



BROKEN ARROW

Where opportunity lives

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**



BROKEN ARROW

Where opportunity lives

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

**WITH
INDEPENDENT AUDITOR'S REPORT**

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City of Broken Arrow, Oklahoma

**List of Principal Officials
June 30, 2019**

City Council

**Craig Thurmond, Mayor
Scott Eudey, Vice Mayor
Johnnie Parks
Christi Gillespie
Debra Wimpee**

City Manager

Michael L. Spurgeon

Clerk

Curtis Green

Finance Director/Treasurer

Cynthia Arnold





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Broken Arrow, Oklahoma

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual nonmajor fund financial statements, and debt service and reserve schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the debt service and reserve schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and debt service and reserve schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2020, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



June 9, 2020

CITY OF BROKEN ARROW, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Our discussion and analysis of the City of Broken Arrow's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- At June 30, 2019, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$358,093,618.
- For the fiscal year ended June 30, 2019, the City's total net position increased by \$27,822,343 or 8.4% from the prior year's restated net position.
- During the year, the City's expenses for governmental activities were \$81,357,265 and were funded by program revenues of \$23,694,735, and further funded with taxes and other general revenues that totaled \$77,948,288.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenditures by \$2,412,691.
- At June 30, 2019, the General Fund reported a total fund balance of \$15,105,832, as compared to the restated prior year balance of \$14,470,248.
- For budgetary reporting purposes, the General Fund reported revenues in excess of final estimates in the amount of \$1,416,214 or 1.85%, while expenditures were less than final appropriations by \$695,552 or 0.89%.
- For the fiscal year ended June 30, 2019, governmental activities' capital assets were overstated by \$600,000, while business-type activities' capital assets were understated by \$813,598. Governmental activities and funds had an overstatement of due from other governments of \$313,187. In addition, business-type activities and enterprise funds had an overstatement of notes receivable and a corresponding understatement of notes payable of \$8,000,000.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for three categories of activities – governmental, business-type and discretely-presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

Reporting the City as a Whole

The statement of net position and the statement of activities

One of the most frequently asked questions about the City's finances is "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The statement of net position and statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred

inflows 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 government-wide statements report the City's net position and changes in net position from the prior year. You can think of the City's net position – the difference between assets and deferred outflows, and liabilities and deferred inflows – as one way to measure the City's financial condition or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the statement of net position and statement of activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, general administration, public services and parks. Sales taxes, franchise fees, fines and state and federal grants 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, wastewater, sanitation, stormwater, golf and economic development activities are reported here.
- Discretely presented component units – These account for activities of the City's reporting entity that do not meet the criteria for blending. The City has two discretely presented component units to report which include the Broken Arrow Home Finance Authority and the Broken Arrow Hospital Authority.

Reporting the City's Most Significant Funds

Fund financial statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

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 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 operation and the basic services it provides. Governmental fund information helps determine whether there are adequate financial resources available to be spent in the near future to finance the City's programs. The differences in results between the governmental fund financial statements in relation to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds – When the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. The City's enterprise funds are essentially the same as business-type activities in the government-wide statements but provide more detail and additional information, such as cash flows.

Fiduciary funds – When the City is responsible for assets due to a trust arrangement or other fiduciary requirement in which the assets can be used only for trust beneficiaries or other parties, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of

the City's fiduciary activities, if any, are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position (if applicable). We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A Financial Analysis of the City as a Whole

Net position

The City's combined net position increased from \$330,271,275 (restated) to \$358,093,618 between fiscal years 2018 and 2019. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$20,285,758 while business-type activities increased \$7,536,585. A comparative, condensed presentation of net position follows (reported in thousands).

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc.	Business-Type Activities		% Inc.	Total		% Inc.
	(restated)		(Dec.)	(restated)		(Dec.)	(restated)		(Dec.)
	2019	2018		2019	2018		2019	2018	
Current and other assets	\$ 130,670	\$ 109,811	19%	\$ 56,800	\$ 45,196	26%	\$ 187,470	\$ 155,007	21%
Capital assets, net	305,323	299,737	2%	197,873	185,454	7%	503,196	485,191	4%
Other non-current assets	-	-	-	27,571	25,734	7%	27,571	25,734	7%
Total assets	<u>435,993</u>	<u>409,548</u>	6%	<u>282,244</u>	<u>256,384</u>	10%	<u>718,237</u>	<u>665,932</u>	8%
Deferred Outflows of Resources	22,339	18,177	23%	55	55	0%	22,394	18,232	23%
Current liabilities	21,626	20,921	3%	17,241	18,186	-5%	38,867	39,107	-1%
Non-current liabilities	191,474	184,602	4%	145,198	125,930	15%	336,672	310,532	8%
Total liabilities	<u>213,100</u>	<u>205,523</u>	4%	<u>162,439</u>	<u>144,116</u>	13%	<u>375,539</u>	<u>349,639</u>	7%
Deferred Inflows of Resources	5,794	3,104	87%	-	-	-	5,794	3,104	87%
Interest rate swap	1,205	1,150	5%	-	-	-	1,205	1,150	5%
	<u>6,999</u>	<u>4,254</u>	65%	<u>-</u>	<u>-</u>		<u>6,999</u>	<u>4,254</u>	65%
Net position									
Net investment in capital assets	159,658	165,327	-3%	92,539	97,449	-5%	252,197	262,776	-4%
Restricted	102,531	85,170	20%	4,401	3,678	20%	106,932	88,848	20%
Unrestricted (deficit)	<u>(23,956)</u>	<u>(32,549)</u>	-26%	<u>22,920</u>	<u>11,196</u>	105%	<u>(1,036)</u>	<u>(21,353)</u>	-95%
Total net position	<u>\$ 238,233</u>	<u>\$ 217,948</u>	9%	<u>\$ 119,860</u>	<u>\$ 112,323</u>	7%	<u>\$ 358,093</u>	<u>\$ 330,271</u>	8%

Changes in net position

For the years ended June 30, 2018 and 2019, the change in net position of the primary government was the result of the following (amounts are reported in thousands):

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	<u>Governmental Activities</u>		<u>% Inc.</u>	<u>Business-Type Activities</u>		<u>% Inc.</u>	<u>Total</u>		<u>% Inc.</u>
	<u>2019</u>	<u>2018</u>	<u>(Dec.)</u>	<u>2019</u>	<u>2018</u>	<u>(Dec.)</u>	<u>2019</u>	<u>2018</u>	<u>(Dec.)</u>
Revenues									
Program revenue:									
Charges for service	\$ 12,453	\$ 12,885	-3%	\$ 47,779	\$ 47,355	1%	\$ 60,232	\$ 60,240	0%
Operating grants and contributions	7,679	7,566	1%	20	-	N/A	7,699	7,566	2%
Capital grants and contributions	3,562	4,371	-19%	4,733	4,512	5%	8,295	8,883	-7%
General Revenue:									
Sales and use taxes	57,260	54,079	6%	-	-	-	57,260	54,079	6%
Property taxes	15,330	15,662	-2%	-	-	-	15,330	15,662	-2%
Franchise and other taxes	6,715	6,848	-2%	-	-	-	6,715	6,848	-2%
Investment income	1,361	475	187%	794	286	178%	2,155	761	183%
Miscellaneous	1,612	1,439	12%	-	-	-	1,612	1,439	12%
Total Revenues	<u>105,972</u>	<u>103,325</u>	<u>3%</u>	<u>53,326</u>	<u>52,153</u>	<u>2%</u>	<u>159,298</u>	<u>155,478</u>	<u>2%</u>
Program Expenses:									
General government	13,806	15,767	-12%	-	-	-	13,806	15,767	-12%
Public safety	46,390	50,502	-8%	-	-	-	46,390	50,502	-8%
Public services	11,290	11,688	-3%	-	-	-	11,290	11,688	-3%
Culture and recreation	5,787	5,775	0%	-	-	-	5,787	5,775	0%
Interest on long-term debt	4,084	4,374	-7%	-	-	-	4,084	4,374	-7%
Water	-	-	-	20,163	19,531	3%	20,163	19,531	3%
Sewer	-	-	-	13,641	11,421	19%	13,641	11,421	19%
Sanitation	-	-	-	7,057	6,613	7%	7,057	6,613	7%
Stormwater	-	-	-	6,409	6,184	4%	6,409	6,184	4%
Golf	-	-	-	1,480	1,532	-3%	1,480	1,532	-3%
Economic development	-	-	-	1,369	1,471	-7%	1,369	1,471	-7%
Total Expenses	<u>81,357</u>	<u>88,106</u>	<u>-8%</u>	<u>50,119</u>	<u>46,752</u>	<u>7%</u>	<u>131,476</u>	<u>134,858</u>	<u>-3%</u>
Excess before transfers	24,615	15,219	62%	3,207	5,401	-41%	27,822	20,620	35%
Net transfers in (out)	(4,330)	(2,164)	100%	4,330	2,164	100%	-	-	-
Increase in net position	<u>\$ 20,285</u>	<u>\$ 13,055</u>	<u>55%</u>	<u>\$ 7,537</u>	<u>\$ 7,565</u>	<u>0%</u>	<u>\$ 27,822</u>	<u>\$ 20,620</u>	<u>35%</u>

The City's governmental activities increase in net position of \$20,285,758 represents a 55.4% increase from the prior year's increase in net position. This increase was the result of an increase in total revenues of approximately \$2.6 million and a decrease in total expenses of approximately \$6.7 million. The business-type activities increase in net position of \$7,536,585 represents a 0.4% increase from the prior year's increase in net position. The results indicate the City as a whole improved its financial condition from the prior year.

Governmental activities

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

For the year ended June 30, 2019, the City's governmental activities were funded as follows:

Governmental Activities Sources	
Sales and Use Taxes	54.03%
Other Taxes	20.57%
Charges for Service	11.75%
Grants	10.61%
Other	3.04%

Governmental Activities Uses	
General government	16.97%
Public safety	57.02%
Public services	13.88%
Culture and recreation	7.11%
Interest on long-term debt	5.02%

For the year ended June 30, 2019, total expenses for governmental activities amounted to \$81,357,265. To fund these activities, taxpayers and other general revenues funded \$77,948,288 while those directly benefiting from the program funded \$11,241,781 from grants and other contributions and \$12,452,954 from charges for services.

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2019	2018		2019	2018	
	General government	\$ 13,806,046		\$ 15,767,195	-12%	
Public safety	46,390,326	50,501,541	-8%	(33,278,718)	(36,545,842)	-9%
Public services	11,289,892	11,687,804	-3%	(5,916,231)	(5,827,611)	2%
Culture and recreation	5,787,181	5,775,089	0%	(5,211,111)	(5,186,667)	0%
Interest on long-term debt	4,083,820	4,374,152	-7%	(4,083,820)	(4,374,152)	-7%
TOTAL	\$ 81,357,265	\$ 88,105,781	-8%	\$ (57,662,530)	\$ (63,284,299)	-9%

Business-type activities

In reviewing the business-type activities net revenue (expense), the following highlights should be noted:

- Total business-type activities reported net revenues of \$2,412,691 for the year ended June 30, 2019.
- Water, sewer, stormwater and economic development activities reported net revenues of \$399,964, \$800,013, \$1,195,032 and \$782,865 respectively for the year ended June 30 2019, while sanitation and golf activities reported net expenses of \$405,636 and \$359,547, respectively.
- Net revenue (expense) of services for all functions changed significantly from prior year. Water decrease of 89% was primarily due to a decrease in capital grants and contributions of approximately \$2 million along with an increase in expense of \$582,259. Sewer decrease of 76% was primarily due to an increase in expense of \$2,241,383. Sanitation increase in net expense of 2687% was primarily due to an increase in expense of \$452,430, netted with an increase of charges for services of \$61,346. Stormwater increase in net revenue of 637% was primarily due to an increase in capital grants and contributions of \$1,247,842. Golf increase in net expense of 69% was primarily due to a decrease in charges for services of \$161,076. Economic development increase in net revenue of 153% was primarily due to an increase in capital grants and contributions of \$2,254,104.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2019	2018		2019	2018	
	Water	\$ 20,112,910		\$ 19,530,651	3%	
Sewer	13,662,235	11,420,852	20%	800,013	3,276,815	-76%
Sanitation	7,064,933	6,612,503	7%	(405,636)	(14,552)	2687%
Stormwater	6,429,963	6,184,232	4%	1,195,032	(222,699)	637%
Golf	1,479,585	1,532,225	-3%	(359,547)	(212,233)	69%
Economic Development	1,369,467	1,471,239	-7%	782,865	(1,471,239)	153%
TOTAL	\$ 50,119,093	\$ 46,751,702	7%	\$ 2,412,691	\$ 5,114,930	-53%

A financial analysis of the City's funds

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$119,881,029 or a 19.4% increase from 2018. The combined proprietary funds reported a combined total net position of \$117,178,863 or a 6.5% increase from 2018.

Other fund highlights include:

- For the year ended June 30, 2019, the General Fund's total fund balance increased by \$635,584 or 4.39%.
- The Public Safety Sales Tax-Police Fund's total fund balance increased by \$2,077,033 or 71.7%.
- The Sales Tax Capital Improvement Fund's total fund balance increased by \$1,153,746 or 11.8%.
- The 2014 General Obligation Bond Funds' total fund balance increased by \$4,372,511 or 11.6% due to the proceeds from the issuance of debt exceeding the related capital outlay during the year.

General fund budgetary highlights

Over the course of the year, the City Council revised the General Fund budget at various times. The revised budget included an increase in overall appropriations of 5.35% or \$3,965,100, due primarily to an increase in budget for “Transfers to other funds” in the amount of \$3,525,000.

Capital Asset and Debt Administration

Capital assets

At the end of June 30, 2019, the City had \$503,196,453 invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines (see table below). This represents a net increase in net capital assets of \$18,004,814 or 3.71% over last year.

**Primary Government Capital Assets
(Net of accumulated depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(Restated)		(Restated)		(Restated)	
	2019	2018	2019	2018	2019	2018
Land	\$ 36,321,966	\$ 36,321,966	\$ 5,132,431	\$ 5,616,257	\$ 41,454,397	\$ 41,938,223
Buildings	46,684,345	47,243,668	2,908,763	2,921,825	49,593,108	50,165,493
Improvements	29,430,468	29,193,803	126,883,902	131,258,814	156,314,370	160,452,617
Machinery and equipment	18,897,968	16,397,163	8,396,485	8,763,977	27,294,453	25,161,140
Infrastructure	151,792,748	154,510,995	22,811,397	22,464,198	174,604,145	176,975,193
Construction in progress	22,195,739	16,069,326	31,740,241	14,429,647	53,935,980	30,498,973
Totals	<u>\$ 305,323,234</u>	<u>\$ 299,736,921</u>	<u>\$ 197,873,219</u>	<u>\$ 185,454,718</u>	<u>\$ 503,196,453</u>	<u>\$ 485,191,639</u>

This year's more significant capital asset additions included:

- 2019 Enforcer Ascendant 110' Aerial Unit Truck totaling \$1,002,900
- 2019 Enforcer 107' Aerial Unit Truck totaling \$929,224
- Spring Hill @ Forest Ridge Street Project totaling \$848,960
- Land-Part of Lot 1, Block 1 BAPS Elementary totaling \$888,991

See the notes to the financial statements for more detail information on the City's capital assets and changes therein.

Long-term debt

At year end, the City had \$308,484,574 in long-term debt outstanding which represents a \$30,034,300 or 10.8% increase from prior year amount. The City's change in long-term debt by type of debt is as follows:

	<u>Primary Government Long-Term Debt</u>						<u>Total Percentage Change</u>
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		
	2019	2018	2019	(Restated) 2018	2019	(Restated) 2018	
Accrued compensated absences	\$ 3,136,830	\$ 2,930,288	\$ 666,937	\$ 584,471	\$ 3,803,767	\$ 3,514,759	8%
General obligation bonds	133,740,000	122,295,000	-	-	133,740,000	122,295,000	9%
Notes payable	10,084,326	11,418,037	146,521,024	127,893,435	156,605,350	139,311,472	12%
Unamortized premium	1,942,086	1,310,650	4,296,238	2,931,659	6,238,324	4,242,309	47%
Judgments payable	606,360	698,821	-	-	606,360	698,821	-13%
Automotive and general liability	1,320,000	1,163,000	-	-	1,320,000	1,163,000	13%
Meter deposit liability	-	-	993,724	961,410	993,724	961,410	3%
Claims payable	5,177,049	6,138,503	-	-	5,177,049	6,138,503	-16%
Capital lease obligation	-	-	-	125,000	-	125,000	-100%
Totals	<u>\$ 156,006,651</u>	<u>\$ 145,954,299</u>	<u>\$ 152,477,923</u>	<u>\$ 132,495,975</u>	<u>\$ 308,484,574</u>	<u>\$ 278,450,274</u>	11%

See the notes to the financial statements for more detail information on the City's long-term debt and changes therein.

Economic Factors and Next Year's Budget and Rates

The City's revenue streams are largely influenced by overall economic conditions in the region as our main sources of revenues is sales tax. We have been fortunate to see continual growth in the last few years but it is still a volatile source of revenue. We are anticipating a small growth and we did a campaign "Back to BA" explaining to the citizens that they need to shop local and that their city sales tax pays for City services such as police and fire.

The City has been instrumental in promoting areas to help develop more traffic to support local businesses and to bring additional business and development within the City. The City recently did a new TIF District Creek 51 for a tract of land off Highway 51 along the Creek Turnpike. The Developer will be constructing a business park for manufacturing and related industry. With this TIF the Developer takes all the risks and only benefits if the development builds out.

In the fall of 2018 the voters approved for a \$210 million bond package over the next ten years. This will help the needed infrastructures and quality of life issues that are needed in the future.

- Proposition 1: Transportation \$142.625 million
- Proposition 2: Public Safety \$20.35 million
- Proposition 3: Parks and Recreation \$17.75 million
- Proposition 4: Public Facilities \$16.8 million
- Proposition 5: Stormwater \$7.5 million
- Proposition 6: Drainage \$5.5 million

The City sold its first series in December 2018 and the second series in December 2019.

The Municipal Authority continues to add utility customers, water, sewer, trash and stormwater, as the City grows. In the fall of 2016, the City Council approved a 5 year rate model and the related increases for utility services. The rate model covers the reasonable estimated expenses for operations and pay as you go capital improvements. The year 3 increase was approved effective October 1, 2018 and year 4 was effective October 1, 2019. We are currently gathering information to update the current rate model to fund the Authority operational and capital needs.

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

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 220 South First Street, P.O. Box 610, Broken Arrow, Oklahoma 74013-0610 or phone at (918) 259-2400, extension 5411.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Statement of Net Position

	Broken Arrow Statement of Net Position June 30, 2019				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Broken Arrow Home Finance Authority	Broken Arrow Hospital Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 55,713,146	\$ 55,588,480	\$ 111,301,626	\$ 2,786	\$ 10,998
Investments	50,285,751	154,667	50,440,418	-	-
Taxes receivable	1,050,979	-	1,050,979	-	-
Internal Balances	8,187,357	(8,187,357)	-	-	-
Due from other governments	11,161,737	512,040	11,673,777	-	-
Accrued interest receivable	426,996	4,200	431,196	-	-
Accounts receivable, net of allowance	2,193,420	7,392,868	9,586,288	-	-
Inventory	-	1,309,826	1,309,826	-	-
Prepaid assets	649	24,838	25,487	-	-
Investment in joint venture	-	27,570,847	27,570,847	-	-
Net pension asset	1,650,356	-	1,650,356	-	-
Capital Assets:					
Non-depreciable	58,517,705	36,872,672	95,390,377	-	-
Depreciable, net of depreciation	246,805,529	161,000,547	407,806,076	-	-
Total assets	<u>435,993,625</u>	<u>282,243,628</u>	<u>718,237,253</u>	<u>2,786</u>	<u>10,998</u>
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated decrease in fair value of hedging derivative	1,204,778	-	1,204,778	-	-
Deferred outflow related to refunding of debt	101,482	-	101,482	-	-
Deferred outflows related to pension	21,032,748	-	21,032,748	-	-
Deferred outflows related to OPEB	-	54,931	54,931	-	-
Total deferred outflow of resources	<u>22,339,008</u>	<u>54,931</u>	<u>22,393,939</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	2,943,995	7,437,903	10,381,898	-	-
Accrued payroll	1,821,337	359,190	2,180,527	-	-
Accrued interest payable	1,023,241	1,405,904	2,429,145	-	-
Due to other governments	9,788	6,543	16,331	-	-
Other payables	-	79,134	79,134	-	-
Amounts held in escrow	275,147	310,182	585,329	-	-
Long term liabilities:					
Due within one year	15,552,493	7,641,873	23,194,366	-	-
Due in more than one year	191,473,841	145,197,799	336,671,640	-	-
Total liabilities	<u>213,099,842</u>	<u>162,438,528</u>	<u>375,538,370</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS					
Deferred inflows related to pensions	5,739,495	-	5,739,495	-	-
Deferred inflows related to OPEB	54,931	-	54,931	-	-
Interest rate swap	1,204,778	-	1,204,778	-	-
Total deferred inflow of resources	<u>6,999,204</u>	<u>-</u>	<u>6,999,204</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	159,658,304	92,538,749	252,197,053	-	-
Restricted for:					
Capital projects	81,796,885	-	81,796,885	-	-
Debt service	9,365,368	4,401,331	13,766,699	-	-
Public Safety	8,586,279	-	8,586,279	-	-
Other purposes	2,783,078	-	2,783,078	-	-
Unrestricted (deficit)	(23,956,327)	22,919,951	(1,036,376)	2,786	10,998
Total net position	<u>\$ 238,233,587</u>	<u>\$ 119,860,031</u>	<u>\$ 358,093,618</u>	<u>\$ 2,786</u>	<u>\$ 10,998</u>

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Statement of Activities

Broken Arrow
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Broken Arrow Home Finance Authority	Broken Arrow Hospital Authority
					Governmental Activities	Business-type Activities	Total		
Primary government									
Governmental Activities									
General government	\$ 13,806,046	\$ 4,560,861	\$ 72,535	\$ -	\$ (9,172,650)	\$ -	\$ (9,172,650)	\$ -	\$ -
Public safety	46,390,326	6,329,068	6,639,530	143,010	(33,278,718)	-	(33,278,718)	-	-
Public services	11,289,892	986,955	967,239	3,419,467	(5,916,231)	-	(5,916,231)	-	-
Cultural and recreation	5,787,181	576,070	-	-	(5,211,111)	-	(5,211,111)	-	-
Interest on long-term debt	4,083,820	-	-	-	(4,083,820)	-	(4,083,820)	-	-
Total governmental activities	<u>81,357,265</u>	<u>12,452,954</u>	<u>7,679,304</u>	<u>3,562,477</u>	<u>(57,662,530)</u>	<u>-</u>	<u>(57,662,530)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water	20,112,910	19,914,887	-	597,987	-	399,964	399,964	-	-
Sewer	13,662,235	13,707,564	-	754,684	-	800,013	800,013	-	-
Sanitation	7,064,933	6,659,297	-	-	-	(405,636)	(405,636)	-	-
Stormwater	6,429,963	6,377,153	-	1,247,842	-	1,195,032	1,195,032	-	-
Golf	1,479,585	1,120,038	-	-	-	(359,547)	(359,547)	-	-
Economic Development	1,369,467	-	20,000	2,132,332	-	782,865	782,865	-	-
Total business-type activities	<u>50,119,093</u>	<u>47,778,939</u>	<u>20,000</u>	<u>4,732,845</u>	<u>-</u>	<u>2,412,691</u>	<u>2,412,691</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 131,476,358</u>	<u>\$ 60,231,893</u>	<u>\$ 7,699,304</u>	<u>\$ 8,295,322</u>	<u>(57,662,530)</u>	<u>2,412,691</u>	<u>(55,249,839)</u>	<u>-</u>	<u>-</u>
Component Units									
Finance	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:									
Taxes:									
Sales and use taxes					57,260,404	-	57,260,404	-	-
Property taxes					15,330,382	-	15,330,382	-	-
Franchise and miscellaneous taxes					4,340,209	-	4,340,209	-	-
Hotel/motel taxes					639,694	-	639,694	-	-
Tobacco taxes					460,431	-	460,431	-	-
E-911 taxes					1,028,448	-	1,028,448	-	-
Intergovernmental revenue not restricted to specific programs					245,711	-	245,711	-	-
Unrestricted investment earnings					1,360,717	794,172	2,154,889	-	-
Miscellaneous					1,612,014	-	1,612,014	-	78
Transfers					(4,329,722)	4,329,722	-	-	-
Total general revenues and transfers					<u>77,948,288</u>	<u>5,123,894</u>	<u>83,072,182</u>	<u>-</u>	<u>78</u>
Change in net position					20,285,758	7,536,585	27,822,343	-	78
Net position - beginning (restated)					217,947,829	112,323,446	330,271,275	2,786	10,920
Net position - ending					<u>\$ 238,233,587</u>	<u>\$ 119,860,031</u>	<u>\$ 358,093,618</u>	<u>\$ 2,786</u>	<u>\$ 10,998</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Governmental Funds – Balance Sheet

City of Broken Arrow, Oklahoma Balance Sheet Governmental Funds June 30, 2019								
	General Fund	Public Safety Sales Tax- Police	Public Safety Sales Tax-Fire	Sales Tax Capital Improvement Fund	2014 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 7,279,669	\$ 5,501,166	\$ 1,317,605	\$ 1,944,280	\$ 6,163,108	\$ 6,761,298	\$ 25,077,509	\$ 54,044,635
Investments	-	-	-	-	36,395,404	1,700,999	12,189,348	50,285,751
Taxes receivable, net	294,773	-	-	-	-	756,206	-	1,050,979
Due from other funds	2,534,842	-	-	8,187,357	-	-	-	10,722,199
Receivable from other governments	7,393,689	399,916	386,758	1,267,247	812,291	138,483	763,353	11,161,737
Accrued interest receivable	-	-	-	-	357,114	8,382	61,500	426,996
Other receivables, net	2,003,366	212	1,346	-	900	-	174,508	2,180,332
Prepaid expenses	649	-	-	-	-	-	-	649
Total assets	<u>\$ 19,506,988</u>	<u>\$ 5,901,294</u>	<u>\$ 1,705,709</u>	<u>\$ 11,398,884</u>	<u>\$ 43,728,817</u>	<u>\$ 9,365,368</u>	<u>\$ 38,266,218</u>	<u>\$ 129,873,278</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 309,409	\$ 325,423	\$ 260,144	\$ 485,386	\$ 705,686	\$ -	\$ 817,305	\$ 2,903,353
Accrued payroll	710,165	594,705	516,467	-	-	-	-	1,821,337
Due to other funds	2,534,494	-	-	-	-	-	348	2,534,842
Due to other governments	9,788	-	-	-	-	-	-	9,788
Amounts held in escrow	228,669	-	-	-	-	-	1,376	230,045
Total liabilities	<u>3,792,525</u>	<u>920,128</u>	<u>776,611</u>	<u>485,386</u>	<u>705,686</u>	<u>-</u>	<u>819,029</u>	<u>7,499,365</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	608,631	5,733	-	-	967,896	755,960	154,664	2,492,884
Total deferred inflows of resources	<u>608,631</u>	<u>5,733</u>	<u>-</u>	<u>-</u>	<u>967,896</u>	<u>755,960</u>	<u>154,664</u>	<u>2,492,884</u>
Fund balances:								
Restricted	-	4,975,433	929,098	10,913,498	42,055,235	8,609,408	33,187,170	100,669,842
Committed	-	-	-	-	-	-	4,105,355	4,105,355
Assigned	10,097,060	-	-	-	-	-	-	10,097,060
Unassigned	5,008,772	-	-	-	-	-	-	5,008,772
Total fund balances	<u>15,105,832</u>	<u>4,975,433</u>	<u>929,098</u>	<u>10,913,498</u>	<u>42,055,235</u>	<u>8,609,408</u>	<u>37,292,525</u>	<u>119,881,029</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 19,506,988</u>	<u>\$ 5,901,294</u>	<u>\$ 1,705,709</u>	<u>\$ 11,398,884</u>	<u>\$ 43,728,817</u>	<u>\$ 9,365,368</u>	<u>\$ 38,266,218</u>	<u>\$ 129,873,278</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Broken Arrow

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total fund balance, governmental funds \$ 119,881,029

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 funds, but are reported in the governmental activities of the Statement of Net Position 305,323,234

Certain other long-term assets and deferred outflows are not available to pay current period expenditures and therefore are deferred or not reported in the funds:

Receivable from other governments	1,422,677
Court fines receivable	561,203
Cemetery receivable	17,815
Street light fee	22,485
Interest receivable	426,996
Miscellaneous receivables	41,708
Deferred outflow - accumulated decrease on derivative fair value	1,204,778
Deferred outflows related to pensions	21,032,748
Deferred outflow on refunding	101,482
Net pension asset	1,650,356
	<u>26,482,248</u>

Certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of these special revenue funds are included in the business-type activities on the Statement of Net Position:

Excess Capacity Sewer Fund	(1,309,049)
Stormwater Capital Fund	(1,372,119)
	<u>(2,681,168)</u>

The assets and liabilities of certain internal services funds are not included in this fund financial statement, but are included in the governmental activities of the Statement of Net Position (900,026)

Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:

Unamortized premium	(1,942,086)
General obligation bonds payable	(133,740,000)
Notes payable	(10,084,326)
Accrued compensated absences	(3,136,830)
Accrued interest payable	(1,023,241)
Deferred inflows related to interest rate swap	(1,204,778)
Automotive and general liability	(1,320,000)
Judgments payable	(606,360)
Deferred inflows related to OPEB	(54,931)
Total OPEB liability	(929,020)
Net pension liability	(50,090,663)
Deferred inflows related to pensions	(5,739,495)
	<u>(209,871,730)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 238,233,587

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance

City of Broken Arrow, Oklahoma Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2019								
	General Fund	Public Safety Sales Tax-Police	Public Safety Sales Tax-Fire	Sales Tax Capital Improvement Fund	2014 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Sales and use taxes	\$ 41,839,290	\$ 2,203,016	\$ 2,203,016	\$ 7,343,388	\$ -	\$ -	\$ 3,671,694	\$ 57,260,404
Property tax	-	-	-	-	-	15,157,913	-	15,157,913
Franchise and miscellaneous taxes	4,800,640	-	-	-	-	-	642,795	5,443,435
Intergovernmental	477,291	1,530,565	4,979,728	1,400,000	201,509	-	1,304,903	9,893,996
Charges for services	11,264,907	-	-	-	-	-	2,039,394	13,304,301
Fines and forfeitures	1,560,876	-	-	-	-	-	6,131	1,567,007
Licenses and permits	962,072	-	-	-	-	-	-	962,072
Rental income	1,210,951	-	-	-	-	-	-	1,210,951
Investment income	36,511	5,246	2,996	14,373	597,951	114,637	270,653	1,042,367
Miscellaneous	117,696	80,256	44,435	88,669	124,040	-	578,169	1,033,265
Total revenues	<u>62,270,234</u>	<u>3,819,083</u>	<u>7,230,175</u>	<u>8,846,430</u>	<u>923,500</u>	<u>15,272,550</u>	<u>8,513,739</u>	<u>106,875,711</u>
EXPENDITURES								
Current:								
General government	10,760,661	-	-	-	-	-	868,783	11,629,444
Public safety	1,137,990	24,249,898	25,627,735	-	-	-	142,650	51,158,273
Public services	3,172,044	-	-	-	-	-	2,693	3,174,737
Parks and recreation	4,039,044	-	-	-	-	-	-	4,039,044
Debt Service:								
Principal	-	-	-	1,333,711	-	10,978,095	-	12,311,806
Interest and other charges	-	-	-	705,181	-	3,690,407	-	4,395,588
Bond issuance costs	-	-	-	-	93,360	173,036	-	397,832
Capital Outlay	-	673,157	443,533	5,653,792	7,317,629	-	5,863,639	19,951,750
Total expenditures	<u>19,109,739</u>	<u>24,923,055</u>	<u>26,071,268</u>	<u>7,692,684</u>	<u>7,410,989</u>	<u>14,841,538</u>	<u>7,009,201</u>	<u>107,058,474</u>
Excess (deficiency) of revenues over expenditures	<u>43,160,495</u>	<u>(21,103,972)</u>	<u>(18,841,093)</u>	<u>1,153,746</u>	<u>(6,487,489)</u>	<u>431,012</u>	<u>1,504,538</u>	<u>(182,763)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt	-	-	-	-	10,860,000	7,490,000	12,500,000	30,850,000
Payment to escrow agent	-	-	-	-	-	(8,878,310)	-	(8,878,310)
Bond premium	-	-	-	-	-	820,595	-	820,595
Transfers in	15,726,355	23,181,005	18,788,906	-	-	-	-	57,696,266
Transfers out	(58,251,266)	-	-	-	-	(890,834)	(1,665,000)	(60,807,100)
Total other financing sources and uses	<u>(42,524,911)</u>	<u>23,181,005</u>	<u>18,788,906</u>	<u>-</u>	<u>10,860,000</u>	<u>(1,458,549)</u>	<u>10,835,000</u>	<u>19,681,451</u>
Net change in fund balances	<u>635,584</u>	<u>2,077,033</u>	<u>(52,187)</u>	<u>1,153,746</u>	<u>4,372,511</u>	<u>(1,027,537)</u>	<u>12,339,538</u>	<u>19,498,688</u>
Fund balances - beginning, restated	<u>14,470,248</u>	<u>2,898,400</u>	<u>981,285</u>	<u>9,759,752</u>	<u>37,682,724</u>	<u>9,636,945</u>	<u>24,952,987</u>	<u>100,382,341</u>
Fund balances - ending	<u>\$ 15,105,832</u>	<u>\$ 4,975,433</u>	<u>\$ 929,098</u>	<u>\$ 10,913,498</u>	<u>\$ 42,055,235</u>	<u>\$ 8,609,408</u>	<u>\$ 37,292,525</u>	<u>\$ 119,881,029</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Broken Arrow
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds: \$ 19,498,688

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

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

Capital asset purchases capitalized	14,561,245
Book value on capital assets disposed	(94,827)
Capital assets contributed	1,717,767
Depreciation expense	<u>(10,597,872)</u>
	<u>5,586,313</u>

Bond 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:

Revenue bond principal payment	10,640,000
Bond proceeds	(30,850,000)
Payment to escrow agent	8,878,310
Premium on bonds	(820,595)
Amortization of premium on bonds	181,561
Issuance of judgments	(245,634)
Principal paid on judgments	338,095
Notes payable principal payment	<u>1,333,711</u>
	<u>(10,544,552)</u>

Certain assets are not reported in the funds on the modified accrual basis of accounting, however, at the government-wide financial statements are reported due to the accrual basis of accounting:

Change in net pension asset	1,650,356
Changes in deferred outflow - accumulated increase in fair value	54,380
Changes in deferred outflows related to pensions	<u>4,019,690</u>
	<u>5,724,426</u>

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned:

Change in deferred revenue	<u>(1,942,448)</u>
----------------------------	--------------------

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds	148,400
Accrued compensated absences change	(206,542)
Change in deferred inflow interest rate swap	(54,380)
Changes in deferred inflows related to OPEB	(9)
Total OPEB liability change	(66,506)
Change in net pension liability	3,581,941
Change in deferred inflows related to pensions	(2,690,287)
Amortization of deferred outflow on refunding	(18,193)
Change in claims liability	<u>(157,000)</u>
	<u>537,424</u>

Certain special revenue funds are used by management to perform business-type activities. The net change in fund balances of these special revenue funds are included in the business-type activities on the Statement of Activities:

Change in Excess Capacity Sewer Fund	(416,757)
Change in Stormwater Capital Fund	<u>(20,641)</u>
	<u>(437,398)</u>

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the statement of Activities:

Total change in net position for internal service funds	<u>1,863,305</u>
---	------------------

Change in net position of governmental activities \$ 20,285,758

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Proprietary Funds – Statement of Net Position

Broken Arrow
Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Funds			Total	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,317,851	\$ 4,736,567	\$ 69,279	\$ 7,123,697	\$ 4,349,679
Restricted cash and cash equivalents	40,958,215	245,038	-	41,203,253	-
Investments	154,667	-	-	154,667	-
Accounts receivable, net	7,392,868	-	-	7,392,868	-
Due from other funds	3,291,660	-	-	3,291,660	-
Due from other governments-OWRB	512,040	-	-	512,040	-
Interest receivable	-	4,200	-	4,200	-
Other receivable	-	-	-	-	13,088
Inventories	1,250,893	-	58,933	1,309,826	-
Prepaid assets	20,500	-	4,338	24,838	-
Total current assets	<u>55,898,694</u>	<u>4,985,805</u>	<u>132,550</u>	<u>61,017,049</u>	<u>4,362,767</u>
Noncurrent assets:					
Restricted cash and cash equivalents	4,080,362	500,000	-	4,580,362	-
Investment in joint venture	27,570,847	-	-	27,570,847	-
Capital assets:					
Land and other nondepreciable assets	34,296,836	2,346,159	229,677	36,872,672	-
Other capital assets, net of accumulated depreciation	<u>156,280,581</u>	<u>154,350</u>	<u>4,565,616</u>	<u>161,000,547</u>	<u>-</u>
Total noncurrent assets	<u>222,228,626</u>	<u>3,000,509</u>	<u>4,795,293</u>	<u>230,024,428</u>	<u>-</u>
Total assets	<u>278,127,320</u>	<u>7,986,314</u>	<u>4,927,843</u>	<u>291,041,477</u>	<u>4,362,767</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to OPEB	54,931	-	-	54,931	-
Total deferred outflows of resources	<u>54,931</u>	<u>-</u>	<u>-</u>	<u>54,931</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	6,623,436	266,549	547,918	7,437,903	40,642
Accrued payroll payable	359,190	-	-	359,190	-
Accrued interest payable	1,345,730	60,174	-	1,405,904	-
Due to other funds	7,346,417	3,360,000	772,600	11,479,017	-
Other accrued expenses	-	-	79,134	79,134	-
Amounts held in escrow	310,182	-	-	310,182	45,102
Due to other governments	-	-	6,543	6,543	-
Compensated absences	444,625	-	-	444,625	-
Claims and judgments	-	-	-	-	987,000
Meter deposit liability	198,745	-	-	198,745	-
Bonds, notes and loans payable, net	<u>6,263,503</u>	<u>735,000</u>	<u>-</u>	<u>6,998,503</u>	<u>-</u>
Total current liabilities	<u>22,891,828</u>	<u>4,421,723</u>	<u>1,406,195</u>	<u>28,719,746</u>	<u>1,072,744</u>
Non-current liabilities:					
Compensated absences	222,312	-	-	222,312	-
Claims and judgments	-	-	-	-	4,190,049
Meter deposit liability	794,979	-	-	794,979	-
Bonds, notes and loans payable, net	137,368,759	6,450,000	-	143,818,759	-
Total OPEB liability	<u>361,749</u>	<u>-</u>	<u>-</u>	<u>361,749</u>	<u>-</u>
Total non-current liabilities	<u>138,747,799</u>	<u>6,450,000</u>	<u>-</u>	<u>145,197,799</u>	<u>4,190,049</u>
Total liabilities	<u>161,639,627</u>	<u>10,871,723</u>	<u>1,406,195</u>	<u>173,917,545</u>	<u>5,262,793</u>
NET POSITION					
Net investment in capital assets	85,242,947	2,500,509	4,795,293	92,538,749	-
Restricted for debt service	4,401,331	-	-	4,401,331	-
Unrestricted (deficit)	<u>26,898,346</u>	<u>(5,385,918)</u>	<u>(1,273,645)</u>	<u>20,238,783</u>	<u>(900,026)</u>
Total net position	<u>\$ 116,542,624</u>	<u>\$ (2,885,409)</u>	<u>\$ 3,521,648</u>	<u>\$ 117,178,863</u>	<u>\$ (900,026)</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain special revenue funds are used by management to perform business-type activities. The assets and liabilities of certain special revenue funds are included in the business-type activities in the Statement of Net Position.

2,681,168

Total net position per Government-Wide financial statements

\$ 119,860,031

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position

Broken Arrow
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds			Total	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
OPERATING REVENUES					
Water charges	\$ 19,389,331	\$ -	\$ -	\$ 19,389,331	\$ -
Sewer charges	12,935,466	-	-	12,935,466	-
Sanitation charges	6,483,585	-	-	6,483,585	-
Stormwater fees	6,099,316	-	-	6,099,316	-
Fees and fines	974,901	-	-	974,901	-
Golf	-	-	1,120,038	1,120,038	-
Miscellaneous	241,944	-	-	241,944	-
Self insurance charges	-	-	-	-	10,679,499
Total operating revenues	<u>46,124,543</u>	<u>-</u>	<u>1,120,038</u>	<u>47,244,581</u>	<u>10,679,499</u>
OPERATING EXPENSES					
General government	1,046,885	831,405	-	1,878,290	-
Finance and administration	1,794,288	-	-	1,794,288	-
Engineering and construction	2,934,166	-	-	2,934,166	-
Water distribution	9,292,832	-	-	9,292,832	-
Sanitary sewer system	6,326,733	-	-	6,326,733	-
Sanitation services	5,414,946	-	-	5,414,946	-
Support services	3,152,935	-	-	3,152,935	-
Stormwater	3,271,883	-	-	3,271,883	-
Claims expense	-	-	-	-	8,865,428
Golf	-	-	1,284,001	1,284,001	-
Depreciation	9,075,295	10,106	192,186	9,277,587	-
Total operating expenses	<u>42,309,963</u>	<u>841,511</u>	<u>1,476,187</u>	<u>44,627,661</u>	<u>8,865,428</u>
Operating income (loss)	<u>3,814,580</u>	<u>(841,511)</u>	<u>(356,149)</u>	<u>2,616,920</u>	<u>1,814,071</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	775,089	14,435	2,530	792,054	3,327
Miscellaneous revenue	-	20,000	-	20,000	45,907
Gain on disposal of capital assets	2,752	2,132,332	-	2,135,084	-
Bond issuance costs	(465,885)	(153,000)	-	(618,885)	-
Interest expense and fiscal charges	(4,493,745)	(374,956)	(3,398)	(4,872,099)	-
Total non-operating revenue (expenses)	<u>(4,181,789)</u>	<u>1,638,811</u>	<u>(868)</u>	<u>(2,543,846)</u>	<u>49,234</u>
Income (loss) before contributions and transfers	<u>(367,209)</u>	<u>797,300</u>	<u>(357,017)</u>	<u>73,074</u>	<u>1,863,305</u>
Capital contributions	3,802,581	-	112,698	3,915,279	-
Transfers in	14,701,355	3,710,834	-	18,412,189	-
Transfers out	<u>(15,301,355)</u>	<u>-</u>	<u>-</u>	<u>(15,301,355)</u>	<u>-</u>
Change in net position	2,835,372	4,508,134	(244,319)	7,099,187	1,863,305
Total net position (deficit) - beginning, restated	113,707,252	(7,393,543)	3,765,967	110,079,676	(2,763,331)
Total net position (deficit) - ending	<u>\$ 116,542,624</u>	<u>\$ (2,885,409)</u>	<u>\$ 3,521,648</u>	<u>\$ 117,178,863</u>	<u>\$ (900,026)</u>

Change in net position, per above

7,099,187

Some amounts reported for business-type activities in the Statement of Activities are different because certain special revenue funds are used by management to perform business-type activities. The activities of certain special revenue funds are included in the business-type activities in the Statement of Activities.

437,398

Change in Business-Type Activities in Net Position per Government-Wide Financial Statements

\$ 7,536,585

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Proprietary Funds – Statement of Cash Flows

Broken Arrow
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 47,027,509	\$ -	\$ 1,120,126	\$ 48,147,635	\$ 10,737,592
Payments to suppliers	(19,008,730)	(724,364)	(1,160,314)	(20,893,408)	-
Payments to employees	(16,298,265)	-	-	(16,298,265)	-
Receipts of customer meter deposits	302,756	-	-	302,756	-
Payment of customer meter deposits	(270,442)	-	-	(270,442)	-
Claims and judgments paid	-	-	-	-	(9,826,434)
Interfund receipts	(292,122)	-	292,122	-	-
Net cash provided by (used in) operating activities	11,460,706	(724,364)	251,934	10,988,276	911,158
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	14,701,355	3,710,834	-	18,412,189	-
Transfer to other funds	(15,301,355)	-	-	(15,301,355)	-
Net cash provided by (used in) noncapital financing activities	(600,000)	3,710,834	-	3,110,834	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(18,015,044)	-	(292,142)	(18,307,186)	-
Proceeds from issuance of debt	29,299,065	7,565,000	-	36,864,065	-
Note issuance costs	(465,885)	(153,000)	-	(618,885)	-
Premium on issuance of debt	1,511,657	-	-	1,511,657	-
Proceeds from sale of capital assets	45,303	2,616,158	-	2,661,461	-
Principal paid on capital debt	(5,720,161)	(8,120,000)	(20,338)	(13,860,499)	-
Interest paid on capital debt	(4,357,223)	(360,841)	(3,398)	(4,721,462)	-
Net cash provided by (used in) capital and related financing activities	2,297,712	1,547,317	(315,878)	3,529,151	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investments	99,547	-	-	99,547	-
(Increase) decrease in investment in joint venture	(1,837,244)	-	-	(1,837,244)	-
Interest and dividends	775,089	14,435	2,530	792,054	3,327
Net cash provided by investing activities	(962,608)	14,435	2,530	(945,643)	3,327
Net Increase (decrease) in cash and cash equivalents	12,195,810	4,548,222	(61,414)	16,682,618	914,485
Balances-beginning of year	35,160,618	933,383	130,693	36,224,694	3,435,194
Balances-end of year	\$ 47,356,428	\$ 5,481,605	\$ 69,279	\$ 52,907,312	\$ 4,349,679
Reconciliation to Combining Statement of Net Position:					
Cash and cash equivalents	\$ 2,317,851	\$ 4,736,567	\$ 69,279	\$ 7,123,697	\$ 4,349,679
Restricted cash and cash equivalents-current	40,958,215	245,038	-	41,203,253	-
Restricted cash and cash equivalents-noncurrent	4,080,362	500,000	-	4,580,362	-
Total cash and cash equivalents, end of year	\$ 47,356,428	\$ 5,481,605	\$ 69,279	\$ 52,907,312	\$ 4,349,679
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 3,814,580	\$ (841,511)	\$ (356,149)	\$ 2,616,920	\$ 1,814,071
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	9,075,295	10,106	192,186	9,277,587	-
Miscellaneous non-operating revenue (expense)	-	20,000	-	20,000	45,907
Change in assets and liabilities:					
Receivables, net	795,485	-	88	795,573	-
Due from other funds	(239,952)	-	-	(239,952)	-
Other receivable	-	-	-	-	(5,602)
Inventories	(180,048)	-	3,214	(176,834)	-
Prepaid assets	-	-	3,885	3,885	-
Deferred amounts related to OPEB	(9)	-	-	(9)	-
Accounts payables	(2,026,979)	87,041	120,795	(1,819,143)	448
Accrued payroll	14,427	-	-	14,427	-
Due to other funds	(52,170)	-	292,122	239,952	-
Other payables	-	-	(1,915)	(1,915)	-
Amounts held in escrow	107,481	-	-	107,481	17,788
Due to other governments	-	-	(2,292)	(2,292)	-
Accrued compensated absences	82,466	-	-	82,466	-
Customer meter deposits payable	32,314	-	-	32,314	-
Claims and judgments	-	-	-	-	(961,454)
Total OPEB liability	37,816	-	-	37,816	-
Net cash provided by (used in) operating activities	\$ 11,460,706	\$ (724,364)	\$ 251,934	\$ 10,988,276	\$ 911,158
Non-cash Activities:					
Capital assets contributed	\$ 3,802,581	\$ -	\$ 112,698	\$ 3,915,279	\$ -
Total Non-cash Activities	\$ 3,802,581	\$ -	\$ 112,698	\$ 3,915,279	\$ -

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2019

Statement of Fiduciary Net Position

Broken Arrow
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 891,667
Accounts receivable	49,640
	<hr/>
Total assets	<u>\$ 941,307</u>
LIABILITIES	
Amounts held in escrow	941,307
	<hr/>
Total liabilities	<u>\$ 941,307</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Note 1 – Summary of Significant Accounting Policies

Organization and operations

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial reporting entity

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Broken Arrow
Blended Component Units:	Broken Arrow Municipal Authority Broken Arrow Economic Development Authority
Discretely Presented Component Units:	Broken Arrow Home Finance Authority Broken Arrow Hospital Authority

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity as amended by GASB 61*, and includes all component units of which the City is fiscally accountable. Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance city services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, in most cases, the City has leased certain existing assets at the creation of the Authorities to the trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Blended component units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate fund type to comprise part of the primary government presentation.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Two component units are blended in to the primary government's fund types as presented below:

Component Unit	Brief Description/Inclusion Criteria	Reporting Fund
Broken Arrow Municipal Authority (BAMA)	Created July 1, 1979, to finance, develop and operate the water, sewer and solid waste activities. The current City Council serves as its entire governing body (Trustees). Any issuance of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Broken Arrow Economic Development Authority (BAEDA)	Created November 19, 1973, to promote and encourage development of industry and commerce and other related activities on behalf of the City. Five trustees are appointed by the City Council and may be removed at will by the City Council. During 2008, the current City Council began serving as its entire governing body (Trustees). As a result, BAEDA is presented as a blended component unit, whereas in years prior to 2008, it was presented as a discretely presented component unit. Any issuance of debt would require two-thirds approval of the City Council.	Enterprise Fund

Discretely presented component units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City has two component units that are discretely presented in the City's report as presented below.

Component Unit	Brief Description/Inclusion Criteria
Broken Arrow Home Finance Authority (BAHFA)	Created May 9, 1980, to provide, improve and secure decent safe and sanitary housing facilities, especially for low to moderate income families and to prevent blight, hazardous and unhealthy housing conditions. The governing body consists of five members appointed by the City Council. One of these members must also serve on the City Council. The governing body members may be removed at will by the City Council. Any issuance of debt would require a two-thirds approval of the City Council.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>
Broken Arrow Hospital Authority (BAHA)	Created May 1, 1974, to construct, maintain and operate the hospital and medical facilities of the City. Trustees are appointed by the City Council from a list supplied by the hospital board. They may be removed at will by the City Council. Any issuance of debt would require a two-thirds approval of the City Council.

The Broken Arrow Home Finance Authority and the Broken Arrow Hospital Authority do not issue separate annual financial statements.

Related organizations

The following related organizations are not included in the financial reporting entity:

Broken Arrow Housing Development Corporation – a nonstock, nonprofit corporation acting as an instrumentality of the City for the purpose of assisting in financial dwelling accommodations for persons of low income. The Corporation issued first lien revenue bonds after approval by the City Council. The bonds do not constitute debt of the City and are secured by revenues received from the United States Department of Housing and Urban Development. The revenues represent monthly housing assistance payments for project units occupied by eligible low income tenants.

Broken Arrow Economic Development Corporation – a nonstock, nonprofit corporation acting as an instrumentality of the City for the purpose of assisting in economic development.

Broken Arrow Industrial Trust Authority – A Title 60 Public Trust created November 1, 1962, to own, acquire, construct, improve, maintain and operate facilities used in securing or developing industry in the City. The City Manager serves as trustee along with two appointees made by the Broken Arrow Chamber of Commerce. This trust currently is inactive.

Joint venture

The City is currently a participant (with equity interest) in the general operating portion of the Regional Metropolitan Utility Authority (RMUA). The RMUA is a Title 60 Public Trust created to provide, operate, and maintain water supply, wastewater and pollution control facilities for the benefit of various governmental entities. Currently, the RMUA is providing wastewater facilities at the Haikey Creek sewage treatment plants. On dissolution of the RMUA, the net position will be distributed to the beneficiaries based upon their pro-rata interest. Separate audited financial statements of RMUA for the year ended June 30, 2019, are available from the Office of Finance, City of Tulsa, Oklahoma.

Basis of presentation

Government-wide financial statements

The statement of net position and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity except for fiduciary activities. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

between governmental and 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.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include 1) fees, fines and service charges generated by the program or activity, 2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and 3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the three major fund categories: governmental, proprietary and fiduciary. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. A fund not meeting the criteria of (a) and (b), however, management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

Governmental funds:

General fund

The General Fund is the primary operating fund of the City. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue funds:

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Special revenue funds – (continued)

Fund	Brief Description
Public Safety Sales Tax-Police	Accounts for revenues generated by a 0.15% sales tax to be used strictly for police expenditures.
Public Safety Sales Tax-Fire	Accounts for revenues generated by a 0.15% sales tax to be used strictly for fire expenditures.
Excess Capacity Sewer Escrow	Accounts for acreage fees limited in use to expenditures for excess capacity sewer lines.
Stormwater Capital	Accounts for funds received in lieu of building a detention facility to be used for future or ongoing stormwater improvement and regional detention projects.
Convention and Visitors Bureau	Accounts for funds received in relation to leisure, cultural and recreational activities within the City.
Police Enhancement	Accounts for monies limited in use for police department education and drug prevention activities.
Street and Alley	Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
Housing and Urban Development	Accounts for revenue and expenditures of Community Development Block Grants and the Home program.
E-911 Escrow	Accounts for the City's share of E-911 customer assessment that is legally restricted for public safety.
Crime Prevention	Accounts for revenues and expenditures of a grant from the U.S. Department of Justice.
Alcohol Enforcement	Accounts for funds received limited in use for juvenile education and enforcement related to alcohol.
Street Light Fee	Accounts for funds received limited in use for operating, maintaining and construction of the street light program.
Admin Technology	Accounts for revenues generated by a technology fee to be used for acquisition and maintenance of court computers and video arraignment equipment.

Debt service fund

The Debt Service Fund is used to account for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related interest expense and fiscal agent fees.

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Capital project funds

Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:

Fund	Brief Description
Sales Tax Capital Improvement	Accounts for the revenues generated by a 0.5% sales tax to be used strictly for capital improvements. This fund is the primary funding source for capital outlay expenditures of General Fund departments.
2014 General Obligation Bond Fund	Accounts for bond proceeds to be used for street, public safety, park and recreation, stormwater improvements and the purchase and construction of public buildings
Parks and Recreation	Accounts for fees collected on the construction of new residences which are restricted in use for park and recreation improvements.
Cemetery Care	Accounts for 12.5% of cemetery revenue restricted by state law and an additional 12.5% contributed by the City for cemetery capital improvement.
Street Sales Tax	Accounts for revenues generated by a 0.25% sales tax to be used strictly for street improvements.
1994 General Obligation Bond Fund	Accounts for bond proceeds to be used for industrial development purposes within the City.
2008 General Obligation Bond Fund	Accounts for bond proceeds to be used for street, public safety, park and recreation and stormwater improvements.
2011 General Obligation Bond Fund	Accounts for bond proceeds to be used for street, public safety, park and recreation and stormwater improvements.
2018 General Obligation Bond Fund	Accounts for bond proceeds to be used for street, public safety, park and recreation and stormwater improvements and the purchase and construction of public buildings.

Proprietary funds

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

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Nonoperating revenues of the proprietary funds include such items as investment earnings, interest expense and subsidies. The reporting entity includes the following enterprise funds and internal service funds:

Enterprise funds

Fund	Brief Description
Broken Arrow Municipal Authority	Accounts for activities of the public trust in providing water, wastewater and solid waste services to the public.
Broken Arrow Economic Development Authority	Accounts for revenue and expenses of the public trust used to promote economic development.
Battle Creek Golf Course	Accounts for recreational activities of the municipal golf course.

Internal service funds

Fund	Brief Description
Workers Compensation	Accounts for charges to the operating funds of the City used to pay worker's compensation claims.
Group Health and Life	Accounts for charges to the operating funds of the City used to pay the expenses of the City's shared risk group health and life insurance plans.

Component units

Discretely presented component units are separate legal entities whose governing body (in majority) is appointed by the Mayor or City Council, but whose governing body is not substantially the same as the City Council nor an entity established to provide services primarily to the City. Since these component units are not as closely associated with the City as are the blended component units, they are reported in a discretely presented column on the combined financial statements labeled Component Units. The reporting entity includes the following discretely presented component units:

Component Unit	Brief Description
Broken Arrow Home Finance Authority	Accounts for revenue and expenses of the public trust used to assist in providing single family, owner occupied residential housing facilities.
Broken Arrow Hospital Authority	Accounts for revenue and expenses of the public trust used in establishing and developing healthcare facilities.

Measurement focus and basis of accounting

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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Measurement focus:

Government-wide, proprietary and fiduciary fund financial statements

In the government-wide statement of net position and statement of activities, and the proprietary and fiduciary fund statements the *economic resources* measurement focus is applied. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Governmental fund financial statements

In the governmental fund financial statements, a *current financial resources* measurement focus is applied. Under this focus, only current financial assets and liabilities, along with certain deferred outflows and deferred inflows, are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of accounting:

Government-wide, proprietary and fiduciary fund financial statements

In the government-wide statement of net position and statement of activities, and the proprietary fund financial statements the accrual basis of accounting is applied. 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, deferred outflows, liabilities and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under this 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 collectible within the current period or soon enough thereafter to pay current liabilities. The City has defined "available" as collected within 60 days after year end. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

Assets, deferred outflows, liabilities, deferred inflows and net position

Cash and cash equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. Investments in open-ended, mutual-fund money-market accounts are also considered cash equivalents and reported at the funds current share price.

CITY OF BROKEN ARROW, OKLAHOMA
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Investments

Investments consist of certificates of deposit whose original maturing term exceeds three months and U.S. government securities. Investment in long-term U.S. government securities are carried at fair value from quoted market prices. All other investments are carried at cost or amortized cost.

Receivables

Material receivables in governmental funds and governmental activities include revenue accruals such as sales tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Nonexchange transactions collectible, but not available, are deferred in accordance with GASB 33. Interest and investment earnings are recorded when earned, only if paid within 60 days, since they would be considered both measurable and available at the fund level.

Proprietary type funds, business-type activities and similar component unit's material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

The City has chosen to record consumable materials and supplies as an asset when purchased and expended as consumed. Such inventory is valued at cost.

Capital assets and depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements

In government-wide financial statements, property, plant and equipment are accounted for as capital assets. The City's capitalization threshold is \$5,000 for all capital assets with the exception of the Battle Creek Golf Course, which has a threshold of \$2,500. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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Buildings	25 – 50 years
Other improvements	10 – 50 years
Infrastructure	25 – 50 years
Machinery and equipment	3 – 20 years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Restricted assets

Restricted assets include cash and investments of enterprise funds and business-type activities that are legally restricted as to their use. The primary restricted assets are related to utility customer deposits, revenue bonds, and Oklahoma Water Resources Board (OWRB) trustee accounts.

Long-term debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, judgments payable, liability for claims, general obligation bonds payable, notes payable, capital lease obligations payable, revenue notes payable and revenue bonds payable. This long-term debt is reported net of unamortized premiums, discounts, and amounts deferred from refundings.

Long-term debt of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated absences

The City's policies regarding vacation and compensatory time permit employees to accumulate varying amounts as determined by management and contracts with employee groups. Sick leave does not vest to the employee.

The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating or retiring employees.

Equity classifications:

Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

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- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental fund financial statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

1. Nonspendable – amounts not in spendable form, such as inventory legally or contractually required to be maintained intact.
2. Restricted – amounts constrained to be being used for a specific purpose by either external parties, constitutional provisions or enabling legislation.
3. Committed – amounts with constraint on use imposed by the government itself, using its highest level of decision making authority that can be removed or changed only by taking the same action. The City's highest level of decision-making authority is made by ordinance.
4. Assigned – amounts intended to be used for specific purposes as expressed by the governing body or official authorized by the governing body.
5. Unassigned – amounts available for any purpose.

Internal and interfund balances and activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-wide financial statements:

1. Interfund 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.
2. 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

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between governmental and business-type activities, which are reported as transfers – internal activities. The effects of interfund services between funds are not eliminated in the statement of activities.

3. Primary government and component unit activity and balances – resource flows between the primary government, the City and BAMA, are reported as if they were external transactions.

Fund financial statements

Interfund activity, if any, within and among the governmental, proprietary fund and fiduciary categories is reported as follows in the fund financial statements:

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

Revenues, expenditures and expenses

Sales tax

The City levies a 3.55% 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 sales tax recorded is allocated 1.5 cent (42.3%) for General Fund operations, 1 cent (28.2%) for the Broken Arrow Municipal Authority, 0.5 cent (14.1%) for capital improvements, 0.25 cent (7%) for Street Sales Tax Fund, 0.15 cent (4.2%) for the Public Safety Sales Tax-Police Fund, and 0.15 cent (4.2%) for the Public Safety Sales Tax-Fire Fund. Sales tax resulting from sales occurring prior to year-end and received by the City after year end have been accrued and are included under the caption *due from other governments*, since they represent taxes on sales occurring during the reporting period.

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 bonded debt approved by voters and any court-assessed judgments. At the present time, the City levies a property tax to fund the annual debt service requirements of the general obligation bonds and court-assessed judgments.

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The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors and elected officials determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11% or more than 13.5%.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2019, the City's net assessed valuation of taxable property was \$929,359,466. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2019, was \$15.61.

Program revenues

In the statement of activities, revenues are derived directly from each activity or from parties outside the City's taxpayers and are reported as program revenues. The City has the following program revenues in each activity:

1. General government – Cemetery fees, licenses, permits, planning and zoning fees; operating and capital grants and contributions including U.S. Department of Housing and Urban Development.
2. Public safety – Ambulance revenue, court fines and administrative fees; operating and capital grants and contributions including U.S. Department of Justice, Federal Emergency Management Agency and miscellaneous donations.
3. Public services – Operating and capital grants and contributions including Federal Emergency Management Agency, U.S. Department of Housing and Urban Development, motor fuel and commercial vehicle intergovernmental revenues.
4. Culture and recreation – Park and recreation fees, swimming pool fees, rents and royalties; operating and capital grants and contributions including Oklahoma Arts Council and miscellaneous donations.

Land and Building Lease

The City leases land and a building to Bass Pro Shops under a lease which commenced May 2004. The initial term of the lease is 20 years and includes nine one-year renewal options and three five-year renewal options. Rental income is calculated as a percentage of gross sales. Bass Pro Shops has the option to purchase the premises for 90% of fair value after the initial term. Total rental income received during 2019 was \$820,000.

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Expenditures and expenses

In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity. Fiduciary funds report additions and deductions to net position.

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 certain reported amounts and disclosures.

Note 2 – Stewardship, Compliance and Accountability

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations.

Deposits and investments laws and regulations

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Investments of the City (excluding Public Trusts) are limited by State law to the following:

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 of Oklahoma is pledged.
2. Certificates of deposit 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 banker's acceptances, prime commercial paper and repurchase agreements.
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.

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6. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs 1, 2, 3, and 4.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indenture.

Debt restrictions and covenants

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 first obtaining voter approval. During Fiscal Year 2019, the City issued General Obligation Bonds Series 2018B, 2018C, 2018D and 2018E in the amount of \$10,860,000, \$11,500,000, \$1,000,000 and \$7,490,000, respectively, which were approved by the citizens of the City.

Revenue bond and promissory note debt

The various bond and note indentures relating to the revenue bond and promissory note issuances of the Broken Arrow Municipal Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, a debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2019.

Requirement	Level of Compliance
a. Flow of Funds:	
OWRB Loans:	
<ul style="list-style-type: none"> • Utility Revenue Fund • Sales Tax Fund • Operation and Maintenance Fund • Bond Fund (interest, principal and reserve accounts) 	All funds, except for a separate Utility Revenue Fund have been established. Utility revenue is deposited directly into O & M Fund. Method of actual transfers of funds is not made specifically in accordance with bond covenants; however, the end result of the flow of funds is being accomplished.
b. Reserve Account Requirement:	
OWRB Loans:	
<ul style="list-style-type: none"> • Account balance on the 2012 OWRB note payable should equal \$2,435,677. 	Account balance at June 30, 2019 for the 2012 OWRB note payable is \$2,435,677.
<ul style="list-style-type: none"> • Account balance on the 2015 OWRB note payable should equal \$849,706. 	Account balance at June 30, 2019 for the 2015 OWRB note payable is \$849,706.
<ul style="list-style-type: none"> • Account balance on the 2019 BAEDA note payable should equal \$500,000. 	Account balance at June 30, 2019 for the 2019 BAEDA note payable is \$500,000.

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c. Revenue Bond Coverage:

OWRB Loans:

- Net revenues of the Authority plus 125% of maximum annual debt service of all obligations on a parity with the OWRB 2001, 2004, 2007, 2009, 2011, 2012, 2015, 2016 A&B, 2017 A&B, 2018 and 2019 A&B notes. Maximum annual debt service on all parity debt is \$12,262,685. Coverage is 231%.

Fund equity/net position restrictions

Fund equity deficit

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

Budgetary compliance

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

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. 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.
- d. By July 1, the adopted budget is filed with the Office of 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 departmental level.

All transfers of appropriations between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations within a department without City Council approval. Budget supplements must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, all of the City's Title 60 Public Trusts (accounted for as enterprise funds and similar component units) are required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal level of control.

For the year ended June 30, 2019, the City complied in all material respects with the applicable budget laws relating to expenditures and appropriations at the legal level of control.

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Workers Compensation internal service fund has a net deficit of \$2,447,298 primarily due to actuarially determined unfunded liabilities. It is the City's intent to fund the liabilities as soon as economically feasible.

Note 3 – Detail Notes on Transaction Classes/Accounts

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

Deposits

As of June 30, 2019, the City held the following deposits and investments:

<u>Primary Government:</u>			<u>Carrying Value</u>	<u>Maturities in Years</u>		
				<u>On Demand</u>	<u>Less than One</u>	<u>1-5</u>
Deposits:						
Cash on hand			\$ 20,318	\$ 20,318	\$ -	\$ -
Demand deposits			63,345,891	63,345,891	-	-
Time deposits - certificate of deposits			36,254,015	-	8,329,427	27,924,588
	<u>Credit Rating</u>	<u>Fair Value Categories</u>				
Investments:						
United States Treasury Notes/Bills	AAA	Level I	13,580,043	-	13,330,081	249,962
Judgments	N/A	N/A	606,360	-	312,769	293,591
Bond Trustee Accounts:						
Cavanal Hill US Treasury-Admin #0002	AAAm	Level I	47,935,417	47,935,417	-	-
Total deposits and investments			<u>\$ 161,742,044</u>	<u>\$ 111,301,626</u>	<u>\$ 21,972,277</u>	<u>\$ 28,468,141</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents			\$ 111,301,626			
Investments			50,440,418			
			<u>\$ 161,742,044</u>			
Component Units:						
Broken Arrow Home Finance Authority			\$ 2,786			
Broken Arrow Hospital Authority			10,998			
			<u>\$ 13,784</u>			

The City's policies and applicable laws regarding investments are discussed in Notes 1 and 2.

Interest rate risk. The City's investment policy allows the City to invest in any securities authorized by the State of Oklahoma Statutes, Title 62, Section 348.1-348.3. The City attempts to match investment maturities with expected cash flow requirements and will generally invest in securities with maturities of three years or less.

Credit risk. In accordance with state statute, the City is required to collateralize uninsured deposits with financial institutions with a minimum security pledge of 110% of acceptable securities. Certificates of deposit above include no under collateralized investments.

Concentration of credit risk. The City's investment policy restricts a single issuer to hold no more than 50% of the City's total investments.

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

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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.

Interest rate swap agreement

In May 2004, the City entered into a twenty year interest rate swap agreement as a cash flow hedge for \$15,035,000 of its variable rate portion of a Construction and Term loan. The City owes interest on this portion of the loan at a variable rate of LIBOR plus 100 basis points not to exceed 6.2975%. The counterparty to the swap agreement owes the City interest if the LIBOR rate exceeds 6.2975%. The counterparty has not made any payments to the City since the LIBOR rate has not yet exceeded 6.2975%. The objective of the hedge is to cap the interest rate paid at 6.2975% plus 100 basis points (7.2975%). The City has achieved that objective and is reporting the derivative under hedge accounting standards. The notional amount of the hedging derivative at June 30, 2019 is \$7,610,000.

The expected future net cash flows of the hedging derivative are as follows:

<u>Year Ending June 30,</u>	<u>Assumed Interest Rate</u>	<u>Hedging Derivative Cash Flow</u>
2020	< 6.2975%	\$ (292,081)
2021	< 6.2975%	(288,602)
2022	< 6.2975%	(238,332)
2023	< 6.2975%	(181,032)
2024	< 6.2975%	(123,752)
2025-2026	< 6.2975%	(80,979)
Total		<u>\$ (1,204,778)</u>

Accounts receivable

Other receivables of the governmental activities include customers' ambulance services provided, court receivables and other receivables, reported net of allowance for uncollectible amounts. Accounts receivable of the business-type activities include customers' utilities services provided, both billed and unbilled, and other receivables, reported net of allowance for uncollectible amounts.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable	\$ -	\$ 10,427,715
Accounts receivable-ambulance	2,644,060	-
Accounts receivable-court	2,150,572	-
Accounts receivable-other	682,273	-
Less: allowance for uncollectible accounts	<u>(3,283,485)</u>	<u>(3,034,847)</u>
Other receivables, net of allowance	<u>\$ 2,193,420</u>	<u>\$ 7,392,868</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Restricted assets

The amounts reported as restricted assets of the enterprise funds on the proprietary funds statement of net position are comprised of cash and investments held by the trustee bank on behalf of the various public trusts (authorities) related to their required revenue bond and note accounts as described in Note 2. The restricted assets as of June 30, 2019, were as follows:

Type of Restricted Assets	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Total
BAMA			
Revenue bond and note trustee accounts	\$ 40,759,470	\$ 3,285,383	\$ 44,044,853
Meter deposits	198,745	794,979	993,724
Total BAMA	\$ 40,958,215	\$ 4,080,362	\$ 45,038,577
BAEDA			
Revenue bond and note trustee accounts	\$ 245,038	\$ 500,000	\$ 745,038
Total BAEDA	\$ 245,038	\$ 500,000	\$ 745,038

Capital assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	(Restated) Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
Governmental activities:				
Nondepreciable:				
Land	\$ 36,321,966	\$ 888,991	\$ (888,991)	\$ 36,321,966
Construction-in-progress	16,069,326	11,225,525	(5,099,112)	22,195,739
Total nondepreciable assets at historical cost	\$ 52,391,292	\$ 12,114,516	\$ (5,988,103)	\$ 58,517,705
Depreciable:				
Buildings	63,034,614	758,449	-	63,793,063
Improvements	42,699,583	1,991,279	-	44,690,862
Machinery and equipment	41,074,098	5,309,951	(1,360,093)	45,023,956
Infrastructure	246,927,431	2,092,920	-	249,020,351
Total depreciable assets at historical cost	393,735,726	10,152,599	(1,360,093)	402,528,232
Less accumulated depreciation:				
Buildings	(15,790,946)	(1,317,772)	-	(17,108,718)
Improvements	(13,505,780)	(1,754,614)	-	(15,260,394)
Machinery and equipment	(24,676,935)	(2,714,319)	1,265,266	(26,125,988)
Infrastructure	(92,416,436)	(4,811,167)	-	(97,227,603)
Total accumulated depreciation	(146,390,097)	(10,597,872)	1,265,266	(155,722,703)
Net depreciable assets	247,345,629	(445,273)	(94,827)	246,805,529
Governmental activities capital assets, net	\$ 299,736,921	\$ 11,669,243	\$ (6,082,930)	\$ 305,323,234

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Capital assets – (continued)

	(Restated) Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
Business-type activities:				
Nondepreciable:				
Land	\$ 5,616,257	\$ -	\$ (483,826)	\$ 5,132,431
Construction-in-progress	14,429,647	17,989,630	(679,036)	31,740,241
Total nondepreciable assets at historical cost	<u>20,045,904</u>	<u>17,989,630</u>	<u>(1,162,862)</u>	<u>36,872,672</u>
Depreciable:				
Buildings	7,296,890	176,109	-	7,472,999
Improvements	268,163,979	1,666,145	-	269,830,124
Machinery and equipment	19,034,466	1,212,009	(437,804)	19,808,671
Infrastructure – drainage	40,907,552	1,857,608	-	42,765,160
Total depreciable assets at historical cost	<u>335,402,887</u>	<u>4,911,871</u>	<u>(437,804)</u>	<u>339,876,954</u>
Less accumulated depreciation:				
Buildings	(4,375,065)	(189,171)	-	(4,564,236)
Improvements	(136,905,165)	(6,041,057)	-	(142,946,222)
Machinery and equipment	(10,270,489)	(1,536,950)	395,253	(11,412,186)
Infrastructure – drainage	(18,443,354)	(1,510,409)	-	(19,953,763)
Total accumulated depreciation	<u>(169,994,073)</u>	<u>(9,277,587)</u>	<u>395,253</u>	<u>(178,876,407)</u>
Net depreciable assets	<u>165,408,814</u>	<u>(4,365,716)</u>	<u>(42,551)</u>	<u>161,000,547</u>
Business-type capital assets, net	<u>\$ 185,454,718</u>	<u>\$ 13,623,914</u>	<u>\$ (1,205,413)</u>	<u>\$ 197,873,219</u>

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:	
General government	\$ 1,461,381
Public safety	1,786,699
Public services	5,703,010
Culture and recreation	<u>1,646,782</u>
Total government activities depreciation expense	<u>\$ 10,597,872</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Depreciation expense charged to business-type activities:	
Water	\$ 4,018,601
Sewer	2,753,497
Sanitation	360,522
Stormwater management	1,942,675
Economic development	10,106
Golf	<u>192,186</u>
 Total business-type activities depreciation expense	 <u>\$ 9,277,587</u>

Investment in joint venture

As discussed in Note 1, the City participates (with equity interest) in the general operations portion of the Regional Metropolitan Utility Authority (RMUA). The City of Broken Arrow and the City of Tulsa each maintain approximately 50% equity interest in the Haikey Creek portion of the RMUA. The City of Broken Arrow makes annual capital contributions to the joint venture in addition to making payments to RMUA for wastewater treatment services. For the year ended June 30, 2019, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture	\$ 25,733,603
Current year contributions	<u>1,837,244</u>
Ending investment in joint venture	<u>\$ 27,570,847</u>

Long-term debt

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

Governmental activities long-term debt

As of June 30, 2019, the governmental activities long-term debt consisted of the following:

\$3,225,000 General Obligation Bonds Series 2009C, due in annual installments of \$230,000, final installment of \$235,000 due December 1, 2024, with interest rates at 2.25% to 3.75%	\$1,385,000
\$6,400,000 General Obligation Bonds Series 2009D, due in annual installments of \$455,000, final installment of \$485,000 due December 1, 2024, with interest rates at 2.25% to 3.75%	2,760,000
\$1,940,000 General Obligation Bonds Series 2010A, due in annual installments of \$215,000, final installment of \$220,000 due August 1, 2020, with interest rates at 1.35% to 4.00%	435,000
\$10,575,000 General Obligation Bonds Series 2010B, due in annual installments of \$555,000, final installment of \$585,000 due August 1, 2030, with interest rates at 2.00% to 4.00%	6,690,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

\$5,000,000 General Obligation Bonds Series 2011A, due in annual installments of \$260,000, final installment of \$320,000 due August 1, 2031, with interest rates at 2.00% to 4.125%	3,440,000
\$11,400,000 General Obligation Bonds Series 2011B, due in annual installments of \$600,000, final installment of \$650,000 due August 1, 2031, with interest rates at 2.00% to 4.125%	7,850,000
\$12,000,000 General Obligation Bonds Series 2012, due in annual installments of \$630,000, final installment of \$660,000 due November 1, 2032, with interest rates at 1.00% to 4.00%	8,850,000
\$3,700,000 General Obligation Bonds Series 2013A, due in annual installments of \$410,000, final installment of \$420,000 due December 1, 2023, with interest rates at 1.00% to 2.375%	2,060,000
\$6,200,000 General Obligation Bonds Series 2013B, due in annual installments of \$325,000, final installment of \$350,000 due December 1, 2033, with interest rates at 1.00% to 4.00%	4,900,000
\$11,705,000 General Obligation Bonds Series 2014A, due in annual installments of \$615,000, final installment of \$635,000 due December 1, 2034, with interest rates at 3.00% to 5.00%	9,860,000
\$3,175,000 General Obligation Bonds Series 2014B, due in annual installments of \$350,000, final installment of \$375,000 due December 1, 2024 with interest rates at 2.00% to 3.00%	2,125,000
\$11,575,000 General Obligation Bonds Series 2016A, due in annual installments of \$605,000, final installment of \$685,000 due January 1, 2036, with interest rates at 2.00% to 4.00%	10,365,000
\$6,625,000 General Obligation Bonds Series 2016B, due in annual installments of \$345,000, final installment of \$341,000 due January 1, 2036, with interest rates at 2.50% to 3.250%	5,935,000
\$7,015,000 General Obligation Refunding Bonds Series 2016C, due in annual installments of \$1,895,000, \$1,890,000, \$1,830,000 and \$1,045,000 commencing June 1, 2017, final installment due June 1, 2021 with interest rates at 0.65% to 3.00%	1,400,000
\$18,720,000 General Obligation Refunding Bonds Series 2016D, due in annual installments ranging from \$20,000 to \$1,265,000 commencing October 1, 2020, final installment due October 1, 2044 with interest rates at 2.00% to 5.00%	17,735,000
\$18,755,000 General Obligation Bonds Series 2018A, due in annual installments of \$985,000, final installment of \$1,025,000 due May 1, 2038, final installment due October 1, 2044 with interest rates at 2.00% to 4.00%	18,755,000
\$10,860,000 General Obligation Bonds Series 2018B, due in annual installments of \$570,000, final installment of \$600,000 due December 1, 2038 with interest rates at 3.00% to 4.00%	10,860,000
\$11,500,000 General Obligation Bonds Series 2018C, due in annual installments of \$605,000, final installment of \$610,000 due December 1, 2038 with interest rates at 3.00% to 4.00%	11,500,000
\$1,000,000 General Obligation Bonds Series 2018D, due in annual installments of \$250,000, final installment of \$250,000 due December 1, 2023 with interest rates at 3.00% to 3.50%	1,000,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

\$7,490,000 General Obligation Bonds Series 2018E, due in annual installments varying from \$1,445,000 to \$1,465,000, final installment of \$1,460,000 due April 1, 2023 with interest rates at 3.00% to 5.00%	5,835,000
Total general obligation bonds	133,740,000
Unamortized premium on bonds	1,942,086
Total general obligations bonds	<u>\$135,682,086</u>
Current portion	\$ 10,285,061
Noncurrent portion	125,397,025
Total general obligations bonds	<u>\$ 135,682,086</u>

Notes payable-direct borrowings

\$730,000 Note with BOK Financial Equipment Finance dated 12-1-17, secured by equipment, due in annual payments of \$197,801, with interest at 3.30%, final installment due December 1, 2021. In the event of default, the lender may: 1) declare agreement in default; 2) require City to deliver equipment to point of origin; 3) repossess and sell or lease collateral; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note.

\$556,289

\$20,300,000 Construction and Term Loan with Bank of America dated May 10, 2004, assumed by the City on May 19, 2004. Converted to term loan effective November 1, 2005, due in semi-annual installments ranging from \$15,000 to \$925,000, final installment due November 1, 2025, with interest at the six-month LIBOR rate plus 1.0% (0.99310% at June 30, 2016), secured by real and personal property, assignment of rents and leases and a Sales Tax Pledge agreement of sales tax levied by City Ordinance No. 432 in the amount of \$2,750,000 annually. In the event of default, the lender may: 1) accelerate indebtedness, termination; 2) enforce or assign rents; 3) foreclose, including judicial foreclosure and power of sale; 4) declare rights of enforcement with respect to collateral or any part thereof under the UCC; 5) pursue lawsuits; 6) enter property, or any part thereof, and take possession of property; 7) terminate commitment to lend; 8). pursue any and all other rights and remedies available under loan documents, at law or in equity.

9,528,037

Total Notes payable	<u>\$10,084,326</u>
Current portion	\$ 1,429,443
Noncurrent portion	8,654,883
Total notes payable	<u>\$ 10,084,326</u>

Accrued compensated absences

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave and compensatory time

Current portion	\$ 2,091,220
Noncurrent portion	1,045,610
Total accrued compensated absences	<u>\$ 3,136,830</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Judgments payable

\$85,000 judgment in favor of John Franklin Loerch, held by sinking fund, final maturity October 2021, with interest at 7.5%	\$85,000
\$25,000 judgment in favor of Saleem Boon, held by BAMA, final maturity July 2021, with interest at 7.5%	25,000
\$135,633 judgment in favor of B-Z Propertie, et al, held by sinking fund, final maturity October 2021, with interest at 7.5%	135,633
\$91,217 judgment in favor of Bonnie Blalack, held by sinking fund, final maturity March 2020, with interest at 5.75%	30,406
\$62,960 judgment in favor of Bonnie Blalack, held by sinking fund, final maturity April 2020, with interest at 5.75%	20,987
\$60,000 judgment in favor of Elton Fernandes, held by sinking fund, final maturity March 2020, with interest at 5.75%	20,000
\$44,000 judgment in favor of David and Christina Vranesevich, held by BAMA, final maturity February 2020 with interest at 5.75%	14,666
\$45,000 judgment in favor of Vicky High, held by BAMA, final maturity March 2020 with interest at 5.75%	15,000
\$155,000 judgment in favor of REIP, LLC, held by sinking fund, final maturity January 2021 with interest at 6.50%	103,333
\$25,000 judgment in favor of Daniel & Kimberly O'Barr, held by BAMA, final maturity January 2021 with interest at 6.50%	16,667
\$40,000 judgment in favor of Amy & Tracy Hefley, held by sinking fund, final maturity March 2021 with interest at 6.50%	26,667
\$25,000 judgment in favor of Kelsie Bruner, held by sinking fund, final maturity April 2021 with interest at 6.50%	16,667
\$125,000 judgment in favor of Juan Rodriquez, held by BAMA, final maturity June 2021 with interest at 6.50%	83,334
\$19,500 judgment in favor of Naomi Chasteen & Rebecca Howeth, held by sinking fund, final maturity July 2020 with interest at 6.50%	13,000
Total judgments payable	<u>\$ 606,360</u>
Current portion	\$ 312,769
Noncurrent portion	<u>293,591</u>
Total judgments payable	<u>\$ 606,360</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Other claims payable

Actuarial determined automotive and general liability payable, funded by General Fund resources, reported in the governmental activities at June 30, 2018

Current portion	\$ 447,000
Noncurrent portion	873,000
	<hr/>
Total automotive and general insurance liabilities	<u>\$ 1,320,000</u>

Claims payable

Actuarial determined workers compensation and health claims, funded by General Fund resources, reported in the governmental activities at June 30, 2018

Current portion	\$ 987,000
Noncurrent portion	4,190,049
	<hr/>
Total claims payable	<u>\$ 5,177,049</u>

Total OPEB liability

Current portion	\$ -
Noncurrent portion	929,020
	<hr/>
Total other post-employment benefit obligation	<u>\$ 929,020</u>

Business-type activities long-term debt

The Broken Arrow Municipal Authority's notes payable to the Oklahoma Water Resources Board are secured by utility revenues and pledged sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants; 2) accelerate indebtedness; 3) appoint temporary trustees to take over, operate, maintain the System on a profitable basis; 4) pursue any available remedy by suit at law or equity. The notes are subject to maximum annual debt service requirement coverage of at least 125%. Coverage at June 30, 2019, was 238%.

As of June 30, 2019, the long-term debt payable from enterprise fund resources consisted of the following:

Notes payable-direct borrowings

2001 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount of \$371,954, dated December 2001, by Broken Arrow Municipal Authority, secured by utility revenues and pledged sales tax, interest rate at 0.5%, final maturity February 2021	\$38,149
2004 Drinking Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount of \$11,500,000, dated August 2004, by Broken Arrow Municipal Authority, secured by utility revenues and pledged sales tax, interest rate at 3.5%, final maturity September 2025	3,590,227

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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2007 SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$15,000,000 dated June 1, 2008, by Broken Arrow Municipal Authority, providing for expansion of the Lynn Lane Wastewater Treatment Plant, secured by pledged sales tax, interest rate at 3.10%, final maturity March 2024	6,070,415
2009 Drinking Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$4,000,000 dated December 29, 2009, by Broken Arrow Municipal Authority, providing for engineering and design of the Water Treatment Plant, secured by pledged sales tax, interest rate at 3.11%, final maturity March 2031	2,435,326
2011 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$4,680,000 dated July 20, 2011, by Broken Arrow Municipal Authority, providing for construction of a lift station and sanitary sewer lines, secured by pledged sales tax, interest rate at 2.85%, final maturity March 2029	3,393,000
2012 Drinking Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$35,000,000 dated January 19, 2012, by Broken Arrow Municipal Authority, providing for engineering, design and construction of the Water Treatment Plant, secured by pledged sales tax, interest rate at 2.94%, final maturity March 2034	26,135,683
2012 Drinking Water Promissory Note payable to Oklahoma Water Resources Board, original amount \$29,755,000 dated January 19, 2012, by Broken Arrow Municipal Authority, providing for engineering, design and construction of the Water Treatment Plant, secured by pledged sales tax, with interest rates at 2.40% to 4.40%, final maturity September 2040	28,060,000
2012 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$6,540,000 dated December 4, 2012, by Broken Arrow Municipal Authority, providing for construction, inspection and design of improvements to the Haikey Creek wastewater treatment plant, secured by pledged sales tax, interest rate at 2.01%, final maturity September 2034	6,047,718
2015 Note Payable to Oklahoma Water Resources Board, original amount \$11,900,000 dated July 30, 2015, by Broken Arrow Municipal Authority, providing for engineering, design and construction of various water and sewer projects, secured by pledged sales tax with interest rates at 2.20% to 4.04%, final maturity September 2035	10,600,000
2015 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$2,045,000 dated September 1, 2015, by Broken Arrow Municipal Authority, providing for construction of an automated meter reading system, secured by pledged sales tax, interest rate at 1.57%, final maturity March 2021	830,246
2016 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$6,700,000 dated August 12, 2016, by Broken Arrow Municipal Authority, providing for construction and installation of various capital improvements at the Haikey Creek wastewater treatment plant, secured by pledged sales tax, interest rate at 1.96%, final maturity September 2038	5,357,803
2017A Note payable to Oklahoma Water Resources Board, original amount \$6,505,000 dated February 1, 2017, by Broken Arrow Municipal Authority, providing for construction of Haikey Creek capital improvements, secured by pledged sales tax, interest rates at 2.20% to 5.20%, final maturity September 2046	6,445,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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2017B Note payable to Oklahoma Water Resources Board, original amount \$18,565,000 dated February 1, 2017, by Broken Arrow Municipal Authority, providing for construction of improvement to the sanitary sewer system, secured by pledged sales tax, interest rates at 2.20% to 5.20%, final maturity September 2044	18,565,000
2018 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$2,100,000 dated January 11, 2018, by Broken Arrow Municipal Authority, providing for Phase II of automated water meter project, secured by pledged sales tax, interest rate at 1.80%, final maturity March 2025	1,831,382
2018D Note payable to Oklahoma Water Resources Board, original amount \$19,770,000 dated October 25, 2018, by Broken Arrow Municipal Authority, providing for engineering, design and construction of various water and sewer projects, secured by pledged sales tax, interest rates at 4.20% to 5.20%, final maturity September 2048	19,770,000
2019A Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$4,255,000 dated January 24, 2019, by Broken Arrow Municipal Authority, providing for construction of improvements to the sanitary sewer system, secured by pledged sales tax, interest rate at 2.57%, final maturity September 2046	54,500
2019B Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$11,415,000 dated June 10, 2019, by Broken Arrow Municipal Authority, providing for construction of improvements to the sanitary sewer system, secured by pledged sales tax, interest rate at 2.09%, final maturity March 2041	<u>111,575</u>
Total Notes Payable	\$ 139,336,024
Unamortized premium on notes payable	<u>4,296,238</u>
Total Notes Payable	<u>\$ 143,632,262</u>
Current portion	\$ 6,263,503
Noncurrent portion	<u>137,368,759</u>
Total notes payable	<u>\$ 143,632,262</u>
 <u>Total OPEB liability</u>	
Current portion	\$ -
Noncurrent portion	<u>361,749</u>
Total other post-employment benefit obligation	<u>\$ 361,749</u>

Accrued compensated absences

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave and compensatory time.

Current portion	\$ 444,625
Noncurrent portion	<u>222,312</u>
Total accrued compensated absences	<u>\$ 666,937</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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Customer meter deposit reserves

Current portion	\$ 198,745
Noncurrent portion	<u>794,979</u>
Total customer meter deposit reserves	<u>\$ 993,724</u>

Broken Arrow Economic Development Authority (BAEDA)-Direct Borrowing

The Authority issued a Taxable Series 2019 Tax Increment Revenue Note dated March 29, 2019 for the purpose of refunding the 2010 Promissory Note to BOK dated November 15, 2010, funding the reserve requirement of the note, and paying certain costs of issuance. The Agreement allowed for total borrowing up to \$7,565,000 and is secured by the tax increment financing revenue and to the funds in the BAEDA 2019 Reserve Account. The balance at June 30, 2019 is \$7,185,000 of which \$735,000 is considered current. The note calls for semi-annual principal payments ranging from \$365,000 to \$485,000 commencing April 1, 2019 together with interest at 3.35%. Currently, TIF revenues generated from the Broken Arrow FlightSafety and Downtown Economic Development District No. One is the source of repayment for this debt.

Advance Refunding

On March 29, 2019 the Economic Development Authority issued \$7,565,000 2019 Tax Increment Revenue Notes Payable, with annual interest rate of 3.35% to refund \$17,690,000 of the 2010 Promissory Note to BOK. A portion of the net proceeds along with available debt service funds were used to refund the outstanding bonds at the next principal due date. As a result, the 2010 Series notes are considered to be paid in full and the liability for those notes has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$50,000. The Authority completed the advance refunding that resulted in a net present value savings of \$440,520.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019	Amount due in one year
Governmental Activities :					
General obligation bonds	\$ 122,295,000	\$ 30,850,000	\$ 19,405,000	\$ 133,740,000	\$ 10,055,000
Notes payable-direct borrowings	11,418,037	-	1,333,711	10,084,326	1,429,443
Accrued Compensated Absences	2,930,288	206,542	-	3,136,830	2,091,220
Judgments payable	698,821	245,634	338,095	606,360	312,769
Automotive and general liability	1,163,000	157,000	-	1,320,000	447,000
Claims payable	6,138,503	8,865,428	9,826,882	5,177,049	987,000
	<u>\$ 144,643,649</u>	<u>\$ 40,324,604</u>	<u>\$ 30,903,688</u>	<u>\$ 154,064,565</u>	<u>\$ 15,322,432</u>
Add:					
Unamortized premium				1,942,086	230,061
Net pension liability				50,090,663	-
Total OPEB liability				<u>929,020</u>	<u>-</u>
				<u>\$ 207,026,334</u>	<u>\$ 15,552,493</u>
Business-type Activities :					
Bonds, Notes and Loans Payable-direct borrowings	\$ 120,153,435	\$ 24,798,088	\$ 5,615,499	\$ 139,336,024	\$ 6,100,215
BAEDA-Notes Payable-direct borrowings	7,740,000	7,565,000	8,120,000	7,185,000	735,000
Capital Lease Obligations Payable	125,000	-	125,000	-	-
Accrued Compensated Absences	584,471	82,466	-	666,937	444,625
	<u>\$ 128,602,906</u>	<u>\$ 32,445,554</u>	<u>\$ 13,860,499</u>	<u>\$ 147,187,961</u>	<u>\$ 7,279,840</u>
Add:					
Unamortized premium				4,296,238	163,288
Total OPEB liability				361,749	-
Customer Meter Deposit Reserves	961,410	302,756	270,442	<u>993,724</u>	<u>198,745</u>
				<u>\$ 152,839,672</u>	<u>\$ 7,641,873</u>

Annual debt service requirements – primary government

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, claims payable and customer meter deposit reserves, of the primary government as of June 30, 2019, are as follows:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

Governmental Activities							
Year Ending June 30,	General Obligation Bonds-Private Placements		Notes Payable-Direct Borrowings		Judgments Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 10,055,000	\$ 4,060,613	1,429,443	691,227	312,769	45,476	
2021	10,815,000	3,751,896	1,520,364	592,626	211,712	22,020	
2022	10,240,000	3,458,374	1,616,482	487,446	81,879	6,141	
2023	10,235,000	3,040,014	1,525,000	375,313	-	-	
2024	8,785,000	2,761,275	1,635,000	262,019	-	-	
2025-2029	36,495,000	10,413,503	2,358,037	166,970	-	-	
2030-2034	31,580,000	4,904,504	-	-	-	-	
2035-2039	15,535,000	992,051	-	-	-	-	
Total	<u>\$ 133,740,000</u>	<u>\$ 33,382,230</u>	<u>\$ 10,084,326</u>	<u>\$ 2,575,601</u>	<u>\$ 606,360</u>	<u>\$ 73,637</u>	

Business-Type Activities			
Year Ending June 30,	Bonds, Notes & Loans Payable-Direct Borrowings		
	Principal	Interest	
2020	\$ 6,835,215	\$ 5,104,572	
2021	7,093,918	4,879,183	
2022	7,295,033	5,870,691	
2023	7,486,828	4,951,057	
2024	7,354,904	4,794,614	
2025-2029	32,405,627	21,179,587	
2030-2034	33,094,404	15,891,172	
2035-2039	30,084,020	10,051,086	
2040-2044	21,420,000	3,998,187	
2045-2049	8,955,000	826,038	
Total	<u>\$ 162,024,949</u>	<u>\$ 77,546,187</u>	
Less: Amount not drawn	<u>(15,503,925)</u>		
	<u>\$ 146,521,024</u>		

Sources of debt repayments

General obligation bonds are issued for governmental activity purposes and are paid through the collection of property taxes by the Debt Service Fund. Sales tax revenue notes and the term loan included in governmental activities are paid by the Sales Tax Capital Improvement Fund and the General Fund, respectively. Compensated absences incurred by governmental activities are paid by the General Fund. Judgments are paid through the collection of property taxes by the Debt Service Fund. Automotive and general insurance liabilities are paid by the General Fund. The other postemployment benefit obligation will be paid by the General Fund. The workers' compensation unfunded liability will be paid by the General Fund and BAMA according to their respective portion of the liability. Revenue bonds and promissory notes

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issued for business-type activities are paid by those activities. Compensated absences incurred by business-type activities are paid by those activities. Customer meter deposits will be paid by BAMA. The revenue note issued by BAEDA will be paid by BAEDA through the collection of the incremental increase in sales and ad valorem tax revenue generated by the development within Increment District No 1.

Pledge of future revenues

Sales Tax and Utility Net Revenues Pledge – The City has pledged a one cent (\$0.01) sales tax and utility revenues to repay the \$371,954 2001 Clean Water SRF note payable, \$11,500,000 2004 Drinking Water SRF note payable, \$15,000,000 2007 SRF note payable, \$4,000,000 2009 Drinking Water SRF note payable, \$4,680,000 2011 Clean Water SRF note payable, \$35,000,000 2012 Drinking Water SRF note payable, \$6,540,000 2012 Clean Water SRF note payable, \$29,755,000 2012 Drinking Water SRF note payable, \$11,900,000 2015 Drinking Water SRF note payable, \$2,045,000 2015 Clean Water SRF note payable, \$6,700,000 2016 Clean Water SRF note payable, \$6,505,000 2017A Drinking Water SRF note payable, \$18,565,000 2017B Drinking Water SRF note payable, \$2,100,000 2018 Clean Water SRF note payable, \$19,770,000 2018D Drinking Water SRF note payable, \$4,255,000 2019A Clean Water SRF note payable, \$11,415,000 2019B Clean Water SRF note payable to the Oklahoma Water Resources Board (OWRB). These notes are payable through 2048. The total remaining principal and interest payable for the life of these notes is \$216,169,677. Pledged sales taxes received in the current year were \$14,701,355 and net utility revenues were \$13,664,964 for total pledged net revenues of \$28,366,319. Debt service payments of \$9,725,488 for the current year were 34.3% of net pledged revenues for these notes.

Interfund balances and activities

Interfund receivables and payables at June 30, 2019, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	Police Enhancement	\$ 348	Operational advances
General Fund	BAMA	2,534,494	Operational subsidy
Sales Tax Capital Improvement	BAMA	4,811,923	Eliminated negative cash
Sales Tax Capital Improvement	BAEDA	3,360,000	Eliminated negative cash
Sales Tax Capital Improvement	Battle Creek Golf Course	15,434	Operational advances
BAMA	General	2,534,494	Sales tax collections
BAMA	Battle Creek Golf Course	757,166	Operational advances
		<u>\$ 14,013,859</u>	

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Due From/Due To:

Reconciliation to Fund Financial Statements:

	Due from	Due to	Net Interfund Balances
Governmental Funds	\$ 10,722,199	\$ (2,534,842)	\$ 8,187,357
Proprietary Funds	3,291,660	(11,479,017)	(8,187,357)
	<u>\$ 14,013,859</u>	<u>\$ (14,013,859)</u>	<u>\$ -</u>

Interfund transfers for the year ended June 30, 2019, were as follows:

Transfer from	Transfer to	Amount	Nature of Transfer
General Fund	BAMA	\$ 14,701,355	Sales Tax Collections
General Fund	Public Safety Sales Tax-Police	22,461,005	Sales Tax Collections
General Fund	Public Safety Sales Tax-Fire	18,788,906	Sales Tax Collections
General Fund	BAEDA	2,300,000	Economic Development
Debt Service Fund	General Fund	80,000	Operational/Interest
Debt Service Fund	BAEDA	810,834	TIF Revenue
Convention and Visitor's Bureau	General Fund	225,000	Operational/General Government
Street and Alley	General Fund	720,000	Operational/Streets
E911	Public Safety Sales Tax-Police	720,000	Operational/Public Safety
BAMA	General Fund	14,701,355	Operating subsidy
BAMA	BAEDA	600,000	Economic Development
		<u>\$ 76,108,455</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 57,696,266	\$ (60,807,100)	\$ (3,110,834)
Proprietary Funds	18,412,189	(15,301,355)	3,110,834
Total Transfers	<u>\$ 76,108,455</u>	<u>\$ (76,108,455)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

	Governmental	Business-Type	Net Interfund Balances
Net transfers	\$ (3,110,834)	\$ 3,110,834	\$ -
Business type expenses in special revenue funds	(1,218,888)	1,218,888	-
Net transfers	<u>\$ (4,329,722)</u>	<u>\$ 4,329,722</u>	<u>\$ -</u>

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Fund Balance:

The following tables show the fund balance classifications as shown on the Governmental Fund Balance Sheet:

	General Fund	Public Safety Sales Tax - Police	Public Safety Sales Tax - Fire	Sales Tax Capital Improvement Fund	2014 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total
Fund Balance								
Restricted For:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,609,408	\$ -	\$ 8,609,408
Capital improvements	-	-	-	10,913,498	42,055,235	-	27,798,756	80,767,489
Convention and Visitor's Bureau	-	-	-	-	-	-	695,700	695,700
Public safety	-	4,975,433	929,098	-	-	-	148,173	6,052,704
Cemetery care	-	-	-	-	-	-	112,777	112,777
Street and alley operations	-	-	-	-	-	-	1,686,004	1,686,004
Housing and Urban Development	-	-	-	-	-	-	234,329	234,329
E911	-	-	-	-	-	-	2,213,360	2,213,360
Crime Prevention	-	-	-	-	-	-	203,536	203,536
Alcohol enforcement	-	-	-	-	-	-	94,535	94,535
Sub-total restricted	-	4,975,433	929,098	10,913,498	42,055,235	8,609,408	33,187,170	100,669,842
Committed for:								
Excess capacity sewer escrow	-	-	-	-	-	-	1,309,049	1,309,049
Stormwater capital improvements	-	-	-	-	-	-	1,372,119	1,372,119
Parks and recreation	-	-	-	-	-	-	456,231	456,231
Cemetery care	-	-	-	-	-	-	167,852	167,852
Street lights	-	-	-	-	-	-	601,761	601,761
Economic development	-	-	-	-	-	-	198,343	198,343
Sub-total committed	-	-	-	-	-	-	4,105,355	4,105,355
Assigned for:								
Subsequent year budget/activities	10,097,060	-	-	-	-	-	-	10,097,060
Sub-total assigned	10,097,060	-	-	-	-	-	-	10,097,060
Unassigned:	5,008,772	-	-	-	-	-	-	5,008,772
TOTAL FUND BALANCE	\$ 15,105,832	\$ 4,975,433	\$ 929,098	\$ 10,913,498	\$ 42,055,235	\$ 8,609,408	\$ 37,292,525	\$ 119,881,029

Prior Period Adjustment:

The prior period adjustments are summarized as follows:

	Governmental Funds	Enterprise Funds	Enterprise Funds
	General Fund	Broken Arrow Economic Development Authority	Battle Creek Golf Course
Beginning fund balance/net position, as previously reported	\$ 14,783,435	\$ (7,993,543)	\$ 3,552,369
(Over) understatement of due from other governments	(313,187)	-	-
(Over) understatement of notes receivable	-	(8,000,000)	-
Understatement of capital assets	-	600,000	213,598
Overstatement of notes payable	-	8,000,000	-
Beginning fund balance/net position, restated	<u>\$ 14,470,248</u>	<u>\$ (7,393,543)</u>	<u>\$ 3,765,967</u>

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	Government-Wide	
	Governmental Activities	Business-type Activities
Beginning net position, as previously reported	\$ 218,861,016	\$ 111,509,848
(Over) understatement of due from other governments	(313,187)	-
(Over) understatement of notes receivable	-	(8,000,000)
(Over) understatement of capital assets	(600,000)	813,598
Overstatement of notes payable	-	8,000,000
Beginning net position, restated	<u>\$ 217,947,829</u>	<u>\$ 112,323,446</u>

Note 4 – Employee Pension and Other Benefit Plans

The City participates in three employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Police Pension and Retirement Fund Plan	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund Plan	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF) Plan	Agent Multiple Employer – Defined Contribution Plan

Oklahoma Police Pension and Retirement System

Summary of Significant Accounting Policies

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

Benefits provided - OPPER 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.

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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 determined by Oklahoma Statute and are not based on actuarial calculations. Members of the OPPRS are required to pay 8% of their base pay to the pension plan. The City is contractually required to pay 13% of base salary. For the year ended June 30, 2019 the total contribution to the system amounted to \$2,389,895 of which \$1,486,307 was made by the City and \$903,588 was made by the employees. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,387,556 during the calendar year and this is reported as both an expenditure 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 \$1,352,159. These on-behalf payments did not meet the criteria of a special funding situation.

Pension liabilities (assets), pension expense, deferred outflows, and deferred inflows of resources related to pensions – At June 30, 2019, the City reported an asset of \$1,650,356 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 3.4646%.

For the year ended June 30, 2019, the City recognized pension expense of \$1,189,955. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 9,747	\$ 1,546,385
Changes of assumptions	720,772	-
Net difference between projected and actual earnings on pension plan investments	859,403	-
Changes in proportion	50,016	17,059
City contributions during measurement date	29,410	13,804
City contributions subsequent to the measurement date	1,486,307	-
Total	<u>\$ 3,155,655</u>	<u>\$ 1,577,248</u>

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In the year ending June 30, 2020, \$1,486,307 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 or an addition to the net pension liability (asset). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2020	\$ 886,685
	2021	357,880
	2022	(906,930)
	2023	(289,925)
	2024	44,390
		<u>\$ 92,100</u>

Actuarial assumptions – The total pension liability in the July 1, 2018 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5% to 10% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense
Cost of living adjustments	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation)
Mortality rates	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2012, through June 30, 2017.

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

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return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

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

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

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was 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 (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Police Pension net pension liability (asset)	\$ 7,655,488	\$ (1,650,356)	\$(9,517,391)

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.

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Oklahoma Fire Pension and Retirement System

Summary of Significant Accounting Policies

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

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

Normal Retirement:

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9%

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percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. For the year ended June 30, 2019, the total contribution to the system amounted to \$3,191,402 of which \$1,942,593 was made by the City and \$1,248,809 was made by the employees. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$4,525,597 during the calendar year and this is reported as both an expenditure 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 \$4,464,778. These on-behalf payments did not meet the criteria of a special funding situation.

Pension liabilities, pension expense, and deferred outflows/inflows of resources related to pensions –

At June 30, 2019, the City reported a liability of \$50,090,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 4.4499%.

For the year ended June 30, 2019, the City recognized pension expense of \$1,494,183. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,462,529	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,162,129
Changes in proportion	5,443,273	-
City contributions during measurement date	28,698	118
City contributions subsequent to the measurement date	1,942,593	-
Total	<u>\$ 17,877,093</u>	<u>\$ 4,162,247</u>

In the year ending June 30, 2020, \$1,942,593 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2020	\$	3,692,734
2021		3,146,220
2022		1,519,207
2023		2,340,883
2024		1,073,209
	\$	<u>11,772,253</u>

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%
	<u>100%</u>	

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

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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 <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Fire Pension net pension liability	\$ 65,608,848	\$ 50,090,663	\$ 37,057,788

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.

Related-party investments

As of June 30, 2019, the Systems held no related-party investments of the City or of its related entities.

Defined contribution plan – OMRF

The City has also provided effective November 1, 1990, a defined contribution plan and trust known as the City of Broken Arrow Plan and Trust (the Plan) in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by the OMRF. The defined contribution plan is available to all full-time employees not already participating in another plan. The employee may contribute to the Plan an amount not less than 2% or more than 10% of their compensation. The City Council determines the City's contribution rate each year and for the year ended June 30, 2019, contributed at the rate of 10% of employee compensation. City contributions for each employee begin vesting after three years of service and are fully vested after seven years. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited may be used to reduce the City's current-period contribution requirements. The authority to establish and amend the provisions of the Plan rests with the City Council.

For the year ended June 30, 2019, the following amounts related to actual contributions to the defined contribution plan:

Employee contributions made	\$ 140,545
Employer (City) contributions made	\$ 2,330,223

Post-employment benefits other than pensions

Plan description. The City sponsors and administers a self-funded, single employer defined benefit plan providing medical, prescription drug, life, dental, vision and long-term disability insurance for active eligible employees. The City also provides medical, prescription drug and dental coverage for retirees and their dependents who elect to make the required contributions.

CITY OF BROKEN ARROW, OKLAHOMA
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Funding policy. The City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay premiums for a set percentage of the cost, with the City subsidizing the remaining costs. Contribution requirements are established and amended as needed by the City Council on an annual basis.

Employees covered by benefit terms. At June 30, 2019 the following employees were covered by the benefit terms:

Active Employees	540
Inactives or beneficiaries currently receiving benefit payments	<u>6</u>
Total	<u>546</u>

Total OPEB Liability. The City's total OPEB liability of \$1,290,769 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.88%, based on June 30, 2018 published Bond Pay Go-20 bond index
- Termination – Civilian employees are based on actual experience of the Oklahoma Municipal Retirement Fund. Rates for police and firefighters are based on rates for these groups in Oklahoma.

Retirement Age:

*Civilian
Retirement*

<u>Age</u>	<u>Rate</u>
55	25%
60	17%
61	17%
62	30%
63	20%
64	15%
65	30%
70	100%

Retirement Rate

<u>Years of Service</u>	<u>Police</u>	<u>Fire</u>
20	20%	10%
25	20%	15%
30	100%	20%
35		100%

- Participation – 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have individual coverage will continue with individual coverage upon retirement. 20% of all actives who currently have dependent

CITY OF BROKEN ARROW, OKLAHOMA
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coverage will continue coverage upon retirement with 70% continuing as individual coverage and 30% as individual with spouse coverage.

- Healthcare cost trend rates - Level 5.5%
- Mortality Rates - RPH-2014 Mortality Table with cohort mortality projection

Changes in Total OPEB Liability –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Balances at Beginning of Year	\$ 1,186,447
Changes for the Year:	
Service Cost	84,431
Interest expense	45,537
Expected net benefit payments	(25,646)
Net Changes	104,322
Balances at End of Year	\$ 1,290,769
Governmental Activities	\$ 929,020
Business-Type Activities	361,749
	\$ 1,290,769

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate–The following presents the total OPEB liability of the employer calculated using the discount rate of 3.88%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.88%) or 1-percentage-point higher (4.88%) than the current rate:

	1% Decrease (2.88%)	Current Discount Rate (3.88%)	1% Increase (4.88%)
OPEB liability	\$ 1,426,229	\$ 1,290,769	\$ 1,170,128

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate–The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.50%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Healthcare Cost Trend Rates 5.50%	1% Increase 6.50%
OPEB liability	\$ 1,138,769	\$ 1,290,769	\$ 1,470,762

OPEB Expense and Deferred Outflows of Resources and Deferred Outflows/Inflows of Resources Related to OPEB For the year ended June 30, 2019, the City recognized OPEB expense of \$129,968. At June 30,

CITY OF BROKEN ARROW, OKLAHOMA
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2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities		Total Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 54,931	\$ 54,931	\$ -	\$ 54,931	\$ 54,931
Total	<u>\$ -</u>	<u>\$ 54,931</u>	<u>\$ 54,931</u>	<u>\$ -</u>	<u>\$ 54,931</u>	<u>\$ 54,931</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Governmental Activities	Business-Type Activities
2020	\$ (8,569)	\$ 8,569
2021	(8,569)	8,569
2022	(8,569)	8,569
2023	(8,569)	8,569
2024	(8,569)	8,569
Thereafter	<u>(12,086)</u>	<u>12,086</u>
	<u>\$ (54,931)</u>	<u>\$ 54,931</u>

Note 5 – Tax Abatements

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a retail store business or developer to receive rebated sales tax in an amount equal to various percentages of reported annual total taxable sales of each business, based solely upon each agreement. To be eligible for this program, the project area should be developed or redeveloped after a significant vacancy to provide economic opportunity to the City and its' citizens.

Due to the confidentiality laws in Oklahoma Statutes, Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2019:

- A grocery retailer received rebated sales taxes during 2019. The sales tax rebated cannot exceed the lesser of (i) 1% of the gross sales tax generated over a 5 year period, or (ii) \$1,000,000 (\$200,000 annually). This sales tax rebate period is for five years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into January 2014 and was terminated in January 2019.
- A sporting goods store received rebated sales taxes during 2019. The sales tax rebated cannot exceed the lesser of (i) 1.5% of the gross sales tax generated over a 10 year period, or (ii) \$900,000.

CITY OF BROKEN ARROW, OKLAHOMA
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This sales tax rebate period is for ten years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into July 2011 and will terminate no later than June 2022.

- A developer received rebated sales taxes during 2019. The sales tax rebated cannot exceed the lesser of (i) 1.375% of the gross sales tax generated over a 15 year period, or (ii) \$3,250,000. This sales tax rebate period is for fifteen years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into October 2012 and will terminate no later than April 2030.

The City is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article X, Section 6B for qualifying manufacturing concerns.

Under this program, a 5 year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and Statutes. In exchange for the 5 year exemption, qualifying manufacturing concerns must incur investment costs of \$250,000 or more for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimal payroll requirements that must be met and qualifying manufacturing concern must offer a basic health benefit plan to all full-time employees within 180 days of employment.

The City had \$81,341 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2019.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S., Section 193 that is used to reimburse the City for the loss of revenue. Contributions to this Fund come from a dedicated tax stream comprised of one percent of net state personal and corporate income tax revenues. The City received \$0 during the fiscal year 2019 and has an outstanding, unpaid claim of \$81,341 of reimbursement from the State as of June 30, 2019.

Note 6 – Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
a. General Liability: - Torts - Errors and omissions	Self-insured with limits of the Oklahoma Tort Liability Act as follows: - \$25,000 property loss - \$100,000 per individual - \$1,000,000 per incident	Entire risk of loss retained.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

<p>b. Physical Property:</p> <ul style="list-style-type: none"> - Theft - Damage to assets - Natural disasters 	<p>All physical property except vehicles is insured through commercial insurance with deductibles ranging from \$10,000 to \$50,000. Vehicle damage is covered through self-insurance.</p>	<p>All physical property except vehicles subject to \$10,000 to \$50,000 risk of loss. Vehicles – entire risk of loss retained through fund incurring the loss.</p>
<p>c. Workers Compensation:</p> <ul style="list-style-type: none"> - Employee injuries 	<p>Self-insured with third-party administration of the claims process. Workers Compensation Internal Service Fund used to account for activities with participating funds charged through an estimated annual claim cost for each fund.</p>	<p>Entire risk of loss retained. Claim liability determined through estimate of loss by the City’s Risk Management staff and third-party.</p>
<p>d. Health and Life:</p> <ul style="list-style-type: none"> - Medical - Dental - Vision 	<p>Self-insured with third-party administration of the claims provided by CoreSource, Inc.</p> <p>Participation in Vision Service Plan. City purchases annual eye examination benefits for insured at a monthly cost of \$.63 per month for single coverage, \$.93 per month for employee and children, \$1.00 per month for employee and spouse and \$1.59 per month for family coverage.</p> <p>Group Health & Life Internal Service Fund used to account for self-insurance activities with participating funds making payments to the internal service fund based upon factors determined by the City’s benefit consultant.</p>	<p>Claims up to \$100,000 per individual are self-funded. Specific stop loss reinsurance covers claims in excess of \$100,000 per insured once a \$100,000 deductible has been met. Aggregate stop loss coverage is adjusted monthly based on number of participants and was \$8,930,572 at June 30, 2019⁽¹⁾.</p>

⁽¹⁾ H.M. Insurance Group

Life and health benefit plan

The City offers group health and dental benefits to all full-time employees and their dependents except for fire fighters covered by the labor agreement between the City and the International Association of Fire Fighters Local # 2551. The City funds over 85% of the program with employees paying a monthly fee to purchase single or family coverage.

The City is self-funded for health and dental benefits and has an Administrative Services Agreement with CoreSource Inc. to process claim payments, provide preferred provider medical and dental service networks, recovery litigation services and other third-party administration services.

All assets acquired by the plan are vested in the plan and remain assets of the City. Monthly contributions are transferred to a reserve fund and such funds are used to reimburse CoreSource Inc. for claims paid, administrative services and stop loss coverage.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

The plan has excess stop loss coverage agreements which cover losses in excess of specific and aggregate retention levels. Stop loss coverage is purchased from Unimerica Insurance Company.

Life insurance benefits are funded entirely by the City through Minnesota Life.

Claims liability analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5., which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

For the two internal service self-insurance funds, changes in the claims liability for the City from June 30, 2016 to June 30, 2019, are as follows:

	Workers' Compensation	Health Care	Total
Claim liability, June 30, 2016	\$ 2,674,000	\$ 866,454	\$ 3,540,454
Claims and changes in estimates	935,007	8,388,283	9,323,290
Claims payments	(1,091,007)	(8,393,447)	(9,484,454)
Claim liability, June 30, 2017	\$ 2,518,000	\$ 861,290	\$ 3,379,290
Claims and changes in estimates	3,657,610	8,832,367	12,489,977
Claims payments	(1,135,610)	(8,595,154)	(9,730,764)
Claim liability, June 30, 2018	\$ 5,040,000	\$ 1,098,503	\$ 6,138,503
Claims and changes in estimates	337,808	8,527,620	8,865,428
Claims payments	(1,287,808)	(8,539,074)	(9,826,882)
Claim liability, June 30, 2019	\$ 4,090,000	\$ 1,087,049	\$ 5,177,049
Assets available to pay claims at June 30, 2019	\$ 1,724,812	\$ 2,637,955	\$ 4,362,767

Note 7 – Commitments and Contingencies

Construction commitments

At June 30, 2019 the following construction commitments were outstanding:

	Original Contract	Balance Remaining
Tiger Hill Storage Tank Repair	\$ 572,000	\$ 364,199
Water Treatment Plant Plate Settlers Expansion	6,921,372	2,774,011
Tiger Hill Retaining Wall	1,498,681	1,215,133
Economic Development – Memphis Street	1,562,614	78,131
Beach Volleyball Phase I	206,580	147,080
Rebuild 9 th & Hwy 51 Signals	179,448	9,599
Wolf Creek Concrete Street Repair	1,442,865	464,476

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

	Original Contract	Balance Remaining
9 th Street / Elgin-El Paso	3,448,751	1,244,861
37 th Street / Albany-Omaha	3,797,684	2,282,196
Washington Street / Garnett-Olive	5,859,102	5,077,060
Ash Street Rehab / Dallas-College	407,713	19,001
1 st Street Rehab / Dallas-College	433,615	303,531
Events Park Adult Softball Complex	6,903,660	6,903,660
LLWTP Headworks & Screenings	10,511,457	1,488,376
Update SCADA System	1,617,313	317,926
Bar Screens Lift Stations	739,550	348,589

Contingencies

Grant program involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loan agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The City is a party to various legal proceedings which normally occur in the course of government operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust or Authorities.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or insurance would not have a material adverse effect on the financial condition of the City, but could substantially increase the City's ad valorem tax levy.

Note 8 – Subsequent Events

On August 6, 2019 The City adopted ordinance 3597 and approved the Creek 51 Business Park TIF District.

On October 1, 2019 the City approved the sale of \$23,250,000 of General Obligation Bond Series 2019A to be issued as of December 1, 2019 payable in annual payments.

On October 1, 2019 the approved the sale of General Obligation Refunding Bond not to exceed \$10,000,000 to pay off General Obligation Bond Series 2009C, 2009D and 2010B.

City issued 2019B Series General Obligation Bond for \$3,465,000 and issued 2019C General Obligation Taxable Series for \$6,350,000.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2019

On November 5, 2019 the trustees of the Broken Arrow Municipal Authority (BAMA) approved resolution #1280 authorizing BAMA to issue its Utility System and Sales Revenue Note Taxable Series 2019 in the amount of \$5,675,000 to refund two OWRB loans (a 2009 Drinking Water State Revolving Fund loan and a 2011 Clean Water state Revolving Fund loan).

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended June 30, 2019

	Budgeted		Actual	Variance with
	Amounts		Amounts	Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Beginning budgetary fund balance	\$ 12,430,573	\$ 12,430,573	\$ 14,470,248	\$ 2,039,675
Resources (inflows):				
Taxes:				
Sales tax	35,402,500	36,861,925	36,731,519	(130,406)
Use tax	3,726,800	4,750,950	5,107,771	356,821
Tobacco tax	568,700	568,700	460,431	(108,269)
Franchise tax	4,384,300	4,384,300	4,340,209	(44,091)
Total taxes	<u>44,082,300</u>	<u>46,565,875</u>	<u>46,639,930</u>	<u>74,055</u>
Intergovernmental:				
Intergovernmental	251,000	251,000	231,580	(19,420)
Alcoholic beverage tax	202,000	202,000	245,711	43,711
Total intergovernmental	<u>453,000</u>	<u>453,000</u>	<u>477,291</u>	<u>24,291</u>
Charges for services:				
Planning and zoning	241,000	241,000	162,709	(78,291)
Sale of material	40,000	40,000	38,957	(1,043)
BAMA PILOT	3,513,600	3,513,600	3,374,678	(138,922)
Rural fire runs	2,500	2,500	8,182	5,682
Inspection fees	944,500	944,500	824,852	(119,648)
Ambulance revenue	5,282,000	5,282,000	6,084,336	802,336
Training	2,900	2,900	3,725	825
Special Events	10,000	10,000	24,575	14,575
Cemetery fee	150,000	150,000	141,828	(8,172)
Animal control fees	62,000	62,000	64,782	2,782
Nuisance abatement	36,000	36,000	64,823	28,823
Parks and recreation	250,000	250,000	198,445	(51,555)
Swimming pools	231,500	231,500	208,869	(22,631)
Administrative fees	15,000	15,000	15,163	163
Juvenile court	48,000	48,000	48,983	983
Total charges for services	<u>10,829,000</u>	<u>10,829,000</u>	<u>11,264,907</u>	<u>435,907</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Fines, forfeitures and assessments	1,218,500	1,218,500	1,560,876	342,376
Licenses and permits:				
Occupational licenses	253,400	253,400	291,055	37,655
Peddlers licenses	2,000	2,000	1,566	(434)
Food licenses	50,000	50,000	57,183	7,183
Other fees	92,000	92,000	111,820	19,820
Building permits	540,000	540,000	500,448	(39,552)
Total licenses and permits	937,400	937,400	962,072	24,672
Investment income	21,400	21,400	36,511	15,111
Miscellaneous:				
Rental property	1,190,000	1,190,000	1,210,951	20,951
Donations	25,000	25,000	-	(25,000)
Miscellaneous	100,000	100,000	955	(99,045)
Sale of capital assets	-	-	45,182	45,182
Insurance proceeds	48,000	48,000	71,559	23,559
Total miscellaneous	1,363,000	1,363,000	1,328,647	(34,353)
Other financing sources:				
Transfers in from other funds	15,192,200	15,192,200	15,726,355	534,155
Total other financing sources	15,192,200	15,192,200	15,726,355	534,155
Total revenues and other financing sources	74,096,800	76,580,375	77,996,589	1,416,214
Amounts available for appropriation	86,527,373	89,010,948	92,466,837	3,455,889

(Continued)

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

**CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Charges to appropriations (outflows):				
General government:				
City manager:				
Personal services	1,146,479	1,229,479	1,232,861	(3,382)
Other services and charges	164,300	162,020	148,643	13,377
Materials and supplies	8,900	11,180	11,095	85
Total city manager	1,319,679	1,402,679	1,392,599	10,080
Finance:				
Personal services	1,029,692	1,024,692	1,030,285	(5,593)
Other services and charges	98,100	118,100	99,122	18,978
Materials and supplies	20,300	20,300	13,727	6,573
Total finance	1,148,092	1,163,092	1,143,134	19,958
City attorney:				
Personal services	876,302	791,302	720,452	70,850
Other service and charges	138,700	323,700	367,432	(43,732)
Materials and supplies	36,000	36,000	30,167	5,833
Total city attorney	1,051,002	1,151,002	1,118,051	32,951
Human resources:				
Personal services	829,155	829,155	765,694	63,461
Other services and charges	363,300	362,300	245,862	116,438
Materials and supplies	39,750	40,750	17,015	23,735
Total human resources	1,232,205	1,232,205	1,028,571	203,634
Information services:				
Personal services	1,049,582	1,049,582	1,048,437	1,145
Other services and charges	468,800	468,800	330,795	138,005
Materials and supplies	40,000	40,000	23,976	16,024
Total information services	1,558,382	1,558,382	1,403,208	155,174
Development services - One-Stop & Planning:				
Personal services	1,648,214	1,648,214	1,559,358	88,856
Other services and charges	120,700	135,660	137,945	(2,285)
Material and supplies	31,400	31,440	20,339	11,101
Total development services	1,800,314	1,815,314	1,717,642	97,672
General government:				
Personal services	12,500	6,500	5,665	835
Other services and charges	2,019,000	2,269,000	2,230,684	38,316
Materials and supplies	17,000	23,000	21,014	1,986
Total general government	2,048,500	2,298,500	2,257,363	41,137
City Clerk:				
Personal services	614,448	614,348	620,731	(6,383)
Other services and charges	89,700	89,800	70,581	19,219
Materials and supplies	15,000	15,000	8,781	6,219
Total City clerk	719,148	719,148	700,093	19,055
Total general government	10,877,322	11,340,322	10,760,661	579,661

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2019

	Budgeted		Actual	Variance with
	Amounts		Amounts	Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Public safety:				
Development services - Inspections:				
Personal services	969,402	970,402	1,039,051	(68,649)
Other services and charges	100,100	85,100	64,582	20,518
Materials and supplies	39,500	38,500	34,749	3,751
Total development services - inspections	<u>1,109,002</u>	<u>1,094,002</u>	<u>1,138,382</u>	<u>(44,380)</u>
Total public safety	<u>1,109,002</u>	<u>1,094,002</u>	<u>1,137,990</u>	<u>(43,988)</u>
Public services:				
Streets:				
Personal services	2,393,915	2,397,883	2,361,810	36,073
Other services and charges	163,600	156,004	123,408	32,596
Materials and supplies	592,200	586,828	502,981	83,847
Total streets	<u>3,149,715</u>	<u>3,140,715</u>	<u>2,988,199</u>	<u>152,516</u>
General services:				
Personal services	178,473	178,473	155,588	22,885
Other services and charges	16,400	16,400	13,504	2,896
Materials and supplies	15,300	16,400	14,753	1,647
Total general services	<u>210,173</u>	<u>211,273</u>	<u>183,845</u>	<u>27,428</u>
Total public services	<u>3,359,888</u>	<u>3,351,988</u>	<u>3,172,044</u>	<u>179,944</u>
Parks and recreation:				
Personal services	3,114,245	3,114,245	3,009,366	104,879
Other services and charges	730,000	731,200	658,374	72,826
Materials and supplies	432,100	430,900	371,304	59,596
Total parks and recreation	<u>4,276,345</u>	<u>4,276,345</u>	<u>4,039,044</u>	<u>237,301</u>
Other financing uses:				
Transfers to other funds	54,468,900	57,993,900	58,251,266	(257,366)
Total charges to appropriations	<u>74,091,457</u>	<u>78,056,557</u>	<u>77,361,005</u>	<u>695,552</u>
Ending budgetary fund balance	<u>\$ 12,435,916</u>	<u>\$ 10,954,391</u>	<u>\$ 15,105,832</u>	<u>\$ 4,151,441</u>

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

**Broken Arrow
Budgetary Comparison Schedule
Major Special Revenue Fund - Public Safety Sales Tax Fund - Police
For the year ended June 30, 2019**

<u>Public Safety Sales Tax Fund - Police</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Beginning Budgetary Fund Balance (restated)	\$ 2,746,145	\$ 2,746,145	\$ 2,898,400	\$ 152,255
Resources (Inflows):				
Taxes	2,123,530	2,223,530	2,203,016	(20,514)
Intergovernmental	100,000	117,150	143,009	25,859
Investment income	2,100	2,100	5,246	3,146
Miscellaneous	23,500	20,000	80,256	60,256
Transfers from other funds	<u>22,337,988</u>	<u>22,881,988</u>	<u>23,181,005</u>	<u>299,017</u>
Amounts available for appropriation	<u>24,587,118</u>	<u>25,244,768</u>	<u>25,612,532</u>	<u>367,764</u>
Charges to Appropriations (Outflows):				
Police:				
Personal Services	19,836,801	20,209,801	20,468,683	(258,882)
Other Services and Charges	1,568,600	1,520,150	1,462,109	58,041
Materials and Supplies	967,600	1,020,050	931,550	88,500
Capital Outlay	<u>92,100</u>	<u>831,350</u>	<u>673,157</u>	<u>158,193</u>
Total Charges to Appropriations	<u>22,465,101</u>	<u>23,581,351</u>	<u>23,535,499</u>	<u>45,852</u>
Ending Budgetary Fund Balance	<u>\$ 4,868,162</u>	<u>\$ 4,409,562</u>	<u>\$ 4,975,433</u>	<u>\$ 565,871</u>

**Broken Arrow
Budgetary Comparison Schedule
Major Special Revenue Fund - Public Safety Sales Tax Fund - Fire
For the year ended June 30, 2019**

<u>Public Safety Sales Tax Fund - Fire</u>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Beginning Budgetary Fund Balance (restated)	\$ 324,711	\$ 324,711	\$ 981,285	\$ 656,574
Resources (Inflows):				
Taxes	2,125,080	2,210,080	2,203,016	(7,064)
Intergovernmental	517,900	544,164	454,131	(90,033)
Investment income	2,700	1,700	2,996	1,296
Miscellaneous	-	27,000	44,435	17,435
Transfers from other funds	<u>18,083,712</u>	<u>18,538,712</u>	<u>18,788,906</u>	<u>250,194</u>
Amounts available for appropriation	<u>20,729,392</u>	<u>21,321,656</u>	<u>21,493,484</u>	<u>171,828</u>
Charges to Appropriations (Outflows):				
Fire:				
Personal Services	18,419,611	19,273,611	19,273,563	48
Other Services and Charges	900,600	986,900	998,398	(11,498)
Materials and Supplies	795,900	856,340	830,177	26,163
Capital Outlay	<u>300,500</u>	<u>467,524</u>	<u>443,533</u>	<u>23,991</u>
Total Charges to Appropriations	<u>20,416,611</u>	<u>21,584,375</u>	<u>21,545,671</u>	<u>38,704</u>
Ending Budgetary Fund Balance	<u>\$ 637,492</u>	<u>\$ 61,992</u>	<u>\$ 929,098</u>	<u>\$ 867,106</u>

NOTES TO BUDGETARY COMPARISON SCHEDULES

Note 1 - Budgetary Accounting

The annual operating budgets are prepared and presented on the modified accrual basis of accounting. Per City ordinance, the City utilizes encumbrance accounting during the year on a limited basis for certain purchase orders and other commitments for the expenditure of funds which are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at year end are not considered expenditures for budgetary purposes, and are considered lapsed, as are all unused appropriations. Any open purchase orders to be honored in the subsequent budget year are re-appropriated and re-encumbered in the next year's budget. As a result, no reserve for encumbrances is reported at year end; however, they are disclosed as commitments by fund type in Note 6, where applicable.

Under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"), the legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. At June 30, 2019, the City's expenditures did not exceed appropriations in any department.

Note 2 – Reconciliation of Budgetary Basis to Modified Accrual Basis – General Fund

The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	<u>General Fund</u>
Total budgetary resources (inflows)	\$ 77,996,589
Less: transfers in from other funds	<u>(15,726,355)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 62,270,234</u>
Total budgetary expenditures and transfers	\$ 77,361,005
Less: transfers to other funds	<u>(58,251,266)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 19,109,739</u>

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

Note 2 – Reconciliation of Budgetary Basis to Modified Accrual Basis – Major Special Revenue Funds

	Public Safety Sales Tax Fund - Police
Total budgetary resources (inflows)	\$ 25,612,532
Add: On-behalf payments	1,387,556
Less: Transfers in from other funds	<u>(23,181,005)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,819,083</u>
Total budgetary expenditures and transfers	\$ 23,535,499
Add: On-behalf payments	<u>1,387,556</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 24,923,055</u>
	Public Safety Sales Tax Fund - Fire
Total budgetary resources (inflows)	\$ 21,493,484
Add: On-behalf payments	4,525,597
Less: Transfers in from other funds	<u>(18,788,906)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 7,230,175</u>
Total budgetary expenditures and transfers	\$ 21,545,671
Add: On-behalf payments	<u>4,525,597</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 26,071,268</u>

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

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

For the year June 30,	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	3.1323%	3.2237%	3.1605%	3.3097%	3.4646%
City's proportionate share of the net pension liability (asset)	\$(1,054,626)	\$ 131,444	\$4,840,062	\$ 254,584	\$ (1,650,356)
City's covered-employee payroll	** N/A	\$9,112,431	\$9,320,477	\$10,248,277	\$10,594,254
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	** N/A	1.44%	51.93%	2.48%	15.58%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available. Current year measurement date is June 30, 2018.

** Information was not available.

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

	2015	2016	2017	2018	2019
Statutorily required contribution	\$ 1,184,616	\$ 1,211,662	\$ 1,332,276	\$ 1,377,253	\$ 1,486,307
Contributions in relation to the statutorily required contribution	<u>1,184,616</u>	<u>1,211,662</u>	<u>1,332,276</u>	<u>1,377,253</u>	<u>1,486,307</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 9,112,431	\$ 9,320,477	\$10,248,277	\$10,594,254	\$11,433,128
Contributions as a percentage of covered-employee payroll	13%	13%	13%	13%	13%

Notes to Schedule:

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

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF BROKEN ARROW'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

For the year June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	3.6826%	3.8107%	3.9641%	4.2472%	4.4499%
City's proportionate share of the net pension liability	\$ 37,869,951	\$ 40,447,082	\$ 48,430,529	\$ 53,418,020	\$ 50,090,663
City's covered-employee payroll	** N/A	\$ 10,409,757	\$ 11,090,514	\$ 12,517,279	\$ 13,237,331
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	** N/A	388.55%	436.68%	426.75%	378.40%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

Notes to Schedule:

* Only five fiscal years are presented because 10-year data is not yet available. Current year measurement date is June 30, 2018.

** Information was not available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years *

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	\$ 1,457,366	\$ 1,552,672	\$ 1,752,419	\$ 1,852,898	\$ 1,942,593
Contributions in relation to the statutorily required contribution	<u>1,457,366</u>	<u>1,552,672</u>	<u>1,752,419</u>	<u>1,852,898</u>	<u>1,942,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,409,757	\$ 11,090,514	\$ 12,517,279	\$ 13,237,331	\$ 13,875,665
Contributions as a percentage of covered-employee payroll	14%	14%	14%	14%	14%

Notes to Schedule:

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

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

Schedules of Required Supplementary Information
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last 10 Years*

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 81,277	\$ 84,431
Interest	44,794	45,537
Benefit payments, including refunds of member contributions	<u>(25,646)</u>	<u>(25,646)</u>
Net change in total OPEB liability	100,425	104,322
Total OPEB liability - beginning	<u>1,086,022</u>	<u>1,186,447</u>
Total OPEB liability - ending	<u>\$ 1,186,447</u>	<u>\$ 1,290,769</u>
Covered employee payroll	\$ 30,068,853	\$ 30,068,853
Total OPEB liability as a percentage of covered employee payroll	3.95%	4.29%

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	SPECIAL REVENUE FUNDS					
	Excess Capacity Sewer Escrow	Stormwater Capital	Convention and Visitor's Bureau	Police Enhancement	Street and Alley	Housing and Urban Development
ASSETS						
Cash and cash equivalents	\$ 1,309,049	\$ 1,372,119	\$ 698,972	\$ 153,000	\$ 1,622,947	\$ 241,118
Investments	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	63,057	43,888
Accrued interest receivable	-	-	-	-	-	-
Other receivables, net	-	-	65,400	-	-	-
Total assets	1,309,049	1,372,119	764,372	153,000	1,686,004	285,006
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	59,002	4,479	-	5,413
Due to other funds	-	-	-	348	-	-
Amounts held in escrow	-	-	-	-	-	1,376
Total liabilities	-	-	59,002	4,827	-	6,789
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	9,670	-	-	43,888
Total deferred inflows of resources	-	-	9,670	-	-	43,888
Fund balances:						
Restricted	-	-	695,700	148,173	1,686,004	234,329
Committed	1,309,049	1,372,119	-	-	-	-
Total fund balances	1,309,049	1,372,119	695,700	148,173	1,686,004	234,329
Total liabilities, deferred inflows of resources and fund balances	\$ 1,309,049	\$ 1,372,119	\$ 764,372	\$ 153,000	\$ 1,686,004	\$ 285,006

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds, (Continued)

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUNDS	
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Parks and Recreation	Cemetery Care
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Parks and Recreation	Cemetery Care
ASSETS							
Cash and cash equivalents	\$ 2,227,542	\$ 199,238	\$ 94,535	\$ 580,813	\$ 21,695	\$ 428,563	\$ 367,975
Investments	-	-	-	-	-	-	-
Receivable from other governments	-	22,784	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Other receivables, net	25,164	-	1,715	49,798	750	30,574	1,107
Total assets	2,252,706	222,022	96,250	630,611	22,445	459,137	369,082
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	39,346	3,790	-	6,365	-	2,906	87,743
Due to other funds	-	-	-	-	-	-	-
Amounts held in escrow	-	-	-	-	-	-	-
Total liabilities	39,346	3,790	-	6,365	-	2,906	87,743
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	14,696	1,715	22,485	-	-	710
Total deferred inflows of resources	-	14,696	1,715	22,485	-	-	710
Fund balances:							
Restricted	2,213,360	203,536	94,535	-	22,445	-	112,777
Committed	-	-	-	601,761	-	456,231	167,852
Total fund balances	2,213,360	203,536	94,535	601,761	22,445	456,231	280,629
Total liabilities, deferred inflows of resources and fund balances	\$ 2,252,706	\$ 222,022	\$ 96,250	\$ 630,611	\$ 22,445	\$ 459,137	\$ 369,082

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds. (Continued)

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	CAPITAL PROJECT FUNDS					Total Governmental Funds
	Street Sales Tax	1994 General Obligation Bond Issue	2008 General Obligation Bond Fund	2011 General Obligation Bond Fund	2018 General Obligation Bond Fund	
ASSETS						
Cash and cash equivalents	\$ 5,134,506	\$ 198,343	\$ 1,995,121	\$ 4,129,515	\$ 4,302,458	\$ 25,077,509
Investments	-	-	-	4,156,283	8,033,065	12,189,348
Receivable from other governments	633,624	-	-	-	-	763,353
Accrued interest receivable	-	-	-	3,211	58,289	61,500
Other receivables, net	-	-	-	-	-	174,508
Total assets	<u>5,768,130</u>	<u>198,343</u>	<u>1,995,121</u>	<u>8,289,009</u>	<u>12,393,812</u>	<u>38,266,218</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	427,033	-	-	2,121	179,107	817,305
Due to other funds	-	-	-	-	-	348
Amounts held in escrow	-	-	-	-	-	1,376
Total liabilities	<u>427,033</u>	<u>-</u>	<u>-</u>	<u>2,121</u>	<u>179,107</u>	<u>819,029</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	3,211	58,289	154,664
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,211</u>	<u>58,289</u>	<u>154,664</u>
Fund balances:						
Restricted	5,341,097	-	1,995,121	8,283,677	12,156,416	33,187,170
Committed	-	198,343	-	-	-	4,105,355
Total fund balances	<u>5,341,097</u>	<u>198,343</u>	<u>1,995,121</u>	<u>8,283,677</u>	<u>12,156,416</u>	<u>37,292,525</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,768,130</u>	<u>\$ 198,343</u>	<u>\$ 1,995,121</u>	<u>\$ 8,289,009</u>	<u>\$ 12,393,812</u>	<u>\$ 38,266,218</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds

Broken Arrow
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	SPECIAL REVENUE FUNDS					
	Excess Capacity Sewer Escrow	Stormwater Capital	Convention and Visitor's Bureau	Police Enhancement	Street and Aley	Housing and Urban Development
REVENUES						
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and miscellaneous taxes	-	-	642,795	-	-	-
Intergovernmental	-	-	-	36,931	967,239	260,590
Charges for services	-	102,500	-	-	-	-
Fees and fines	-	-	-	-	-	-
Investment earnings	995	1,123	459	538	1,187	-
Miscellaneous	421,647	10,211	4,112	-	10,785	-
Total revenues	<u>422,642</u>	<u>113,834</u>	<u>647,366</u>	<u>37,469</u>	<u>979,211</u>	<u>260,590</u>
EXPENDITURES						
Current:						
General government	-	-	262,738	-	-	67,671
Public safety	-	-	-	82,362	-	-
Public services	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	5,885	93,193	-	24,526	-	19,415
Total expenditures	<u>5,885</u>	<u>93,193</u>	<u>262,738</u>	<u>106,888</u>	<u>-</u>	<u>87,086</u>
Excess (deficiency) of revenues over expenditures	<u>416,757</u>	<u>20,641</u>	<u>384,628</u>	<u>(69,419)</u>	<u>979,211</u>	<u>173,504</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	-	-	-	-
Transfers out	-	-	(225,000)	-	(720,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>(720,000)</u>	<u>-</u>
Net change in fund balances	416,757	20,641	159,628	(69,419)	259,211	173,504
Fund balances - beginning	892,292	1,351,478	536,072	217,592	1,426,793	60,825
Fund balances - ending	<u>\$ 1,309,049</u>	<u>\$ 1,372,119</u>	<u>\$ 695,700</u>	<u>\$ 148,173</u>	<u>\$ 1,686,004</u>	<u>\$ 234,329</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds, (Continued)

Broken Arrow Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2019							
	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUNDS	
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Parks and Recreation	Cemetery Care
REVENUES							
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and miscellaneous taxes	-	-	-	-	-	-	-
Intergovernmental	-	40,143	-	-	-	-	-
Charges for services	1,028,448	-	-	676,052	22,445	168,756	41,193
Fees and fines	-	-	6,131	-	-	-	-
Investment earnings	1,635	556	74	569	-	448	278
Miscellaneous	14,815	-	659	5,022	-	70,641	2,488
Total revenues	1,044,898	40,699	6,864	681,643	22,445	239,845	43,959
EXPENDITURES							
Current:							
General government	-	-	-	538,374	-	-	-
Public safety	-	54,007	6,281	-	-	-	-
Public services	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay	39,346	-	-	426,088	-	388,512	87,743
Total expenditures	39,346	54,007	6,281	964,462	-	388,512	87,743
Excess (deficiency) of revenues over expenditures	1,005,552	(13,308)	583	(282,819)	22,445	(148,667)	(43,784)
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	-	-	-
Transfers out	(720,000)	-	-	-	-	-	-
Total other financing sources and uses	(720,000)	-	-	-	-	-	-
Net change in fund balances	285,552	(13,308)	583	(282,819)	22,445	(148,667)	(43,784)
Fund balances - beginning	1,927,808	216,844	93,952	884,580	-	604,898	324,413
Fund balances - ending	\$2,213,360	\$ 203,536	\$ 94,535	\$ 601,761	\$ 22,445	\$ 456,231	\$ 280,629

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds, (Continued)

Broken Arrow
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	CAPITAL PROJECT FUNDS					Total-Other Governmental Funds
	Street Sales Tax	1994 General Obligation Bond Issue	2008 General Obligation Bond Fund	2011 General Obligation Bond Fund	2018 General Obligation Bond Fund	
REVENUES						
Sales and use tax	\$ 3,671,694	\$ -	\$ -	\$ -	\$ -	\$ 3,671,694
Franchise and miscellaneous taxes	-	-	-	-	-	642,795
Intergovernmental	-	-	-	-	-	1,304,903
Charges for services	-	-	-	-	-	2,039,394
Fees and fines	-	-	-	-	-	6,131
Investment earnings	4,959	-	24,590	168,352	64,890	270,653
Miscellaneous	36,386	1,403	-	-	-	578,169
Total revenues	<u>3,713,039</u>	<u>1,403</u>	<u>24,590</u>	<u>168,352</u>	<u>64,890</u>	<u>8,513,739</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	868,783
Public safety	-	-	-	-	-	142,650
Public services	2,693	-	-	-	-	2,693
Bond issuance costs	-	-	-	-	131,436	131,436
Capital outlay	2,458,451	-	16,876	2,026,566	277,038	5,863,639
Total expenditures	<u>2,461,144</u>	<u>-</u>	<u>16,876</u>	<u>2,026,566</u>	<u>408,474</u>	<u>7,009,201</u>
Excess (deficiency) of revenues over expenditures	<u>1,251,895</u>	<u>1,403</u>	<u>7,714</u>	<u>(1,858,214)</u>	<u>(343,584)</u>	<u>1,504,538</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	-	-	12,500,000	12,500,000
Transfers out	-	-	-	-	-	(1,665,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500,000</u>	<u>10,835,000</u>
Net change in fund balances	1,251,895	1,403	7,714	(1,858,214)	12,156,416	12,339,538
Fund balances - beginning	4,089,202	196,940	1,987,407	10,141,891	-	24,952,987
Fund balances - ending	<u>\$ 5,341,097</u>	<u>\$ 198,343</u>	<u>\$ 1,995,121</u>	<u>\$ 8,283,677</u>	<u>\$ 12,156,416</u>	<u>\$ 37,292,525</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Schedule of Net Position – BAMA Enterprise Fund Accounts

Broken Arrow
Combining Schedule of Net Position
Broken Arrow Municipal Authority Accounts
June 30, 2019

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ (10,510,856)	\$ 11,502,753	\$ 1,325,954	\$ 2,317,851
Restricted cash and cash equivalents	198,745	40,759,470	-	40,958,215
Investments	154,667	-	-	154,667
Accounts receivable, net	7,392,868	-	-	7,392,868
Due from other funds	3,291,660	-	-	3,291,660
Due from other governments-OWRB	-	512,040	-	512,040
Inventories	1,250,893	-	-	1,250,893
Prepaid assets	20,500	-	-	20,500
Total current assets	<u>1,798,477</u>	<u>52,774,263</u>	<u>1,325,954</u>	<u>55,898,694</u>
Non-current assets:				
Restricted cash and cash equivalents	794,979	3,285,383	-	4,080,362
Investment in joint venture	27,570,847	-	-	27,570,847
Capital Assets:				
Land and other nondepreciable assets	34,296,836	-	-	34,296,836
Other capital assets, net of accumulated depreciation	156,280,581	-	-	156,280,581
Total non-current assets	<u>218,943,243</u>	<u>3,285,383</u>	<u>-</u>	<u>222,228,626</u>
Total assets	<u>220,741,720</u>	<u>56,059,646</u>	<u>1,325,954</u>	<u>278,127,320</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to OPEB	54,931	-	-	54,931
Total deferred outflows of resources	<u>54,931</u>	<u>-</u>	<u>-</u>	<u>54,931</u>
LIABILITIES				
Current liabilities:				
Accounts payable	6,623,436	-	-	6,623,436
Accrued payroll payable	359,190	-	-	359,190
Accrued interest payable	-	1,345,730	-	1,345,730
Due to other funds	2,610,281	4,736,136	-	7,346,417
Amounts held in escrow	310,182	-	-	310,182
Compensated absences	444,625	-	-	444,625
Meter deposit liability	198,745	-	-	198,745
Bonds, notes and loans payable, net	-	6,263,503	-	6,263,503
Total current liabilities	<u>10,546,459</u>	<u>12,345,369</u>	<u>-</u>	<u>22,891,828</u>
Non-current liabilities:				
Compensated absences	222,312	-	-	222,312
Meter deposit liability	794,979	-	-	794,979
Bonds, notes and loans payable, net	-	137,368,759	-	137,368,759
Total OPEB liability	<u>361,749</u>	<u>-</u>	<u>-</u>	<u>361,749</u>
Total non-current liabilities	<u>1,379,040</u>	<u>137,368,759</u>	<u>-</u>	<u>138,747,799</u>
Total liabilities	<u>11,925,499</u>	<u>149,714,128</u>	<u>-</u>	<u>161,639,627</u>
NET POSITION				
Net Investment in capital assets	190,577,417	(105,334,470)	-	85,242,947
Restricted for debt service	-	4,401,331	-	4,401,331
Unrestricted	18,293,735	7,278,657	1,325,954	26,898,346
Total net position	<u>\$ 208,871,152</u>	<u>\$ (93,654,482)</u>	<u>\$ 1,325,954</u>	<u>\$ 116,542,624</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Schedule of Revenues, Expenses and Changes in Net Position – BAMA Enterprise Fund Accounts

Broken Arrow
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Broken Arrow Municipal Authority Accounts
For the Year Ended June 30, 2019

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
REVENUES				
Water charges	\$ 19,389,331	\$ -	\$ -	\$ 19,389,331
Sewer charges	12,935,466	-	-	12,935,466
Sanitation charges	6,483,585	-	-	6,483,585
Stormwater fees	6,099,316	-	-	6,099,316
Fees and fines	974,901	-	-	974,901
Miscellaneous	241,944	-	-	241,944
Total operating revenues	<u>46,124,543</u>	<u>-</u>	<u>-</u>	<u>46,124,543</u>
OPERATING EXPENSES				
General government	1,046,885	-	-	1,046,885
Finance and administration	1,794,288	-	-	1,794,288
Engineering and construction	2,934,166	-	-	2,934,166
Water distribution	9,292,832	-	-	9,292,832
Sanitary sewer system	6,326,733	-	-	6,326,733
Sanitation services	5,414,946	-	-	5,414,946
Support services	3,152,935	-	-	3,152,935
Stormwater	3,271,883	-	-	3,271,883
Depreciation	9,075,295	-	-	9,075,295
Total Operating Expenses	<u>42,309,963</u>	<u>-</u>	<u>-</u>	<u>42,309,963</u>
Operating income	<u>3,814,580</u>	<u>-</u>	<u>-</u>	<u>3,814,580</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	34,631	739,397	1,061	775,089
Gain on disposal of capital assets	2,752	-	-	2,752
Bond issuance costs	-	(465,885)	-	(465,885)
Interest expense and fiscal charges	(3,560)	(4,490,185)	-	(4,493,745)
Total non-operating revenue (expenses)	<u>33,823</u>	<u>(4,216,673)</u>	<u>1,061</u>	<u>(4,181,789)</u>
Income (loss) before contributions and transfers	3,848,403	(4,216,673)	1,061	(367,209)
Capital contributions	3,802,581	-	-	3,802,581
Transfers in	14,701,355	-	-	14,701,355
Transfers out	(15,301,355)	-	-	(15,301,355)
Change in net position	<u>7,050,984</u>	<u>(4,216,673)</u>	<u>1,061</u>	<u>2,835,372</u>
Total net position - beginning, restated	<u>201,820,168</u>	<u>(89,437,809)</u>	<u>1,324,893</u>	<u>113,707,252</u>
Total net position - ending	<u>\$ 208,871,152</u>	<u>\$ (93,654,482)</u>	<u>\$ 1,325,954</u>	<u>\$ 116,542,624</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Schedule of Cash Flows – BAMA Enterprise Fund Accounts

Broken Arrow
Combining Schedule of Cash Flows
Broken Arrow Municipal Authority Accounts
For the Year Ended June 30, 2019

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 47,027,509	\$ -	\$ -	\$ 47,027,509
Payments to suppliers	(19,008,730)	-	-	(19,008,730)
Payments to employees	(16,298,265)	-	-	(16,298,265)
Receipts of customer meter deposits	302,756	-	-	302,756
Payment of customer meter deposits	(270,442)	-	-	(270,442)
Interfund payments & receipts	(292,122)	-	-	(292,122)
Net cash provided by operating activities	<u>11,460,706</u>	<u>-</u>	<u>-</u>	<u>11,460,706</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	14,701,355	-	-	14,701,355
Transfer to other funds	(15,301,355)	-	-	(15,301,355)
Net cash provided by (used in) noncapital financing activities	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(18,015,044)	-	-	(18,015,044)
Proceeds from issuance of debt	-	29,299,065	-	29,299,065
Note issuance costs	-	(465,885)	-	(465,885)
Premium on issuance of debt	-	1,511,657	-	1,511,657
Proceeds from sale of capital assets	45,303	-	-	45,303
Principal paid on capital debt	(337,050)	(5,383,111)	-	(5,720,161)
Interest paid on capital debt	(4,498)	(4,352,725)	-	(4,357,223)
Net cash provided by (used in) capital and related financing activities	<u>(18,311,289)</u>	<u>20,609,001</u>	<u>-</u>	<u>2,297,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of investments	99,547	-	-	99,547
(Increase) decrease in investment in joint venture	(1,837,244)	-	-	(1,837,244)
Interest and dividends	34,631	739,397	1,061	775,089
Net cash provided by investing activities	<u>(1,703,066)</u>	<u>739,397</u>	<u>1,061</u>	<u>(962,608)</u>
Net Increase (decrease) in cash and cash equivalents	(9,153,649)	21,348,398	1,061	12,195,810
Balances-beginning of year	<u>(363,483)</u>	<u>34,199,208</u>	<u>1,324,893</u>	<u>35,160,618</u>
Balances-end of year	<u>\$ (9,517,132)</u>	<u>\$ 55,547,606</u>	<u>\$ 1,325,954</u>	<u>\$ 47,356,428</u>
Reconciliation to Combining Statement of Net Position:				
Cash and cash equivalents	\$ (10,510,856)	\$ 11,502,753	\$ 1,325,954	\$ 2,317,851
Restricted cash and cash equivalents-current	198,745	40,759,470	-	40,958,215
Restricted cash and cash equivalents-noncurrent	794,979	3,285,383	-	4,080,362
Total cash and cash equivalents, end of year	<u>(9,517,132)</u>	<u>55,547,606</u>	<u>1,325,954</u>	<u>47,356,428</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 3,814,580	\$ -	\$ -	\$ 3,814,580
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	9,075,295	-	-	9,075,295
Change in assets, liabilities and deferrals:				
Receivables, net	795,485	-	-	795,485
Due from other funds	(239,952)	-	-	(239,952)
Inventories	(180,048)	-	-	(180,048)
Deferred amounts related to OPEB	(9)	-	-	(9)
Accounts payables	(2,026,979)	-	-	(2,026,979)
Accrued payroll	14,427	-	-	14,427
Due to other funds	(52,170)	-	-	(52,170)
Amounts held in escrow	107,481	-	-	107,481
Accrued compensated absences	82,466	-	-	82,466
Customer meter deposits payable	32,314	-	-	32,314
Total OPEB liability	37,816	-	-	37,816
Net cash provided by operating activities	<u>\$ 11,460,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,460,706</u>
Non-cash Activities:				
Capital assets contributed	\$ 3,802,581	\$ -	\$ -	\$ 3,802,581
Total Non-cash Activities	<u>\$ 3,802,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,802,581</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Statement of Net Position – Internal Service Funds

Broken Arrow			
Combining Statement of Net Position			
Internal Service Funds			
June 30, 2019			
	Worker's Compensation	Group Health & Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,724,812	\$ 2,624,867	\$ 4,349,679
Other receivables	-	13,088	13,088
Total assets	1,724,812	2,637,955	4,362,767
LIABILITIES			
Current Liabilities:			
Accounts payable	37,008	3,634	40,642
Amounts held in escrow	45,102	-	45,102
Claims and judgments	987,000	-	987,000
Total current liabilities	1,069,110	3,634	1,072,744
Non-current liabilities:			
Claims and judgments	3,103,000	1,087,049	4,190,049
Total non-current liabilities	3,103,000	1,087,049	4,190,049
Total liabilities	4,172,110	1,090,683	5,262,793
NET POSITION			
Unrestricted (deficit)	(2,447,298)	1,547,272	(900,026)
Total Net Position	\$ (2,447,298)	\$ 1,547,272	\$ (900,026)

Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds

Broken Arrow			
Combining Statement of Revenues, Expenses and Changes in Fund Net Position			
Internal Service Funds			
For the Year Ended June 30, 2019			
	Worker's Compensation	Group Health & Life	Total
OPERATING REVENUES			
Self insurance charges	\$ 1,200,000	\$ 9,479,499	\$ 10,679,499
Total operating revenues	1,200,000	9,479,499	10,679,499
OPERATING EXPENSES			
Claims expense	337,808	8,527,620	8,865,428
Total operating expenses	337,808	8,527,620	8,865,428
Operating income	862,192	951,879	1,814,071
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,403	1,924	3,327
Miscellaneous revenue	29,463	16,444	45,907
Total non-operating revenue (expenses)	30,866	18,368	49,234
Change in net position	893,058	970,247	1,863,305
Total net position - beginning	(3,340,356)	577,025	(2,763,331)
Total net position - ending	\$ (2,447,298)	\$ 1,547,272	\$ (900,026)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2019

Combining Statement of Cash Flows – Internal Service Funds

Broken Arrow
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Worker's Compensation	Group Health & Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,247,251	\$ 9,490,341	\$ 10,737,592
Claims and judgments paid	(1,290,994)	(8,535,440)	(9,826,434)
Net cash provided by (used in) operating activities	(43,743)	954,901	911,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,403	1,924	3,327
Net cash provided by investing activities	1,403	1,924	3,327
Net increase (decrease) in cash and cash equivalents	(42,340)	956,825	914,485
Balances-beginning of year	1,767,152	1,668,042	3,435,194
Balances-end of year	\$ 1,724,812	\$ 2,624,867	\$ 4,349,679
Reconciliation to Combining Statement of Net Position:			
Cash, including time deposits	\$ 1,724,812	\$ 2,624,867	\$ 4,349,679
Total cash and cash equivalents, end of year	\$ 1,724,812	\$ 2,624,867	\$ 4,349,679
Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities:			
Operating income	\$ 862,192	\$ 951,879	\$ 1,814,071
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Miscellaneous non-operating revenue (expense)	29,463	16,444	45,907
Change in assets and liabilities:			
Other receivable	-	(5,602)	(5,602)
Accounts and other payables	(3,186)	3,634	448
Amounts held in escrow	17,788	-	17,788
Claims liability	(950,000)	(11,454)	(961,454)
Net cash provided by (used in) operating activities	\$ (43,743)	\$ 954,901	\$ 911,158

**CITY OF BROKEN ARROW
(BROKEN ARROW MUNICIPAL AUTHORITY)**

SCHEDULE OF DEBT SERVICE COVERAGE

Year Ended June 30, 2019

	OWRB 2001, 2004, 2007, 2009, 2011, 2012, 2015, 2016, 2017, 2018 and 2019 Notes <u>Payable</u>
Gross revenue available for debt service:	
Charges for services	\$ 46,124,543
Investment income	775,089
Sales tax transferred from the City General Fund	<u>14,701,355</u>
Total gross revenues available	<u>61,600,987</u>
Operating expenses (1)	
General government	1,046,885
Finance and administration	1,794,288
Engineering and construction	2,934,166
Water distribution	9,292,832
Sanitary sewer system	6,326,733
Sanitation services	5,414,946
Support services	3,152,935
Stormwater	<u>3,271,883</u>
Total operating expenses	<u>33,234,668</u>
Net revenue available for debt service	<u>\$ 28,366,319</u>
Debt service requirements	
Maximum annual debt service on all BAMA parity debt	<u>\$ 12,262,685</u>
Computed coverage	<u>231%</u>
Coverage requirement	<u>125%</u>

(1) Operating expenses exclude such noncash items as depreciation, amortization and bad debt expenses.

CITY OF BROKEN ARROW, OKLAHOMA
SCHEDULE OF DEBT RESERVE ACCOUNT BALANCE REQUIREMENTS
Year ended June 30, 2019

	Series 2019 BAEDA Note Payable	Series 2012 OWRB Note Payable	Series 2015 OWRB Note Payable
Required balance	\$ 500,000	\$ 2,435,677	\$ 849,706
Balance in Trustee Account, June 30, 2019	<u>500,000</u>	<u>2,435,677</u>	<u>849,706</u>
Excess of account balance over (under) required balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>