indenture, except: (i) Bonds previously cancelled by the Trustee or delivered to the Trustee for cancellation; (ii) Bonds for which satisfactory payment (whether at maturity or redemption prior to maturity) has been made to the Trustee and, with respect to Bonds which are to be redeemed prior to maturity, notice of such redemption has been duly given pursuant to the Indenture or provision therefore has been made satisfactory to the Trustee; and (iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

"Participant" means when used with respect to any Securities Depositories, any participant of such Securities Depository.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Prior Bonds" shall mean the Authority's Utility System Revenue Bonds, Tax Exempt Refunding Series 2010A, in the aggregate principal amount of \$29,575,000.00, dated December 1, 2010 of which \$27,375,000.00 is currently outstanding; Utility System Revenue Bonds, Taxable Refunding Series 2010B, in the aggregate principal amount of \$2,740,000.00, dated December 1, 2010 of which \$1,640,000.00 is currently outstanding; and Utility System Revenue Bonds, Tax Exempt Refunding Series 2011, in the aggregate principal amount of \$7,315,000.00, dated January 1, 2011 of which \$6,410,000.00 is currently outstanding.

"Project" means paying the costs of acquisition, construction, furnishing and equipping certain capital improvements to the Authority's Utility Systems and certain other capital improvements for the benefit of the City of Glenpool, Oklahoma, the Authority's beneficiary and for paying the costs of refunding all of the outstanding indebtedness evidenced by the Prior Bonds and to pay the costs of issuance of the Bonds.

"Record Date" at any time shall mean the 15th day of the month preceding any Interest Payment Date.

"Registered Holder" means a person whose name appears on the Registration Record as the owner of a Bond.

"Registration Record" means the record maintained by the Registrar for the purpose of registering the name and address of the Registered Holders of Bonds.

"Registrar" means the Trustee, and any successor thereto performing the functions of Registrar under the Indenture.

"Revenue Account" means The Glenpool Utility Services Authority Revenue Account created by the Indenture.

"Sales Tax Revenue" shall mean all monies or funds appropriated by the City of Glenpool, Oklahoma, and received by the Authority pursuant to the Security Agreement from (i) the two percent (2%) sales tax levied and assessed pursuant to the City's Ordinance No. 40, dated February 7, 1972, which was approved by the qualified electors of the City at an election held July 31, 1973, (ii) the one percent (1%) sales tax levied and assessed pursuant to the City's Ordinance No. 176, dated August 24, 1982, which was approved by the qualified electors of the City at an election held October 5, 1982, (iii) the one percent (1%) sales tax levied and assessed pursuant to the City's Ordinance No. 457, dated January 2, 2001, which was approved by the qualified electors of the City at an election held March 6, 2001, and (iv) any other sales tax lawfully levied and assessed by the City.

"Secured Property" means collectively the properties mentioned and described in the Indenture, including the Collateral.

"Securities Depository" means The Depository Trust Company, a corporation organized and existing under the laws of the State of New York, and any other Securities Depository for the Bonds appointed pursuant to the Indenture, and their successors.

"Series 2019 Bonds" means The Glenpool Utility Services Authority Utility System Revenue Bonds, Taxable Refunding Series 2019.

"Sinking Fund" means The Glenpool Utility Services Authority Sinking Fund created by the Indenture.

"Special Redemption" shall mean a redemption of Bonds pursuant to the provisions of the Indenture.

"Trust Indenture" means the Trust Indenture creating the Authority dated June 12, 1967, and any amendments, supplements, changes or modifications thereto.

"Trustees" means the duly qualified and acting Trustees of the Authority.

EXECUTION

The Series 2019 Bonds shall be executed and attested on behalf of the Authority with the manual or facsimile signature of the Chairman of Trustees or the Vice Chairman of Trustees of the Authority and the Secretary of Trustees or Assistant Secretary of Trustees of the Authority and shall have the manual or facsimile seal of the Authority impressed or imprinted thereon. All authorized facsimile signatures and seal shall have the same force and effect as if manually signed and sealed.

AUTHENTICATION

The Trustee shall be the authenticating agent for the Series 2019 Bonds. No Series 2019 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under the Indenture unless and until the certificate of authentication on such Series 2019 Bond shall have been duly executed by the Trustee and the date of such authentication entered in the space provided

therefor, and such executed certificate of authentication upon any such Series 2019 Bond shall be conclusive evidence that such Series 2019 Bond has been authenticated and delivered under the Indenture. The certificate of authentication on any Series 2019 Bond shall be deemed to have been executed by the Trustee if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory execute the certificate of authentication on all of the Series 2019 Bonds.

TRANSFER OR EXCHANGE; PERSONS TREATED AS REGISTERED HOLDERS

With respect to the Series 2019 Bonds, the Trustee is hereby constituted and appointed the Bond Registrar of the Authority and shall keep books for the ownership and transfer of the Series 2019 Bonds as provided in the Indenture, and Trustee is hereby constituted and appointed the paying agent of the Authority for the Series 2019 Bonds. The Trustee is directed to register each of the Series 2019 Bonds in the manner prescribed herein. Upon surrender for exchange or transfer of any Series 2019 Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Holder or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Series 2019 Bond or Series 2019 Bonds in authorized denominations of the same interest rate and maturity and for a like aggregate principal amount.

The Trustee shall not be required to exchange or register a transfer of (a) any Series 2019 Bonds during the fifteen (15) day period next preceding the selection of Series 2019 Bonds to be redeemed and thereafter until the date of the mailing of a notice of redemption of Series 2019 Bonds selected for redemption, or (b) any Series 2019 Bonds selected, called or being called for redemption in whole or in part except, in the case of any Series 2019 Bond to be redeemed in part, the portion thereof not so to be redeemed. If any Series 2019 Bond shall be transferred and delivered after such Series 2019 Bond has been called for redemption, the Trustee shall deliver to such transferee a copy of the applicable redemption notice, indicating that the Series 2019 Bond delivered to such transferee has previously been called for redemption.

FAILURE TO PRESENT SERIES 2019 BONDS.

Unless otherwise provided for in the Indenture the monies held by the Trustee in trust for the payment and discharge of any of the Series 2019 Bonds which remain unclaimed for five (5) years after the date when such Series 2019 Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Trustee at such date, or for five (5) years after the date of deposit of such monies if deposited with the Trustee after the date when such Series 2019 Bonds became due and payable, shall at the written request of the Authority, be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Series 2019 Bondholders shall look only to the Authority for the payment of such Series 2019 Bonds.

MUTILATED, DESTROYED, STOLEN OR LOST SERIES 2019 BONDS.

In case any Series 2019 Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall cause to be executed, and the Trustee shall authenticate and deliver, a new Series

2019 Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Series 2019 Bond or in lieu of and in substitution for such Series 2019 Bond destroyed, stolen or lost, upon the holder's paying the reasonable expenses and charges of the Authority and the Trustee in connection therewith, and, in case of a Series 2019 Bond destroyed, stolen or lost, his filing with the Trustee evidence satisfactory to it and to the Authority that such Series 2019 Bond was destroyed, stolen or lost, and of his ownership thereof, and furnishing the Authority and the Trustee indemnity satisfactory to them.

NO RECOURSE ON THE SERIES 2019 BONDS; SPECIAL OBLIGATIONS

No recourse shall be had for the payment of the principal of or interest on the Series 2019 Bonds or for any claim based thereon or on the Indenture against any officer, director, trustee or employee of the Trustee, the Authority, the Authority or any officer or employee thereof. The covenants and representations contained herein do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the Authority or the individual Trustees thereof. **THE SERIES 2019 BONDS ARE NOT OBLIGATIONS OR DEBTS OF THE STATE OF OKLAHOMA, THE CITY OF GLENPOOL, OKLAHOMA, OR ANY MUNICIPALITY, COUNTY, POLITICAL SUBDIVISION, OR GOVERNMENTAL UNIT OR AGENCY OF THE STATE OF OKLAHOMA, BUT ARE LIMITED AND SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE GROSS REVENUES AND ASSETS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF OKLAHOMA, NOR ANY COUNTY, MUNICIPALITY, SUBDIVISION, OR GOVERNMENTAL UNIT OR AGENCY THEREOF OR THEREIN IS PLEDGED FOR THE PAYMENT OF THE SERIES 2019 BONDS. THE AUTHORITY HAS NO TAXING POWER.**

SECURITY FOR THE BONDS

The Authority, in consideration of the premises, the acceptance by the Trustee of the trusts created by the Indenture and of the purchase and acceptance of the Bonds by the Registered Holders thereof; and also for and in consideration of the sum of Ten Dollars (\$10.00) in lawful money of the United States of America to it duly paid by the Trustee at or before the execution and delivery of the Indenture, and for other good and valuable consideration the receipt whereof is hereby acknowledged; and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof; and in order to secure the payment of all the Bonds issued and Outstanding under the Indenture and the interest thereon according to their tenor, purport and effect; and in order to secure the performance and observance of all the covenants, express or implied, therein and herein contained, have executed and delivered the Indenture and by the Indenture have **GIVEN, ASSIGNED, PLEDGED, AND GRANTED A MORTGAGE LIEN AND SECURITY INTEREST, and GIVE, ASSIGN, PLEDGE, AND GRANT A MORTGAGE LIEN AND SECURITY INTEREST** in favor of the Trustee and its successor or successors in trust, all of the property, rights, interests, and benefits (whether real, personal or mixed) in and to the following:

A leasehold estate by virtue of a Lease from the City of Glenpool, Oklahoma, a municipal

corporation, to the Authority, for a term of fifty (50) years until November 1, 2060, in and to the following real and personal property situate in Tulsa County, State of Oklahoma, to-wit:

All of the presently-existing proprietary, revenue-producing utility systems and facilities of the City of Glenpool, Oklahoma, including:

All of the water production, storage, transportation and distribution system and facilities, including all tangible property, real and personal, and all interests therein, appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses, and other rights and privileges, appertaining or related to such systems and facilities or the use thereof, now belonging to said City or under its custody, management or control; and

All of the sanitary sewage collection, transportation, processing and disposal system and facilities, including all tangible property, real and personal, and all interests therein, appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses, and other rights and privileges, appertaining or related to such system and facilities or the use thereof, now belonging to said City or under its custody, management or control; and

All of the garbage and trash collection, transportation, property, real and personal, and all interest therein, appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses and other rights and privileges, appertaining or related thereto or to the use thereof, now belonging to said City or under its custody, management or control; and,

Certain real property and estate situate in Tulsa County, State of Oklahoma together with all and singular the tenements, hereditaments and appurtenances thereof; and all right, title and interest of the Authority in and to all of the revenues, issues or profits now or hereafter derived or accruing from the properties described herein.

Any and all proprietary, revenue-producing utility systems and facilities, and any and all additions and/or improvements to any proprietary, revenue-producing utility systems and facilities (including, but not limited to, each presently-existing system and facilities mentioned in paragraph (i) of this Section), and any and all tangible property, real or personal, and any and all interests therein, appertaining or related to any such system and facilities or used in connection therewith, and any and all rights-of-way, easements, licenses, or other rights or privileges, appertaining or related to any such system and facilities or the use thereof, which may, hereafter, be acquired by said City or which shall, hereafter, come under its custody, management or control: It being the intent of this paragraph (ii) that any of the foregoing, immediately upon acquisition of ownership, custody, management or control thereof by said City shall become and be a part of the property demised and leased hereunder.

Any and all property, systems and facilities purchased and/or constructed and/or installed by the Authority with the proceeds of indebtedness incurred by the Authority and secured by its leasehold interest in and to any of the property described above, or by the revenues (or any part thereof) from any of the property described above, shall, immediately upon such purchase and/or construction and/or installation by the Authority, become the property of City and become and be a part of the property demised and leased hereunder.

The Sales Tax Revenue. For purposes of the Indenture, the term 'Sales Tax Revenue' shall mean all monies or funds appropriated by the City of Glenpool, Oklahoma, and received by the Authority pursuant to the Security Agreement from (i) the two percent (2%) sales tax levied and assessed pursuant to the City's Ordinance No. 40, dated February 7, 1972, which was approved by the qualified electors of the City at an election held July 31, 1973, (ii) the one percent (1%) sales tax levied and assessed pursuant to the City's Ordinance No. 176, dated August 24, 1982, which was approved by the qualified electors of the City at an election held October 5, 1982, (iii) the one percent (1%) sales tax levied and assessed pursuant to the City's Ordinance No. 457, dated January 2, 2001, which was approved by the qualified electors of the City at an election held March 6, 2001, and (iv) any other sales tax lawfully levied and assessed by the City.

TOGETHER with all right, title and interest of the Authority in and to the buildings and improvements now or hereafter located on the Secured Property and all right, title and interest, if any, of the Authority, in and to the streets and roads abutting the Secured Property to the center lines thereof, and strips within or adjoining the Secured Property, the air space above and subsurface below and right to use said air space above and said subsurface below the Secured Property (unless otherwise alienated or reserved), all rights of ingress and egress by pedestrians and motor vehicles to the Secured Property, all easements now or hereafter affecting the Secured Property, and all royalties and all rights appertaining to the use and enjoyment of the Secured Property;

TOGETHER with all right, title and interest of the Authority in and to all fixtures and articles of personal property and all appurtenances and additions thereto and substitutions or replacements thereof, now or hereafter attached to, contained in, or used in connection with the Secured Property or placed on any part thereof, though not attached thereto. Without limiting the foregoing, the Authority hereby grants to the Trustee a security interest in all the Authority's present and future "equipment," "accounts," "inventory" and "general intangibles" (as defined in the Uniform Commercial Code of the State), located or to be located on the Secured Property, and the Trustee shall have in addition to all rights and remedies provided herein, and in any other agreements, commitments and undertakings made by the Authority to the Trustee, all of the rights and remedies of a "secured party" under such Uniform Commercial Code. To the extent permitted under applicable law, the Indenture shall be deemed to be a "security agreement" (as defined in the aforesaid Uniform Commercial Code);

TOGETHER with all right, title and interest of the Authority in and to the Collateral, the Lease, and including the rights, privileges and immunities of the Authority to receive the Collateral, all moneys now or hereinafter held by the Trustee pursuant to the Indenture, and all right, title and interest of the Authority in and to the Security Agreement executed by the Authority and the City. The Security Agreement and all payments thereunder to which the Authority is entitled are expressly incorporated in and assigned to the Trustee by the Indenture and made a part hereof.

TOGETHER with all funds, revenues and accounts held by the Trustee under the Indenture or in the Revenue Fund and all unearned premiums, accrued, accruing or to accrue under insurance policies now or hereafter obtained or caused to be obtained by the Authority and all proceeds of the conversion, voluntary or involuntary, of the Secured Property or the facilities and/or any other property or rights encumbered or conveyed hereby, or any part thereof, into cash or liquidated claims, including, without limitation, proceeds of hazard and title insurance and all awards and

compensation heretofore and hereafter made to the present and all subsequent owners of the Secured Property, the facilities and/or other property or rights encumbered or conveyed hereby, by any governmental or other lawful authority for the taking by eminent domain, condemnation or otherwise, of all or any part of the Secured Property or the facilities and/or any other property or rights encumbered or conveyed hereby or any easement or other interest appertaining thereto;

TOGETHER with all right, title and interest of the Authority in and to all extensions, improvements, betterments, renewals, substitutions and replacements of and all additions and appurtenances to the Secured Property, the facilities and/or any other property or rights encumbered or conveyed hereby, hereafter acquired by or released to the Authority or constructed, assembled or placed by the Authority on the Secured Property, the facilities, and/or any other property or rights encumbered or conveyed hereby, and all conversions of the security constituted thereby which, immediately upon such acquisition, release construction, assembling, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance, assignment or other act by the Authority, shall become subject to the lien of the Indenture as fully and completely, and with the same effect, as though now owned by the Authority and specifically described herein; and

All right, title and interest of the Authority under any other agreement in support of the Security Agreement or the Lease.

The Authority hereby covenants unto the Trustee, that it has good, right and lawful authority to mortgage, pledge and assign the Trust Estate to the extent and in the manner herein provided; that the Authority will not suffer any lien or encumbrance upon the Trust Estate, or any part thereof, superior to the security or lien to accrue or be created under the Indenture; or to so suffer any act or thing whereby the security hereof may be diminished or impaired; and the Authority further does, and by these presents hereby covenants and agrees to defend or cause to be defended forever the title to each and every part of said Trust Estate against the claims and demands of all persons whomsoever.

DEFEASANCE

Payment. If the Authority shall pay or cause to be paid or there shall otherwise be paid, to the Registered Holders of all Bonds the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, and all amounts owed to the Trustee, then the assignment and pledge of the Trust Estate under this Indenture and all covenants, agreements and other obligations of the Authority to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority and shall execute and deliver to the Authority all monies or securities held by it pursuant to this Indenture which are not required for the payment of principal or of interest on Bonds not theretofore surrendered for such payment. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Registered Holders of all Outstanding Bonds the principal thereof, interest and other amounts due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture and all covenants, agreements and obligations of the Authority to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Provision for Payment. Bonds or interest installments for the payment of which direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") and set aside and shall be held in trust by the Trustee at maturity shall be deemed to have been paid within the meaning and with the effect expressed in Section 5.04 hereof. All Outstanding Bonds and all interest on such Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall be Government Obligations the principal of and interest on which when due will provide monies, which shall be sufficient to pay when due the principal of and interest due at the maturity thereof; and (b) in the event such Bonds are not by their terms subject to payment within the next succeeding sixty (60) days the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable, notice of payment that the deposit required by (a) above has been made with the Trustee and that such Bonds and interest thereon are deemed to have been paid in accordance with this Section and stating such maturity upon which monies are to be available for the payment of the principal of such Bonds.

If the Authority shall pay and perform, or cause to be paid and performed, or make provision satisfactory to the Trustee for the payment and performance, or if there shall be held by the Trustee sufficient monies or obligations described below, the principal of and interest on which when due and payable will provide sufficient monies for the payment and performance, fully and promptly when due, of all indebtedness, liabilities and obligations provided in this Indenture and in all Bonds issued under authority hereof to be paid and performed, then, in such event only, this Indenture shall become null and void, and discharged of record at the cost of the Authority, which the Authority agrees to pay, and the Trustee will assign and deliver to the Authority any monies and investments of the Authority remaining in possession of the Trustee, except funds held by the Trustee for the payment of principal of, premium, if any, and interest on the Bonds or expenses incurred or which might be incurred in carrying out the purposes hereof.

To accomplish defeasance the Authority shall cause to be delivered (i) a report of an independent firm of certified public accountants verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture and (iv) a release of the Indenture by the Trustee. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Trustee and the Insurer.

PROCEEDS OF THE BONDS

All of the proceeds of the sale of the Bonds issued under the Indenture shall be paid to the Trustee and shall be deposited or disbursed by the Trustee as follows:

First: That portion of such proceeds which represents any interest accrued on the Series 2019 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Sinking Fund;

Second: The costs and expenses necessarily incidental to the issuance and sale of the Series 2019 Bonds shall be paid to the persons entitled thereto, in the respective amounts, as certified to the Trustee by the Authority in accordance with the provisions of Section 2.06 of Article II hereof;

Third: The Trustee shall transfer to the Escrow Trustee for deposit to the appropriate subaccount of the Escrow Trust Agreement the following proceeds of the Bonds: For the Series 2010A Bonds, the Series 2010B Bonds and the Series 2011 Bonds, the Trustee shall transfer to the Escrow Trustee for deposit into the Escrow Trust Fund \$ _____ of the proceeds of the Series 2019 Bonds; and

Fourth: The Trustee shall transfer the remaining proceeds of the Series 2019 Bonds into "The Glenpool Utility Services Authority Series 2019 Construction Fund (the "Construction Fund") which shall be established in the Trustee as a special trust fund. Amounts in the Construction Fund to make transfers to the Rebate Fund, as required, and to pay Project Costs. In respect to the amount of the proceeds of the Bonds necessary to pay the costs of issuing the bonds and the acquisition and construction of the Project, under and pursuant to those contracts awarded by the Authority, the Trustee shall disburse to the person to whom payment is to be made, such amount as is set forth in the form of requisition set forth on Exhibit D to this Indenture with the approval or signature of any Authorized Representative of the Authority. Upon completion and acquisition of the Project and the payment of all costs and expenses to be paid from the Construction Fund relating to the issuance of the Bonds and certification thereof to the Trustee by any Authorized Representative of the Authority, the Trustee shall retain in the Construction Fund a sum equal to the amounts necessary for payment of the costs of acquisition and construction not then due and payable. In the event that amounts held in the Sinking Fund are insufficient to pay, when due, debt service on the Series 2019 Bonds, amounts in the Construction Fund in excess of the amount encumbered by the Authority to cover the Project's Costs may be used to make up such deficiency.

ADDITIONAL INDEBTEDNESS

Right to Incur The Authority shall have the right to incur indebtedness secured equally and ratably with, but not superior to, the indebtedness evidenced by the Bonds, by issuing additional bonds or notes pursuant to a supplement to the Indenture, but only for the purposes and under the conditions set forth in the Indenture and not otherwise. The Authority shall have the right to incur indebtedness secured equally and ratably with, but not superior to, the indebtedness evidenced by the Bonds, if such indebtedness is issued to the Oklahoma Water Resources Board pursuant to any loan program available to the Authority from the Oklahoma Water Resources Board upon satisfaction of the terms and conditions for issuance of such indebtedness pursuant to such loan program. Nothing in the Indenture shall be construed to prevent the Authority from incurring any indebtedness so long as such indebtedness is not secured by any lien or charge on any part of the Secured Property equal or superior to the lien of the Indenture.

Purposes Authorized Any such additional indebtedness so secured shall be incurred only for: (i) acquiring or constructing properties and facilities to be added to the Trust Estate of the Authority; (ii) improving or enlarging any of the properties of the Authority (including, but not

limited to, the Secured Property) or making major repairs or replacements of any of said properties; (iii) providing for capital improvements for the benefit of the City of Glenpool or (iv) refunding any outstanding indebtedness of the Authority incurred for any of the foregoing purposes.

Conditions on Additional Indebtedness No additional indebtedness so secured shall be incurred for any of the purposes unless:

No Event of Default exists under the Indenture;

The Net Revenues of the Authority from the Secured Property for twelve (12) full calendar months constituting the fiscal year of the Authority immediately preceding the incurring of such additional indebtedness, as certified by an independent certified public accountant employed by the Authority, shall have been at least equal to one and one quarter (1 1/4) times the annual amount required to be deposited, during such twelve (12) month period (or if one full fiscal year shall not have elapsed since the date of the last incurring of indebtedness so secured, then at the aforesaid rate for such part of a fiscal year so elapsed) into the Authority's Sinking Fund under the Indenture and any prior supplement to the Indenture.

With respect to any such additional indebtedness to be incurred for the purpose of acquiring or constructing new properties or facilities, in the written opinion of a registered professional engineer, the Net Revenues of the Authority for the past full twelve (12) calendar months prior to issuance of such Bonds, plus any increase in rates for any part of the past twelve calendar months or any increase in rates for the next twelve calendar months as evidenced by an ordinance of the City and a resolution of the Authority, the Indenture and minus any Sales Tax Revenue no longer available for appropriation to the Authority, would be equal to not less than one and one quarter (1 1/4) times the maximum annual aggregate payments required to be paid into the Authority's Sinking Fund under the Indenture and under all indentures supplemental hereto, including the supplemental indenture relating to the incurring of such additional indebtedness.

Any supplement to the Indenture relating to the incurring of any additional indebtedness so secured shall provide:

That the evidences of such additional indebtedness shall be distinguishable, by series designation, from Bonds previously issued under the Indenture and any prior supplement to the Indenture;

For deposits into the Bond Account of sufficient amounts to provide for the interest and principal maturity requirements for such additional indebtedness, in addition to the deposits required under the Indenture and any prior supplement to the Indenture, and for transfers thereof from the Bond Account to the Sinking Fund in addition to like transfers required under the Indenture and any prior supplement to the Indenture;

That no indebtedness authorized by such supplement to the Indenture shall be expressed to mature, or shall be prepaid, except to such extent and at such times as the additional deposits provided to be made thereby shall enable the same to be done; and that the amount of money required by the Indenture to be in the Sinking Fund at any particular time shall not be reduced by the

prepayment or purchase of any evidence of indebtedness issued under any supplement to the Indenture; and

That all deposits or payments made under such supplement to the Indenture into the Bond Account and Sinking Fund, shall be commingled therein with all other deposits and payments made into such account or fund under the Indenture and any prior supplement to the Indenture, and any payments made from any such account or fund shall be made without preference as though such additional indebtedness were initially incurred under the Indenture.

BANK ACCOUNTS, DEPOSITS AND WITHDRAWALS

Revenue Account

Maintenance and Deposits. The Authority shall establish and maintain in a licensed commercial bank or banks located in the City of Glenpool, Oklahoma (or in such other bank or banks as the Authority from time to time shall designate), an account designated "The Glenpool Utility Services Authority Revenue Account" (herein called the "Revenue Account"), into which shall be deposited, daily, all money received by or for the Authority by reason of its ownership and/or operation of the Secured Property (including Sales Tax Revenue). Except as herein otherwise specifically provided, the Authority shall have sole authority to withdraw money from the Revenue Account.

Payments From Account. The Revenue Account shall be chargeable with the following payments, in the following order of priority:

Payment of the costs and expenses of and incidental to the operation and ordinary maintenance of the Secured Property including but not limited to the necessary costs and expenses of and incidental to collecting the revenues to be deposited in the Revenue Account, and fees and expenses due the Trustee for its services as bond trustee under the Indenture;

Payments into the Bond Account as herein required; and

Use of any remainder by the Authority for any proper purpose or purposes of the Authority, including but not limited to redemption prior to maturity of any indebtedness issued under the Indenture or any supplement thereto, and payments to or for the Authority or any fund or funds of the Authority.

Bond Account

Creation and Purpose. There hereby is created in the Trustee an account designated "The Glenpool Utility Services Authority Bond Account" (herein called the "Bond Account"), which shall be used for the purpose of receiving monthly payments from the Authority and providing for the payments into the Sinking Fund of the Authority. The Trustee shall have sole authority to withdraw money from the Bond Account. All funds deposited and held in the Bond Account are subject to the lien of the Indenture as security for the performance of the obligations of the Authority under the Indenture and the payment of any indebtedness or obligations of the Authority at any time due or obligatory under the provisions of the Indenture.

Deposits in Bond Account. During each of the annual periods hereinafter specified, the Authority shall make monthly deposits into the Bond Account in aggregate amount (less credits for interest), not less than the amount necessary to punctually pay the principal of and interest on the Bonds as the same shall become due and payable. Each of such monthly deposits shall be made on or before the 15th day of the month (with the first of such monthly deposits to be made as of September 15, 2019), and for each annual period shall be equal, as nearly as practicable in the circumstances, to one-twelfth (1/12th) of the aggregate deposits so prescribed for that annual period; provided, that during any semi-annual period specified, the aggregate of such monthly deposits made into the Bond Account (including credits for interest) shall not, in any event, be less than the amount required to be transferred from the Bond Account to the Sinking Fund of the Authority, at the close of such semi-annual period; and provided further that, if as of the 15th day of any month the aggregate of the amounts theretofore deposited in the Bond Account (from cash payments by the Authority and the aforesaid credits on interest) shall exceed the aggregate of the aforesaid minimum monthly payments for all of the monthly periods then elapsed, the Authority, at its option, may pay a lesser amount than the minimum herein specified for that monthly payment due on that date, but in no event shall any reduction in any such monthly payment be permitted to an extent which would result in there having been so deposited in the Bond Account an aggregate amount less than the total of the minimum monthly payments herein required for each aforesaid monthly period then elapsed.

Transfers from Bond Account to Sinking Fund. On or before each February 25 and August 25, beginning February 25, 2020, the Trustee shall transfer from the Bond Account to the Sinking Fund an amount sufficient to enable payment of the principal of and interest on Outstanding Bonds maturing on the next ensuing interest-payment date.

Sinking Fund

Creation and Purposes. There hereby is created, in the Trustee, a special fund designated "The Glenpool Utility Services Authority Sinking Fund" (herein called the "Sinking Fund"), for the purposes of (a) paying, as the same shall become due and payable, the interest on the Bonds, and (b) paying, at maturity, the principal of the Bonds as provided herein, and (c) retiring Bonds before maturity, as provided herein, and (d) paying any money for which the Authority shall become obligated to the Trustee under the Indenture. The Trustee shall hold in trust all money transferred or paid into the Sinking Fund and promptly shall pay from the Sinking Fund money payable therefrom under the Indenture for the purposes specified in the Indenture.

Transfers from Sinking Fund for Payment of Maturing Interest and Principal and for Redemption of Bonds. Prior to each date on which any interest on any of the Bonds shall become due and payable, the Trustee shall transfer from the Sinking Fund, into a special trust account, an amount sufficient to pay such maturing interest plus an amount sufficient to pay the principal of any of the Bonds maturing on that interest-payment date, and shall hold the same uninvested in trust for the payment of such interest and principal; and, at the same time, the Trustee also shall transfer from the Sinking Fund, into the special trust account, an amount sufficient to pay the principal of, premium, if any, and interest on any of the Bonds which shall have been called by it, as provided in the Indenture, for redemption prior to maturity on that interest-payment date, and shall hold the same

uninvested in trust for the redemption of such Bonds. As between the Trustee and the Authority, all money so transferred for such purposes shall be deemed to have been paid by the Authority, but such transfer shall not affect any obligation of the Authority to any other person or entity.

Purchase of Bonds. At any time, either before or after any Bonds may be called for prior redemption, the Authority may direct the Trustee to purchase one or more Bonds on the open market, out of any money in the Sinking Fund in excess of the aggregate amount then required to be on deposit in the Sinking Fund, and, in that event, if the Trustee can so purchase any such Bond or Bonds at a price not exceeding the amount for which any Bond issued under the Indenture next shall be callable for prior redemption (but not including more interest than the next semi-annual interest thereon), it shall so purchase the same.

Credit for Principal and Interest on Redeemed Bonds. In the event that any Bond shall be redeemed prior to maturity, or purchased by the Authority prior to maturity thereof, upon cancellation thereof, the amount of interest expressed in such Bond which would have been payable on each interest payment date following cancellation to the date of maturity expressed in such Bond shall be deemed to have been deposited in the Bond Account and transferred to the Sinking Fund fifteen (15) days prior to such interest payment date and the amount of principal of such Bond shall be deemed to have been so deposited and transferred fifteen (15) days prior to the expressed maturity date thereof.

Disposition of Redeemed and Purchased Bonds. All Bonds which shall be redeemed (whether pursuant to maturity or call) or purchased as provided in the Indenture, shall forthwith be cancelled and destroyed by the Trustee, and the Trustee shall deliver a certificate of such fact to the Authority. No new Bond shall be issued under the Indenture in lieu of any Bond so redeemed, purchased or surrendered.

Investment of, and Security for, Sinking Fund and Construction Fund. The Trustee shall invest as directed by the Authority, such portions of the Sinking Fund as shall be practicable with maturity thereof prior to the interest payment date next ensuing after date of investment, shall invest as directed by the Authority, shall invest such portions of the Construction Fund as shall be directed by the Authority with maturity thereof as specified by the Authority. All of such investments shall be in Authorized Investments as directed by the Authority to the Trustee, to the extent the same are at the time legal for the investment of the Authority's money.

All interest collected by the Trustee on such investments shall be deposited, as collected, in the Construction Fund, until construction of the Project is completed as certified by the Authority to the Trustee and then to the Sinking Fund. The fact of such deposits and the amounts thereof during each monthly period shall be reported by the Trustee to the Authority and shall be deemed to have been deposited by the Authority into its Bond Account during the first calendar month next following the monthly period during which such interest was so collected and deposited by the Trustee in the Authority's Sinking Fund.

COVENANTS

The Authority covenants to the Trustee and to each and all of the Bondholders as follows:

Warranty of Title The Authority covenants that (i) the Trustees have title to the Secured Property and are the owners and holders of the leasehold interest therein evidenced by the Lease thereof; (ii) that the Lease constitutes a valid and subsisting Lease of the properties demised thereunder for the term therein set forth, is in full force and effect in accordance with the terms thereof and has not been modified or amended and there are no existing defaults by any party thereunder; (iii) that the fee simple title of the Secured Property is free and clear of all liens, charges and encumbrances on a parity with or prior to the Indenture except easements and building restrictions of record, (iv) that the Authority has good right and lawful authority to mortgage and convey the Secured Property; and (v) that the Authority hereby warrants and will forever defend the title to the Secured Property against the claims of all persons whomsoever.

Creation of Liens The Authority shall not, except as provided in the Indenture create or assume any mortgage, pledge, lien, charge or encumbrance on the Secured Property.

Impairment of Security The Authority will not commit any action which may in any respect impair or diminish the security provided in the Indenture.

Hazard Insurance The Authority shall at all times cause the Secured Property to be insured in such amounts and against such risks as ordinarily is maintained by reasonably prudent operators of like properties. Such insurance policies shall provide for payment of losses covered thereby to the Authority and the Trustee, as their interests shall appear.

Liability Insurance The Authority shall procure and maintain public liability and property damage insurance in such amounts as ordinarily is maintained by reasonably prudent operators of properties similar to the Secured Property. Such insurance policy shall name the Trustee as an additional insured.

The Authority shall obtain such insurance and all such insurance policies shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State of Oklahoma to assume the respective risks undertaken. All policies of insurance herein required to be carried by the Authority shall name the Authority as the insured as its interest may appear and shall name the Trustee under appropriate loss payee endorsements. Copies of all insurance policies herein required to be carried, or certificates of insurance, shall be furnished to the Trustee. All such insurance policies shall contain a provision requiring thirty (30) days prior notification to the Trustee of cancellation or termination thereof. Prior to the expiration or cancellation of any such policy, the Authority will furnish another policy or cause to be furnished another policy, or certify that there is no necessity therefor under the requirements of the Indenture. All insurance policies herein required to be carried by the Authority shall be payable to the Trustee to be utilized in the manner set forth herein and shall be subject to the lien of the Indenture.

In the event the Authority fails to take out or maintain the full insurance coverage required under this Section, the Trustee, after first notifying the Authority of any such failure on its part, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same and the costs thereof so advanced shall be paid promptly by the Authority or from any funds held by the Trustee for the Authority whether established hereunder or otherwise.

The Authority hereby additionally covenants that in the event the Authority fails to take out or maintain the full insurance coverage required under this Section, that the Authority will institute a self insurance program by depositing such amounts equal to the annual insurance premiums payable in accordance with this Section for the last annual period in which such insurance was in effect with the Trustee to be used to pay any damage, destruction or liability of the Authority in connection with the System.

Obligations The Authority shall promptly and punctually perform all of the obligations hereunder and under the terms of any other contract or agreement entered into by the Authority in connection with the Indenture.

Maintenance of the Secured Property The Authority shall maintain the Secured Property in first-class condition and good repair at all times; it will not commit or permit any waste in respect thereof; and it will not remove or in any manner dispose of any portion thereof without prior written approval of the Trustee as provided in the Indenture.

Operation of Secured Property The Authority will operate the Secured Property or cause the same to be operated for it, and will do and perform all acts necessary to maintain its right to operate the Secured Property for as long as any indebtedness is secured by the Indenture; and the Authority will charge for all services provided from or through the Secured Property.

The Authority will faithfully and fully comply with every statute, ordinance, rule or regulation, now or hereafter in force, governing the operation or maintenance of the Secured Property.

Maintenance of Revenues The Authority at all times will maintain schedules of rates and charges for services rendered through the Secured Property which will provide annually Net Revenues equal to not less than one and one quarter (1¼) times the average annual amount required to be paid into its Sinking Fund, as provided in the Indenture.

In order to enable the Authority to maintain lower schedules of rates and charges for utility services, for the purpose of calculating the annual Net Revenues produced from services rendered through the Secured Property, there shall be deducted from the costs and expenses of operation and maintenance thereof any amount expended by the City for payment of the costs of such operation and maintenance or appropriated and paid by the City to the Authority for such purposes, and there shall be treated as income from the Secured Property any Sales Tax Revenues and any amount appropriated by the City to the Authority and paid into the Revenue Account under the Indenture: Provided, the foregoing shall apply solely and only to amounts so expended or appropriated and paid, in cash, and in no event shall any such expenditure or appropriation be anticipated for the purpose of this section for any reason, including, but not limited to, the application of accrual principles of accounting, to that end; provided further that if, for any reason whatsoever, any such anticipated payment or appropriation be delayed or withheld, the Authority covenants that it shall immediately adjust such rates and charges as necessary to comply with its covenants herein above expressed.

Application of Revenues Authority will punctually collect all charges and other money payable to it by reason of the operation of the Secured Property and will apply same, in the manner

provided in the Indenture. The Authority specifically covenants to cause to be made available to the Trustee from the revenues of the Secured Property, in the manner provided in the Indenture, all monies necessary for the punctual payment of the principal of, premium, if any, and interest on the Bonds and all other indebtedness secured under the Indenture, as the same shall become due.

Examination of Records, Furnishing Reports Audits and Statements. The Authority will at all times keep its books, records and accounts in compliance with generally accepted accounting principles applied on a consistent basis and applicable rules and regulations of any governmental authority having jurisdiction thereof; and it shall permit access, at all reasonable times, to its properties, books, records and accounts by the Trustee, any Bondholder, or by any independent certified public accountant, registered professional engineer or other person employed by the Trustee or any such Bondholder for the purpose of inspection or examination thereof.

On or before the 1st day of January, 2019, and on or before the 1st day of January of each year thereafter so long as any Bond or Bonds shall remain Outstanding, the Authority shall deliver to the Trustee, to the City and to each Bondholder who requests the same, an annual audit of the operation of the Secured Property during the preceding fiscal year of the Authority (commencing July 1 and ending the following June 30) certified by an independent certified public accountant employed by the Authority (but not unacceptable to the Insurer, or by the Holders of not less than forty percent (40%) in aggregate principal amount of all Outstanding Bonds, if such selection is expressed in writing to the Authority). At the same time each year, the Authority shall deliver to the Trustee, to the City and to each Bondholder who requests the same, a certificate by a registered professional engineer employed by the Authority (but not unacceptable to the Insurer, or by the Holders of not less than forty percent (40%) in aggregate principal amount of all Outstanding Bonds, if such selection is expressed in writing to the Authority), as to the sufficiency of the maintenance of the Secured Property.

Expenditure of Bond and Insurance Proceeds The Authority will use all proceeds of the sale of the Bonds paid to it, solely for the purposes set forth in the Indenture; the Authority will comply fully with all of the provisions of the Indenture with respect to the expenditure of the proceeds of any insurance policy paid to the Authority; the Authority will make no use of the proceeds derived from the sale of the Bonds which, if such use had been reasonably expected on the date of issue of the Bonds, would have caused such Bonds to be "arbitrage bonds" as defined in Section 148 of the Code; and the Authority will comply with the requirements of Section 148 of the Code.

Change in Lease The Authority shall not execute any release, modification, amendment or other change or alteration of the Lease without the prior written approval of the Trustee. In addition, the Authority shall send to the Trustee copies of all notices sent or received by the Authority under the Lease.

ENFORCEMENT OF SECURITY

Remedies Upon the occurrence of an Event of Default, and failure of the Authority to cure such default within the time provided, if any, the Trustee may, at its option;

Acceleration Declare the entire principal of all Outstanding Bonds and all interest accrued therein immediately due and payable, whereupon the Bonds shall become forthwith due and payable without presentment, demand, protest or further notice of any kind, and the Trustee shall be entitled to proceed to simultaneously or selectively and successively enforce its rights under the Bonds, , any other instrument executed in connection with the issuance and sale of the Bonds, or any one or more of them; provided that the Trustee shall take this action upon the occurrence of an Event of Default and receipt of written instructions to take this action from the Holders of not less than twenty percent (20%) in aggregate principal amount of all Outstanding Bonds.

Foreclosure Foreclose the lien of the Indenture; provided, that any foreclosure sale of the Secured Property may be made, at the option of the Trustee, with or without appraisal, such option to be exercised by the Trustee at the time judgment is rendered in any foreclosure action; provided further, that the Trustee or any Bondholder may bid and become the purchaser of the Secured Property at any foreclosure sale if it is the highest bidder; provided further, that if the Trustee becomes the purchaser of the Secured Property at any foreclosure sale or acquires the Secured Property, by conveyance in lieu of foreclosure or otherwise, unless the Trustee is instructed to the contrary by the Holders of not less than twenty percent (20%) in aggregate principal amount of all Outstanding Bonds, the Trustee shall thereafter be entitled to sell, lease or otherwise deal with or dispose of the Secured Property, or any part thereof, for the benefit of the Bondholders, in any manner and for such consideration as the Trustee, in its sole discretion, determines to be in the best interest of the Bondholders.

Sale of Collateral Upon the occurrence of an Event of Default, the Trustee may, at its discretion, require the Authority to assemble the Collateral and make it available to the Trustee at a place reasonably convenient to both parties to be designated by the Trustee. All or any part of the Collateral may, at the sole discretion of the Trustee, be combined with the real property and sold together with such real property as an entirety, or the Collateral (or any part of the Collateral not sold together with the real property) may be sold separately, as one parcel or in such parcels, manner or order as the Trustee, in its sole discretion, may elect. The Trustee shall give the Authority notice, by registered or certified mail, postage prepaid, of the time and place of any public sale of any Collateral or of the time after which any private sale or other intended disposition thereof is to be made by sending notice to the Authority at least ten (10) days before the time of the sale or other disposition, which provisions for notice the Authority and the Trustee agree are reasonable.

Application for Receiver Upon or at any time after commencement of proceedings against the Authority, the Trustee may apply to any court of competent jurisdiction for the appointment of a receiver to administer the Secured Property.

General Remedies Take whatever action may be necessary or desirable, at law or in equity, to enforce performance and observation of any obligation, agreement or covenant of the Authority under the Indenture.

Control of Operations Through Temporary Trustees The Trustee may, upon its own initiative and without request, and upon written demand by the Holders of not less than twenty percent (20%) in amount of all Outstanding Bonds issued under the Indenture, the Trustee shall, appoint persons, residents of Tulsa County, Oklahoma, as temporary trustees of the Authority for the

Secured Property in such number that the persons so appointed shall constitute a majority of the Trustees of the Authority; and the Trustee shall fill any vacancy in any such temporary trusteeship.

Every such appointment of such temporary trustees shall be in writing and shall specify: (1) the Event of Default existing whereby such power of appointment is invoked hereunder, and (2) the names of the persons appointed as such temporary trustees, together with the name of each regular Trustee of the Authority temporarily supplanted by each such temporary trustee for such purpose.

Upon the elimination or curing of all Events of Default, the regular Trustee or Trustees of the Authority not supplanted by a temporary trustee, may mail written notice to the Trustee and to the City Clerk of the City by registered or certified mail, of the fact that no Event of Default exists, and cause a duplicate original of such notice to be filed for record in the office of the County Clerk of Tulsa County; and, thereupon, ipso facto, any and all temporary trustees appointed under the provisions of this section shall cease to have any power or authority under the Declaration of Trust and each regular Trustee of the Authority theretofore supplanted by a temporary trustee appointed under the provisions of this section shall be reinstated in every particular under the provisions of the Declaration of Trust.

During the continuation of any Event of Default, the Authority, as constituted under the above provisions, may at the election of the Trustee, remain in possession of all or any part of the Secured Property and may conduct all or any part of the operations of the Authority in relation thereto, with full right of management; and, in such event, all revenues of the Authority from such Secured Property shall be applied, deposited and expended as provided in the Indenture for the application, depositing and expenditure of such revenues by the Authority: provided, however, that such election by the Trustee shall not be deemed to eliminate or cure or waive any Event of Default whatsoever, but shall be deemed the election of one remedy for enforcement of the security for the obligations of the Authority under the Indenture, and not otherwise.

Proceedings by or Against the Authority Upon the occurrence of an Event of Default involving either the prosecution of, the defense of, or the participation in any judicial or administrative proceedings by or against the Authority, which in any way affect the Secured Property, the Trustee may, in its sole discretion, conduct or participate in such prosecution, defense or proceeding, and the Trustee may take any action whatsoever in relation thereto or in relation to the subject matter thereof which the Authority might take or do; provided that all costs and expenses incurred by the Trustee, including, without limitation, reasonable attorney's fees and court costs, shall be reimbursed to the Trustee by the Authority.

Selective Enforcement In the event the Trustee shall elect to selectively and successively enforce its rights under any one or more of the Bonds, the Indenture, or any other instrument executed in connection with the issuance and sale of the Bonds, such action shall not be deemed a waiver or discharge of any other lien or encumbrance securing payment of the Bonds until such time as the Trustee shall have been paid in full all sums secured by the Indenture. The foreclosure of any lien provided pursuant to the Indenture shall not merge the liens granted which are not foreclosed with any interest which the Trustee might obtain as a result of such selective and successive enforcement.

Rescission of Actions If at any time prior to the entry of final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default, or before the completion of the enforcement of any other remedy provided by the Indenture, all Events of Default shall have been cured or remedied to the satisfaction of the Trustee, the Trustee may, and upon written request of the Holders of not less than twenty percentum (20%) in amount of all Outstanding Bonds, the Trustee shall, by written notice to the Authority, rescind and annul any remedy invoked or action taken hereunder with respect thereto and its consequences, but no such rescission or annulment shall constitute a waiver of any subsequent Event of Default.

Non-Waiver; Cumulative Remedies No failure on the part of the Trustee to exercise and no delay in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Trustee of any right hereunder preclude any other or further right of exercise thereof or the exercise of any further right. The remedies herein provided are cumulative and not alternative.

RIGHTS AND REMEDIES OF BONDHOLDERS

No Bondholder shall have any right to institute or prosecute any action, suit or proceeding for the enforcement of the Indenture, the Bonds or any other instrument executed in connection with the issuance and sale of the Bonds until the following shall have occurred:

An Event of Default shall have occurred;

The Trustee shall have received notice of an Event of Default;

The Holders of not less than twenty percent (20%), in aggregate principal amount of all Outstanding Bonds shall have requested the Trustee to take certain action pursuant to the terms of the Indenture with respect to the Event of Default and shall have provided to the Trustee the indemnity required by the Indenture; and

The Trustee shall have taken no action whatsoever within a reasonable time after receipt of notice of facts constituting an Event of Default and a request from the Bondholders, to take certain actions with respect to the Event of Default.

No one or more Bondholders shall have any right, in any manner whatsoever, to affect, disturb or prejudice the lien of the Indenture by its, his or their action or to enforce any right hereunder, except in the manner herein provided, and all actions, suits or proceedings shall be instituted and prosecuted in the manner herein provided for the ratable benefit of all Bondholders.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Not Requiring Consent of Bondholders The Authority and the Trustee may, without the consent of, or notice to, any Bondholder, enter into an indenture or indentures supplemental to the Indenture as shall not be inconsistent with the terms and provisions thereof for any one or more of the following purposes:

To cure any ambiguity or formal defect or omission in the Indenture;

To grant to or confer upon the Trustee for the benefit of the Bondholders, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon them, the Trustee, or either of them;

To subject additional revenues, property or collateral to the lien of the Indenture;

To more precisely identify or to substitute or add additional property acquired with the proceeds of the Bonds so as to subject the same to the lien of the Indenture; or

To comply with the provisions of the Indenture pertaining to indentures supplemental to the Indenture in connection with the incurring of additional indebtedness for the purposes provided in the Indenture.

Supplemental Indentures Requiring Consent of Bondholders Exclusive of supplemental indentures covered above, and subject to the terms and provisions contained herein, and not otherwise, the prior written consent of the Holders of not less than sixty percentum (60%) in aggregate principal amount of all then Outstanding Bonds shall be required prior to the execution of any supplement to the Indenture which is executed for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing contained in this section shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, any Bond, without the consent of the Holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required to be deposited in any fund or account created under the Indenture, or any supplement hereto, without the consent of the Holders of all then Outstanding Bonds, or (c) the creation of any lien (other than in accordance with the provisions of the Indenture) prior to or secured equally and ratably with the lien of the Indenture, without the consent of the Holders of all then Outstanding Bonds, or (d) a reduction in the aggregate principal amount of Bonds, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all then Outstanding Bonds which would be affected by the action to be taken, or (e) modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

If at any time the Authority shall request the Trustee to enter into any such supplement to the Indenture for any of the purposes of this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplement to the Indenture to be mailed by first class mail, postage prepaid, to the Registered Holder of each Bond secured under the Indenture at his address shown on the Registration Record. Such notice shall briefly set forth the nature of the proposed supplement to the Indenture and shall state that copies thereof are on file at the Trustee for inspection by any Bondholder. If, within thirty (30) days or such longer period as shall be prescribed by the Authority following the mailing of such notice, the Holders of not less than sixty percentum (60%) in aggregate principal amount of Outstanding Bonds at the time of the execution of any such supplement to the Indenture shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object

to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. On the execution of any such supplement to the Indenture as permitted in this section, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

AMENDMENT OF LEASE

Amendments to Lease Not Requiring Consent of Bondholders The Lease may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee. Accordingly, the Trustee may, without the consent of or notice to any Bondholder, consent to any amendment, change or modification of the Lease as may be required (i) by the provisions of the Lease or the Indenture, (ii) in connection with the incurring of additional equally secured indebtedness, (iii) for the purpose of curing any ambiguity or formal defect or omission in the Lease, (iv) to more precisely identify the Secured Property or substitute or add additional property acquired with the proceeds of the Bonds, or (v) in connection with any other change in the Lease which in the judgment of the Trustee, is not to the prejudice of the Trustee or any Bondholder.

Amendments to Lease Requiring Consent of Bondholders Except for the amendments, changes or modifications as provided above, the Trustee shall not consent to any other amendment, change or modification of the Lease without the giving of notice and the written consent of the Holders of not less than sixty percentum (60%) in aggregate principal amount of then Outstanding Bonds. If at any time the Authority shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in above. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trustee for inspection by any Bondholder.

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AGREEMENT

The following is a summary of certain provisions of the Lease Agreement. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Lease Agreement, copies of which are available for inspection at the principal offices of the Authority and the Trustee. Capitalized words or phrases which are not defined herein or conventionally capitalized have the meanings given such words or phrases in the Lease Agreement.

The City of Glenpool, Oklahoma ("Lessor") has demised and leased unto The Glenpool Utility Services Authority ("Lessee"), the following property (herein the "Leased Property"):

All of the presently-existing proprietary, revenue-producing utility systems and facilities of the City of Glenpool, Oklahoma, including:

All of the water production, storage, transportation and distribution system and facilities,

including all tangible property, real and personal, and all interests therein, appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses, and other rights and privileges, appertaining or related to such systems and facilities or the use thereof, now belonging to said City or under its custody, management or control; and

All of the sanitary sewage collection, transportation, processing and disposal system and facilities, including all tangible property, real and personal, and all interests therein, appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses, and other rights and privileges, appertaining or related to such system and facilities or the use thereof, now belonging to said City or under its custody, management or control; and

All of the garbage and trash collection, transportation, property, real and personal, and all interest therein, appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses and other rights and privileges, appertaining or related thereto or to the use thereof, now belonging to said City or under its custody, management or control; and,

Certain described real property and estate situate in Tulsa County, State of Oklahoma together with all and singular the tenements, hereditaments and appurtenances thereof; and all right, title and interest of the Authority in and to all of the revenues, issues or profits now or hereafter derived or accruing from the properties described herein.

Any and all proprietary, revenue-producing utility systems and facilities, and any and all additions and/or improvements to any proprietary, revenue-producing utility systems and facilities (including, but not limited to, each presently-existing system and facilities mentioned in above), and any and all tangible property, real or personal, and any and all interests therein, appertaining or related to any such system and facilities or used in connection therewith, and any and all rights-of-way, easements, licenses, or other rights or privileges, appertaining or related to any such system and facilities or the use thereof, which may, hereafter, be acquired by said City or which shall, hereafter, come under its custody, management or control: It being the intent of this paragraph (ii) that any of the foregoing, immediately upon acquisition of ownership, custody, management or control thereof by said City shall become and be a part of the property demised and leased hereunder.

Any and all property, systems and facilities purchased and/or constructed and/or installed by the Authority with the proceeds of indebtedness incurred by the Authority and secured by its leasehold interest in and to any of the property described above, or by the revenues (or any part thereof) from any of the property described above, shall, immediately upon such purchase and/or construction and/or installation by the Authority, become the property of City and become and be a part of the property demised and leased hereunder

The term of the Lease is for fifty (50) years, commencing at 12:01 o'clock A.M. on the 24th day of January, 1973, and extending to and including the 1st day of November, 2060, and so long thereafter as any indebtedness incurred by Lessee secured by the revenues of any of the property described above (or any part thereof), shall remain unpaid, unless such term be sooner, as hereinafter provided.

The Leased Property is demised and leased to Lessee for the purpose of enabling Lessee to

execute and perform, and to further the execution and performance of, public functions of Lessor as provided in the Trust Indenture of the above-mentioned The Glenpool Utility Services Authority, and not otherwise.

Lessee covenants and agrees in the Lease that it will operate and maintain, at its own cost and expense, all of the Leased Property, in a good and efficient manner, and will protect and hold harmless the Lessor from any loss, cost, expense or damage directly or indirectly connected with, or arising out of, the maintenance or operation of said Leased Property.

The Lease provides that the City consents and agrees that the leasehold interest of the Authority in and to the Secured Property and the interest of the Authority in and to the revenue derived therefrom may be mortgaged, pledged or assigned by the Authority in connection with the incurring of indebtedness authorized by law.

Upon termination of the Lease, the Authority is required to deliver to the City the Secured Property and all substitutions therefor in good and serviceable condition, ordinary wear and natural deterioration excepted.

SUMMARY OF CERTAIN PROVISIONS OF THE SECURITY AGREEMENT

The following is a summary of certain provisions of the Security Agreement. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to all of the terms and provisions of the Security Agreement, copies of which are available for inspection at the principal offices of the Authority and the Trustee. Capitalized words or phrases which are not defined herein or conventionally capitalized have the meanings given such words or phrases in the Lease Agreement

In consideration of the Authority issuing the Bonds and using the net proceeds from the sale thereof to fund the Project, the City agrees, subject to availability and appropriation of funds, to transfer, such proceeds of the Sales Tax (hereinafter referred to as the "Sales Tax Payments") on or before the 1st day of each month, beginning October 1, 2019, and any other dates as determined by the Authority, to the Trustee on behalf of the Authority for immediate deposit in the Authority's Revenue Fund created under the Bond Indenture. Such Sales Tax Payments shall be used as set forth in the Bond Indenture, and shall be in such amounts as are necessary for the payment when due (whether upon the scheduled due date, upon purchase, or acceleration, or otherwise) of (a) principal of and interest on the Series 2019 Bonds coming due at such time; and (b) all other amounts due under the Bond Indenture. In any case where the date fixed for any payment from the City to the Trustee on behalf of the Authority shall not be a Business Day (as defined in the Bond Indenture), then such payment may be made on the next succeeding Business Day. In the event that Sales Tax Payments are not deposited in the Authority's Revenue Fund when due, the Trustee on behalf of the Authority shall give written notice of such failure to deposit to the Authority and to the City, and the City will have five calendar days to deposit such funds. Failure to deposit such funds within such five calendar day period shall constitute an event of default hereunder.

The Authority agrees that all proceeds of the Sales Tax received by it shall be utilized exclusively for the purposes set out in Section 2 of this Agreement and for no other purposes.

It is hereby acknowledged that under applicable Oklahoma law, the City may not become obligated beyond its fiscal year (July 1 through June 30) and therefore, the covenants made in the Security Agreement by the City shall be on a year-to-year basis. Payment of the Sales Tax Payments as set out therein is subject to availability of funds and annual appropriation thereof by the City. The Series 2019 Bonds issued by the Authority shall in no way be or become an obligation of the City.

The Security Agreement shall be for a term commencing on the date thereof and ending on June 30, 2020. The Security Agreement may be renewed for successive annual periods commencing July 1, 2020, at the option of the City, upon written notice of the exercise of each such option from the City to the Authority given prior to the expiration of the then current term and the taking by the City of such official action as shall be required by applicable laws to effect such renewal and annual appropriation described above. Notice of such renewal shall be provided to the Trustee, not later than July 31 of each year.

It is understood and agreed that this Agreement is a third party beneficiary contract for the benefit of the owners of the Series 2019 Bonds, and may be pledged and assigned by the Authority as security for the Series 2019 Bonds to be issued pursuant to the Indenture.

EXHIBIT C

FINANCIAL STATEMENTS OF THE CITY AND AUTHORITY

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City Of
Glenpool
Creating Opportunity



**CITY OF GLENPOOL
ANNUAL FINANCIAL REPORT
AND OPERATING REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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ANNUAL FINANCIAL REPORT
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**CITY OF GLENPOOL, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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

Executive Staff

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

Prepared by

John Gonsalves, Director of Finance / City Treasurer



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

The Introductory Section and Fiscal Year 2018 Operating Report, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



May 22, 2019

City of Glenpool, Oklahoma

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information contained in the accompanying financial statements and supplementary information.

Using the Financial Statement in this Annual Report

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

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

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

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

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

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

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

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

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

Reporting the City's Funds – Fund Financial Statements

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

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

The General Fund's fund balance increased from fiscal year 2017 by \$965,564, partly due to an 8% increase in overall tax revenues. Expenditures increased 4% compared to fiscal year 2017, primarily due to public safety and highway and roads expenses in fiscal year 2018.

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

The net position of the GUSA increased from fiscal year 2017 by \$479,539. Operating revenues decreased by 4% due to a 4% decrease in water gallons sold, and operating costs increased by 10% due to an increase in water and sewer operation cost resulting in an operating profit of \$750,119 in 2018 compared to a profit of \$1.4 million in fiscal year 2017.

The net position of the GIA increased from fiscal year 2017 by \$10,327. The Conference Center event receipts decreased by 6% over prior year and operating costs increased by 15% because of increased

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

maintenance and repairs. In addition, economic development cost in 2018 decreased 96% compared to 2017.

The City as a Whole

For the year ended June 30, 2018, the net position for the governmental activities and business-type activities changed as follows:

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

	Governmental Activities		Business -type Activities		Totals	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current Assets	\$ 8,532	\$ 7,354	\$ 845	\$ 545	\$ 9,377	\$ 7,899
Non-current Assets	-	-	1,701	1,673	1,701	1,673
Capital Assets	10,583	9,381	33,350	34,271	43,933	43,652
Total Assets	19,115	16,735	35,896	36,489	55,011	53,224
DEFERRED OUTFLOW OF RESOURCES						
Pension Related	2,271	1,386	-	-	2,271	1,386
Total Deferred Outflows	2,271	1,386	-	-	2,271	1,386
LIABILITIES						
Current Liabilities	717	608	1,917	1,711	2,634	2,319
Non-current liabilities	8,495	7,399	38,058	39,294	46,553	46,693
Total Liabilities	9,212	8,007	39,975	41,005	49,187	49,012
DEFERRED INFLOW OF RESOURCES						
Pension Related	381	102	2	-	383	102
Total Deferred Inflows	381	102	2	-	383	102
NET POSITION						
Net Investment in Capital Assets	7,612	6,412	(5,924)	(6,244)	1,688	168
Restricted	2,243	2,088	1,487	1,459	3,730	3,547
Unrestricted (Deficit)	1,938	1,512	356	269	2,294	1,781
Total Net Position (Deficit)	\$ 11,793	\$ 10,012	\$ (4,081)	\$ (4,516)	\$ 7,712	\$ 5,496

The City's combined net position increased from \$5.5 million to \$7.7 million between fiscal years 2017 and 2018, with an increase of 15% in net position for governmental activities and an increase of 14% in net position for business-type activities. Overall, the net position for both governmental and business-type activities increased by 6% for fiscal year 2018, and the City is able to report a positive balance in net position for the City as a whole.

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

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

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

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

Government-wide sales and use tax revenues increased from the prior year by \$1.5 million, or 14%, mostly due 0.26% sales and use tax increase approved by voters in April 2016 to fund capital improvements. Total expenses for governmental activities increased by \$838,000 compared to fiscal year 2017, or 2%, largely due to increased personnel costs resulting from new public safety positions added in late 2016.

Governmental activities increased the City's net position by \$2,217,000. The details of the increase are summarized on the following page.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

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

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

	<u>Governmental Activities</u>		<u>Business -type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
REVENUE						
Program Revenue:						
Charges for Services	\$ 642	\$ 855	\$ 5,308	\$ 5,385	\$ 5,950	\$ 6,240
Operating, Capital Grants and Contributions	511	531	-	1,188	511	1,719
General Revenues:						
Sales and Use Taxes	9,980	8,543	-	-	9,980	8,543
Other Taxes	684	777	-	-	684	777
Other General Revenue	381	103	292	703	673	806
Total Revenue	<u>12,198</u>	<u>10,809</u>	<u>5,600</u>	<u>7,276</u>	<u>17,798</u>	<u>18,085</u>
					-	-
EXPENSES						
General Government	1,572	1,802	-	-	1,572	1,802
Public Safety and Judiciary	5,384	4,795	-	-	5,384	4,795
Public Works	563	427	-	-	563	427
Cultural, Parks and Recreation	30	109	-	-	30	109
Economic Development	74	-	-	-	74	-
Financing	97	43	1,883	1,919	1,980	1,962
Water and Sewer	-	-	2,772	2,460	2,772	2,460
Solid Waste	-	-	675	562	675	562
Storm Water	-	-	16	4	16	4
Glenpool Industrial Authority	-	-	351	362	351	362
Unallocated Depreciation	712	418	961	950	1,673	1,368
Total Expenses	<u>8,432</u>	<u>7,594</u>	<u>6,658</u>	<u>6,257</u>	<u>15,090</u>	<u>13,851</u>
Increase (decrease) in net position before transfers	3,766	3,215	(1,058)	1,019	2,708	4,234
Transfers	(1,549)	(1,667)	1,549	1,667	-	-
Increases (decreases) in net position	2,217	1,548	491	2,686	2,708	4,234
Net position (deficit) - Beginning of Year	10,012	8,464	(4,516)	(7,202)	5,496	1,262
Prior period adjustment	(436)	-	(56)	-	(492)	-
Net position (deficit) - End of Year	<u>\$ 11,793</u>	<u>\$ 10,012</u>	<u>\$ (4,081)</u>	<u>\$ (4,516)</u>	<u>7,712</u>	<u>5,496</u>

Business-type Activities

Declining water sales combined with an increase in operating expenses and the loss of non-cash developer donations of infrastructure resulted in an operating profit of \$806,346 compared to an operating profit of \$1,751,439, in fiscal year 2017.

General Fund Budgetary Highlights

Actual revenues increased by 12% over final budgeted revenues, or \$1,669,453, partly due sales tax and use tax receipts coming in over budget by 10.4% and 121.9% respectively. Total expenditures and transfers-out were under final appropriations by \$394,998, or 3.6% under budget, due to improvement projects budgeted but not completed.

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2018. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements.

Capital Assets

At the end of June 30, 2018, the City had \$43.9 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	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Land	\$ -	\$ -	\$ 2,883	\$ 2,883	\$ 2,883	\$ 2,883
Construction in process	37	1,730	-	826	37	2,556
Buildings & Improvements	8,827	8,827	14,707	14,707	23,534	23,534
Furniture & Equipment	4,847	2,364	757	757	5,604	3,121
Vehicles	3,793	2,670	443	416	4,236	3,086
Infrastructure	1,321	1,321	24,145	23,307	25,466	24,628
	18,825	16,912	42,935	42,896	61,760	59,808
Less: Depreciation	(8,242)	(7,531)	(9,585)	(8,624)	(17,827)	(16,155)
Total	\$ 10,583	\$ 9,381	\$ 33,350	\$ 34,272	\$ 43,933	\$ 43,653

Debt Administration

At the end of the fiscal year, the City had total bonded debt outstanding of \$36,360,000 with debt service supported by a 1-penny sales tax transferred from the General Fund as well as pledged revenues generated by business-type activities of the City.

See Note III(H) for additional information about notes payable, lease obligations, bonds payable and settlements.

At year end, the City had \$42.2 million in long term debt as detailed below:

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue Bonds Payable	\$ -	\$ -	\$ 36,360	\$ 37,265	\$ 36,360	\$ 37,265
Notes Payable	30	33	2,790	3,000	2,820	3,033
Lease Payable	2,905	2,936	-	-	2,905	2,936
Claim Settlement Liability	-	-	125	250	125	250
Total Assets	2,935	2,969	39,275	40,515	42,210	43,484

City of Glenpool, Oklahoma
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Economic Factors and Next Year's Budget

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

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

The FY2018-2019 budget includes a 3.0% across the board increase in salaries and wages for all non-represented employees. Represented Public Safety employees received varied increases according to the terms of their respective labor agreements. Also included in the budget are several major capital improvement projects, many funded by the new sales tax propositions. These projects include new equipment for public safety personnel, improvements to streets and water and sewer infrastructure, as well as several routine repair projects throughout the City.

Several major development projects were completed at the end of FY2018, including the completion of Glenpool's first major medical complex. In addition, Glenpool's first major auto dealership completed construction in FY 2018. This project was partly supported by the creation of the City's first tax increment financing district. These and other large development projects are expected to contribute to Glenpool's tax base in the year ahead.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 12205 South Yukon Avenue, Glenpool, OK 74033.

**CITY OF GLENPOOL
STATEMENT OF NET POSITION
June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,412,860	\$ 1,376,240	\$ 4,789,100
Restricted cash and cash equivalents	1,981,849	101,512	2,083,361
Accounts receivable, net	376,031	1,030,471	1,406,502
Notes receivable	-	-	-
Due from other governments	1,097,859	-	1,097,859
Internal balances	1,663,611	(1,663,611)	-
Total current assets	<u>8,532,210</u>	<u>844,612</u>	<u>9,376,822</u>
Non-current assets:			
Restricted investments	-	1,700,907	1,700,907
Capital assets:			
Land and construction in progress	36,694	2,883,021	2,919,715
Other capital assets, net	10,546,350	30,467,363	41,013,713
Total non-current assets:	<u>10,583,044</u>	<u>35,051,291</u>	<u>45,634,335</u>
Total assets	<u>19,115,254</u>	<u>35,895,903</u>	<u>55,011,157</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	2,270,756	-	2,270,756
Total deferred outflows	<u>2,270,756</u>	<u>-</u>	<u>2,270,756</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	57,360	143,510	200,870
Accrued interest payable	39,751	160,178	199,929
Due to other governments	-	-	-
Deposits subject to refund	-	313,060	313,060
Leases payable	617,950	-	617,950
Notes payable	2,400	217,463	219,863
Revenue bonds payable	-	935,000	935,000
Claim Settlement Liability	-	125,000	125,000
Amounts held in escrow	-	-	-
Total current liabilities	<u>717,461</u>	<u>1,894,211</u>	<u>2,611,672</u>
Non-current liabilities:			
Accrued compensated absences	298,717	23,442	322,159
Net pension liability	5,372,181	-	5,372,181
OPEB Liability	473,104	60,578	533,682
Leases payable	2,287,266	-	2,287,266
Notes payable	27,886	2,572,408	2,600,294
Revenue bonds payable	-	35,425,000	35,425,000
Claim Settlement Liability	35,460	-	35,460
Total non-current liabilities	<u>8,494,614</u>	<u>38,081,428</u>	<u>46,576,042</u>
Total Liabilities	<u>9,212,075</u>	<u>39,975,639</u>	<u>49,187,714</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	381,402	1,934	383,336
Total deferred inflows	<u>381,402</u>	<u>1,934</u>	<u>383,336</u>
NET POSITION			
Net investment in capital assets	7,612,082	(5,924,487)	1,687,595
Restricted for:			
Public Safety	861,921	-	861,921
Streets and Infrastructure	641,147	-	641,147
Parks & recreation capital projects	191,095	-	191,095
Capital projects	119,153	715,126	834,279
Economic development/culture	409,661	-	409,661
Juvenile programs	19,557	-	19,557
Debt Service	-	771,590	771,590
Unrestricted (deficit)	1,937,917	356,100	2,294,017
Total net position (deficit)	<u>\$ 11,792,533</u>	<u>\$ (4,081,671)</u>	<u>\$ 7,710,862</u>

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

CITY OF GLENPOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government:					
General government	\$ 1,129,490	\$ 322,858	\$ -	\$ -	\$ (806,632)
Code and planning	442,920	71,534	-	-	(371,386)
Total general government	<u>1,572,410</u>	<u>394,392</u>	<u>-</u>	<u>-</u>	<u>(1,178,018)</u>
Public safety and judiciary:					
Municipal court	-	-	-	-	-
Fire	2,829,630	89,988	374,293	-	(2,365,349)
Police and Animal Control	2,163,423	45,829	137,180	-	(1,980,414)
Emergency management	48,142	-	-	-	(48,142)
Dispatch	343,224	-	-	-	(343,224)
911 operations		112,129	-	-	112,129
Total public safety and judiciary	<u>5,384,419</u>	<u>247,946</u>	<u>511,473</u>	<u>-</u>	<u>(4,625,000)</u>
Public Works:					
Streets	563,365	-	-	-	(563,365)
Total public works	<u>563,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(563,365)</u>
Cultural, parks and recreation:					
Parks	30,146	-	-	-	(30,146)
Total cultural, parks and recreation	<u>30,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,146)</u>
Economic development	73,675	-	-	-	(73,675)
Financing costs	96,730	-	-	-	(96,730)
Unallocated depreciation	711,826	-	-	-	(711,826)
Total governmental activities	<u>8,432,571</u>	<u>642,338</u>	<u>511,473</u>	<u>-</u>	<u>(7,278,760)</u>
Business-type activities					
Water & sewer	2,771,575	4,106,085	-	-	1,334,510
Solid waste	675,301	752,637	-	-	77,336
Storm water	15,791	105,244	-	-	89,453
Industrial Authority	351,511	343,539	-	-	(7,972)
Financing costs	1,883,482	-	-	-	(1,883,482)
Unallocated depreciation	960,734	-	-	-	(960,734)
Total business-type activities	<u>6,658,394</u>	<u>5,307,505</u>	<u>-</u>	<u>-</u>	<u>(1,350,889)</u>
Total Primary Government	<u>\$ 15,090,965</u>	<u>\$ 5,949,843</u>	<u>\$ 511,473</u>	<u>\$ -</u>	<u>\$ (8,629,649)</u>

(continued next page.)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (7,278,760)	\$ (1,350,889)	\$ (8,629,649)
General revenues:			
Taxes:			
Sales and use taxes	9,979,996	-	9,979,996
Franchise taxes	531,536	-	531,536
Hotel/motel tax	151,983	-	151,983
Intergovernmental	255,989	-	255,989
Investment earnings	19	17,947	17,966
Miscellaneous/Other Fees	66,735	273,753	340,488
Rental income	58,598	-	58,598
Gain (loss) on recovery of assets	-	-	-
Transfers - internal activities	(1,549,053)	1,549,053	-
Total general revenues and transfers	9,495,803	1,840,753	11,336,556
Change in net position	2,217,043	489,864	2,706,907
Net position (deficit) - beginning of year as previously reported	10,012,132	(4,515,622)	5,496,510
Prior period adjustment	(436,642)	(55,913)	(492,555)
Net position (deficit) - beginning of year as restated	9,575,490	(4,571,535)	5,003,955
Net position (deficit) - end of year	\$ 11,792,533	\$ (4,081,671)	\$ 7,710,862

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

**CITY OF GLENPOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	Special Revenue Funds					Capital Projects					Total Governmental Funds	
	General Fund	Hotel-Motel Tax Fund	Public Safety Personnel Fund	Parks & Rec Fund	Capital Improvement Fund	Streets & Infrastructure Fund	Public Safety Capital Fund					
Assets												
Cash and cash equivalents	\$ 3,412,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,412,860
Due from other governments	1,097,859	-	-	-	-	-	-	-	-	-	-	1,097,859
Accounts receivable, net	72,731	23,387	139,892	-	-	73,839	-	-	-	-	66,182	376,031
Due from other funds	1,663,611	-	-	-	-	-	-	-	-	-	-	1,663,611
Restricted assets:												
Cash and cash equivalents	65,279	386,274	474,707	191,095	119,153	567,308	178,033	-	-	-	-	1,981,849
Total assets	\$ 6,312,340	\$ 409,661	\$ 614,599	\$ 191,095	\$ 119,153	\$ 641,147	\$ 244,215	\$ -	\$ -	\$ -	\$ -	\$ 8,532,210
Liabilities and Fund Balances:												
Liabilities												
Accounts payable	\$ 3,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,748
Payable to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Other accrued expenses	46,457	-	7,155	-	-	-	-	-	-	-	-	53,612
Amounts held in escrow	35,460	-	-	-	-	-	-	-	-	-	-	35,460
Total liabilities	85,665	-	7,155	-	-	-	-	-	-	-	-	92,820
Fund balances												
Restricted	29,819	409,661	607,444	191,095	119,153	641,147	244,215	-	-	-	-	2,242,534
Unassigned	6,196,856	-	-	-	-	-	-	-	-	-	-	6,196,856
Total fund balances	6,226,675	409,661	607,444	191,095	119,153	641,147	244,215	-	-	-	-	8,439,390
Total liabilities and fund balance	\$ 6,312,340	\$ 409,661	\$ 614,599	\$ 191,095	\$ 119,153	\$ 641,147	\$ 244,215	\$ -	\$ -	\$ -	\$ -	\$ 8,532,210

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, 2018

Total Fund Balances - Governmental Funds \$ 8,439,390

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

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

Construction in progress	36,694	
Infrastructure	1,321,323	
Buildings	8,826,996	
Equipment	4,847,413	
Vehicles	3,792,959	
Accumulated depreciation	<u>(8,242,341)</u>	
		<u>10,583,044</u>

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

Pension related deferred outflows	<u>2,270,756</u>	
Total		<u>2,270,756</u>

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

Accrued compensated absences	(298,717)	
Net pension liability	(5,372,181)	
OPEB Liability	(473,104)	
Pension related deferred inflows	(381,402)	
Accrued interest payable	(39,751)	
Capital leases payable	(2,905,216)	
Notes payable	<u>(30,286)</u>	
Total		<u>(9,500,657)</u>

Total Net Position - Governmental Activities \$ 11,792,533

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, 2018

	Special Revenue			Capital Projects			Total Governmental Funds
	Hotel-Motel Fund	Public Safety Personnel Fund	Parks & Rec Fund	Capital Improvement Fund	Streets & Infrastructure	Public Safety Capital	
Revenues:							
Taxes	\$ 8,439,788	\$ 183,173	\$ -	\$ -	\$ 567,861	\$ 508,979	\$ 10,775,644
Licenses and permits	55,213	-	-	-	-	-	55,213
Charges for services	197,551	-	9,800	-	-	-	207,351
Intergovernmental programs	767,447	-	-	-	-	-	767,447
Fines and forfeits	267,660	-	-	-	-	-	267,660
Interest income	19	-	-	-	-	-	19
Miscellaneous	125,333	-	-	-	-	-	125,333
Total revenues	<u>9,853,011</u>	<u>1,075,843</u>	<u>9,800</u>	<u>-</u>	<u>567,861</u>	<u>508,979</u>	<u>12,198,667</u>
Expenditures:							
Current:							
General government	1,559,434	-	-	-	-	-	1,559,434
Public safety	4,406,421	820,305	-	-	-	-	5,226,726
Highways and roads	553,543	-	-	-	-	-	553,543
Economic Development	-	-	-	-	-	-	73,675
Cultural and recreational	30,146	-	-	-	-	-	30,146
Debt Service:							
Principal	110,485	-	-	-	153,350	331,187	595,022
Interest expense	18,214	-	-	-	21,629	53,970	93,813
Capital outlay	344,055	-	-	-	210,586	1,360,082	1,914,723
Total expenditures	<u>7,022,298</u>	<u>820,305</u>	<u>-</u>	<u>-</u>	<u>385,565</u>	<u>1,745,239</u>	<u>10,047,082</u>
Excess of revenues over (under) expenditures	<u>2,830,713</u>	<u>255,538</u>	<u>9,800</u>	<u>-</u>	<u>182,296</u>	<u>(1,236,260)</u>	<u>2,151,585</u>
Other financing sources (uses):							
Operating transfers in	2,143,458	-	-	-	103,468	25,000	2,504,611
Operating transfers out	(4,053,664)	-	-	-	-	-	(4,053,664)
Lease proceeds	45,057	-	-	-	-	515,982	561,039
Total other financing sources (uses)	<u>(1,865,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,468</u>	<u>540,982</u>	<u>(988,014)</u>
Net change in fund balances	<u>965,564</u>	<u>255,538</u>	<u>9,800</u>	<u>-</u>	<u>285,764</u>	<u>(695,278)</u>	<u>1,163,571</u>
Fund balances (deficit) - beginning of year	5,261,111	351,906	181,295	119,153	355,383	939,493	7,275,819
Fund balance - end of year	<u>\$ 6,226,675</u>	<u>\$ 607,444</u>	<u>\$ 191,095</u>	<u>\$ 119,153</u>	<u>\$ 641,147</u>	<u>\$ 244,215</u>	<u>\$ 8,439,390</u>

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

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,163,571

Amounts reported for governmental activities in the Statement of Activities are different because:

Government-wide Statement of Activities report the cost of pension benefits earned net of employee contributions as an element of pension expense. The fund financial statements report pension contributions as expenditures:

Contributions made by the State of Oklahoma on behalf of the City	511,473
Net pension expense - Police	(18,335)
Net pension expense - Fire	(572,001)
OPEB Liability	37,362

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,570,848
Capital assets donated	-
Book value of land transferred	-
Depreciation expense	(711,825)

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

Capital lease obligation proceeds	(243,278)
Capital lease obligation principal payments	555,689
Notes payable principal payments	2,400

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Changes in:	
Accrued interest	(30,040)
Accrued compensated absences	(48,821)

Change in Net Position of Governmental Activities \$ 2,217,043

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

**CITY OF GLENPOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and equivalents	\$ 327,707	\$ 1,048,533	\$ 1,376,240
Restricted cash and equivalents	101,512	-	101,512
Accounts receivable, net	843,121	187,350	1,030,471
Total current assets	<u>1,272,340</u>	<u>1,235,883</u>	<u>2,508,223</u>
Non-current Assets:			
Restricted investments	1,700,907	-	1,700,907
Capital assets:			
Land and construction in process	2,092,556	790,465	2,883,021
Depreciable buildings, equipment and infrastructure, net of	30,220,363	247,000	30,467,363
Total non-current assets:	<u>34,013,826</u>	<u>1,037,465</u>	<u>35,051,291</u>
Total assets	<u>35,286,166</u>	<u>2,273,348</u>	<u>37,559,514</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	142,756	754	143,510
Accrued interest payable	160,178	-	160,178
Accrued compensated absences	19,174	4,268	23,442
Due to other funds	1,663,611	-	1,663,611
Deposits subject to refund	313,060	-	313,060
Notes Payable	217,463	-	217,463
Revenue Bonds Payable	935,000	-	935,000
Claim settlement liability	125,000	-	125,000
Total current liabilities	<u>3,576,242</u>	<u>5,023</u>	<u>3,581,264</u>
Non-current liabilities:			
Notes Payable	2,572,408	-	2,572,408
OPEB Liability	48,962	11,616	60,578
Revenue Bonds Payable	35,425,000	-	35,425,000
Claim settlement liability	-	-	-
Total non-current liabilities	<u>38,046,370</u>	<u>11,616</u>	<u>38,057,986</u>
Total Liabilities	<u>41,622,612</u>	<u>16,639</u>	<u>41,639,251</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to OPEB	1,563	371	1,934
Total deferred inflows	<u>1,563</u>	<u>371</u>	<u>1,934</u>
Net position:			
Net investment in capital assets	(6,961,952)	1,037,465	(5,924,487)
Restricted	1,486,716	-	1,486,716
Unrestricted (deficit)	<u>(862,773)</u>	<u>1,218,873</u>	<u>356,100</u>
Net position (deficit)	<u>\$ (6,338,009)</u>	<u>\$ 2,256,338</u>	<u>\$ (4,081,671)</u>

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

CITY OF GLENPOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
Operating Revenues:			
Water revenue	\$ 2,718,752	\$ -	\$ 2,718,752
Sewer revenue	1,302,204	-	1,302,204
Solid waste revenue	734,301	-	734,301
Water taps	71,621	-	71,621
Sewer taps	10,472	-	10,472
Solid waste management fees	18,336	-	18,336
Storm water management fees	105,244	-	105,244
Water/sewer fees	3,036	-	3,036
Connect/transfer fees	8,175	-	8,175
Delinquent fees	121,368	-	121,368
Miscellaneous charges	28,608	70,699	99,307
Reconnect fees	44,903	-	44,903
Lease revenue	-	343,539	343,539
Total revenues	<u>5,167,020</u>	<u>414,238</u>	<u>5,581,258</u>
Operations expense:			
Water and Sewer operations	2,771,575	-	2,771,575
Solid waste operations	675,301	-	675,301
Stormwater operations	15,791	-	15,791
Conference Center operations	-	348,961	348,961
Economic Development	-	2,550	2,550
Depreciation	954,234	6,500	960,734
Total operations expense	<u>4,416,901</u>	<u>358,011</u>	<u>4,774,912</u>
Operating income (loss)	<u>750,119</u>	<u>56,227</u>	<u>806,346</u>
Non-operating revenues (expenses):			
Interest revenue	17,947	-	17,947
Interest expense and fiscal agent charges	(1,883,482)	-	(1,883,482)
Loss on recovery of asset	-	-	-
Total Non-operating revenues (expenses)	<u>(1,865,535)</u>	<u>-</u>	<u>(1,865,535)</u>
Income (loss) before operating transfers	<u>(1,115,416)</u>	<u>56,227</u>	<u>(1,059,189)</u>
Capital Contributions	-	-	-
Transfers in	3,692,511	-	3,692,511
Transfers out	(2,097,558)	(45,900)	(2,143,458)
Change in net position	<u>479,537</u>	<u>10,327</u>	<u>489,864</u>
Total Net position (deficit), beginning of year, restated	<u>(6,817,546)</u>	<u>2,246,011</u>	<u>(4,571,535)</u>
Total Net position (deficit), ending	<u>\$ (6,338,009)</u>	<u>\$ 2,256,338</u>	<u>\$ (4,081,671)</u>

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

**CITY OF GLENPOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Enterprise Funds		
	Glenpool Utility Service Authority	Glenpool Industrial Authority	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers & service users	\$ 5,164,905	\$ 347,665	\$ 5,512,570
Cash payments for goods & services & employees	(3,324,404)	(351,247)	(3,675,651)
Net cash provided (used) by operating activities	<u>1,840,501</u>	<u>(3,582)</u>	<u>1,836,919</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(45,900)	(45,900)
Negative cash balance implicitly financed	-	-	-
Net cash provided (used) for noncapital financing activities	<u>-</u>	<u>(45,900)</u>	<u>(45,900)</u>
Cash flows from capital and related financing activities:			
Transfers from other funds	3,692,511	-	3,692,511
Transfers to other funds	(2,097,558)	-	(2,097,558)
Acquisition & construction of capital assets	(39,793)	-	(39,793)
Principal paid on debt	(1,240,570)	-	(1,240,570)
Interest paid on debt	(1,838,119)	-	(1,838,119)
Fiscal agent fees	(45,363)	-	(45,363)
Net cash provided (used) for capital and related financing activities	<u>(1,568,892)</u>	<u>-</u>	<u>(1,568,892)</u>
Cash flows from investing activities:			
(Purchase) liquidation of investments	(27,732)	-	(27,732)
Interest on investments	17,947	-	17,947
Net cash provided by investing activities	<u>(9,785)</u>	<u>-</u>	<u>(9,785)</u>
Net increase (decrease) in cash & cash equivalents	261,824	(49,482)	212,342
Cash and cash equivalents - beginning of year	<u>162,056</u>	<u>1,096,750</u>	<u>1,258,806</u>
Cash and cash equivalents - end of year	<u>\$ 423,880</u>	<u>\$ 1,047,268</u>	<u>\$ 1,471,148</u>
Reconciliation of operating income to net cash			
Operating income (loss)	\$ 750,119	\$ 56,227	\$ 806,346
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	954,234	6,500	960,734
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(13,624)	(66,573)	(80,197)
Increase (decrease) in customer deposits	11,509	-	11,509
Increase (decrease) in accounts payable	137,019	44	137,063
Increase (decrease) in accrued expenses	(804)	(88)	(892)
Increase (decrease) in compensated absences	2,048	308	2,356
Total adjustments	<u>1,090,382</u>	<u>(59,809)</u>	<u>1,030,573</u>
Net cash provided (used) by operating activities	<u>\$ 1,840,501</u>	<u>\$ (3,582)</u>	<u>\$ 1,836,919</u>

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

B. Reporting Entity

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

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

Blended Component Units:

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

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

C. Basis of Presentation

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

The funds of the City are described below:

- a. General Fund: The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Fund: A Special revenue fund is used to account for the proceeds of specific revenue sources, other than capital projects, that are legally restricted to expenditures for specified purposes or otherwise segregated for accounting purposes. The City had two special revenue funds active during the fiscal year ending June 30, 2018. The Hotel-Motel Tax fund accounts for hotel-motel tax revenues and expenditures related to economic development and cultural activities. The Public Safety Personnel fund accounted for a dedicated tax the used solely for public safety personnel expenditures.
- c. Debt Service Fund: The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for the payment of long term debt principal, interest and related costs. The City had no debt service funds active during the fiscal year ending June 30, 2018.
- d. Capital Projects Fund: A capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The following capital projects funds were active during the fiscal year ending June 30, 2018:

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

D. Measurement Focus and Basis of Accounting

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

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

1. **Cash and Cash Equivalents:** Cash in bank, cash on hand and short-term investments with original maturities of ninety days or less are reported as cash and cash equivalents. The resources of the individual funds are general in purpose and combined to form a pool of investments which is managed by the Director of Finance. These pooled assets are stated at amortized cost if the investment had a maturity of one year or less at the time of purchase. All investments held are authorized under Oklahoma State Statutes. Permissible investments include direct obligations of the U. S. government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations.
2. **Investments:** Money market investments with an original maturity of one year or less are recorded at amortized cost. Long term investments are recorded at fair value.
3. **Accounts Receivable/Due from Other Governments:** In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable of \$226,738, consisting mostly of unpaid court fines, are based upon the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes and court fines. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable of \$143,258 are based upon the periodic aging of accounts receivable.
4. **Restricted Assets:** Proceeds from debt and related sinking fund accounts and contributions from governmental grantors to the Enterprise Funds are classified as restricted assets, since their use is restricted by applicable bond indentures and grant agreements. Customer utilities deposits held by the City are classified as restricted assets.
5. **Inventories:** Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.
6. **Capital Assets:** General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

7. **Compensated Absences:** It is the City's policy to permit full-time employees to accumulate earned but unused vacation. Full-time and part-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit.
8. **Long-term Debt:** Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.
 - a. Government-wide Financial Statements: All long-term debts to be repaid from governmental and business-type component unit resources are reported as liabilities in the government-wide statements. The long-term debts consists primarily of accrued compensated absences, pension benefits, capital leases payable, notes payable and revenue bonds payable.
 - b. Fund Financial Statements: Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. Payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

9. **Deferred Outflow/Inflow of Resources:** In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) which will not be recognized as an outflow of resources until that time. The City reports deferred outflows related to its pensions.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenues) until that time. The City reports deferred inflows related to its pensions and other post-employment benefits

10. Equity Classifications

- a. Government-wide Financial Statements: Equity is classified as net position and is displayed in three components:
- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
 - Restricted – This component of net position consists of constraints placed on net position use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through ordinance or other enabling legislation. For the year ended June 30, 2018, the statement of net position reports restricted net position in the amount of \$3,729,250.
 - Unrestricted – This component of net position consists of net positions that do not meet the definition of “net investment in capital assets” or “restricted.”

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

- b. Fund Financial Statements: As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds are made up of the following:
- Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. These restrictions arise from bond indentures and votes of the citizens of Glenpool. Restrictions may effectively be changed or lifted only with the consent of the applicable resource providers.
 - Assigned fund balance comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City's Council or (2) a body or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes. Such delegation is made to the City Manager, CFO, or applicable department manager at a City Council meeting and is recorded in the meeting minutes.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

F. Adoption of New Accounting Standards

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* — Effective July 1, 2017, the City adopted the provisions of GASB Statement 75. The objective of the statement is to improve accounting and financial reporting for postemployment benefits other than pensions and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. As a result of applying this new standard, the City has reduced its beginning balances by \$492,555.

G. Revenues, Expenditures and Expenses

1. **Sales Tax:** The City levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The entire sales tax is recorded as revenue within the General Fund. Upon receipt, the General Fund distributes the dedicated portion of the sales tax as follows:
 - Three cents retained by the General Fund for operations.
 - One cent transferred to the Capital Improvement Fund as approved by the voters in 2001 to be used for capital projects or debt service related to capital projects.
2. **Property Tax:** Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonds and court-assessed judgments. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The County Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. As of June 30, 2018 the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2018.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

H. Internal and Interfund Balances and Activities

1. **Government-wide Financial Statements:** In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. The eliminations or reclassifications, if any, in the government-wide statements are as follows:
- Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

I. Use of Estimates

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

J. Pensions

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

A. Fund Accounting Requirements

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

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

B. Deposits and Investments

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

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

Public trusts created under O.S. Title 60, are not subject to the statutory investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2018, the City and its public trusts complied, in all material respects, with these investment restrictions.

C. Revenue Restrictions

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

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

For the year ending June 30, 2018, the City complied, in all material respects, with these revenue restrictions.

D. Debt Restrictions and Covenants

- 1. General Obligation Debt:** Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2018, the City complied with this restriction.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

2. **Other Long-term Debt:** As required by the Oklahoma State Constitution, the City (excluding public trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without obtaining voter approval. For the year ended June 30, 2018, no such debt was incurred by the City.
3. **Revenue Bond Debt:** The bond indenture relating to the revenue bond issues of the GUSA contains a number of restrictions or covenants that are financial related such as a required flow of funds through special accounts, required reserve account balances, and revenue bond debt service coverage requirements. The following schedule presents a summary of the most significant requirements and the GUSA's level of compliance thereon as of June 30, 2018:

Requirement	Legal of Compliance
Flow of funds through General Fund, Capital Improvement Fund, and other bond accounts	All required accounts have been established and are used per bond indenture requirements
Reserve Account	The bonds are secured by a Bond Fund Reserve Account held by the GUSA's trustee bank.
Revenue Bond and Oklahoma Water Resources Board Note Requirement	For the year ended June 30, 2018, available sales tax and revenues, as defined by the bond indenture, were \$12,251,844; the bond coverage requirement is operating and maintenance excluding depreciation, or \$3,026,087, plus 125% of primary principal and interest plus 125% of subordinate principal and interest, or \$3,732,974. Excess coverage was \$5,492,783 or 1.47 times the required principal, interest and fee coverage.

E. Fund Equity/Net Position Restrictions.

Title 11, section 17-211 of the Oklahoma statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). The City had no fund balance deficits at June 30, 2018.

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

A. Deposits and Investments

1. **Deposits:** Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The deposit policy of the City for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds or bonds of any county or school district of the State of Oklahoma. At June 30, 2018 the City's bank balance of \$6,666,015 was not exposed to custodial credit risk.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

- 2. Investments:** The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

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

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

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

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial risk. However, the City's investments are in the City's name, thus the City has no custodial risk at June 30, 2018.

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

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

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Fair Value Measurement—The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2018, mutual funds held by the City were valued using quoted prices in active markets (Level 1 inputs). The City had the following deposits and investments at June 30, 2018:

Type	Weighted Average Maturity (Months)	Credit Rating	Value
Demand deposits and cash on hand	N/A	(1)	\$ 6,872,461
Short-term money market funds	N/A	(1)	1,486,716
Certificates of deposit	9.2	(1)	214,191
			<u>\$ 8,573,368</u>
Not subject to rating (1)			
<u>Reconciliation to Statement of Net Position</u>			
			\$ 4,789,100
			2,083,361
			1,700,907
			<u>\$ 8,573,368</u>

B. Accounts Receivable

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

C. Accounts Payable

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

D. Restricted Assets

Certain assets of the City are restricted in their use through grant agreements, contracts or laws and ordinances. Cash in the amount of \$10,262 at June 30, 2018 has been restricted in use for the purchase of police equipment and training, as well as \$474,707 to be used for police operations, \$19,557 for juvenile programs and \$386,274 for economic development and cultural programs. In addition, cash collected from developer fees in the amount of \$191,095 as of June 30, 2018 has been reserved for future park improvements. An additional \$119,152 in cash is restricted for matching funds related to the construction of sidewalk improvements through an agreement with the Oklahoma Department of Transportation. Other assets restricted for capital needs include \$567,308 for projects related to streets and other infrastructure, as well as \$178,132 restricted to public safety capital needs. Further, municipal court bonds received in relation to defendant warrants are restricted in their use toward resolution of the defendant's warrants. As of June 30, 2018, cash in the amount of \$35,362 has been restricted for municipal court bonds.

Certain assets of the GUSA are restricted in their use by bond and note indentures. Investments, classified as non-current, in the amount of \$771,590 at June 30, 2018 have been restricted in use to the service of debt. Investments, classified as noncurrent, in the amount \$715,126 at June 30, 2018 have been restricted for the purpose of financing future construction of capital improvements of the City. Customer deposits received for water, sewer and refuse service are restricted in their use toward the customer's final bill. As of June 30, 2018, cash and cash equivalents in the amount of \$315,703, of which \$101,512, is classified as current and \$214,191 is classified as non-current, have been restricted for customer deposits.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

E. Capital Assets

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

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2018</u>
Governmental Activities				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	1,729,714	201,704	(1,894,724)	36,694
Total non-depreciable assets	<u>1,729,714</u>	<u>201,704</u>	<u>(1,894,724)</u>	<u>36,694</u>
Depreciable assets:				
Buildings and improvements	8,826,996	-	-	8,826,996
Furniture, fixtures and equipment	2,363,819	2,483,594	-	4,847,413
Vehicles	2,670,056	1,122,903	-	3,792,959
Infrastructure	1,321,323	-	-	1,321,323
Total depreciable assets	<u>15,182,194</u>	<u>3,606,497</u>	<u>-</u>	<u>18,788,691</u>
Less accumulated depreciation:				
Buildings and improvements	(3,099,361)	(218,194)	-	(3,317,555)
Furniture, fixtures and equipment	(2,148,831)	(356,069)	-	(2,504,900)
Vehicles	(2,105,583)	(88,841)	-	(2,194,424)
Infrastructure	(176,740)	(48,722)	-	(225,462)
Total accumulated depreciation	<u>(7,530,515)</u>	<u>(711,826)</u>	<u>-</u>	<u>(8,242,341)</u>
Net depreciable assets	<u>7,651,679</u>	<u>2,894,671</u>	<u>-</u>	<u>10,546,350</u>
Net governmental activities capital assets	<u>\$ 9,381,393</u>	<u>\$ 3,096,375</u>	<u>\$ (1,894,724)</u>	<u>\$ 10,583,044</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2018</u>
Business-Type Activities				
Non-depreciable assets:				
Land	\$ 2,883,021	\$ -	\$ -	\$ 2,883,021
Construction in progress	825,658	-	(825,658)	-
Total non-depreciable assets	<u>3,708,679</u>	<u>-</u>	<u>(825,658)</u>	<u>2,883,021</u>
Depreciable assets:				
Buildings and improvements	14,707,380	-	-	14,707,380
Furniture, fixtures and equipment	756,894	825,657	-	1,582,551
Vehicles	415,758	27,459	-	443,217
Infrastructure	<u>23,306,935</u>	<u>12,334</u>	<u>-</u>	<u>23,319,269</u>
Total depreciable assets	<u>39,186,967</u>	<u>865,450</u>	<u>-</u>	<u>40,052,417</u>
Less accumulated depreciation:				
Buildings and improvements	(2,288,647)	(367,159)	-	(2,655,806)
Furniture, fixtures and equipment	(594,098)	(23,293)	-	(617,391)
Vehicles	(379,995)	(11,713)	-	(391,708)
Infrastructure	<u>(5,361,580)</u>	<u>(558,569)</u>	<u>-</u>	<u>(5,920,149)</u>
Total accumulated depreciation	<u>(8,624,320)</u>	<u>(960,734)</u>	<u>-</u>	<u>(9,585,054)</u>
Net depreciable assets	<u>30,562,647</u>	<u>(95,284)</u>	<u>-</u>	<u>30,467,363</u>
Net Business-Type activities capital assets	<u>\$ 34,271,326</u>	<u>\$ (95,284)</u>	<u>\$ (825,658)</u>	<u>\$ 33,350,384</u>

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

F. Interfund Receivables and Payables

The City's General Fund made an advance to the GUSA to cover a cash deficit resulting from operating losses in prior years. The balance of this advance at June 30, 2018 was \$1,663,611 and will not be paid within one year.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

G. Interfund Transfers

Interfund transfers were made to comply with sales tax collection provisions and agreements and to fund cash shortages in various funds as needed. These shortages occurred due to operating expenditures exceeding fund revenues. Interfund transfers reported in the fund financial statements for the year ended June 30, 2018, consisted of the following:

Transfer In	Transfer Out			
	General Fund	Glenpool Industrial Authority	Glenpool Utility Service Authority	Total
General Fund	\$ -	\$ 45,900	\$ 2,097,558	\$ 2,143,458
Capital Improvement Fund	25,000	-	-	25,000
Hotel	232,685	-	-	232,685
Streets	103,468	-	-	103,468
GIA	-	-	-	-
Glenpool Utility Service Authority	3,692,511	-	-	3,692,511
	\$ 4,053,664	\$ 45,900	\$ 2,097,558	\$ 6,197,122

H. Long-term Liabilities

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

- Governmental Activities:** As of June 30, 2018, the governmental activities long-term debt consisted of the following:

Notes Payable	Balance 6/30/18
Oklahoma Department of Transportation (ODOT) Note dated November 6, 1995, original amount \$39,325 for right-of-way, monthly payments totaling \$1,200, no interest, commencing November, 1995 through June, 2027.	\$ 11,925
ODOT Note dated September 24, 1991, original amount \$44,661 for right-of-way, monthly payments totaling \$1,200, no interest, commencing July, 1996 through June, 2033.	18,361
Total Notes Payable	\$ 30,286
Current portion	\$ 2,400
Non-current portion	27,886
Total Notes Payable	\$ 30,286

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Capital Lease Obligations	Balance 6/30/18
\$472,765 capital lease with Oshkosh Capital for fire truck, interest rate of 4.5%, annual installments commencing September 24, 2011 through September 24, 2020, balloon payment October 24, 2020.	\$ 229,185
\$183,685 capital lease with Oklahoma State Bank for police cars, interest rate of 1.98%, monthly installments commencing March 16, 2016 through February 16, 2019.	39,576
\$26,320 capital lease with Oklahoma State Bank for animal control truck, interest rate of 1.98%, monthly installments commencing April 22, 2017 through March 22, 2021.	18,487
\$804,229 capital lease with Santander Leasing for automated meter reading system, interest rate of 2.97%, annual installments commencing February 9, 2018 through February 9, 2022	653,134
\$731,100.23 capital lease with Community Bank for fire truck, interest rate of 2.9%, annual installments commencing May 1, 2017 through May 5, 2021. Final balloon payment due May 10, 2021.	549,772
\$521,003 capital lease with BB&T for public safety communications system infrastructure, interest rate of 3.65%, annual installments commencing March 16, 2016 through February 16, 2019.	485,627
\$580,870 capital lease with Central Trust Bank for public safety communications equipment, interest rate of 2.9%, annual installments commencing March 16, 2016 through February 16, 2019.	471,242
\$203,539 capital lease with Oklahoma State Bank for five police vehicles, interest rate of 1.98%, monthly installments commencing December 1st 2017	174,840
\$84,796 capital lease with Oklahoma State Bank for two Police Vehicles, interest rate 2.39%, Monthly installment commencing December 14th 2017	72,924
\$227,647.40 capital lease with Oklahoma State Bank for Breathing Apparatus 2.39% Interest rate, annual installment commencing November 14th 2018	172,734
\$36,500 lease with Axon Enterprise inc, for breathing apparatus equipment annual installment commencing December 13th 2017	31,200
\$8,119 Tasers Cartridge with Axon Enterprise Inc, for Tasers Cartridge annual annual installment commencing December 13th 2017	6,495
Total Capital Leases	\$ <u>2,905,216</u>
Current portion	\$ 617,950
Non-current portion	<u>2,287,266</u>
Total Capital Leases	\$ <u>2,905,216</u>
	Balance 6/30/18
Accrued Compensated Absences	
Non-current portion	\$ 298,717
Total Accrued Compensated Absences	\$ <u>298,717</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2. Business-Type Activities: As of June 30, 2018, the business-type activities long-term debt consisted of the following:

<u>Revenue Bonds Payable</u>	<u>Balance 6/30/18</u>
Series 2010A Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$29,575,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 2.7% to 5.15%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2040.	\$ 27,950,000
Series 2010B Capital Improvement Revenue Bond dated December 22, 2010, original issue amount of \$2,740,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.0% to 6.0%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2025.	1,830,000
Series 2011 Utility Revenue Refunding Bond dated January 5, 2011, original issue amount of \$7,315,000, secured by utility revenues and dedicated 1 cent sales tax and other pledged sales tax, interest rates range from 3.7% to 5.15%, semiannual interest and annual principal installments commencing June 1, 2011 through December 1, 2040.	6,580,000
Total Revenue Bonds Payable	\$ <u>36,360,000</u>
Current portion	\$ 935,000
Non-current portion	<u>35,425,000</u>
Total Revenue Bonds Payable	\$ <u>36,360,000</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

<u>Notes Payable</u>	<u>Balance 6/30/18</u>
2001 Oklahoma Water Resources Board (OWRB) CWSRF Note dated May 1, 2001, original amount \$1,361,388, secured by utility revenues and pledged sales taxes, no interest plus administrative fee of 5%, semiannual installments of principal commencing September 1, 2001 through March 15, 2021.	\$ 204,208
2011 OWRB CWSRF Fixed Rate Note dated October 11, 2011, original amount of \$3,740,625, \$322,892 in principal forgiveness from Environmental Protection Agency Capitalization Grant for Clean Water State Revolving Funds, secured by utility revenues and pledged sales taxes, 2.16% interest plus administrative fee of 5%, semiannual installments of principal commencing September 15, 2014 through March 15, 2032.	2,585,663
Total Notes Payable	\$ <u>2,789,871</u>
Current portion	\$ 217,463
Non-current portion	2,572,408
Total Notes Payable	\$ <u>2,789,871</u>
	Balance 6/30/18
<u>Claim Settlement</u>	
2015 Creek County Rural Water District No. 2 Contract Dispute Settlement Agreement dated May 15, 2015, \$1,000,000 original amount, no interest, one payment of \$500,000 due June, 2015, with four additional annual payments of \$125,000 commencing May 15, 2016 through May 15, 2019.	\$ 125,000
Total Claim Settlements	\$ <u>125,000</u>
Current portion	\$ 125,000
Non-current portion	-
Total Capital Leases	\$ <u>125,000</u>
	Balance 6/30/18
<u>Accrued Compensated Absences</u>	
Current portion	\$ 23,342
Total Accrued Compensated Absences	\$ <u>23,342</u>
	Balance 6/30/18
<u>Deposits Subject to Refund</u>	
Current portion	\$ 313,060
Total Deposits Subject to Refund	\$ <u>313,060</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

I. Applicability of Federal Arbitrage Regulations

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

J. Changes in Long-term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2018 are summarized below:

1. Governmental Activities:

	Balance				Balance
	June 30, 2017	Additions	Reductions		June 30, 2018
Notes payable	\$ 32,686	\$ -	\$ (2,400)	\$	30,286
Capital lease obligations	2,936,799	561,039	(592,622)		2,905,216
Accrued Compensated Absences	249,897	48,820	-		298,717
Total	\$ 3,219,382	\$ 609,859	\$ (595,022)	\$	3,234,219

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2. Business-type Activities:

	Balance			Balance
	June 30, 2017	Additions	Reductions	June 30, 2018
Revenue Bond 2010A	\$ 28,510,000	\$ -	\$ (560,000)	\$ 27,950,000
Revenue Bond 2010B	2,010,000	-	(180,000)	1,830,000
Revenue Bond 2011	6,745,000	-	(165,000)	6,580,000
OWRB 2001	272,278	-	(68,070)	204,208
OWRB 2011	2,728,033	-	(142,370)	2,585,663
Claim Settlement	250,000	-	(125,000)	125,000
Total	<u>\$ 40,515,311</u>	<u>\$ -</u>	<u>\$ (1,240,440)</u>	<u>\$ 39,274,871</u>

K. Maturities of Long-term Debt

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

1. Governmental Activities:

Year Ending			
June 30,	Principal	Interest	Total
2019	620,350	85,534	705,884
2020	597,438	69,883	667,321
2021	988,683	52,720	1,041,403
2022	377,613	24,081	401,694
2023-2027	239,626	38,795	278,421
2028-2032	110,231	5,678	115,909
2033-2035	1,561	-	1,561
Total	<u>\$ 2,935,502</u>	<u>\$ 276,691</u>	<u>\$ 3,212,193</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2. Business-type Activities:

Year Ending June 30,	Principal	Interest	Total
2019	1,277,463	1,806,664	3,084,127
2020	1,194,747	1,768,496	2,963,243
2021	1,234,041	1,727,010	2,961,051
2022	1,205,203	1,681,615	2,886,818
2023	1,254,553	1,631,943	2,886,496
2024-2028	7,097,044	7,294,769	14,391,813
2029-2033	8,711,820	5,507,344	14,219,164
2034-2038	9,995,000	3,214,000	13,209,000
2039-2041	7,305,000	576,671	7,881,671
	<u>\$ 39,274,871</u>	<u>\$ 25,208,512</u>	<u>\$ 64,483,383</u>

L. Pledge of Future Revenues

Sales Tax Pledge: The City has pledged four cents of future sales tax revenues to repay \$39,630,000 of Series 2010A, 2010B and 2011 Utility System Revenue Bonds. Proceeds from the bonds provided financing for capital assets. The bonds are payable from pledged sales tax revenues and further secured by net water, wastewater, solid waste and stormwater revenues. The bonds are payable through 2040, 2025 and 2040 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$61,117,129. Pledged sales taxes received in the current year were \$9,338,379 for the bonds and the net utility revenues were \$1,501,316. Debt service payments for the bonds of \$2,687,721 for the current fiscal year were 29% of the pledged sales taxes and 25% of both pledged sales taxes and utility revenues combined.

In addition, the City has pledged four cents of future sales tax revenues to repay \$5,102,013 of 2001 and 2011 OWRB Notes Payable. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and further secured by net water, wastewater, solid waste and stormwater revenues. The notes are payable through 2021 and 2032 respectively. The total principal and interest payable for the remainder of the life of these notes is \$3,241,254. Pledged sales taxes received in the current year were \$9,338,379 for the notes and the net utility revenues were \$1,501,316. Debt service payments for the notes of \$270,706 for the current fiscal year were 3% of the pledged sales taxes and 2% of both pledged sales taxes and utility revenues combined.

An annual appropriation for the transfer of pledged sales tax is made based on the annual debt service requirements. Net utility revenues are used first to service the debt for the bonds and notes payable, with any remaining pledged sales taxes transferred back to the General Fund.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

IV. EMPLOYEE PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

A. Pension Plan Obligations

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

1. Oklahoma Firefighters Pension & Retirement System (FPRS)

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

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

Benefits provided – FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

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

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

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$195,799. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$410,374 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$374,293. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$5,341,402 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 0.424688% percent.

For the year ended June 30, 2018, the City recognized pension expense of \$767,800. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 713,519	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	148,846
Changes in proportion	940,689	28,486
Differences between City contributions and proportionate share of contributions	8,254	463
City contributions subsequent to the measurement date	195,799	-
Total	<u>\$ 1,858,261</u>	<u>\$ 177,795</u>

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

The \$195,799 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	219,073
2020		384,344
2021		332,187
2022		198,438
2023		286,958
Thereafter		63,667
	\$	<u>1,484,667</u>

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

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

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.38%
Domestic equity	42%	7.72%
International equity	15%	9.70%
Real estate	10%	6.96%
Other assets	13%	5.75%

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 7,007,147	\$ 5,341,402	\$ 3,929,734

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS, which can be located at www.ok.gov/fprs.

2. Oklahoma Police Pension and Retirement Fund (OPPRF)

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

Plan description – The City of Glenpool, as the employer, participates in the Oklahoma Police Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

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

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

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

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$171,709 The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$165,268 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$137,180. These on-behalf payments did not meet the criteria of a special funding situation.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$30,779 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 0.4001 percent.

For the year ended June 30, 2018, the City recognized pension expense of \$190,044. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,546	\$ 186,080
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	229,249	-
Changes in proportion	6,435	-
Differences between City contributions and proportionate share of contributions	3,556	2,427
City contributions subsequent to the measurement date	171,709	-
Total	<u>\$ 412,495</u>	<u>\$ 188,507</u>

The \$171,709 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Year ended June 30:

2019	\$	(5,300)
2020		115,213
2021		54,425
2022		(91,239)
2023		<u>(20,820)</u>
	\$	<u>52,279</u>

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

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.51%
Domestic equity	6.62%
International equity	9.70%
Real estate	6.96%
Private equity	9.86%
Commodities	5.18%

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$ 1,040,243	\$ 30,779	\$ (821,865)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

3. Oklahoma Municipal Retirement Fund (OMRF)

The City participates in a defined contribution plan with the Oklahoma Municipal Retirement Fund. The defined contribution plan is available to all full-time employees not already participating in another plan. A defined contribution plan's benefits depend solely on amounts contributed to the plan, investment earnings and forfeitures of other participants' benefits that may be allocated to remaining participants' accounts. Benefits vest at time of employment, with normal retirement at age 65 and early retirement at age 55 with 10 years or more of service. Participants are required to contribute 2% of their covered compensation and the City is required to contribute 7% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan. The City's annual pension cost for covered employees (with the exception of the City Manager) of \$109,089, \$108,894, and \$107,676 for 2018, 2017, and 2016, respectively, was equal to the City's required and actual contributions. The City is required to contribute 13% of covered compensation for the City Manager. The City Manager is permitted to make voluntary deductible contributions to the plan. The City's annual pension cost for the City Manager's plan of \$10,878, \$15,610, and \$14,319 for 2018, 2017, and 2016, was equal to the City's required and actual contributions.

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

B. Other Post-Employment Benefits (OPEB)

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

Employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City, and may continue until they become eligible for Medicare benefits. As of June 30, 2018, no retired employees are receiving benefits under this plan. Active employees under the plan totaled 84.

Funding Policy: The City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay premiums established by the City, with the City subsidizing the remaining costs. No benefit payments were made during fiscal 2018.

Total OPEB Liability: The City's total OPEB liability of \$533,682 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

- Actuarial cost method – entry age normal
- Discount rate – 3.87%
- Healthcare cost trend rates – 6.05%
- Mortality rates – Pub2010 fully projected with scale AA
- Retirement and turnover rates – OKMRF 2017 experience study for civilians; police and fire are based on rates for those groups in Oklahoma.

Retirement age - Civilians:

Age	Rate
55	7%
60	7%
61	7%
62	30%
63	17%
64	17%
65	30%

Retirement age – Uniformed

Years of service	Police	Fire
20	20%	10%
25	20%	15%
30	100%	20%
35		100%

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

Service cost	\$ 43,113
Interest	17,633
Change of assumptions	<u>(19,619)</u>
Net change in OPEB liability	41,127
OPEB liability-beginning of year	<u>492,555</u>
 OPEB liability-end of year	 <u>\$ 533,682</u>

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Deferred Outflows and Deferred Inflows: At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion	-	17,034
Differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 17,034

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

Year ended June 30:	
2019	\$ 2,585
2020	2,585
2021	2,585
2022	2,585
2023	2,585
Thereafter	4,109
	<u>\$ 17,034</u>

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

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employers' OPEB liability	\$ 652,345	\$ 533,682	\$ 439,588

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following presents the total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% higher and lower than the current healthcare cost trend rate.

	1% Decrease (5.05%)	Current Discount Rate (6.05%)	1% Increase (7.05%)
Employers' OPEB liability	\$ 442,466	\$ 533,682	\$ 645,616

V. RISK MANAGEMENT

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

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

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

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

City of Glenpool, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

VI. CONTINGENT LIABILITIES

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

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

VII. TAX ABATEMENTS

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

For the fiscal year ended June 30, 2018 the GIA did not abate any hotel-motel tax that would have otherwise been remitted to the City.

City of Glenpool, Oklahoma

**NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

REQUIRED SUPPLEMENTAL INFORMATION

Defined Benefit Cost Sharing Plans

- Fire pension plan schedules
- Police pension plan schedules

Other post-employment benefit schedule

Budgetary Comparison Schedule – General fund

Notes to RSI- Budgetary information

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF GLENPOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	2018	2017	2016	2015
City's proportion of the net pension liability	0.4247%	0.3353%	0.3216%	0.3263%
City's proportionate share of the net pension liability	\$ 5,341,402	\$ 4,096,830	\$ 3,413,117	\$ 3,354,967
City's covered-employee payroll	\$ 1,257,713	\$ 982,474	\$ 878,593	\$ 870,964
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	425%	417%	388%	385%
Plan fiduciary net position as a percentage of the total pension liability	66.61%	64.87%	68.27%	68.12%

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

Notes to Schedule:

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

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

	2018	2017	2016	2015
Statutorily required contribution	\$ 195,799	\$ 176,080	\$ 137,546	\$ 122,123
Contributions in relation to the statutorily required contribution	<u>195,799</u>	<u>176,080</u>	<u>137,546</u>	<u>122,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,398,565	\$ 1,257,713	\$ 982,474	\$ 871,564
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.01%

Notes to Schedule:

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

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

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.4001%	0.3757%	0.3721%	0.3703%
City's proportionate share of the net pension liability (asset)	\$ 30,779	\$ 575,383	\$ 15,172	\$ (124,661)
City's covered-employee payroll	\$ 1,176,130	\$ 1,147,269	\$ 1,051,731	\$ 1,035,823
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.62%	50.15%	1.44%	-12.03%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.68%	93.50%	99.82%	101.53%

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

Notes to Schedule:

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 171,709	\$ 152,662	\$ 149,106	\$ 136,836
Contributions in relation to the statutorily required contribution	<u>171,709</u>	<u>152,662</u>	<u>149,106</u>	<u>136,836</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,320,836	\$ 1,203,929	\$ 1,147,269	\$ 1,051,493
Contributions as a percentage of covered-employee payroll	13.00%	12.68%	13.00%	13.01%

Notes to Schedule:

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

City of Glenpool, Oklahoma

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

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 43,113
Interest	17,633
Changes in assumptions	<u>(19,619)</u>
Net change in OPEB liability	\$ 41,127
OPEB liability - beginning of year	<u>492,555</u>
OPEB liability - end of year	<u><u>\$ 533,682</u></u>
Covered employee payroll	\$ 4,250,000
Total OPEB liability as a percentage of covered-employee payroll	12.6%

Notes to schedule:

Only the current fiscal year is presented because 10 year data is not yet available.

**CITY OF GLENPOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Beginning Budgetary Fund Balance	\$ 5,082,731	\$ 5,082,731	\$ 6,226,675	\$ 1,143,944
Resources (Inflows)				
TAXES				
Sales Tax	6,708,700	6,708,700	7,403,421	694,721
Use Tax	191,000	191,000	423,893	232,893
Lodging Tax	-	-	(31,190)	(31,190)
Franchise Tax	475,000	475,000	531,536	56,536
E911 Fees	119,000	119,000	112,129	(6,871)
Total Taxes	<u>7,493,700</u>	<u>7,493,700</u>	<u>8,439,789</u>	<u>946,089</u>
LICENSES & PERMITS				
Solicitors License	600	600	950	350
Building Permits	20,000	20,000	22,657	2,657
Occupational Tax	4,300	4,300	2,410	(1,890)
Plumbing License	6,000	6,000	5,700	(300)
Electrical License	8,000	8,000	6,000	(2,000)
Mechanical License	4,000	4,000	4,100	100
Pet License	200	200	150	(50)
Assessment Letters	5,000	5,000	5,400	400
Fireworks Permits	6,000	6,000	6,525	525
Sign Permits	500	500	1,280	780
State Permit Fees	50	50	41	(9)
Total Licenses & Permits	<u>54,650</u>	<u>54,650</u>	<u>55,213</u>	<u>563</u>
CHARGES FOR SERVICES				
Development Fees	5,500	5,500	8,439	2,939
Zoning Fees	4,500	4,500	5,475	975
Inspection Fees	40,000	45,000	47,820	2,820
Dog Pound	6,000	6,000	8,371	2,371
Police Reports	500	500	458	(42)
First Responder Reimbursement	105,300	105,300	89,988	(15,312)
Police Special Services	32,000	32,000	37,000	5,000
Total Charges for Services	<u>193,800</u>	<u>198,800</u>	<u>197,551</u>	<u>(1,249)</u>
INTERGOVERNMENTAL				
Excise Tax	24,200	24,200	33,058	8,858
Cigarette Tax	80,200	80,200	108,452	28,252
Alcohol Tax	22,300	22,300	20,808	(1,492)
Commercial Vehicle Tax	83,700	83,700	93,671	9,971
Property Resale	-	-	-	-
CDBG Grant	-	-	-	-
Other Grants	29,880	24,880	-	(24,880)
Total Intergovernmental	<u>240,280</u>	<u>235,280</u>	<u>255,989</u>	<u>20,709</u>
FINES & FORFEITURES				
Municipal Court	250,000	250,000	173,584	(76,416)
Court Costs	-	-	90,141	90,141
Juvenile Fines	-	-	3,935	3,935
Total Fines & Forfeitures	<u>250,000</u>	<u>250,000</u>	<u>267,660</u>	<u>17,660</u>
OTHER				
Interest income	15	15	19	4
Donations	-	-	-	-
Refunds	-	-	14,101	14,101
Miscellaneous	5,000	5,000	52,634	47,634
Rental Income	22,356	22,356	58,598	36,242
Transfers in	2,408,643	2,699,702	2,143,458	(556,244)
Total Other	<u>2,436,014</u>	<u>2,727,073</u>	<u>2,268,810</u>	<u>(458,263)</u>
Total Resources (Inflows)	<u>10,668,444</u>	<u>10,959,503</u>	<u>11,485,012</u>	<u>525,509</u>
Amounts Available for Appropriation	<u>15,751,175</u>	<u>16,042,234</u>	<u>17,711,687</u>	<u>1,669,453</u>

**CITY OF GLENPOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Charges to Appropriations (outflows)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
City Clerk/Finance				
Personal Services	\$ 305,949	\$ 325,649	\$ 327,025	\$ 1,376
Supplies	49,150	36,650	28,700	(7,950)
Other Services & Charges	297,896	326,717	316,168	(10,549)
Travel and Training	10,500	10,500	5,869	(4,631)
Repairs and Maintenance	22,500	24,774	15,621	(9,153)
Miscellaneous	23,153	25,542	25,390	(152)
Capital Outlay	40,000	68,410	37,364	(31,046)
Total City Clerk/Finance	<u>749,148</u>	<u>818,242</u>	<u>756,137</u>	<u>(62,105)</u>
PUBLIC SAFETY				
ANIMAL CONTROL				
Personal Services	62,645	59,145	55,697	(3,448)
Supplies	14,380	16,596	15,848	(748)
Other Services & Charges	500	500	214	(286)
Travel and Training	500	875	763	(112)
Repairs and Maintenance	500	1,800	980	(820)
Total Animal Control	<u>78,525</u>	<u>78,916</u>	<u>73,502</u>	<u>(5,414)</u>
POLICE:				
Personal Services	1,594,554	1,581,777	1,562,294	(19,483)
Supplies	81,000	122,299	103,970	(18,329)
Other Services & Charges	16,108	59,400	51,459	(7,941)
Travel and Training	11,000	8,000	5,097	(2,903)
Repairs and Maintenance	40,500	47,613	41,800	(5,813)
Miscellaneous	200	200	162	(38)
Capital Outlay	7,500	8,461	52,750	44,289
Debt Service	63,114	63,114	63,114	
Total Police	<u>1,813,976</u>	<u>1,890,864</u>	<u>1,880,646</u>	<u>(10,218)</u>
DISPATCH				
Personal Services	302,359	302,359	275,375	(26,984)
Supplies	9,000	9,000	7,788	(1,212)
Other Services & Charges	69,524	69,524	54,356	(15,168)
Travel and Training	1,500	1,500	80	(1,420)
Repairs and Maintenance	-	-	-	-
Miscellaneous	-	-	-	-
Total Fire	<u>382,383</u>	<u>382,383</u>	<u>337,599</u>	<u>(44,784)</u>
FIRE:				
Personal Services	1,674,993	1,665,993	1,542,004	(123,989)
Supplies	38,500	34,721	29,775	(4,946)
Other Services & Charges	37,544	55,544	50,479	(5,065)
Travel and Training	7,000	7,002	6,597	(405)
Repairs and Maintenance	34,000	44,000	40,365	(3,635)
Miscellaneous	3,000	3,000	1,744	(1,256)
Debt Service	56,263	56,263	63,185	
Total Fire	<u>1,851,300</u>	<u>1,866,523</u>	<u>1,734,149</u>	<u>(139,296)</u>
EMERGENCY MANAGEMENT:				
Supplies	5,000	3,500	-	(3,500)
Other Services & Charges	3,000	8,500	7,941	(559)
Repairs and Maintenance	15,000	17,200	15,240	(1,960)
Capital Outlay	25,000	25,000	24,964	(36)
Total Emergency Management	<u>48,000</u>	<u>54,200</u>	<u>48,145</u>	<u>(6,055)</u>
COMMUNITY DEVELOPMENT				
Personal Services	377,524	374,674	372,466	(2,208)
Supplies	13,000	14,756	14,182	(574)
Other Services & Charges	10,064	48,643	47,345	(1,298)
Travel and Training	5,900	3,470	2,982	(488)
Repairs & Maintenance	2,500	5,130	5,052	(78)
Miscellaneous	1,500	1,500	900	(600)
Capital Outlay	-	-	-	-
Total Community Development	<u>410,488</u>	<u>448,173</u>	<u>442,927</u>	<u>(5,246)</u>

**CITY OF GLENPOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Charges to Appropriations (outflows) (continued)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
ADMINISTRATION				
Personal Services	359,494	355,994	320,012	(35,982)
Supplies	6,800	8,200	6,265	(1,935)
Other Services & Charges	37,792	56,292	56,208	(84)
Travel and Training	11,300	15,900	12,998	(2,902)
Miscellaneous	89,601	34,601	2,272	(32,329)
Total Administration	504,987	470,987	397,755	(73,232)
STREETS & PARKS				
Personal Services	282,141	283,141	234,571	(48,570)
Supplies	35,000	34,000	26,730	(7,270)
Other Services & Charges	132,678	132,678	116,158	(16,520)
Travel and Training	2,000	2,000	-	(2,000)
Repairs and Maintenance	343,000	342,700	206,180	(136,520)
Capital Outlay	237,558	253,968	253,941	(27)
Debt Service	2,400	2,400	2,400	
Total Streets & Parks	1,034,777	1,050,887	839,980	(210,907)
OTHER FINANCING USES				
Transfers out	3,794,860	3,898,328	4,053,665	155,337
Total Other Financing Uses	3,794,860	3,898,328	4,053,665	155,337
Total Charges to Appropriations	10,668,444	10,959,503	10,564,505	(394,998)
Ending Budgetary Fund Balance	\$ 5,082,731	\$ 5,082,731	\$ 7,147,182	\$ 2,064,451
Ending Unobligated Budgetary Fund Balance			\$ 7,147,182	

Reconciliation to Statement of Revenues, expenditures and changes in Fund Balance:		
Total Resources per Budgetary Comparison Schedule		\$ 11,485,012
Add State Fire and Police pension on-behalf payments		511,459
Less Transfer in		(2,143,458)
Total Revenues per Statement of Revenues, expenditures and changes in Fund Balance		\$ 9,853,013
Total Charges to Appropriations per Budgetary Comparison Schedule		\$ 10,564,505
Add State Fire and Police pension on-behalf payments		511,459
Less Transfer out		(4,053,666)
Total Expenditures per Statement of Revenues, expenditures and changes in Fund Balance		\$ 7,022,298

YEAR ENDED JUNE 30, 2018

BUDGETARY INFORMATION

The City prepares its annual operating budget under the provisions of the Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is followed to adopt the annual budget:

1. Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
2. Public hearings are held at regular or special meetings to obtain taxpayer input. At least one public hearing must be held no later than 15 days prior to July 1.
3. Subsequent to the public hearings, but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
4. The adopted budget is filed with the Office of the State Auditor and Inspector.

All funds of the City with revenues and expenditures are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

The City prepares its budget for the General Fund on the modified accrual basis of accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred pursuant to the purchase order.



**Annual Operating Report
For the
City of Glenpool
For the Year Ended June 30, 2018**

Prepared by:
City of Glenpool Finance Department

John Gonsalves
Finance Director

CITY OF GLENPOOL, OKLAHOMA

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

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

1. POPULATION*

Year	City of Glenpool	Tulsa County
1940	284	193,363
1950	280	251,686
1960	353	346,038
1970	770	401,663
1980	2,706	470,593
1990	6,688	503,341
2000	8,123	563,299
2010	9,458	600,578
July 1, 2018 (Estimate)	15,759	653,477

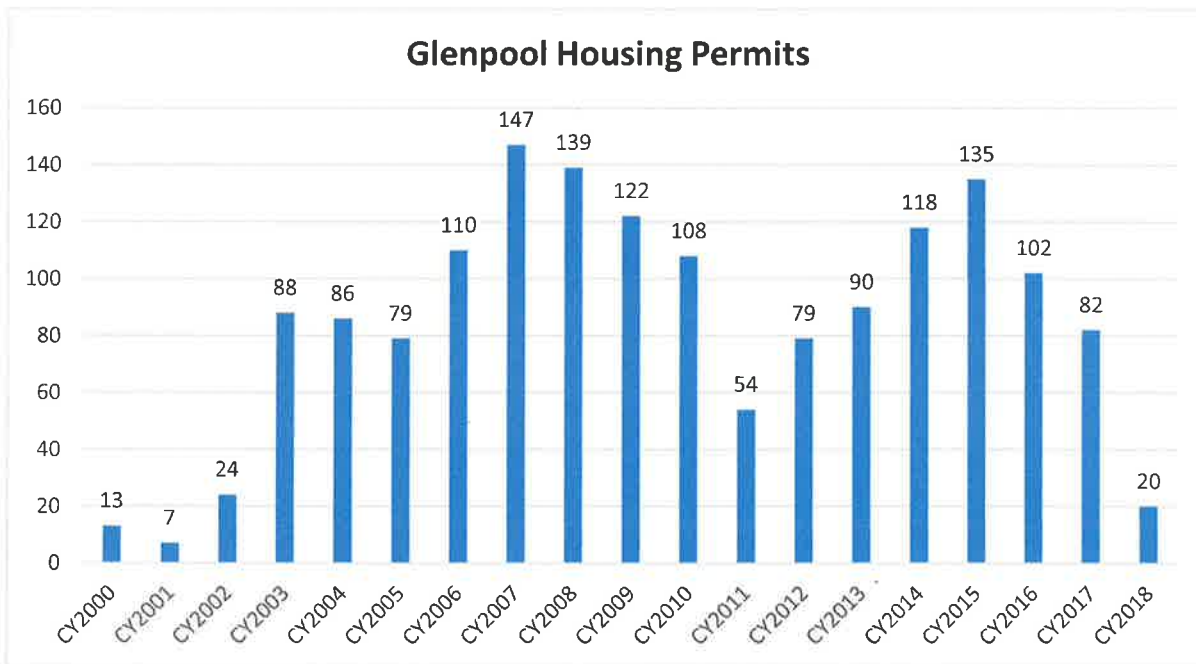
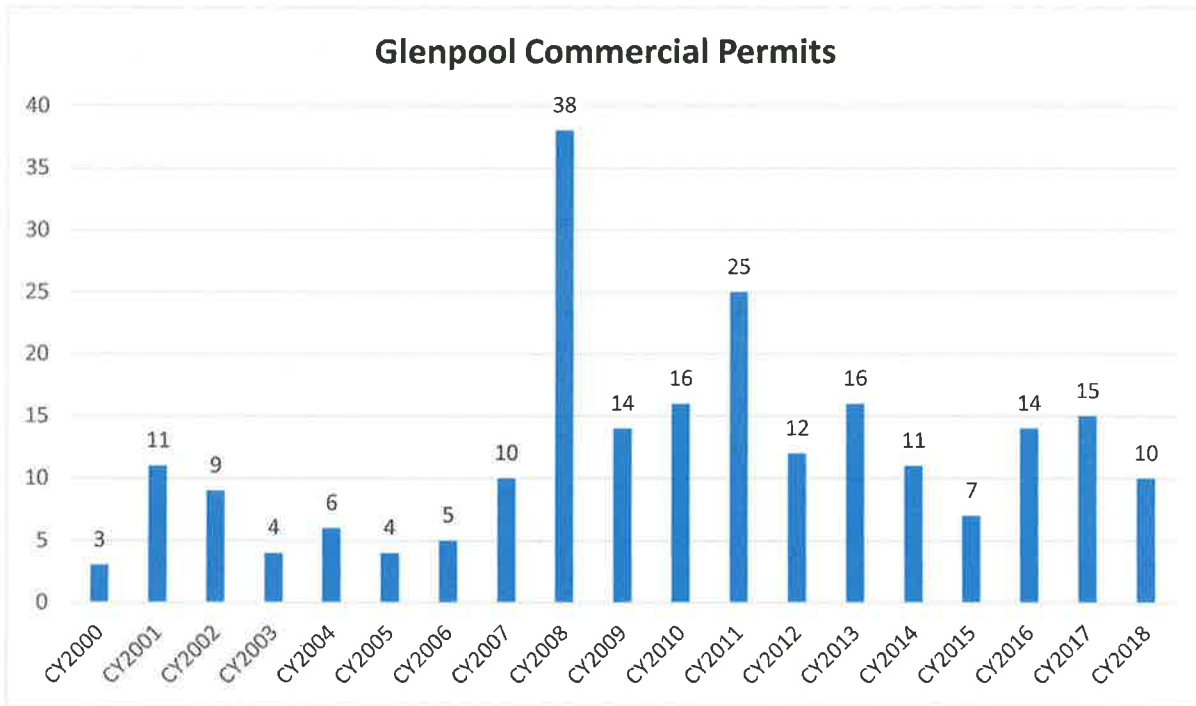
* Source: U.S. Census Bureau

2. BUILDING PERMITS

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

CITY OF GLENPOOL

**BUILDING PERMITS ISSUED
JANUARY 2018 - DECEMBER 2018**



CITY OF GLENPOOL

June 30, 2018

3. TOP TEN WATER CONSUMERS

	<u>Billed Consumption (Gallons)</u>	<u>Percent of Total Consumption</u>
City of Glenpool Soccer Field	101,739,557	26.64%
Walmart	4,055,000	1.06%
Glenwood Healthcare Center	3,526,000	0.92%
Glenpool Schools	3,020,000	0.79%
Zips Car Wash	2,945,000	0.77%
Glenpool Hospitality (Holiday Inn)	1,569,000	0.41%
Eurocraft	1,523,352	0.40%
OM SAI Hotels, LLC (Quality Inn)	1,374,000	0.36%
Santa Fe Cattle Co. Restaurant	1,321,000	0.35%
Alderview Apartments	1,219,000	0.32%
Total Ten Largest Water Consumers	<u>122,291,909</u>	<u>32.03%</u>
Total Billed Water Consumption - All Customers (July 2017 - June 2018)	381,840,800	

CITY OF GLENPOOL

June 30, 2018

4. TOP TEN SEWER CONSUMERS

	<u>Billed Consumption (Gallons)</u>	<u>Percent of Total Consumption</u>
Glenwood Healthcare Center	3,627,000	1.37%
Zips Car Wash	3,206,000	1.21%
Walmart	2,790,000	1.05%
Eurocraft	1,636,509	0.62%
Glenpool Hospitality (Holiday Inn)	1,625,000	0.61%
Santa Fe Cattle Co. Restaurant	1,357,000	0.51%
Comfort Inn	1,301,000	0.49%
Glenpool Schools	1,237,000	0.47%
OM SAI Hotels, LLC (Quality Inn)	1,215,000	0.46%
Alderview Apartments	1,138,000	0.43%
Total Ten Largest Sewer Consumers	<u><u>19,132,509</u></u>	<u><u>7.22%</u></u>
Total Billed Sewer Consumption - All Customers (July 2017 - June 2018)	264,810,159	

CITY OF GLENPOOL

June 30, 2018

5. TOP TAXPAYERS

<u>Taxpayer Name</u>	<u>Net Assessed Valuation</u>	<u>Percent of Total NAV</u>
EXPLORER PIPELINE SERVICES CO	\$5,247,757	5.96%
GRANDVIEW HEIGHTS APARTMENTS LLC	\$2,353,549	2.68%
WAL-MART STORES	\$2,014,268	2.29%
OKLAHOMA GAS & ELECTRIC	\$1,685,605	1.92%
TEXON DISTRIBUTING LP	\$1,523,888	1.73%
CHAMPAGNE METALS	\$1,201,351	1.37%
PHILLIPS 66	\$853,594	0.97%
NGUYEN, VINNY VU MANH & GINA	\$645,909	0.73%
GLENPOOL HOSPITALITY LLC	\$547,520	0.62%
OKLAHOMA NATURAL GAS	\$524,993	0.60%
QUIK TRIP CORP	\$505,608	0.57%
CON-WAY TRANSPORTATION	\$467,504	0.53%
CCL RANCH PROPERTIES LLC	\$392,959	0.45%
AINO TULSA/ROMEO HOMES OKLA LLC	\$389,189	0.44%
FORMBY INVESTMENTS LLC	\$388,355	0.44%
Total	<u>\$ 18,742,049</u>	<u>21.30%</u>

CITY OF GLENPOOL

June 30, 2018

6. MAJOR EMPLOYERS

Employer	Product / Service	Number of Employees
Glenpool Public Schools	Education	376
Walmart	Grocery / Retail	279
XPO Logistics	Freight Contractor	169
Phoenix Industrial	Electrical Contractor	120
McDonald's	Restaurant	90
Mark Allen Chevrolet	Car Dealership	84
T & L Foundry	Manufacturing	75
Sante Fe Cattle Company	Restaurant	60
IHOP	Restaurant	50
Country Mart	Grocery / Retail	40

CITY OF GLENPOOL

June 30, 2018

7. EDUCATION AND LEARNING FACILITIES

Glenpool has 3 primary and secondary schools with approximately 2,768 students and 187 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	PK-5	1	1,435	93
Public	6-8	1	592	44
Public	9-12	1	741	50

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

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

8. UTILITY CONNECTIONS - 10 YEAR HISTORY

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

CITY OF GLENPOOL

June 30, 2018

9. MONTHLY UTILITY RATES

Water Rates

Residential

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

Commercial

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

Sewer Rates

Residential and Commercial

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

Stormwater Rates

Residential and Commercial

Stormwater Management Fee	\$2.00
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Refuse Rates

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

GLENPOOL UTILITY SERVICES AUTHORITY
10. COMPARATIVE NET REVENUE

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES											
Water	2,718,752	2,851,084	\$ 2,563,311	\$ 2,307,448	\$ 1,967,274	\$ 1,851,348	\$ 1,644,317	\$ 1,864,124	\$ 2,026,944	\$ 1,587,600	\$ 1,708,170
Sewer	1,302,204	1,292,247	789,631	1,279,631	747,534	748,524	742,816	714,891	661,916	707,296	690,712
Solid Waste	734,301	624,569	604,524	570,203	529,299	518,396	-	12,488	13,914	464,168	437,311
Miscellaneous	28,608	191,317	45,241	(418)	16,056	13,490	17,839	7,694	24,421	50,114	11,268
Solid Waste Mgmt Fees	18,396	17,927	16,880	16,830	16,340	15,944	17,839	15,458	12,006	14,299	11,268
Water Taps	17,621	97,900	97,500	115,650	113,100	80,005	62,125	52,253	108,903	113,053	149,232
Sewer Taps	10,472	23,000	22,250	22,400	19,500	16,969	13,600	10,800	25,198	34,775	34,775
Delinquent Fees	121,368	120,590	126,423	100,891	95,312	92,408	85,113	79,539	73,409	88,878	46,351
Storm Water Mgmt Fees	105,244	102,904	100,212	96,572	102,746	98,713	96,943	88,436	79,458	81,064	77,072
Connect Transfer Fees	8,175	47,003	52,941	46,945	45,472	6,809	6,421	41,375	37,925	7,130	6,910
Reconnect Fees	44,903	-	-	-	-	-	-	-	-	-	-
Return on Fees	-	-	-	-	-	-	3,060	3,092	23,838	23,082	23,564
Water/Sewer Fees	3,036	12,081	10,603	12,510	3,647,633	509,969	499,086	454,189	3,542,121	3,176,282	3,213,357
TOTAL REVENUES	\$ 5,167,020	\$ 5,380,622	\$ 4,920,085	\$ 4,078,441	\$ 3,647,633	\$ 3,442,606	\$ 3,197,921	\$ 3,389,236	\$ 3,542,121	\$ 3,176,282	\$ 3,213,357
OPERATING EXPENSES											
General Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,308	\$ 101,379	\$ 80,000	\$ -	\$ 115,788
Water Treatment (1)	2,771,575	2,460,372	2,764,684	3,296,710	3,100,974	3,334,696	3,443,570	2,885,472	1,721,235	1,805,158	1,540,604
Sewer Treatment	675,301	561,715	624,966	449,228	522,645	506,645	496,700	480,468	466,566	465,367	208,028
Solid Waste	15,791	4,000	-	-	-	-	-	-	-	-	437,604
Storm Water	3,462,667	3,026,087	3,389,650	3,745,938	3,623,619	3,841,341	3,989,578	3,467,319	2,315,420	2,509,180	44,283
TOTAL EXPENSES (2)	\$ 1,704,353	\$ 2,354,535	\$ 1,530,435	\$ 332,503	\$ 24,014	\$ (398,736)	\$ (791,657)	\$ (78,083)	\$ 1,226,701	\$ 667,102	\$ 870,868
NET REVENUE AVAILABLE FOR DEBT SERVICE											
	\$ 7,224,106	\$ 6,871,222	\$ 6,462,311	\$ 6,664,955	\$ 6,098,848	\$ 5,949,268	\$ 5,555,841	\$ 5,208,797	\$ 5,182,318	\$ 4,935,404	\$ 2,205,228
Sales Tax Collections (3)	\$ 7,324,106	\$ 6,871,222	\$ 6,462,311	\$ 6,664,955	\$ 6,098,848	\$ 5,949,268	\$ 5,555,841	\$ 5,208,797	\$ 5,182,318	\$ 4,935,404	\$ 2,205,228
TOTAL NON OPERATING REVENUES											
	\$ 9,028,460	\$ 9,225,757	\$ 7,992,746	\$ 6,997,458	\$ 6,122,862	\$ 5,550,532	\$ 4,764,184	\$ 5,130,714	\$ 6,409,019	\$ 5,602,506	\$ 3,076,096
INCOME AVAILABLE FOR DEBT SERVICE											
DEBT SERVICE REQUIREMENTS (4)											
Series 2010 Revenue Bonds	\$ 2,214,012	\$ 2,211,865	\$ 2,217,100	\$ 1,701,163	\$ 1,700,888	\$ 1,629,413	\$ 1,630,613	\$ 692,671	\$ -	\$ -	\$ -
Series 2011 Revenue Bonds	487,755	487,755	488,855	489,755	419,405	351,155	402,405	140,993	-	-	-
Series 2011 OWRB Note	216,677	217,050	217,050	208,742	269,574	146,288	2,058	-	-	-	-
Series 2001-2007A Revenue Bonds	-	-	-	-	-	-	-	819,664	1,478,902	940,217	940,447
Series 2001 OWRB Note	68,069	69,709	70,060	70,399	70,744	71,090	71,444	71,780	72,125	72,470	72,828
Series 1992 OWRB Note	-	-	-	-	-	-	-	5,998	12,157	15,697	15,109
TOTAL DEBT SERVICE REQUIREMENTS	\$ 2,986,513	\$ 2,986,379	\$ 2,993,065	\$ 2,470,059	\$ 2,460,611	\$ 2,197,946	\$ 2,106,520	\$ 1,731,106	\$ 1,563,184	\$ 1,028,384	\$ 1,028,384
COVERAGE	3.02	3.09	2.67	2.83	2.49	2.53	2.26	2.96	4.10	5.45	2.99

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

(2) Less depreciation

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Glenpool, Oklahoma (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 22, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arlidge & Associates, P.C.

May 22, 2019

CITY OF GLENPOOL, OKLAHOMA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2018

Finding 2018-001 Account Reconciliations

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

Condition: The City required assistance with reconciling its accounts, including capital assets and debt, and with some limited assistance to reconciling cash and various accruals.

Cause: The City experienced key personnel losses during the year.

Effect: Certain accounts were reconciled only after year-end, resulting in audit adjustments and delays in year-end reporting.

Recommendation: The City made significant progress after year-end, and we encourage the City to continue in its efforts to improve its financial reporting process, including the possibility of using outside assistance on an as needed basis.

City's Response: The City agrees that internal control should be sufficient to ensure accurate and timely financial reporting. Key personnel positions have been filled which will alleviate this issue in the future. The City will continue to improve the financial reporting process and will evaluate different accounting processes, software programs, and consultants to improve this process.

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EXHIBIT D

FORM OF LEGAL OPINION

_____, 2019

Trustees of The Glenpool Utility Services Authority
Glenpool, Oklahoma

Re: \$ _____ The Glenpool Utility Services Authority Utility System Revenue
Bonds, Taxable Refunding Series 2019

Gentlemen:

We have acted as Bond Counsel to The Glenpool Utility Services Authority in connection with the issuance and sale of the captioned Bonds.

In connection with the opinions expressed below, we have examined (i) originals or certified copies of the proceedings relating to the issuance of the Bonds, as contained in a Transcript of Proceedings had in connection therewith, and (ii) executed Bond No. R-1. In addition, we have examined such other documents and instruments as we have deemed necessary to express the opinions hereinafter set forth.

Based upon our examination of all of the foregoing, and in reliance thereon, and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable law, we are of the opinion that:

1. The Authority is a duly created and validly existing public trust under the laws of the State of Oklahoma;
2. The Bond Indenture, dated as of September 1, 2019 (the "Indenture"), authorizing the issuance of the captioned Bonds has been duly and lawfully authorized by the Authority and has been executed and delivered by duly authorized officers of both the Authority and BOKF, National Association, Tulsa, Oklahoma, as trustee, and such Indenture is in full force and effect and is valid, binding and enforceable in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency, debt arrangement or other laws affecting creditors' rights generally and further subject to judicial limitations on rights to specific performance;
3. The Bonds are validly authorized and constitute the valid, binding and enforceable obligations of the Authority, except as enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency, debt arrangement or other laws affecting creditors' rights generally and further subject to judicial limitations on rights to specific performance;
4. The form of Bond No. R-1 and its execution are regular and proper; and

5. The interest on the Bonds are excluded from gross income for State of Oklahoma income taxation purposes. The interest on the Bonds are not excluded from gross income for federal tax purposes.

Respectfully submitted,

EXHIBIT E
ECONOMIC AND SYSTEM INFORMATION

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CITY OF GLENPOOL, OKLAHOMA

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

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

1. POPULATION*

Year	City of Glenpool	Tulsa County
1940	284	193,363
1950	280	251,686
1960	353	346,038
1970	770	401,663
1980	2,706	470,593
1990	6,688	503,341
2000	8,123	563,299
2010	9,458	600,578
July 1, 2018 (Estimate)	15,759	653,477

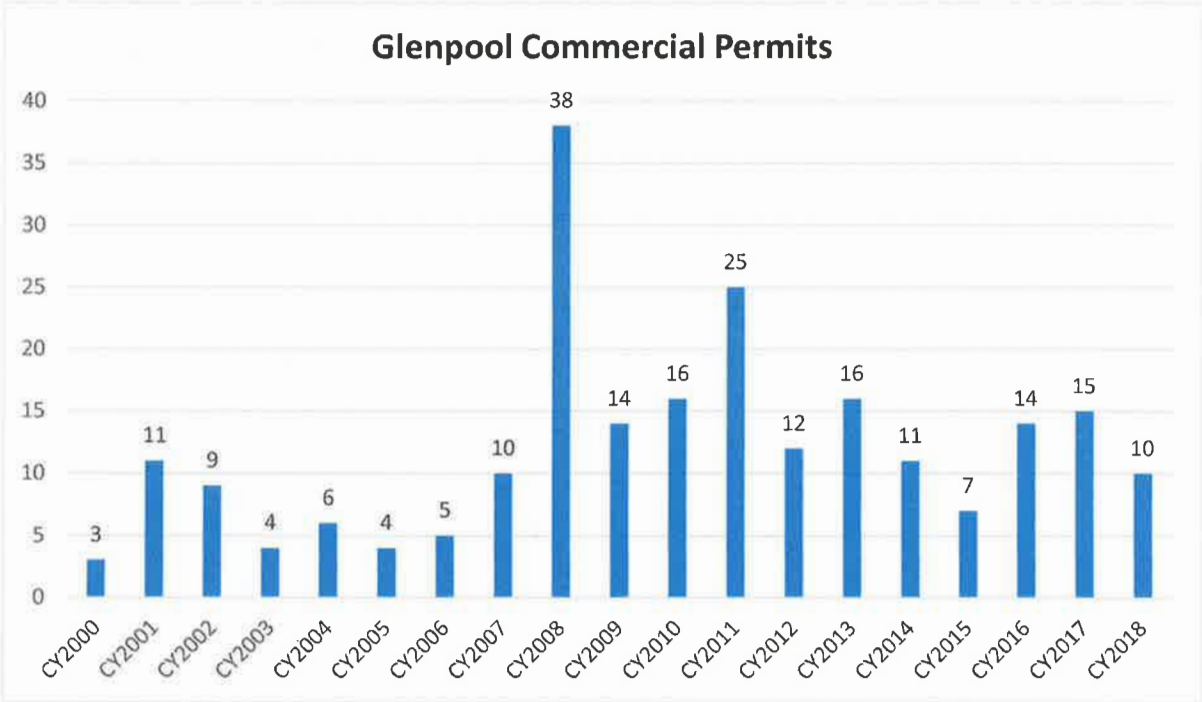
* Source: U.S. Census Bureau

2. BUILDING PERMITS

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

CITY OF GLENPOOL

**BUILDING PERMITS ISSUED
JANUARY 2018 - DECEMBER 2018**



CITY OF GLENPOOL

June 30, 2018

3. TOP TEN WATER CONSUMERS

	<u>Billed Consumption (Gallons)</u>	<u>Percent of Total Consumption</u>
City of Glenpool Soccer Field	101,739,557	26.64%
Walmart	4,055,000	1.06%
Glenwood Healthcare Center	3,526,000	0.92%
Glenpool Schools	3,020,000	0.79%
Zips Car Wash	2,945,000	0.77%
Glenpool Hospitality (Holiday Inn)	1,569,000	0.41%
Eurocraft	1,523,352	0.40%
OM SAI Hotels, LLC (Quality Inn)	1,374,000	0.36%
Santa Fe Cattle Co. Restaurant	1,321,000	0.35%
Alderview Apartments	1,219,000	0.32%
Total Ten Largest Water Consumers	<u>122,291,909</u>	<u>32.03%</u>
Total Billed Water Consumption - All Customers (July 2017 - June 2018)	381,840,800	

CITY OF GLENPOOL

June 30, 2018

4. TOP TEN SEWER CONSUMERS

	Billed Consumption (Gallons)	Percent of Total Consumption
Glenwood Healthcare Center	3,627,000	1.37%
Zips Car Wash	3,206,000	1.21%
Walmart	2,790,000	1.05%
Eurocraft	1,636,509	0.62%
Glenpool Hospitality (Holiday Inn)	1,625,000	0.61%
Santa Fe Cattle Co. Restaurant	1,357,000	0.51%
Comfort Inn	1,301,000	0.49%
Glenpool Schools	1,237,000	0.47%
OM SAI Hotels, LLC (Quality Inn)	1,215,000	0.46%
Alderview Apartments	1,138,000	0.43%
Total Ten Largest Sewer Consumers	19,132,509	7.22%
Total Billed Sewer Consumption - All Customers (July 2017 - June 2018)	264,810,159	

CITY OF GLENPOOL
June 30, 2018

5. TOP TAXPAYERS

<u>Taxpayer Name</u>	<u>Net Assessed Valuation</u>	<u>Percent of Total NAV</u>
EXPLORER PIPELINE SERVICES CO	\$5,247,757	5.96%
GRANDVIEW HEIGHTS APARTMENTS LLC	\$2,353,549	2.68%
WAL-MART STORES	\$2,014,268	2.29%
OKLAHOMA GAS & ELECTRIC	\$1,685,605	1.92%
TEXON DISTRIBUTING LP	\$1,523,888	1.73%
CHAMPAGNE METALS	\$1,201,351	1.37%
PHILLIPS 66	\$853,594	0.97%
NGUYEN, VINNY VU MANH & GINA	\$645,909	0.73%
GLENPOOL HOSPITALITY LLC	\$547,520	0.62%
OKLAHOMA NATURAL GAS	\$524,993	0.60%
QUIK TRIP CORP	\$505,608	0.57%
CON-WAY TRANSPORTATION	\$467,504	0.53%
CCL RANCH PROPERTIES LLC	\$392,959	0.45%
AINO TULSA/ROMEO HOMES OKLA LLC	\$389,189	0.44%
FORMBY INVESTMENTS LLC	\$388,355	0.44%
Total	<u>\$ 18,742,049</u>	<u>21.30%</u>

CITY OF GLENPOOL

June 30, 2018

6. MAJOR EMPLOYERS

Employer	Product / Service	Number of Employees
Glenpool Public Schools	Education	376
Walmart	Grocery / Retail	279
XPO Logistics	Freight Contractor	169
Phoenix Industrial	Electrical Contractor	120
McDonald's	Restaurant	90
Mark Allen Chevrolet	Car Dealership	84
T & L Foundry	Manufacturing	75
Sante Fe Cattle Company	Restaurant	60
IHOP	Restaurant	50
Country Mart	Grocery / Retail	40

CITY OF GLENPOOL

June 30, 2018

7. EDUCATION AND LEARNING FACILITIES

Glenpool has 3 primary and secondary schools with approximately 2,768 students and 187 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	PK-5	1	1,435	93
Public	6-8	1	592	44
Public	9-12	1	741	50

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

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

8. UTILITY CONNECTIONS - 10 YEAR HISTORY

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

CITY OF GLENPOOL

June 30, 2018

9. MONTHLY UTILITY RATES

Water Rates

Residential

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

Each additional 1,000 gallons \$6.20

Commercial

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

Each additional 1,000 gallons \$6.20

Sewer Rates

Residential and Commercial

Base Rate (Includes first 1,000 gallons) \$14.00

All over 11,000 gallons \$2.75

Stormwater Rates

Residential and Commercial

Stormwater Management Fee \$2.00

Refuse Rates

Base Charge \$15.82

Senior Base Charge \$11.43

Extra Pick Up \$15.95

2nd Cart \$26.53

3rd Cart \$37.24

Recycling Fee \$0.35

EXHIBIT F
CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by The Glenpool Utility Services Authority (the "Issuer") in connection with the issuance of \$ _____ 00 Utility System Revenue Bonds, Taxable Refunding Series 2019. The Bonds are being issued pursuant to a Bond Indenture, dated as of September 1, 2019, (the "Indenture"). The Issuer covenants and agrees as follows:

ARTICLE I The Undertaking

Section 1.1. Purpose. This Certificate is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year ending June 30, 2019, by no later than 6 months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of the Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Listed Event Notices. (a) If a Listed Event occurs, the Issuer shall provide, within 10 business days of the occurrence of the applicable event, notice of such Listed Event to the MSRB on the MSRB's Internet Web Site. Provided that any event under (ii), (vii), (viii), (x), (xiii), (xiv) or (xv) of the definition of Listed Event must be filed only if the event is material. Notwithstanding the foregoing, notice of a Listed Event described in subsections (viii) and (ix) need not be given under this section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Bond Documents..

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5 Other Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of a Listed Event hereunder, in addition to that which is required by this Certificate. If the Issuer chooses to do so, the Issuer shall have no obligation under

this Certificate to update such additional information or include it in any future Annual Financial Information or notice of a Listed Event hereunder.

Section 1.6. Suspension of Obligations. Anything herein to the contrary notwithstanding, the obligations to file Annual Financial Information, Audited Financial Statements, Listed Event Notices and additional information pursuant to Sections 1.2, 1.3, 1.4 and 1.5 hereof may be suspended for so long as the Bonds are eligible for exception from the requirements of the Rule pursuant to Section 15c2-12(d)(1)(iii) thereof, provided that notice of such suspension is filed promptly to the extent and in the manner that otherwise would be required for Annual Financial Information, Audited Financial Statements, Listed Event Notices and such additional information.

Section 1.7. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Certificate without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

ARTICLE II Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information (but not Listed Event notices) by specific reference to documents either (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Certificate, and revoke or modify any such designation.

Section 2.4. Transmission of Information and Notices. Unless otherwise required by law all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (presently the MSRB Internet Web Site), and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The Issuer's current fiscal year is July 1 – June 30, and the Issuer shall promptly provide notice of each change in its fiscal year to the MSRB.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III
Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date, Termination. (a) This Certificate shall be effective upon the issuance of the Bonds.

(b) The Issuer's obligations under this Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that (1) the Issuer obtains an opinion of Counsel, addressed to the Issuer to the effect that those portions of the Rule which require this Certificate, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Issuer delivers a copy of such opinion within one Business Day after receipt by the Issuer to the MSRB.

Section 3.2. Amendment. (a) This Certificate may be amended, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have obtained an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel), and addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Certificate, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB within one Business Day after receipt by the Issuer.

(b) In addition to subsection (a) above, this Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Certificate which is applicable to this Certificate, (2) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Certificate as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB within one Business Day after receipt by the Issuer.

(c) This Certificate may be amended without the consent of the holders of the Bonds, to amend the information and dates specified in Section 1.5(a) hereof.

(d) This Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have obtained an opinion of Counsel, addressed to the Issuer, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff of the SEC, and (2) the Issuer shall have delivered copies of such opinion and amendment to the MSRB within one Business Day after receipt by the Issuer.

(e) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(f) If an amendment is made pursuant to Section 3.2 (a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that (i) beneficial owners of Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Certificate shall be enforceable by any holder of Outstanding Bonds. The holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Certificate shall not constitute a default under the Bonds.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) updated versions of the following financial information and operating data contained in the Official Statement, for each fiscal year of the Issuer, as follows:

The financial information and operating data set forth under the captions Exhibit C, Financial Statements of the City and Authority and Exhibit E, Economic Information; and (ii) the information regarding amendments to this Certificate required pursuant to Sections 3.2(e) and (f) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (f) hereof, the Issuer may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific Federal or State law or regulation describing such accounting principles, or other description thereof.

(3) “Counsel” means Hilborne & Weidman, A Professional Corporation, Tulsa, Oklahoma or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) “Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(5) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, or any successor to the duties or responsibilities thereof.

(6) “Internet Web Site” means the MSRB’s Electronic Municipal Market Access (EMMA) system, presently at <http://emma.msrb.org>.

(7) “Listed Event” means any of the following events with respect to the Bonds whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) consummation of a merger, consolidation, or acquisition involving an obligated person, or the sale of all or substantially all the assets of the obligated person, other than in the ordinary course of business, the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(8) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(9) “Official Statement” means the Official Statement of the Issuer relating to the Bonds.

(10) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(11) “SEC” means the United States Securities and Exchange Commission.

(12) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V
Miscellaneous

Section 5.1 Counterparts. This Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2019

**THE GLENPOOL UTILITY SERVICES
AUTHORITY**

Chairman of Trustees

ATTEST:

Secretary of Trustees

(SEAL)

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