



BROKEN ARROW

Where opportunity lives



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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**



BROKEN ARROW

Where opportunity lives

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2021

**WITH
INDEPENDENT AUDITOR'S REPORT**

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City of Broken Arrow, Oklahoma

**List of Principal Officials
June 30, 2021**

City Council

**Debra Wimpee, Mayor
Christi Gillespie, Vice-Mayor
Scott Eudey
Johnnie Parks
Lisa Ford**

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, 2021, 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, 2021, 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 17, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Arledge & Associates, P.C.

Edmond, Oklahoma
June 17, 2022



CITY OF BROKEN ARROW, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- At June 30, 2021, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$408,636,010.
- For the fiscal year ended June 30, 2021, the City's total net position increased by \$25,438,170 or 6.6% from the prior year's net position.
- During the year, the City's expenses for governmental activities were \$107,599,209 and were funded by program revenues of \$36,836,583, and further funded with taxes and other general revenues that totaled \$94,789,599.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenditures by \$652,063.
- At June 30, 2021, the General Fund reported a total fund balance of \$19,989,352, as compared to the prior year total fund balance of \$18,743,002.
- For budgetary reporting purposes, the General Fund reported revenues in excess of final estimates in the amount of \$5,378,891 or 6.29%, while expenditures were less than final appropriations by \$1,974,719 or 2.15%.

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.

A Financial Analysis of the City as a Whole

Net position

The City's combined net position increased from \$383,197,840 to \$408,636,010 between fiscal years 2020 and 2021. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$24,026,973 while business-type activities increased \$1,411,197. A comparative, condensed presentation of net position follows (reported in thousands).

TABLE 1
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>
	2021	2020	(Dec.)	2021	2020	(Dec.)	2021	2020	(Dec.)
Current and other assets	\$ 167,218	\$ 145,007	15%	\$ 50,044	\$ 39,772	26%	\$ 217,262	\$ 184,779	18%
Capital assets, net	350,700	323,239	8%	226,304	214,714	5%	577,004	537,953	7%
Other non-current assets	-	-	-	37,574	32,750	15%	37,574	32,750	15%
Total assets	<u>517,918</u>	<u>468,246</u>	11%	<u>313,922</u>	<u>287,236</u>	9%	<u>831,840</u>	<u>755,482</u>	10%
Deferred Outflows of Resources	<u>24,670</u>	<u>19,384</u>	27%	<u>93</u>	<u>90</u>	3%	<u>24,763</u>	<u>19,474</u>	27%
Current liabilities	36,363	25,357	43%	15,642	20,659	-24%	52,005	46,016	13%
Non-current liabilities	<u>221,260</u>	<u>197,475</u>	12%	<u>169,568</u>	<u>139,281</u>	22%	<u>390,828</u>	<u>336,756</u>	16%
Total liabilities	<u>257,623</u>	<u>222,832</u>	16%	<u>185,210</u>	<u>159,940</u>	16%	<u>442,833</u>	<u>382,772</u>	16%
Deferred Inflows of Resources	<u>5,075</u>	<u>8,935</u>	-43%	<u>59</u>	<u>52</u>	13%	<u>5,134</u>	<u>8,987</u>	-43%
	<u>5,075</u>	<u>8,935</u>	-43%	<u>59</u>	<u>52</u>	13%	<u>5,134</u>	<u>8,987</u>	-43%
Net position									
Net investment in capital assets	183,702	164,401	12%	86,766	99,138	-12%	270,468	263,539	3%
Restricted	114,821	112,113	2%	2,433	4,616	-47%	117,254	116,729	0%
Unrestricted (deficit)	<u>(18,633)</u>	<u>(20,651)</u>	-10%	<u>39,547</u>	<u>23,580</u>	68%	<u>20,914</u>	<u>2,929</u>	614%
Total net position	<u>\$ 279,890</u>	<u>\$ 255,863</u>	9%	<u>\$ 128,746</u>	<u>\$ 127,334</u>	1%	<u>\$ 408,636</u>	<u>\$ 383,197</u>	7%

Changes in net position

For the years ended June 30, 2020 and 2021, 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>2021</u>	<u>2020</u>	<u>(Dec.)</u>	<u>2021</u>	<u>2020</u>	<u>(Dec.)</u>	<u>2021</u>	<u>2020</u>	<u>(Dec.)</u>
Revenues									
Program revenue:									
Charges for service	\$ 15,566	\$15,162	3%	\$ 53,638	\$52,389	2%	\$ 69,204	\$67,551	2%
Operating grants and contributions	16,506	7,406	123%	89	160	-44%	16,595	7,566	119%
Capital grants and contributions	4,765	7,136	-33%	6,051	6,778	-11%	10,816	13,914	-22%
General Revenue:									
Sales and use taxes	69,159	61,195	13%	-	-	-	69,159	61,195	13%
Property taxes	17,271	16,000	8%	-	-	-	17,271	16,000	8%
Franchise and other taxes	6,844	6,753	1%	-	-	-	6,844	6,753	1%
Investment income	612	1,324	-54%	9	465	-98%	621	1,789	-65%
Miscellaneous	1,653	1,518	9%	-	-	-	1,653	1,518	9%
Total Revenues	132,376	116,494	14%	59,787	59,792	0%	192,163	176,286	9%
Program Expenses:									
General government	15,163	14,221	7%	-	-	-	15,163	14,221	7%
Public safety	67,114	57,884	16%	-	-	-	67,114	57,884	16%
Public services	14,128	13,846	2%	-	-	-	14,128	13,846	2%
Culture and recreation	6,560	6,211	6%	-	-	-	6,560	6,211	6%
Interest on long-term debt	4,634	5,212	-11%	-	-	-	4,634	5,212	-11%
Water	-	-	-	23,120	21,550	7%	23,120	21,550	7%
Sewer	-	-	-	15,182	14,751	3%	15,182	14,751	3%
Sanitation	-	-	-	10,771	7,559	42%	10,771	7,559	42%
Stormwater	-	-	-	7,124	7,304	-2%	7,124	7,304	-2%
Golf	-	-	-	1,605	1,404	14%	1,605	1,404	14%
Economic development	-	-	-	1,324	1,240	7%	1,324	1,240	7%
Total Expenses	107,599	97,374	11%	59,126	53,808	10%	166,725	151,182	10%
Excess before transfers	24,777	19,120	30%	661	5,984	-89%	25,438	25,104	1%
Net transfers in (out)	(750)	(1,490)	-50%	750	1,490	-50%	-	-	-
Increase in net position	\$ 24,027	\$17,630	36%	\$ 1,411	\$ 7,474	-81%	\$ 25,438	\$25,104	1%

The City's governmental activities increase in net position of \$24,026,973 represents a 36% increase from the prior year's increase in net position. This increase was the result of an increase in total revenues of approximately \$15.9 million, an increase in total expenses of approximately \$10.2 million and a decrease in net transfers out of approximately \$0.7 million. The business-type activities increase in net position of \$1,411,197 represents an 81% decrease from the prior year's increase in net position. This decrease was the result of an increase in total expenses of approximately \$5.3 million and a decrease in net transfers in of approximately \$0.7 million. The results indicate the City's total net position as a whole slightly increased 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, 2021, the City's governmental activities were funded as follows:

Governmental Activities Sources	
Sales and Use Taxes	52.24%
Other Taxes	17.97%
Charges for Service	11.76%
Grants	16.07%
Other	1.96%

Governmental Activities Uses	
General government	14.09%
Public safety	62.37%
Public services	13.13%
Culture and recreation	6.10%
Interest on long-term debt	4.31%

For the year ended June 30, 2021, total expenses for governmental activities amounted to \$107,599,209. To fund these activities, taxpayers and other general revenues funded \$94,789,599 while those directly benefiting from the program funded \$21,270,976 from grants and other contributions and \$15,565,607 from charges for services.

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2021	2020		2021	2020	
	General government	\$ 15,163,243		\$ 14,220,538	7%	
Public safety	67,114,066	57,884,088	16%	(43,568,440)	(42,991,096)	1%
Public services	14,128,172	13,846,383	2%	(7,623,661)	(5,028,675)	52%
Culture and recreation	6,559,893	6,211,464	6%	(5,782,445)	(5,623,430)	3%
Interest on long-term debt	4,633,835	5,212,358	-11%	(4,633,835)	(5,212,358)	-11%
TOTAL	\$ 107,599,209	\$ 97,374,831	11%	\$ (70,762,626)	\$ (67,671,020)	5%

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 \$652,063 for the year ended June 30, 2021.
- Water, sewer, and stormwater activities reported net revenues of \$1,703,872, \$1,976,778, and \$1,777,263 respectively for the year ended June 30 2021, while sanitation, golf and economic development activities reported net expenses of \$3,382,823, \$115,595 and \$1,307,432, respectively.
- Net revenue (expense) of services for almost all functions changed significantly from prior year. Sewer increase in net revenues of 56% was primarily due to an increase in charges for services of \$501,679, an increase in grants and contributions of \$635,381 and netted with an increase in expense of \$431,207. Sanitation increase in net expense of 316% was primarily due to an increase in expense of \$3,212,472, netted with an increase of charges for services of \$338,504 and an increase in grants and contributions of \$304,396. Stormwater decrease in net revenue of 64% was primarily due to a decrease in capital grants and contributions of \$3,397,506.

Net Revenue (Expense) of Business-Type Activities

	<u>Total Expense of Services</u>		% Inc. (Dec.)	<u>Net Revenue (Expense) of Services</u>		% Inc. (Dec.)
	2021	2020		2021	2020	
	Water	\$ 23,120,410		\$ 21,549,658	7%	
Sewer	15,181,872	14,750,665	3%	1,976,778	1,270,425	56%
Sanitation	10,771,636	7,559,164	42%	(3,382,823)	(813,251)	-316%
Stormwater	7,123,672	7,304,307	-2%	1,777,263	4,911,544	-64%
Golf	1,604,691	1,404,386	14%	(115,595)	(147,389)	22%
Economic Development	1,324,012	1,239,738	7%	(1,307,432)	(1,070,344)	22%
TOTAL	<u>\$ 59,126,293</u>	<u>\$ 53,807,918</u>	10%	<u>\$ 652,063</u>	<u>\$ 5,518,965</u>	-88%

A financial analysis of the City's funds

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$146,753,038 or a 9.7% increase from 2020. The combined proprietary funds reported a combined total net position of \$125,668,974 or a 1.1% increase from 2020.

Other fund highlights include:

- For the year ended June 30, 2021, the General Fund's total fund balance increased by \$1,246,350 or 6.6%.
- The Public Safety Sales Tax-Police Fund's total fund balance increased by \$4,461,438 or 69.7%.
- The Public Safety Sales Tax-Fire Fund's total fund balance increased by \$5,255,950 or 3162.0%
- The Sales Tax Capital Improvement Fund's total fund balance increased by \$2,198,943 or 18.7%.
- The 2014 General Obligation Bond Fund's total fund balance decreased by \$13,923,203 or 42.8% due to the expenditures for capital outlay during the year.
- The 2018 General Obligation Bond Fund's total fund balance increased by \$6,763,459 or 21.7% due to the proceeds from the issuance of debt exceeding the related capital outlay expenditures 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 16.43% or \$12,929,326, due primarily to an increase in budget for "Transfers to other funds" in the amount of \$12,091,710.

Capital Asset and Debt Administration

Capital assets

At the end of June 30, 2021, the City had \$577,004,432 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 \$39,050,627 or 7.3% over last year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 38,530,863	\$ 36,745,213	\$ 4,320,406	\$ 4,320,406	\$ 42,851,269	\$ 41,065,619
Buildings	44,588,531	45,947,168	4,320,624	2,719,274	48,909,155	48,666,442
Improvements	26,509,312	27,995,297	117,131,803	122,757,815	143,641,115	150,753,112
Machinery and equipment	19,703,843	19,827,127	11,064,583	10,869,464	30,768,426	30,696,591
Infrastructure	156,693,625	155,756,741	69,511,724	67,309,133	226,205,349	223,065,874
Construction in progress	<u>64,674,063</u>	<u>36,967,886</u>	<u>19,955,055</u>	<u>6,738,281</u>	<u>84,629,118</u>	<u>43,706,167</u>
Totals	<u>\$ 350,700,237</u>	<u>\$ 323,239,432</u>	<u>\$ 226,304,195</u>	<u>\$ 214,714,373</u>	<u>\$ 577,004,432</u>	<u>\$ 537,953,805</u>

This year's more significant capital asset additions included:

- Paving-Riverstone Estates project totaling \$757,783-Governmental
- Paving-Ninety Nine Phase 4 project totaling \$612,651-Governmental
- Windstream Land totaling \$1,092,576-Governmental
- Senior Center Land totaling \$693,074-Governmental
- Pierce Enforcer vehicle totaling \$807,055-Governmental
- Tiger Hill Retaining Wall project totaling \$1,451,010-Governmental
- East Nashville St Alfa Laval project totaling \$1,896,845-Governmental
- Fire Truck Pumper totaling \$606,385-Governmental
- Core Church building totaling \$1,805,889-Proprietary
- Verdigris River WT Tank Replacement project totaling \$503,490-Proprietary

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 \$355,768,017 in long-term debt outstanding which represents a \$39,862,678 or 12.6% increase from prior year amount. The City's change in long-term debt by type of debt is as follows:

	Primary Government Long-Term Debt						Total Percentage Change
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Accrued compensated absences	\$ 4,517,212	\$ 3,541,088	\$ 783,394	\$ 733,583	\$ 5,300,606	\$ 4,274,671	24%
General obligation bond	156,645,000	147,015,000	-	-	156,645,000	147,015,000	7%
Notes payable	7,716,362	9,419,883	170,636,201	140,994,617	178,352,563	150,414,500	19%
Unamortized premium	3,113,399	2,614,558	5,409,976	4,132,950	8,523,375	6,747,508	26%
Judgments payable	339,572	680,130	-	-	339,572	680,130	-50%
Automotive and general liability	1,316,000	1,366,000	-	-	1,316,000	1,366,000	-4%
Meter deposit liability	-	-	1,025,091	997,682	1,025,091	997,682	3%
Claims payable	<u>4,265,810</u>	<u>4,409,848</u>	<u>-</u>	<u>-</u>	<u>4,265,810</u>	<u>4,409,848</u>	-3%
Totals	<u>\$ 177,913,355</u>	<u>\$ 169,046,507</u>	<u>\$ 177,854,662</u>	<u>\$ 146,858,832</u>	<u>\$ 355,768,017</u>	<u>\$ 315,905,339</u>	13%

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 source 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. With the nation and the state's economic slowdown due to the Coronavirus, the City of Broken Arrow has fared very well. The majority of our businesses were considered essential businesses and were able to remain open. For FY 22 we had budgeted a 1% increase in Sales Tax. As of June 2022, the City's sales tax is 12.34% over the prior year.

Building permits both residential and commercial remain strong and we continued our 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 was a recipient of funds from the Cares Act through the State of Oklahoma to help to offset allowable expenses incurred because of the Coronavirus Pandemic.

In the fall of 2018, the voters approved propositions for a \$210 million G.O. bond package over the next ten years. This will provide for needed infrastructure improvements and quality of life projects 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 has sold three series:

- December 2018 \$12,500,000
- December 2019 \$23,250,000
- December 2020 \$20,000,000

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 4 increase was approved effective October 1, 2019 and year 5 was to be effective October 1, 2020 but due to the Coronavirus the City Council voted to place the year 5 rate increase on hold. The Authority is currently gathering information to update the current rate model to fund the Authority's future operational and capital needs.

City will continue monitor the current economic situation due to the Coronavirus and will respond with appropriate action as time goes on.

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, 2021

Statement of Net Position

	Broken Arrow Statement of Net Position June 30, 2021				
	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	\$ 75,549,502	\$ 42,489,447	\$ 118,038,949	\$ 2,786	\$ 10,998
Investments	62,732,459	8,333	62,740,792	-	-
Taxes receivable	1,441,028	-	1,441,028	-	-
Internal Balances	10,564,904	(10,564,904)	-	-	-
Due from other governments	14,793,860	8,444,141	23,238,001	-	-
Accrued interest receivable	115,908	4,200	120,108	-	-
Accounts receivable, net of allowance	2,017,261	7,872,790	9,890,051	-	-
Inventory	-	1,755,864	1,755,864	-	-
Prepaid assets	2,914	34,733	37,647	-	-
Investment in joint venture	-	37,573,568	37,573,568	-	-
Capital Assets:					
Non-depreciable	103,204,926	24,275,461	127,480,387	-	-
Depreciable, net of depreciation	247,495,311	202,028,734	449,524,045	-	-
Total assets	<u>517,918,073</u>	<u>313,922,367</u>	<u>831,840,440</u>	<u>2,786</u>	<u>10,998</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow related to fair value of hedging derivative	833,037	-	833,037	-	-
Deferred outflow related to refunding of debt	476,786	38,383	515,169	-	-
Deferred outflows related to pension	23,355,813	-	23,355,813	-	-
Deferred outflows related to OPEB	4,658	54,259	58,917	-	-
Total deferred outflow of resources	<u>24,670,294</u>	<u>92,642</u>	<u>24,762,936</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	4,167,629	4,473,992	8,641,621	-	-
Accrued payroll	3,996,389	587,024	4,583,413	-	-
Accrued interest payable	1,012,085	1,379,333	2,391,418	-	-
Due to other governments	2,893	6,603	9,496	-	-
Due to bondholders	97,323	-	97,323	-	-
Other payables	-	141,419	141,419	-	-
Amounts held in escrow	1,063,225	406,871	1,470,096	-	-
Unearned revenue	7,155,227	-	7,155,227	-	-
Long term liabilities:					
Due within one year	18,867,386	8,646,467	27,513,853	-	-
Due in more than one year	221,260,438	169,568,478	390,828,916	-	-
Total liabilities	<u>257,622,595</u>	<u>185,210,187</u>	<u>442,832,782</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS					
Deferred inflows related to pensions	4,879,638	-	4,879,638	-	-
Deferred inflows related to OPEB	195,665	59,281	254,946	-	-
Total deferred inflow of resources	<u>5,075,303</u>	<u>59,281</u>	<u>5,134,584</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	183,702,262	86,765,517	270,467,779	-	-
Restricted for:					
Capital projects	80,908,110	-	80,908,110	-	-
Debt service	12,032,992	2,433,146	14,466,138	-	-
Public Safety	18,655,680	-	18,655,680	-	-
Other purposes	3,224,400	-	3,224,400	-	-
Unrestricted (deficit)	(18,632,975)	39,546,878	20,913,903	2,786	10,998
Total net position	<u>\$ 279,890,469</u>	<u>\$ 128,745,541</u>	<u>\$ 408,636,010</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, 2021

Statement of Activities

Broken Arrow
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Broken Arrow Home Finance Authority	Broken Arrow Hospital Authority
Primary government									
Governmental Activities									
General government	\$ 15,163,243	\$ 5,507,750	\$ 242,936	\$ 258,312	\$ (9,154,245)	\$ -	\$ (9,154,245)	\$ -	\$ -
Public safety	67,114,066	8,315,698	15,188,814	41,114	(43,568,440)	-	(43,568,440)	-	-
Public services	14,128,172	1,027,235	1,011,804	4,465,472	(7,623,661)	-	(7,623,661)	-	-
Cultural and recreation	6,559,893	714,924	62,524	-	(5,782,445)	-	(5,782,445)	-	-
Interest on long-term debt	4,633,835	-	-	-	(4,633,835)	-	(4,633,835)	-	-
Total governmental activities	<u>107,599,209</u>	<u>15,565,607</u>	<u>16,506,078</u>	<u>4,764,898</u>	<u>(70,762,626)</u>	<u>-</u>	<u>(70,762,626)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water	23,120,410	23,027,663	72,821	1,723,798	-	1,703,872	1,703,872	-	-
Sewer	15,181,872	14,889,847	-	2,268,803	-	1,976,778	1,976,778	-	-
Sanitation	10,771,636	7,084,417	-	304,396	-	(3,382,823)	(3,382,823)	-	-
Stormwater	7,123,672	7,147,303	-	1,753,632	-	1,777,263	1,777,263	-	-
Golf	1,604,691	1,489,096	-	-	-	(115,595)	(115,595)	-	-
Economic Development	1,324,012	-	16,580	-	-	(1,307,432)	(1,307,432)	-	-
Total business-type activities	<u>59,126,293</u>	<u>53,638,326</u>	<u>89,401</u>	<u>6,050,629</u>	<u>-</u>	<u>652,063</u>	<u>652,063</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 166,725,502</u>	<u>\$ 69,203,933</u>	<u>\$ 16,595,479</u>	<u>\$ 10,815,527</u>	<u>(70,762,626)</u>	<u>652,063</u>	<u>(70,110,563)</u>		
Component Units									
Finance	\$ -	\$ -	\$ -	\$ -				-	-
Health	-	-	-	-				-	-
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>-</u>	<u>-</u>
General revenues:									
Taxes:									
Sales and use taxes					69,159,187	-	69,159,187	-	-
Property taxes					17,271,111	-	17,271,111	-	-
Franchise and miscellaneous taxes					4,105,850	-	4,105,850	-	-
Hotel/motel taxes					591,520	-	591,520	-	-
Tobacco taxes					548,094	-	548,094	-	-
E-911 taxes					1,273,028	-	1,273,028	-	-
Intergovernmental revenue not restricted to specific programs					326,220	-	326,220	-	-
Unrestricted investment earnings					611,916	9,134	621,050	-	-
Miscellaneous					1,652,673	-	1,652,673	-	-
Transfers					(750,000)	750,000	-	-	-
Total general revenues and transfers					<u>94,789,599</u>	<u>759,134</u>	<u>95,548,733</u>	<u>-</u>	<u>-</u>
Change in net position					<u>24,026,973</u>	<u>1,411,197</u>	<u>25,438,170</u>	<u>-</u>	<u>-</u>
Net position - beginning					<u>255,863,496</u>	<u>127,334,344</u>	<u>383,197,840</u>	<u>2,786</u>	<u>10,998</u>
Net position - ending					<u>\$ 279,890,469</u>	<u>\$ 128,745,541</u>	<u>\$ 408,636,010</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, 2021

Governmental Funds – Balance Sheet

City of Broken Arrow, Oklahoma Balance Sheet Governmental Funds June 30, 2021									
	General Fund	Public Safety Sales Tax- Police	Public Safety Sales Tax-Fire	Sales Tax Capital Improvement Fund	2014 General Obligation Bond Fund	2018 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 3,808,296	\$ 6,528,851	\$ 5,850,797	\$ 2,784,398	\$ 10,708,227	\$ 4,818,126	\$ 9,625,860	\$ 29,455,930	\$ 73,580,485
Investments	7,000,000	4,999,385	-	-	8,201,409	35,055,920	1,331,239	6,144,506	62,732,459
Taxes receivable, net	372,324	-	-	-	-	-	1,068,704	-	1,441,028
Due from other funds	5,277,184	-	-	8,385,554	-	-	-	-	13,662,738
Receivable from other governments	9,439,968	508,246	464,191	3,030,989	424,370	-	6,928	919,168	14,793,860
Accrued interest receivable	8,547	411	-	-	15,719	78,947	261	12,023	115,908
Other receivables, net	1,769,795	-	-	-	-	-	-	244,107	2,013,902
Prepaid expenses	2,914	-	-	-	-	-	-	-	2,914
Total assets	<u>\$ 27,679,028</u>	<u>\$ 12,036,893</u>	<u>\$ 6,314,988</u>	<u>\$ 14,200,941</u>	<u>\$ 19,349,725</u>	<u>\$ 39,952,993</u>	<u>\$ 12,032,992</u>	<u>\$ 36,775,734</u>	<u>\$ 168,343,294</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 457,450	\$ 90,900	\$ 191,092	\$ 266,128	\$ 316,277	\$ 1,881,327	\$ -	\$ 964,036	\$ 4,167,210
Accrued payroll	2,249,911	1,044,755	701,723	-	-	-	-	-	3,996,389
Due to other funds	3,092,969	-	-	-	-	-	-	4,865	3,097,834
Due to other governments	2,893	-	-	-	-	-	-	-	2,893
Due to bondholders	97,323	-	-	-	-	-	-	-	97,323
Amounts held in escrow	1,061,159	-	-	-	-	-	-	86	1,061,245
Unearned revenue	270,994	-	-	-	-	-	-	6,884,233	7,155,227
Total liabilities	<u>7,232,699</u>	<u>1,135,655</u>	<u>892,815</u>	<u>266,128</u>	<u>316,277</u>	<u>1,881,327</u>	<u>-</u>	<u>7,853,220</u>	<u>19,578,121</u>
DEFERRED INFLOWS OF RESOURCES									
Deferred revenue	456,977	37,366	-	-	440,089	78,947	927,474	71,282	2,012,135
Total deferred inflows of resources	<u>456,977</u>	<u>37,366</u>	<u>-</u>	<u>-</u>	<u>440,089</u>	<u>78,947</u>	<u>927,474</u>	<u>71,282</u>	<u>2,012,135</u>
Fund balances:									
Restricted	-	10,863,872	5,422,173	13,934,813	18,593,359	37,992,719	11,105,518	15,357,759	113,270,213
Committed	-	-	-	-	-	-	-	5,039,394	5,039,394
Assigned	7,729,491	-	-	-	-	-	-	8,454,079	16,183,570
Unassigned	12,259,861	-	-	-	-	-	-	-	12,259,861
Total fund balances	<u>19,989,352</u>	<u>10,863,872</u>	<u>5,422,173</u>	<u>13,934,813</u>	<u>18,593,359</u>	<u>37,992,719</u>	<u>11,105,518</u>	<u>28,851,232</u>	<u>146,753,038</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 27,679,028</u>	<u>\$ 12,036,893</u>	<u>\$ 6,314,988</u>	<u>\$ 14,200,941</u>	<u>\$ 19,349,725</u>	<u>\$ 39,952,993</u>	<u>\$ 12,032,992</u>	<u>\$ 36,775,734</u>	<u>\$ 168,343,294</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2021

Broken Arrow
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Position
June 30, 2021

Total fund balance, governmental funds \$ 146,753,038

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 350,700,237

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	1,433,497
Court fines receivable	300,442
Cemetery receivable	14,126
Street light fee	3,348
Interest receivable	115,908
Miscellaneous receivables	144,814
Deferred outflow - derivative fair value	833,037
Deferred outflows related to pensions	23,355,813
Deferred outflow on refunding	476,786
Deferred outflow - OPEB	4,658
	<u>26,682,429</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	(1,591,210)
Stormwater Capital Fund	(1,485,357)
	<u>(3,076,567)</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 780,734

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	(3,113,399)
General obligation bonds payable	(156,645,000)
Notes payable	(7,716,362)
Accrued compensated absences	(4,517,212)
Accrued interest payable	(1,012,085)
Derivative investment liability-interest rate swap	(833,037)
Automotive and general liability	(1,316,000)
Judgments payable	(339,572)
Deferred inflows related to OPEB	(195,665)
Total OPEB liability	(871,110)
Net pension liability	(60,510,322)
Deferred inflows related to pensions	(4,879,638)
	<u>(241,949,402)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 279,890,469

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2021

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, 2021									
	General Fund	Public Safety Sales Tax- Police	Public Safety Sales Tax-Fire	Sales Tax Capital Improvement Fund	2014 General Obligation Bond Fund	2018 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES									
Sales and use taxes	\$ 51,406,985	\$ 2,536,028	\$ 2,536,028	\$ 8,453,431	\$ -	\$ -	\$ -	\$ 4,226,715	\$ 69,159,187
Property tax	-	-	-	-	-	-	17,180,782	33,160	17,213,942
Franchise and miscellaneous taxes	4,653,944	-	-	-	-	-	-	591,520	5,245,464
Intergovernmental	601,947	1,152,904	3,578,045	1,546,200	10,168	-	-	10,193,623	17,082,887
Charges for services	11,981,128	-	-	-	-	-	-	2,422,449	14,403,577
Fines and forfeitures	1,175,308	-	-	-	-	-	-	5,965	1,181,273
Licenses and permits	1,590,691	-	-	-	-	-	-	-	1,590,691
Rental income	1,264,152	-	-	-	-	-	-	-	1,264,152
Investment income	26,530	1,493	1,630	5,435	300,679	371,812	63,343	79,424	850,346
Miscellaneous	262,329	25,443	8,438	53,458	-	-	-	446,134	795,802
Total revenues	<u>72,963,014</u>	<u>3,715,868</u>	<u>6,124,141</u>	<u>10,058,524</u>	<u>310,847</u>	<u>371,812</u>	<u>17,244,125</u>	<u>17,998,990</u>	<u>128,787,321</u>
EXPENDITURES									
Current:									
General government	12,840,527	-	-	-	-	-	-	548,588	13,389,115
Public safety	-	26,206,950	26,391,475	-	-	-	-	112,826	52,711,251
Public services	3,200,087	-	-	-	-	-	-	-	3,200,087
Parks and recreation	4,321,514	-	-	-	-	-	-	-	4,321,514
Debt Service:									
Principal	-	-	-	1,703,521	-	-	11,200,558	-	12,904,079
Interest and other charges	-	-	-	526,166	-	-	4,713,135	-	5,239,301
Bond issuance costs	-	-	-	-	-	181,179	327,007	-	508,196
Capital Outlay	-	419,992	162,477	5,629,894	14,234,060	13,427,174	-	9,992,156	43,865,743
Total expenditures	<u>20,362,128</u>	<u>26,626,942</u>	<u>26,553,952</u>	<u>7,859,581</u>	<u>14,234,050</u>	<u>13,608,353</u>	<u>16,240,700</u>	<u>10,653,570</u>	<u>136,139,276</u>
Excess (deficiency) of revenues over expenditures	52,600,886	(22,911,074)	(20,429,811)	2,198,943	(13,923,203)	(13,236,541)	1,003,425	7,345,420	(7,351,955)
OTHER FINANCING SOURCES (USES)									
Proceeds from long-term debt	-	-	-	-	-	20,000,000	10,060,000	-	30,060,000
Payment to escrow agent	-	-	-	-	-	-	(9,916,029)	-	(9,916,029)
Accrued interest on debt issue	-	-	-	-	-	-	35,374	-	35,374
Bond premium	-	-	-	-	-	-	855,355	-	855,355
Transfers in	17,952,230	27,372,512	25,685,761	1,800,000	-	-	-	-	72,810,503
Transfers out	(69,306,766)	-	-	(1,800,000)	-	-	(63,342)	(2,390,395)	(73,560,503)
Total other financing sources and uses	<u>(51,354,536)</u>	<u>27,372,512</u>	<u>25,685,761</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>971,358</u>	<u>(2,390,395)</u>	<u>20,284,700</u>
Net change in fund balances	1,246,350	4,461,438	5,255,950	2,198,943	(13,923,203)	6,763,459	1,974,783	4,955,025	12,932,745
Fund balances - beginning	18,743,002	6,402,434	166,223	11,735,870	32,516,562	31,229,260	9,130,735	23,896,207	133,820,293
Fund balances - ending	<u>\$ 19,989,352</u>	<u>\$ 10,863,872</u>	<u>\$ 5,422,173</u>	<u>\$ 13,934,813</u>	<u>\$ 18,593,359</u>	<u>\$ 37,992,719</u>	<u>\$ 11,105,518</u>	<u>\$ 28,851,232</u>	<u>\$ 146,753,038</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2021

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, 2021**

Net change in fund balances - total governmental funds: \$ 12,932,745

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	37,092,289
Book value on capital assets disposed	(97,145)
Capital assets contributed	2,631,587
Depreciation expense	(12,165,926)
	<u>27,460,805</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:

GO bond principal payment	10,860,000
Bond proceeds	(30,060,000)
Payment to escrow agent	9,916,029
Premium on bonds	(855,355)
Amortization of premium on bonds	334,987
Principal paid on judgments	340,558
Notes payable principal payment	1,703,521
	<u>(7,760,260)</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	(223,922)
Changes in deferred outflow - fair value derivative	399,041
Changes in deferred outflows related to OPEB	4,658
Changes in deferred outflows related to pensions	5,414,845
	<u>5,594,622</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>(376,301)</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	294,179
Accrued compensated absences change	(976,124)
Change in derivative investment liability- interest rate swap	(399,041)
Changes in deferred inflows related to OPEB	(14,348)
Total OPEB liability change	(20,889)
Change in net pension liability	(16,763,869)
Change in deferred inflows related to pensions	3,874,674
Change in deferred outflow on refunding	(59,074)
Change in claims liability	50,000
	<u>(14,014,492)</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	(129,227)
Change in Stormwater Capital Fund	112,957
	<u>(16,270)</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>206,124</u>
---	----------------

Change in net position of governmental activities \$ 24,026,973

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2021

Proprietary Funds – Statement of Net Position

Broken Arrow
Statement of Net Position
Proprietary Funds
June 30, 2021

	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	\$ 194,050	\$ 4,831,999	\$ 121,823	\$ 5,147,872	\$ 5,067,877
Restricted cash and cash equivalents	18,417,004	13,655,931	-	32,072,935	-
Investments	8,333	-	-	8,333	-
Accounts receivable, net	7,872,790	-	-	7,872,790	-
Due from other funds	3,557,993	-	-	3,557,993	-
Due from other governments	8,444,141	-	-	8,444,141	-
Interest receivable	-	4,200	-	4,200	-
Other receivable	-	-	-	-	3,359
Inventories	1,691,580	-	64,284	1,755,864	-
Prepaid assets	20,500	-	14,233	34,733	-
Total current assets	<u>40,206,391</u>	<u>18,492,130</u>	<u>200,340</u>	<u>58,898,861</u>	<u>5,071,236</u>
Noncurrent assets:					
Restricted cash and cash equivalents	1,669,780	500,000	-	2,169,780	-
Investment in joint venture	37,573,568	-	-	37,573,568	-
Capital assets:					
Land and other nondepreciable assets	22,265,655	1,780,129	229,677	24,275,461	-
Other capital assets, net of accumulated depreciation	195,862,682	1,924,980	4,241,072	202,028,734	-
Total noncurrent assets	<u>257,371,685</u>	<u>4,205,109</u>	<u>4,470,749</u>	<u>266,047,543</u>	<u>-</u>
Total assets	<u>297,578,076</u>	<u>22,697,239</u>	<u>4,671,089</u>	<u>324,946,404</u>	<u>5,071,236</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	38,383	-	-	38,383	-
Deferred amounts related to OPEB	54,259	-	-	54,259	-
Total deferred outflows of resources	<u>92,642</u>	<u>-</u>	<u>-</u>	<u>92,642</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	3,724,536	148,172	578,991	4,451,699	22,712
Accrued payroll payable	587,024	-	-	587,024	-
Accrued interest payable	1,331,047	48,286	-	1,379,333	-
Due to other funds	10,084,242	3,360,000	678,655	14,122,897	-
Other accrued expenses	-	-	141,419	141,419	-
Amounts held in escrow	406,871	-	-	406,871	1,980
Due to other governments	-	-	6,603	6,603	-
Compensated absences	522,263	-	-	522,263	-
Claims liability	-	-	-	-	969,000
Meter deposit liability	205,018	-	-	205,018	-
Bonds, notes and loans payable, net	7,124,186	795,000	-	7,919,186	-
Total current liabilities	<u>23,985,187</u>	<u>4,351,458</u>	<u>1,405,668</u>	<u>29,742,313</u>	<u>993,692</u>
Non-current liabilities:					
Compensated absences	261,131	-	-	261,131	-
Claims liability	-	-	-	-	3,296,810
Meter deposit liability	820,073	-	-	820,073	-
Bonds, notes and loans payable	147,711,991	20,415,000	-	168,126,991	-
Total OPEB liability	360,283	-	-	360,283	-
Total non-current liabilities	<u>149,153,478</u>	<u>20,415,000</u>	<u>-</u>	<u>169,568,478</u>	<u>3,296,810</u>
Total liabilities	<u>173,138,665</u>	<u>24,766,458</u>	<u>1,405,668</u>	<u>199,310,791</u>	<u>4,290,502</u>
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pensions	59,281	-	-	59,281	-
Total deferred inflow of resources	<u>59,281</u>	<u>-</u>	<u>-</u>	<u>59,281</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	78,589,659	3,705,109	4,470,749	86,765,517	-
Restricted for debt service	2,433,146	-	-	2,433,146	-
Unrestricted (deficit)	43,449,967	(5,774,328)	(1,205,328)	36,470,311	780,734
Total net position	<u>\$ 124,472,772</u>	<u>\$ (2,069,219)</u>	<u>\$ 3,265,421</u>	<u>\$ 125,668,974</u>	<u>\$ 780,734</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.

3,076,567

Total net position per Government-Wide financial statements

\$ 128,745,541

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2021

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, 2021

	Enterprise Funds			Total	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
OPERATING REVENUES					
Water charges	\$ 22,511,514	\$ -	\$ -	\$ 22,511,514	\$ -
Sewer charges	14,429,950	-	-	14,429,950	-
Sanitation charges	6,925,719	-	-	6,925,719	-
Stormwater fees	6,936,676	-	-	6,936,676	-
Fees and fines	873,259	-	-	873,259	-
Golf	-	-	1,489,096	1,489,096	-
Miscellaneous	291,073	-	-	291,073	-
Self insurance charges	-	-	-	-	11,310,044
Total operating revenues	<u>51,968,191</u>	<u>-</u>	<u>1,489,096</u>	<u>53,457,287</u>	<u>11,310,044</u>
OPERATING EXPENSES					
General government	1,152,407	826,992	-	1,979,399	-
Finance and administration	1,832,997	-	-	1,832,997	-
Engineering and construction	3,241,643	-	-	3,241,643	-
Water distribution	9,840,105	-	-	9,840,105	-
Sanitary sewer system	6,014,127	-	-	6,014,127	-
Sanitation services	9,031,595	-	-	9,031,595	-
Support services	3,266,425	-	-	3,266,425	-
Stormwater	3,472,162	-	-	3,472,162	-
Claims expense	-	-	-	-	11,152,174
Golf	-	-	1,446,089	1,446,089	-
Depreciation	11,984,974	25,154	158,602	12,168,730	-
Total operating expenses	<u>49,836,435</u>	<u>852,146</u>	<u>1,604,691</u>	<u>52,293,272</u>	<u>11,152,174</u>
Operating income (loss)	<u>2,131,756</u>	<u>(852,146)</u>	<u>(115,595)</u>	<u>1,164,015</u>	<u>157,870</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	9,000	48	86	9,134	479
Miscellaneous revenue	-	16,580	-	16,580	47,775
Gain on disposal of capital assets	125,765	-	-	125,765	-
Operating grant	72,821	-	-	72,821	-
Bond issuance costs	(759,292)	(265,375)	-	(1,024,667)	-
Interest expense and fiscal charges	(5,562,859)	(206,491)	-	(5,769,350)	-
Total non-operating revenue (expenses)	<u>(6,114,565)</u>	<u>(455,238)</u>	<u>86</u>	<u>(6,569,717)</u>	<u>48,254</u>
Income (loss) before contributions and transfers	<u>(3,982,809)</u>	<u>(1,307,384)</u>	<u>(115,509)</u>	<u>(5,405,702)</u>	<u>206,124</u>
Capital contributions	6,050,629	-	-	6,050,629	-
Transfers in	16,663,888	3,150,000	-	19,813,888	-
Transfers out	(17,263,888)	(1,800,000)	-	(19,063,888)	-
Change in net position	<u>1,467,820</u>	<u>42,616</u>	<u>(115,509)</u>	<u>1,394,927</u>	<u>206,124</u>
Total net position - beginning	<u>123,004,952</u>	<u>(2,111,835)</u>	<u>3,380,930</u>	<u>124,274,047</u>	<u>574,610</u>
Total net position - ending	<u>\$ 124,472,772</u>	<u>\$ (2,069,219)</u>	<u>\$ 3,265,421</u>	<u>\$ 125,668,974</u>	<u>\$ 780,734</u>

Change in net position, per above

1,394,927

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.

16,270

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

\$ 1,411,197

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2021

Proprietary Funds – Statement of Cash Flows

Broken Arrow
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds				Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 53,107,230	\$ 100,000	\$ 1,489,096	\$ 54,696,326	\$ 11,313,470
Payments to suppliers	(25,040,792)	(740,782)	(1,432,300)	(27,213,874)	-
Payments to employees	(19,013,251)	-	-	(19,013,251)	-
Receipts of customer meter deposits	1,113,292	-	-	1,113,292	-
Payment of customer meter deposits	(1,085,883)	-	-	(1,085,883)	-
Claims paid	-	-	-	-	(11,287,005)
Interfund receipts	(2,240,650)	-	(143,945)	(2,384,595)	-
Net cash provided by (used in) operating activities	6,839,946	(640,782)	(87,149)	6,112,015	26,465
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	16,663,888	3,150,000	-	19,813,888	-
Transfer to other funds	(17,263,888)	(1,800,000)	-	(19,063,888)	-
Net cash provided by (used in) noncapital financing activities	(600,000)	1,350,000	-	750,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(16,196,281)	(2,051,884)	-	(18,248,165)	-
Capital grant received	537,653	-	-	537,653	-
Proceeds from issuance of debt	40,802,121	15,525,000	-	56,327,121	-
Note issuance costs	(759,292)	(265,375)	-	(1,024,667)	-
Premium on issuance of debt	1,477,192	-	-	1,477,192	-
Proceeds from sale of capital assets	128,354	-	-	128,354	-
Principal paid on capital debt	(33,800,218)	(765,000)	-	(34,565,218)	-
Interest paid on capital debt	(5,711,954)	(211,710)	-	(5,923,664)	-
Net cash provided by (used in) capital and related financing activities	(13,522,425)	12,231,031	-	(1,291,394)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investments	58,334	-	-	58,334	-
(Increase) decrease in investment in joint venture	(4,823,072)	-	-	(4,823,072)	-
Interest and dividends	9,000	48	86	9,134	479
Net cash provided by investing activities	(4,755,738)	48	86	(4,755,604)	479
Net Increase (decrease) in cash and cash equivalents	(12,038,217)	12,940,297	(87,063)	815,017	26,944
Balances-beginning of year	32,319,051	6,047,633	208,886	38,575,570	5,040,933
Balances-end of year	\$ 20,280,834	\$ 18,987,930	\$ 121,823	\$ 39,390,587	\$ 5,067,877
Reconciliation to Combining Statement of Net Position:					
Cash and cash equivalents	\$ 194,050	\$ 4,831,999	\$ 121,823	\$ 5,147,872	\$ 5,067,877
Restricted cash and cash equivalents-current	18,417,004	13,655,931	-	32,072,935	-
Restricted cash and cash equivalents-noncurrent	1,669,780	500,000	-	2,169,780	-
Total cash and cash equivalents, end of year	\$ 20,280,834	\$ 18,987,930	\$ 121,823	\$ 39,390,587	\$ 5,067,877
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 2,131,756	\$ (852,146)	\$ (115,595)	\$ 1,164,015	\$ 157,870
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	11,984,974	25,154	158,602	12,168,730	-
Miscellaneous non-operating revenue (expense)	-	16,580	-	16,580	47,775
Operating grant	133,039	100,000	-	233,039	-
Change in assets and liabilities:					
Receivables, net	951,226	-	-	951,226	-
Due from other funds	(254,679)	-	-	(254,679)	-
Due from other governments	(5,684)	-	-	(5,684)	-
Other receivable	-	-	-	-	(3,359)
Inventories	(309,471)	-	(8,872)	(318,343)	-
Prepaid assets	-	-	(979)	(979)	-
Deferred amounts related to OPEB	875	-	-	875	-
Accounts payables	(6,058,530)	69,630	(14,972)	(6,003,872)	9,207
Accrued payroll	88,053	-	-	88,053	-
Due to other funds	(1,985,971)	-	(143,945)	(2,129,916)	-
Other payables	-	-	42,016	42,016	-
Amounts held in escrow	60,458	-	-	60,458	(40,990)
Due to other governments	-	-	(3,404)	(3,404)	-
Accrued compensated absences	49,811	-	-	49,811	-
Customer meter deposits payable	27,409	-	-	27,409	-
Claims and judgments	-	-	-	-	(144,038)
Total OPEB liability	26,680	-	-	26,680	-
Net cash provided by (used in) operating activities	\$ 6,839,946	\$ (640,782)	\$ (87,149)	\$ 6,112,015	\$ 26,465
Non-cash Activities:					
Capital assets contributed	\$ 5,512,976	\$ -	\$ -	\$ 5,512,976	\$ -
Total Non-cash Activities	\$ 5,512,976	\$ -	\$ -	\$ 5,512,976	\$ -

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, 2021

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 other subsequent standards, 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.

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

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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
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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.

Component Unit	Brief Description/Inclusion Criteria
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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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, 2021, 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. 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 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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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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 two major fund categories: governmental and proprietary. 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:

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.

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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.
CARES Act Fund	Accounts for funds received from the Federal Coronavirus Aid, Relief and Economic Security Act and expended for special designated purposes approved by City Council.
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.
Creek TIF Apportionment Fund	Accounts for revenues and expenditures of the Creek 51 Tax Increment Financing.
American Relief Fund	Accounts for funds received from the Federal American Recovery Plan Act and expended for special designated purposes as prescribed by the Act and approved by City Council.

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.

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:

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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
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.
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.

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.

Non-operating 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.

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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.

Measurement focus:

Government-wide and proprietary fund financial statements

In the government-wide statement of net position and statement of activities, and the proprietary 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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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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 and proprietary 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.

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.

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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. Non-exchange 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:

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.

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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 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:

- 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.

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- 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 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.

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Fund financial statements

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

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.

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, 2021, the City's net assessed valuation of taxable property was \$1,003,830,862. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2021, was \$16.19.

CITY OF BROKEN ARROW, OKLAHOMA
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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 2021 was \$776,965.

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.

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.

CITY OF BROKEN ARROW, OKLAHOMA
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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.
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 2021, the City issued General Obligation Bonds Series 2020A, 2020B and 2020C in the amount of \$10,060,000, \$19,000,000 and \$1,000,000, respectively, which were approved by the citizens of the City.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2021.

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 2015 OWRB note payable should equal \$849,706. • Account balance on the 2019 BAEDA note payable should equal \$500,000. 	<p>Account balance at June 30, 2021 for the 2015 OWRB note payable is \$849,706.</p> <p>Account balance at June 30, 2021 for the 2019 BAEDA note payable is \$500,000.</p>
c. Revenue Bond Coverage:	
OWRB Loans and Sales Tax Revenue Note:	
<ul style="list-style-type: none"> • Net revenues of the Authority plus 125% of maximum annual debt service of all obligations on a parity with the OWRB 2004, 2007, 2012, 2016 A&B, 2017 A&B, 2018, 2019 A&B, 2020 A,B&C notes and 2019 Sales Tax Revenue Note. 	Maximum annual debt service on all parity debt is \$11,921,005. Coverage is 258%.

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, 2021.

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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, 2021, the City complied in all material respects with the applicable budget laws relating to expenditures and appropriations at the legal level of control.

Workers Compensation internal service fund has a net position deficit of \$585,049 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, 2021, the City held the following deposits and investments:

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<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	\$ 4,163	\$ 4,163	\$ -	\$ -
Demand deposits	81,061,229	81,061,229	-	-
Time deposits - certificate of deposits	57,401,835	-	29,501,613	27,900,222
	<u>Credit Rating</u>	<u>Fair Value Categories</u>		
Investments:				
United States Treasury Notes/Bills	AAA	Level I	4,999,385	-
Judgments	N/A	N/A	339,572	-
Bond Trustee Accounts:				
Federated Hermes Treas Obl-Trst #0702	AAAm	Level I	13,410,736	-
Cavalan Hill US Treasury-Admin #0002	AAAm	Level I	23,562,821	-
Total deposits and investments			<u>\$ 180,779,741</u>	<u>\$ 118,038,949</u>
				<u>\$ 34,711,724</u>
				<u>\$ 28,029,068</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 116,987,685			
Investments	62,740,792			
Add: Fiduciary cash and cash equivalents	1,051,264			
	<u>\$ 180,779,741</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 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 interest rate swap liability is measured at fair value and is considered a level 2 valuation. The notional amount of the hedging derivative at June 30, 2021 is \$5,630,000.

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Year Ending June 30, 2021

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>
2022	< 6.2975%	\$ (326,135)
2023	< 6.2975%	(249,076)
2024	< 6.2975%	(159,819)
2025	< 6.2975%	(81,957)
2026	< 6.2975%	(16,050)
Total		<u>\$ (833,037)</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	\$ -	\$ 11,234,014
Accounts receivable-ambulance	3,227,676	-
Accounts receivable-court	2,528,864	-
Accounts receivable-other	870,378	-
Less: allowance for uncollectible accounts	<u>(4,668,026)</u>	<u>(3,361,224)</u>
Other receivables, net of allowance	<u>\$ 1,958,892</u>	<u>\$ 7,872,790</u>

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, 2021, were as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Noncurrent Cash and Cash Equivalents</u>	<u>Total</u>
BAMA			
Revenue bond and note trustee accounts	\$ 18,211,986	\$ 849,706	\$ 19,061,692
Meter deposits	205,018	820,074	1,025,092
Total BAMA	<u>\$ 18,417,004</u>	<u>\$ 1,669,780</u>	<u>\$ 20,086,784</u>
BAEDA			
Revenue bond and note trustee accounts	\$ 13,655,931	\$ 500,000	\$ 14,155,931
Total BAEDA	<u>\$ 13,655,931</u>	<u>\$ 500,000</u>	<u>\$ 14,155,931</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Capital assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Additions	Deductions	Balance at June 30, 2021
Governmental activities:				
Nondepreciable:				
Land	\$ 36,745,213	\$ 1,785,650	\$ -	\$ 38,530,863
Construction-in-progress	36,967,886	33,439,978	(5,733,801)	64,674,063
Total nondepreciable assets at historical cost	<u>\$ 73,713,099</u>	<u>\$ 35,225,628</u>	<u>\$ (5,733,801)</u>	<u>\$ 103,204,926</u>
Depreciable:				
Buildings	64,409,387	-	-	64,409,387
Improvements	45,063,031	377,611	-	45,440,642
Machinery and equipment	48,557,538	3,580,110	(821,720)	51,315,928
Infrastructure	258,071,535	6,274,328	-	264,345,863
Total depreciable assets at historical cost	416,101,491	10,232,049	(821,720)	425,511,820
Less accumulated depreciation:				
Buildings	(18,462,219)	(1,358,637)	-	(19,820,856)
Improvements	(17,067,734)	(1,863,596)	-	(18,931,330)
Machinery and equipment	(28,730,411)	(3,606,249)	724,575	(31,612,085)
Infrastructure	(102,314,794)	(5,337,444)	-	(107,652,238)
Total accumulated depreciation	<u>(166,575,158)</u>	<u>(12,165,926)</u>	<u>724,575</u>	<u>(178,016,509)</u>
Net depreciable assets	<u>249,526,333</u>	<u>(1,933,877)</u>	<u>(97,145)</u>	<u>247,495,311</u>
Governmental activities capital assets, net	<u>\$ 323,239,432</u>	<u>\$ 33,291,751</u>	<u>\$ (5,830,946)</u>	<u>\$ 350,700,237</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Capital assets – (continued)

	Balance at June 30, 2020	Additions	Deductions	Balance at June 30, 2021
Business-type activities:				
Nondepreciable:				
Land	\$ 4,320,406	\$ -	\$ -	\$ 4,320,406
Construction-in-progress	6,738,281	13,973,164	(756,390)	19,955,055
Total nondepreciable assets at historical cost	<u>11,058,687</u>	<u>13,973,164</u>	<u>(756,390)</u>	<u>24,275,461</u>
Depreciable:				
Buildings	7,472,999	1,805,889	-	9,278,888
Improvements	271,907,518	521,455	-	272,428,973
Machinery and equipment	23,266,283	2,469,112	(602,306)	25,133,089
Infrastructure – drainage	89,650,450	5,747,911	-	95,398,361
Total depreciable assets at historical cost	<u>392,297,250</u>	<u>10,544,367</u>	<u>(602,306)</u>	<u>402,239,311</u>
Less accumulated depreciation:				
Buildings	(4,753,725)	(204,539)	-	(4,958,264)
Improvements	(149,149,703)	(6,147,467)	-	(155,297,170)
Machinery and equipment	(12,396,819)	(2,271,404)	599,717	(14,068,506)
Infrastructure – drainage	(22,341,317)	(3,545,320)	-	(25,886,637)
Total accumulated depreciation	<u>(188,641,564)</u>	<u>(12,168,730)</u>	<u>599,717</u>	<u>(200,210,577)</u>
Net depreciable assets	<u>203,655,686</u>	<u>(1,624,363)</u>	<u>(2,589)</u>	<u>202,028,734</u>
Business-type capital assets, net	<u>\$ 214,714,373</u>	<u>\$ 12,348,801</u>	<u>\$ (758,979)</u>	<u>\$ 226,304,195</u>

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

Depreciation expense charged to governmental activities:	
General government	\$ 1,581,885
Public safety	2,523,876
Public services	6,280,841
Culture and recreation	1,779,324
Total government activities depreciation expense	<u>\$ 12,165,926</u>
Depreciation expense charged to business-type activities:	
Water	\$ 5,041,318
Sewer	4,305,743
Sanitation	446,081
Stormwater management	2,191,832
Economic development	25,154
Golf	158,602
Total business-type activities depreciation expense	<u>\$ 12,168,730</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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, 2021, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture	\$ 32,750,496
Current year contributions	4,823,072
	<hr/>
Ending investment in joint venture	<u>\$ 37,573,568</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, 2021, the governmental activities long-term debt consisted of the following:

\$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%	\$7,590,000
\$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%	1,240,000
\$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%	4,250,000
\$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%	8,630,000
\$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%	1,425,000
\$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%	9,155,000
\$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%	5,245,000
\$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%	15,765,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

\$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%	16,785,000
\$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%	10,290,000
\$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%	10,895,000
\$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%	750,000
\$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%	2,925,000
\$23,250,000 General Obligation Bonds Series 2019A, due in annual installments of \$1,220,000, final installment of \$1,290,000 due December 1, 2039 with interest rates at 2.00% to 3.00%	23,250,000
\$3,280,000 General Obligation Bonds Series 2019B, due in annual installments varying from \$645,000 to \$675,000, final installment of \$645,000 due December 1, 2024 with interest rates at 4.00% (Issued to refund the 2009C and 2009D GO Bonds)	2,605,000
\$6,395,000 General Obligation Bonds Series 2019C, due in annual installments varying from \$540,000 to \$615,000, final installment of \$540,000 due August 1, 2030 with interest rates at 1.65% to 2.75% (Issued to refund the 2010B GO Bonds)	5,785,000
\$10,060,000 General Obligation Bonds Series 2020A, due in annual installments varying from \$770,000 to \$1,140,000, final installment of \$770,000 due August 1, 2031 with interest rates at 0.45% to 1.91% (Issued to refund the 2011 A&B GO Bonds)	10,060,000
\$19,000,000 General Obligation Bonds Series 2020B, due in annual installments of \$1,000,000, final installment due December 1, 2040 with interest rates at 2.00%	19,000,000
\$1,000,000 General Obligation Bonds Series 2020C, due in annual installments of \$250,000, final installment due December 1, 2025 with interest rates at 1.00% to 2.00%	<u>1,000,000</u>
Total general obligation bonds	156,645,000
Unamortized premium on bonds	<u>3,113,399</u>
Total general obligations bonds	<u>\$ 159,758,399</u>
Current portion	\$ 12,078,120
Noncurrent portion	<u>147,680,279</u>
Total general obligations bonds	<u>\$ 159,758,399</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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. \$191,481

\$765,000 Note with BOK Financial Equipment Finance dated 1-15-20, secured by equipment, due in annual payments of \$205,265, with interest at 2.89%, final installment due April 1, 2024. 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. 581,844

\$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% (0.081% at June 30, 2020), 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. 6,943,037

Total Notes payable \$ 7,716,362

Current portion \$ 1,804,930
 Noncurrent portion 5,911,432

Total notes payable \$ 7,716,362

Accrued compensated absences

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

Current portion \$ 3,011,475
 Noncurrent portion 1,505,737

Total accrued compensated absences \$ 4,517,212

Judgments payable

\$85,000 judgment in favor of John Franklin Loerch, held by sinking fund, final maturity October 2021, with interest at 7.5% \$28,334

\$25,000 judgment in favor of Saleem Boon, held by BAMA, final maturity July 2021, with interest at 7.5% 8,334

\$135,633 judgment in favor of B-Z Propertie, et al, held by sinking fund, final maturity October 2021, with interest at 7.5% 45,211

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

\$25,211 judgment in favor of Angela & Hugh Abercrombie, held by sinking fund, final maturity August 2022, with interest at 6.75%	16,807
\$75,000 judgment in favor of Lamont Tharps, held by sinking fund, final maturity August 2022, with interest at 6.75%	50,000
\$30,000 judgment in favor of Francis Patrick Charon, held by sinking fund, final maturity November 2022, with interest at 6.75%	20,000
\$44,280 judgment in favor of William R. Quick, held by sinking fund, final maturity March 2023 with interest at 6.75%	29,520
\$178,000 judgment in favor of CWP, Inc., held by sinking fund, final maturity August 2022 with interest at 6.75%	118,666
\$34,050 judgment in favor of Elias Nauman, held by sinking fund, final maturity March 2023 with interest at 6.75%	22,700
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Total judgments payable	\$ 339,572
	<hr/>
Current portion	\$ 210,726
Noncurrent portion	128,846
	<hr/>
Total judgments payable	\$ 339,572
	<hr/>
<u>Other claims payable</u>	
Actuarial determined automotive and general liability payable, funded by General Fund resources, reported in the governmental activities at June 30, 2020	
Current portion	\$ 467,000
Noncurrent portion	849,000
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Total automotive and general insurance liabilities	\$ 1,316,000
	<hr/>
<u>Claims payable</u>	
Actuarial determined workers compensation and health claims, funded by General Fund resources, reported in the governmental activities at June 30, 2020	
Current portion	\$ 969,000
Noncurrent portion	3,296,810
	<hr/>
Total claims payable	\$ 4,265,810
	<hr/>
<u>Total OPEB liability</u>	
Current portion	\$ -
Noncurrent portion	871,110
	<hr/>
Total other post-employment benefit obligation	\$ 871,110
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CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Advance refunding

On December 1, 2020 the City of Broken Arrow issued \$10,060,000 2020A GO Refunding Bonds Payable, with annual interest rate ranging from 0.45% to 1.91% to refund \$2,920,000 of the 2011A GO Bonds and \$6,650,000 of the 2011B GO Bonds. 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, which is August 1, 2021. As a result, the 2011A and 2011B GO Bonds 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 \$324,502. The Authority completed the advance refunding that resulted in a net present value savings of \$902,616.

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, 2021, was 258%.

As of June 30, 2021, the long-term debt payable from enterprise fund resources consisted of the following:

Notes payable-direct borrowings

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	\$2,194,985
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	3,721,131
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	23,285,047
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	5,370,149
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	9,615,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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	4,794,898
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	6,240,000
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	18,545,000
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	1,695,114
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	3,563,780
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	7,580,756
2020A Note payable to Oklahoma Water Resources Board, original amount \$26,335,000 dated October 1, 2020, by Broken Arrow Municipal Authority, providing for the refinancing of the 2012 OWRB FAP note, secured by utilities and pledged sales tax, interest rates at 0.509% to 2.625%, final maturity September 2040	26,335,000
2020B Note payable to Oklahoma Water Resources Board, original amount \$7,585,000 dated October 1, 2020, by Broken Arrow Municipal Authority, providing for engineering, design and construction of various water and sewer projects, secured by utilities and pledged sales tax, interest rates at 4.20%, final maturity September 2050	7,585,000
2020C Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$19,695,000 dated October 22, 2020, by Broken Arrow Municipal Authority, providing for engineering, design and construction of various water and sewer projects, secured by utilities and pledged sales tax, interest rate at 1.82%, final maturity September 2050	1,571,055

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

2019 Utility System & Sales Tax Revenue Note payable to BOK Financial, original amount \$5,675,000 dated November 22, 2019, by Broken Arrow Municipal Authority, providing for the refunding of the 2009 and 2011 OWRB loans, secured by utilities and pledged sales tax, interest rate at 2.54%, final maturity April 2032

5,145,000

2020 Term Loan Facility Agreement Note payable to Closed Loop Fund, LP, original amount \$2,600,000 dated December 25, 2020, by Broken Arrow Municipal Authority, providing for the purchase of sanitation equipment, secured by said equipment, interest rate at 0.00%, final maturity December 2028. In the event of default, the lender may: 1) charge interest on overdue amount at an annual rate of 2%; 2) require reimbursement of legal fees.

2,414,286

Total Notes Payable	\$ 149,426,201
Unamortized premium on notes payable	5,409,976

Total Notes Payable	<u>\$ 154,836,177</u>
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Current portion	\$ 7,124,186
Noncurrent portion	147,711,991

Total Notes Payable	<u>\$ 154,836,177</u>
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Total OPEB liability

Current portion	\$ -
Noncurrent portion	360,283

Total other post-employment benefit obligation	<u>\$ 360,283</u>
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Accrued compensated absences

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

Current portion	\$ 522,263
Noncurrent portion	261,131

Total accrued compensated absences	<u>\$ 783,394</u>
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Customer meter deposit reserves

Current portion	\$ 205,018
Noncurrent portion	820,073

Total customer meter deposit reserves	<u>\$1,025,091</u>
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CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Broken Arrow Economic Development Authority (BAEDA)-Direct Borrowing

Taxable Series 2019 Tax Increment Revenue Note payable, original amount \$7,565,000 dated March 29, 2019, by Broken Arrow Economic Development Authority, 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 the funds in the BAEDA 2019 Reserve Account. 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.	\$5,685,000
Taxable Series 2021 Tax Increment Revenue Note payable, original amount \$15,525,000 dated June 29, 2021, by Broken Arrow Economic Development Authority, for the purpose paying costs of the project as described in the South Broken Arrow Economic Development Project Plan 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. The note calls for semi-annual principal payments ranging from \$440,000 to \$570,000 commencing July 1, 2023 together with interest at 2.67%. Currently, TIF revenues generated from the South Broken Arrow TIF District is the source of repayment for this debt.	<u>15,525,000</u>
Total TIF notes payable	<u>\$ 21,210,000</u>
Current portion	\$ 795,000
Noncurrent portion	<u>20,415,000</u>
Total TIF notes payable	<u>\$ 21,210,000</u>

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amount due in one year
Governmental Activities :					
General obligation bonds	\$ 147,015,000	\$ 30,060,000	\$ 20,430,000	\$ 156,645,000	\$ 11,765,000
Notes payable-direct borrowings	9,419,883	-	1,703,521	7,716,362	1,804,930
Accrued Compensated Absences	3,541,088	976,124	-	4,517,212	3,011,475
Judgments payable	680,130	-	340,558	339,572	210,726
Automotive and general liability	1,366,000	-	50,000	1,316,000	467,000
Claims payable	4,409,848	11,152,174	11,296,212	4,265,810	969,000
	<u>\$ 166,431,949</u>	<u>\$ 42,188,298</u>	<u>\$ 33,820,291</u>	<u>\$ 174,799,956</u>	<u>\$ 18,228,131</u>
Add:					
Unamortized premium				3,113,399	313,120
Net pension liability				60,510,322	-
Total OPEB liability				871,110	-
Total Derivative Investment Liability-Interest Rate Swap				833,037	326,135
				<u>\$ 240,127,824</u>	<u>\$ 18,867,386</u>
	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amount due in one year
Business-type Activities :					
Bonds, Notes and Loans Payable-direct borrowings	\$ 134,544,617	\$ 48,681,802	\$ 33,800,218	\$ 149,426,201	\$ 6,911,591
BAEDA-Notes Payable-direct borrowings	6,450,000	15,525,000	765,000	21,210,000	795,000
Accrued Compensated Absences	733,583	49,811	-	783,394	522,263
	<u>\$ 141,728,200</u>	<u>\$ 64,256,613</u>	<u>\$ 34,565,218</u>	<u>\$ 171,419,595</u>	<u>\$ 8,228,854</u>
Add:					
Unamortized premium				5,409,976	212,595
Total OPEB liability				360,283	-
Customer Meter Deposit Reserves	997,682	1,113,292	1,085,883	1,025,091	205,018
				<u>\$ 178,214,945</u>	<u>\$ 8,646,467</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, 2021, are as follows:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Governmental Activities

Year Ending June 30,	General Obligation Bonds		Notes Payable-Direct Borrowings		Judgments Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 11,765,000	\$ 4,511,274	1,804,930	504,261	210,726	23,535
2023	12,875,000	3,962,733	1,718,896	386,682	128,846	8,697
2024	11,385,000	3,584,252	1,834,499	267,785	-	-
2025	10,695,000	3,287,779	1,638,037	140,698	-	-
2026	9,640,000	3,033,961	720,000	26,272	-	-
2027-2031	46,510,000	11,294,015	-	-	-	-
2032-2036	37,265,000	5,237,957	-	-	-	-
2037-2041	16,510,000	870,851	-	-	-	-
Total	<u>\$ 156,645,000</u>	<u>\$ 35,782,822</u>	<u>\$ 7,716,362</u>	<u>\$ 1,325,698</u>	<u>\$ 339,572</u>	<u>\$ 32,232</u>

Business-Type Activities

Year Ending June 30,	Bonds, Notes & Loans Payable-Direct Borrowings	
	Principal	Interest
2022	\$ 7,706,591	\$ 6,228,711
2023	7,902,636	5,519,562
2024	9,118,542	5,368,501
2025	8,720,902	5,177,452
2026	8,678,614	4,961,905
2027-2031	42,242,728	21,298,153
2032-2036	42,755,597	15,015,752
2037-2041	37,045,000	8,518,908
2042-2046	18,690,000	3,578,339
2047-2051	10,425,000	680,782
Total	<u>\$ 193,285,610</u>	<u>\$ 76,348,065</u>
Less: Amount not drawn	<u>(22,649,409)</u>	
	<u>\$ 170,636,201</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 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 notes 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 their respective Tax Increment Districts.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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 \$11,500,000 2004 Drinking Water SRF note payable, \$15,000,000 2007 SRF note payable, \$35,000,000 2012 Drinking Water SRF note payable, \$6,540,000 2012 Clean Water SRF note payable, \$11,900,000 2015 Drinking 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, \$26,335,000 2020A Drinking Water SRF note payable, \$7,585,000 2020B Drinking Water SRF note payable, \$19,695,000 2020C Clean Water SRF note payable to the Oklahoma Water Resources Board (OWRB) and \$5,675,000 2019 Utility System & Sales Tax Revenue Note payable to BOK Financial. These notes are payable through 2050. The total remaining principal and interest payable for the life of these notes is \$241,607,804. Pledged sales taxes received in the current year were \$16,663,888 and net utility revenues were \$11,670,744 for total pledged net revenues of \$28,334,632. Debt service payments of \$12,021,460 (excluding the \$27,305,000 refinanced portion of the 2012 OWRB loan) for the current year were 42.4% of net pledged revenues for these notes.

Interfund balances and activities

Interfund receivables and payables at June 30, 2021, 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	\$ 4,865	Operational advances
General Fund	BAMA	3,092,969	Operational subsidy
General Fund	BAMA	2,179,350	Eliminated negative cash
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	213,631	Operational advances
BAMA	General	3,092,969	Sales tax collections
BAMA	Battle Creek Golf Course	465,024	Operational advances
		\$ 17,220,731	

Due From/Due To:

Reconciliation to Fund Financial Statements:

	<u>Due from</u>	<u>Due to</u>	<u>Net Interfund Balances</u>
Governmental Funds	\$ 13,662,738	\$ (3,097,834)	\$ 10,564,904
Proprietary Funds	3,557,993	(14,122,897)	(10,564,904)
	\$ 17,220,731	\$ (17,220,731)	\$ -

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Interfund transfers for the year ended June 30, 2021, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	BAMA	\$ 16,663,888	Sales Tax Collections
General Fund	Public Safety Sales Tax-Police	26,357,117	Sales Tax Collections
General Fund	Public Safety Sales Tax-Fire	25,685,761	Sales Tax Collections
General Fund	BAEDA	600,000	Economic Development
Sales Tax Capital Improvement Fund	BAEDA	1,800,000	Operating subsidy
Debt Service Fund	General Fund	63,342	Operational/Interest
Convention and Visitor's Bureau	General Fund	225,000	Operational/General Government
Street and Alley	General Fund	1,000,000	Operational/Streets
CARES Act Fund	Public Safety Sales Tax-Police	15,395	Operating subsidy
CARES Act Fund	BAEDA	150,000	Operating subsidy
E911	Public Safety Sales Tax-Police	1,000,000	Operational/Public Safety
BAMA	General Fund	16,663,888	Operating subsidy
BAMA	BAEDA	600,000	Economic Development
BAEDA	Sales Tax Capital Improvement Fund	1,800,000	Return of operating subsidy
		<u>\$ 92,624,391</u>	

Transfers:

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 72,810,503	\$ (73,560,503)	\$ (750,000)
Proprietary Funds	19,813,888	(19,063,888)	750,000
Total Transfers	<u>\$ 92,624,391</u>	<u>\$ (92,624,391)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Net Interfund Balances</u>
Net transfers	\$ (750,000)	\$ 750,000	\$ -
Business type expenses in special revenue funds	-	-	-
Net transfers	<u>\$ (750,000)</u>	<u>\$ 750,000</u>	<u>\$ -</u>

Fund Balance:

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

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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	General Fund	Public Safety Sales Tax - Police	Public Safety Sales Tax - Fire	Sales Tax Capital Improvement Fund	2014 General Obligation Bond Fund	2018 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total
Fund Balance									
Restricted For:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,055,518	\$ -	\$ 11,055,518
Capital improvements	-	-	-	13,934,813	18,593,359	37,992,719	-	9,866,226	80,387,117
Convention and Visitor's Bureau	-	-	-	-	-	-	-	1,090,105	1,090,105
Public safety	-	10,863,872	5,422,173	-	-	-	-	262,661	16,548,706
Cemetery care	-	-	-	-	-	-	-	147,693	147,693
Street and alley operations	-	-	-	-	-	-	-	1,649,891	1,649,891
Housing and Urban Development	-	-	-	-	-	-	-	249,072	249,072
E911	-	-	-	-	-	-	-	1,776,384	1,776,384
Industrial Development	-	-	-	-	-	-	-	33,160	33,160
Crime Prevention	-	-	-	-	-	-	-	191,171	191,171
Alcohol enforcement	-	-	-	-	-	-	-	91,396	91,396
Sub-total restricted	-	10,863,872	5,422,173	13,934,813	18,593,359	37,992,719	11,055,518	15,357,759	113,270,213
Committed for:									
Excess capacity sewer escrow	-	-	-	-	-	-	-	1,591,210	1,591,210
Stormwater capital improvements	-	-	-	-	-	-	-	1,485,357	1,485,357
Parks and recreation	-	-	-	-	-	-	-	893,744	893,744
Cemetery care	-	-	-	-	-	-	-	220,267	220,267
Street lights	-	-	-	-	-	-	-	650,473	650,473
Economic development	-	-	-	-	-	-	-	198,343	198,343
Sub-total committed	-	-	-	-	-	-	-	5,039,394	5,039,394
Assigned for:									
Subsequent year budget/activities	7,729,491	-	-	-	-	-	-	8,454,079	16,183,570
Sub-total assigned	7,729,491	-	-	-	-	-	-	8,454,079	16,183,570
Unassigned:	12,259,861	-	-	-	-	-	-	-	12,259,861
TOTAL FUND BALANCE	\$ 19,989,352	\$ 10,863,872	\$ 5,422,173	\$ 13,934,813	\$ 18,593,359	\$ 37,992,719	\$ 11,055,518	\$ 28,851,232	\$ 146,753,038

Prior Period Adjustment:

Although net position did not change for the Government-Wide financial statements or the General Fund, the Escrow Fund, which was reported as a Fiduciary Fund Type – Agency Fund in the prior year, was reclassified in the current year as an account of the General Fund due to the implementation of GASB n84- Fiduciary Funds.

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

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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 OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions – The contributions requirements of the Plan are at an established rate 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, 2021 the total contribution to the system amounted to \$2,644,772 of which \$1,637,241 was made by the City and \$1,007,531 was made by the employees. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,074,425 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 \$1,478,526. These on-behalf payments did not meet the criteria of a special funding situation.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Pension liabilities, pension expense, deferred outflows, and deferred inflows of resources related to pensions – At June 30, 2021, the City reported a liability of \$4,213,955 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City’s proportion was 3.6693%.

For the year ended June 30, 2021, the City recognized pension expense of \$4,948,569. At June 30, 2021 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	\$ 109,018	\$ 1,144,399
Changes of assumptions	432,896	-
Net difference between projected and actual earnings on pension plan investments	4,971,809	-
Changes in proportion	10,194	92,824
City contributions during measurement date	18,682	27,717
City contributions subsequent to the measurement date	1,637,241	-
Total	<u>\$ 7,179,840</u>	<u>\$ 1,264,940</u>

In the year ending June 30, 2022, \$1,637,241 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:

Year ended June 30:		
	2022	\$ 595,377
	2023	1,248,827
	2024	1,603,405
	2025	924,601
	2026	(94,551)
		<u>\$ 4,277,659</u>

Actuarial assumptions – The total pension liability in the July 1, 2020 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 12% average, including inflation
Investment rate of return	7.5% net of pension plan investment expense

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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 with fully generational improvement using Scale AA..

The actuarial assumptions used in the July 1, 2020, 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 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, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%
Commodities	0.00%

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Police Pension net pension liability (asset)	\$ 14,886,200	\$ 4,213,955	\$ (4,812,520)

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.

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

- 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% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. For the year ended June 30, 2021, the total contribution to the system amounted to \$3,428,844 of which \$2,087,122 was made by the City and \$1,341,722 was made by the employees. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$3,559,880 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 \$4,733,964. 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, 2021, the City reported a liability of \$56,296,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 4.5698%.

For the year ended June 30, 2021, the City recognized pension expense of \$12,686,556. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,174,993	\$ 755,359
Changes of assumptions	-	954,000
Net difference between projected and actual earnings on pension plan investments	827,491	-
Changes in proportion	5,975,273	1,905,295
City contributions during measurement date	111,094	44
City contributions subsequent to the measurement date	2,087,122	-
Total	<u>\$ 16,175,973</u>	<u>\$ 3,614,698</u>

In the year ending June 30, 2022, \$2,087,122 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:

Year ended June 30:

2022	\$ 2,850,491
2023	3,701,739
2024	2,418,424
2025	1,503,499
	<u>\$ 10,474,153</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% 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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

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, 2020, are summarized in the following table:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%
	100%	

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Fire Pension net pension liability	\$ 73,111,204	\$ 56,296,367	\$ 42,228,084

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, 2021, 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, 2021, 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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

For the year ended June 30, 2021, the following amounts related to actual contributions to the defined contribution plan:

Employee contributions made	\$ 190,745
Employer (City) contributions made	\$ 2,662,236

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.

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, 2021 the following employees were covered by the benefit terms:

Active Employees	566
Inactive or beneficiaries currently receiving benefit payments	<u>7</u>
Total	<u>573</u>

Total OPEB Liability. The City's total OPEB liability of \$1,231,393 was measured as of June 30, 2021, 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, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.16%, based on June 30, 2020 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:

	<i>Civilian Retirement</i>
<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%

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

- 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 coverage will continue coverage upon retirement with 70% continuing as individual coverage and 30% as individual with spouse coverage.
- Healthcare cost trend rates - Level 4.5%
- 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	\$ 1,183,824
Changes for the Year:	
Service Cost	97,491
Interest expense	27,902
Difference between expected and actual experience	(47,742)
Change of assumptions	7,465
Expected net benefit payments	(37,547)
Net Changes	47,569
Balances at End of Year	\$ 1,231,393
Governmental Activities	\$ 871,110
Business-Type Activities	360,283
	\$ 1,231,393

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 2.16%, 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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
OPEB liability	\$ 1,359,614	\$ 1,231,393	\$ 1,116,486

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 4.50%, 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 (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease 3.50%	Healthcare Cost Trend Rates 4.50%	1% Increase 5.50%
OPEB liability	\$ 1,075,997	\$ 1,231,393	\$ 1,417,490

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

OPEB Expense and Deferred Outflows of Resources and Deferred Outflows/Inflows of Resources Related to OPEB For the year ended June 30, 2021, the City recognized OPEB expense of \$95,681. At June 30, 2021, 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
Differences between expected and actual experience	\$ -	\$ 29,791	\$ -	\$ 12,321	\$ -	\$ 42,112
Changes of assumptions	4,658	113,542	1,927	46,960	6,585	160,502
Changes in proportion	-	52,332	52,332	-	52,332	52,332
Total	<u>\$ 4,658</u>	<u>\$ 195,665</u>	<u>\$ 54,259</u>	<u>\$ 59,281</u>	<u>\$ 58,917</u>	<u>\$ 254,946</u>

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

	Governmental Activities	Business-Type Activities	Total Activities
Year ended June 30:			
2022	\$ (31,565)	\$ 1,853	\$ (29,712)
2023	(31,565)	1,853	(29,712)
2024	(31,565)	1,853	(29,712)
2025	(31,565)	1,853	(29,712)
2026	(26,215)	(3,497)	(29,712)
Thereafter	(38,532)	(8,937)	(47,469)
	<u>\$ (191,007)</u>	<u>\$ (5,022)</u>	<u>\$ (196,029)</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, 2021:

- A developer received rebated sales taxes during 2021. 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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

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 five-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 of Broken Arrow had \$114,619 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

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 \$455 during the fiscal year 2021 and has an outstanding, unpaid claim of \$114,164 of reimbursement from the State as of June 30, 2021.

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.
b. Physical Property: - Theft - Damage to assets - Natural disasters	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.	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.
c. Workers Compensation: - Employee injuries	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.	Entire risk of loss retained. Claim liability determined through estimate of loss by the City's Risk Management staff and third-party.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

d. Health and Life:	Self-insured with third-party administration of the claims provided by CoreSource, Inc.	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 \$9,865,637 at June 30, 2021 ⁽¹⁾ .
- Medical	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.	
- Dental		
- Vision	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.	

⁽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.

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, 2018 to June 30, 2021, are as follows:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

	Workers' Compensation	Health Care	Total
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
Claims and changes in estimates	534,559	8,312,101	8,846,660
Claims payments	(934,559)	(8,679,302)	(9,613,861)
Claim liability, June 30, 2020	\$ 3,690,000	\$ 719,848	\$ 4,409,848
Claims and changes in estimates	634,941	10,517,233	11,152,174
Claims payments	(951,941)	(10,344,271)	(11,296,212)
Claim liability, June 30, 2021	<u>\$ 3,373,000</u>	<u>\$ 892,810</u>	<u>\$ 4,265,810</u>
Assets available to pay claims at June 30, 2021	<u>\$ 2,805,452</u>	<u>\$ 2,265,784</u>	<u>\$ 5,071,236</u>
Reconciliation to Statement of Net Position:			
Current portion			\$ 969,000
Noncurrent portion			3,296,810
Total			<u>\$ 4,265,810</u>

Note 7 – Commitments and Contingencies

Construction commitments

At June 30, 2021 the following construction commitments were outstanding:

	Original Contract	Balance Remaining
Tiger Hill Retaining Wall	\$ 1,574,581	\$ 84,501
Fire Station #3	3,790,697	159,491
Secondary Clarifier Rehab at LLWWTP	2,849,383	1,182,813
Armed Forces Meeting Hall	1,174,032	98,247
Senior Citizen Activity Center	3,200,725	2,007,026
Nienhuis Skate Park Improvements & Expansion	751,900	531,695
Indian Springs Sports Complex Baseball Shade Structures	199,940	1,600
Broken Arrow Creek Trail Phase II	400,000	267,336
Fire Station #7	3,667,982	865,569
Arrowhead Park Restrooms	717,678	86,557
Battle Creek Irrigation Pump Station Replacement	996,200	996,200
War at Home Memorial	221,402	221,402
Omaha Tank Restoration	620,047	226,626
RMUA - Haikey Creek Maintenance Building Addition	345,879	263,286
RMUA - Flow Equalization Basin	4,623,614	214,179
RMUA - Haikey Creek Lift Station Phase 3	3,499,061	3,336,440
RMUA - Grit Removal Rehab/Design	1,472,116	161,566

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Construction commitments, (continued)

	Original Contract	Balance Remaining
RMUA - Activated Sludge Diffused	\$ 9,062,133	\$ 2,393,731
RMUA - Electrical Systems Improvements	459,000	405,235
County Line Trunk Sewer	11,473,214	1,514,430
New Orleans Street Improvements - S Olive to S Aspen	2,467,000	1,283,455
Kenosha Street Improvements - Date to Main	2,565,135	383,126
Old Town Street Improvements - 1st from Dallas to College	535,580	37,459
Carriage Crossing Miscellaneous Concrete Repair	713,820	177,933
Florence Street Bridge Repair	98,770	61,330
South Park Estates Miscellaneous Concrete Repair	337,649	337,649
Mittford Bridge Miscellaneous Concrete Repair	779,395	158,710
Turtle Creek Miscellaneous Concrete Repair	452,775	452,775
Indians Springs Park Miscellaneous Concrete Repair	198,237	198,237
Washington & Aspen Intersection Improvements	1,758,476	27,920
Albany - 23rd to 37th Street Widening	1,644,000	1,066,044
Arrow Springs Subdivision Rehab	1,450,098	1,096
Westwind Subdivision Miscellaneous Concrete Repair	273,798	16,700
Sentinel Industrial Park Subdivision Miscellaneous Concrete Repair	167,910	167,910
Aspen Pond Subdivision Miscellaneous Concrete Repair	940,529	26,122
Granger Street - Aspen Ave to Oak Ave Miscellaneous Concrete Repair	238,453	14,544
37th Street Detention Drainage Improvements	818,509	559,200
Stonewood Crossing Drainage Improvement	75,325	75,325
Arrowhead Park Storm Sewer Improvements	3,641,017	159,076
Kenwood Hills Waterline Improvements	622,592	133,776
Southloop Water Line Improvements Phase 2	570,736	303,973

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2021

Note 8 – Subsequent Events

City:

On October 19, 2021, the City approved the sale of \$19,500,000 of General Obligation Bond Series 2021A to be issued as of December 1, 2021 payable in annual payments.

On October 19, 2021, the City approved the sale of \$1,000,000 of General Obligation Bond Series 2021B to be issued as of December 1, 2021 payable in annual payments.

On February 1, 2022, the trustees of the Broken Arrow Municipal Authority (BAMA) approved Resolution #1441 to issue debt with Closed Loop Fund for \$1,000,000 for 5 automatic side-loading trucks, 2022 Peterbilt Model 520.

Broken Arrow Municipal Authority:

On November 2, 2021, the trustees of the Broken Arrow Municipal Authority (BAMA) approved resolution #1429 authorizing BAMA to issue its Taxable Note Series 2021A in the amount not to exceed \$22,640,000. The trustees also authorized BAMA to issue Series 2023A Tax Exempt Promissory Note in the amount not to exceed \$21,497,000 with proceeds refunding the 2021A notes.

On November 2, 2021, the trustees of the Broken Arrow Municipal Authority (BAMA) approved resolution #1430 authorizing BAMA to issue its Series 2021B Promissory Note to OWRB in the amount not to exceed \$4,200,000.

On November 2, 2021, the trustees of the Broken Arrow Municipal Authority (BAMA) approved resolution #1431 authorizing BAMA to issue its Series 2021C Promissory Note to OWRB in the amount not to exceed \$17,100,000.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Beginning budgetary fund balance	\$ 15,564,538	\$ 15,564,538	\$ 18,743,002	\$ 3,178,464
Resources (inflows):				
Taxes:				
Sales tax	35,098,217	41,642,161	42,278,860	636,699
Use tax	6,000,000	6,000,000	9,128,125	3,128,125
Tobacco tax	495,500	495,500	548,094	52,594
Franchise tax	4,087,150	4,087,150	4,105,850	18,700
Total taxes	<u>45,680,867</u>	<u>52,224,811</u>	<u>56,060,929</u>	<u>3,836,118</u>
Intergovernmental:				
Intergovernmental	381,000	381,000	275,727	(105,273)
Alcoholic beverage tax	298,000	298,000	326,220	28,220
Total intergovernmental	<u>679,000</u>	<u>679,000</u>	<u>601,947</u>	<u>(77,053)</u>
Charges for services:				
Planning and zoning	164,970	164,970	154,402	(10,568)
Sale of material	20,000	20,000	15,035	(4,965)
BAMA PILOT	3,308,400	3,308,400	3,703,823	395,423
Rural fire runs & subscriptions	52,500	52,500	51,523	(977)
Inspection fees	655,920	655,920	865,758	209,838
Ambulance revenue	5,377,200	5,377,200	6,426,874	1,049,674
Training	5,000	5,000	-	(5,000)
Special Events	15,000	15,000	18,664	3,664
Cemetery fee	150,000	150,000	202,905	52,905
Animal control fees	64,000	64,000	44,215	(19,785)
Nuisance abatement	40,000	40,000	39,200	(800)
Parks and recreation	190,000	190,000	246,042	56,042
Swimming pools	100,000	100,000	159,630	59,630
Administrative fees	15,000	15,000	15,971	971
Juvenile court	50,000	50,000	37,086	(12,914)
Total charges for services	<u>10,207,990</u>	<u>10,207,990</u>	<u>11,981,128</u>	<u>1,773,138</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Fines, forfeitures and assessments	1,393,095	1,393,095	1,175,308	(217,787)
Licenses and permits:				
Occupational licenses	265,320	265,320	326,309	60,989
Peddlers licenses	1,800	1,800	2,840	1,040
Food licenses	48,510	48,510	54,939	6,429
Other fees	52,650	52,650	56,100	3,450
Special events	-	-	150	150
Farmer's market	-	-	9,940	9,940
Building permits	879,060	879,060	1,140,413	261,353
Total licenses and permits	1,247,340	1,247,340	1,590,691	343,351
Investment income	40,000	40,000	26,530	(13,470)
Miscellaneous:				
Rental property	1,254,742	1,254,742	1,264,152	9,410
Donations	-	-	467	467
Miscellaneous	100,000	100,000	48,820	(51,180)
Sale of capital assets	-	-	108,796	108,796
Insurance proceeds	25,000	25,000	104,246	79,246
Total miscellaneous	1,379,742	1,379,742	1,526,481	146,739
Other financing sources:				
Transfers in from other funds	15,364,375	18,364,375	17,952,230	(412,145)
Total other financing sources	15,364,375	18,364,375	17,952,230	(412,145)
Total revenues and other financing sources	75,992,409	85,536,353	90,915,244	5,378,891
Amounts available for appropriation	91,556,947	101,100,891	109,658,246	8,557,355

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Charges to appropriations (outflows):				
General government:				
City manager	1,730,135	1,842,135	1,729,139	112,996
Finance	1,318,843	1,318,843	1,222,867	95,976
City attorney	1,130,955	1,180,955	1,107,110	73,845
Human resources	1,141,713	1,153,673	1,012,804	140,869
Information services	1,740,872	1,870,497	1,626,447	244,050
Community development	3,037,270	3,244,561	3,084,318	160,243
General government	2,366,435	2,366,435	2,301,523	64,912
City Clerk	801,367	801,367	756,319	45,048
Total general government	<u>13,267,590</u>	<u>13,778,466</u>	<u>12,840,527</u>	<u>937,939</u>
Public services:				
Streets	3,003,333	3,207,511	2,971,216	236,295
General services	236,352	243,852	228,871	14,981
Total public services	<u>3,239,685</u>	<u>3,451,363</u>	<u>3,200,087</u>	<u>251,276</u>
Parks and recreation	<u>4,606,764</u>	<u>4,721,826</u>	<u>4,321,514</u>	<u>400,312</u>
Other financing uses:				
Transfers to other funds	57,600,248	69,691,958	69,306,766	385,192
Total charges to appropriations	<u>78,714,287</u>	<u>91,643,613</u>	<u>89,668,894</u>	<u>1,974,719</u>
Ending budgetary fund balance	<u>\$ 12,842,660</u>	<u>\$ 9,457,278</u>	<u>\$ 19,989,352</u>	<u>\$ 10,532,074</u>

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

**Broken Arrow
Budgetary Comparison Schedule
Major Special Revenue Fund - Public Safety Sales Tax Fund - Police
For the year ended June 30, 2021**

Public Safety Sales Tax Fund - Police				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance (restated)	\$ 6,402,434	\$ 6,402,434	\$ 6,402,434	\$ -
Resources (Inflows):				
Taxes	2,127,692	2,127,692	2,536,028	408,336
Intergovernmental	100,000	163,811	78,479	(85,332)
Investment income	6,000	6,000	1,493	(4,507)
Miscellaneous	10,000	10,000	25,443	15,443
Transfers from other funds	23,241,313	27,382,763	27,372,512	(10,251)
Amounts available for appropriation	25,485,005	29,690,266	30,013,955	323,689
Charges to Appropriations (Outflows):				
Police:				
Personal Services	22,792,000	22,832,684	22,721,010	111,674
Other Services and Charges	1,984,100	2,011,637	1,459,347	552,290
Materials and Supplies	1,173,400	1,222,448	952,168	270,280
Capital Outlay	-	419,992	419,992	-
Total Charges to Appropriations	25,949,500	26,486,761	25,552,517	934,244
Ending Budgetary Fund Balance	\$ 5,937,939	\$ 9,605,939	\$ 10,863,872	\$ 1,257,933

**Broken Arrow
Budgetary Comparison Schedule
Major Special Revenue Fund - Public Safety Sales Tax Fund - Fire
For the year ended June 30, 2021**

Public Safety Sales Tax Fund - Fire				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance (restated)	\$ 163,692	\$ 163,692	\$ 166,223	\$ 2,531
Resources (Inflows):				
Taxes	2,127,692	2,127,692	2,536,028	408,336
Intergovernmental	-	18,527	18,165	(362)
Investment income	3,000	3,000	1,630	(1,370)
Miscellaneous	8,000	8,000	8,438	438
Transfers from other funds	20,710,560	25,686,270	25,685,761	(509)
Amounts available for appropriation	22,849,252	27,843,489	28,250,022	406,533
Charges to Appropriations (Outflows):				
Fire:				
Personal Services	21,021,444	22,004,057	20,973,855	1,030,202
Other Services and Charges	1,097,500	1,057,756	983,426	74,330
Materials and Supplies	894,000	1,013,355	874,314	139,041
Capital Outlay	-	262,702	162,477	100,225
Total Charges to Appropriations	23,012,944	24,337,870	22,994,072	1,343,798
Ending Budgetary Fund Balance	\$ -	\$ 3,669,311	\$ 5,422,173	\$ 1,752,862

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, 2021, 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)	\$ 90,915,244
Less: transfers in from other funds	<u>(17,952,230)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 72,963,014</u>
Total budgetary expenditures and transfers	\$ 89,668,894
Less: transfers to other funds	<u>(69,306,766)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 20,362,128</u>

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

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

	Public Safety Sales Tax Fund - Police
Total budgetary resources (inflows)	<u>\$ 30,013,955</u>
Add: On-behalf payments	1,074,425
Less: Transfers in from other funds	<u>(27,372,512)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 3,715,868</u>

Total budgetary expenditures and transfers	\$ 25,552,517
Add: On-behalf payments	<u>1,074,425</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 26,626,942</u>

	Public Safety Sales Tax Fund - Fire
Total budgetary resources (inflows)	<u>\$ 28,250,022</u>
Add: On-behalf payments	3,559,880
Less: Transfers in from other funds	<u>(25,685,761)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 6,124,141</u>

Total budgetary expenditures and transfers	\$ 22,994,072
Add: On-behalf payments	<u>3,559,880</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 26,553,952</u>

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

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,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	3.1323%	3.2237%	3.1605%	3.3097%	3.4646%	3.5076%	3.6693%
City's proportionate share of the net pension liability (asset)	\$(1,054,626)	\$ 131,444	\$4,840,062	\$ 254,584	\$(1,650,356)	\$ (223,922)	\$ 4,213,955
City's covered-employee payroll	** N/A	\$9,112,431	\$9,320,477	\$10,248,277	\$10,594,254	\$11,433,128	\$12,091,461
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%	1.96%	34.85%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%

Notes to Schedule:

* Only seven fiscal years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2020.

** Information was not available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorily required contribution	\$ 1,184,616	\$ 1,211,662	\$ 1,332,276	\$ 1,377,253	\$ 1,486,307	\$ 1,597,656	\$ 1,637,241
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>	<u>1,597,656</u>	<u>1,637,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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	\$ 12,091,461	\$ 12,594,259
Contributions as a percentage of covered-employee payroll	13%	13%	13%	13%	13%	13%	13%

Notes to Schedule:

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

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

**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,							
	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	3.6826%	3.8107%	3.9641%	4.2472%	4.4499%	4.1400%	4.5698%
City's proportionate share of the net pension liability	\$ 37,869,951	\$ 40,447,082	\$ 48,430,529	\$ 53,418,020	\$ 50,090,663	\$ 43,746,453	\$ 56,296,367
City's covered-employee payroll	** N/A	\$ 10,409,757	\$ 11,090,514	\$ 12,517,279	\$ 13,237,331	\$ 13,875,665	\$ 14,699,910
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%	315.27%	382.97%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%

Notes to Schedule:

* Only seven fiscal years are presented because 10-year data is not yet available. Current year measurement date is June 30, 2020.

** Information was not available.

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

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 1,457,366	\$ 1,552,672	\$ 1,752,419	\$ 1,852,898	\$ 1,942,593	\$ 2,057,989	\$ 2,087,122
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>	<u>2,057,989</u>	<u>2,087,122</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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	\$ 14,699,910	\$ 14,908,009
Contributions as a percentage of covered-employee payroll	14%	14%	14%	14%	14%	14%	14%

Notes to Schedule:

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

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 81,277	\$ 84,431	\$ 84,431	\$ 97,491
Interest	44,794	45,537	52,705	27,902
Difference between expected and actual experience	-	-	-	(47,742)
Change in assumptions	-	-	(210,425)	7,465
Benefit payments, including refunds of member contributions	<u>(25,646)</u>	<u>(25,646)</u>	<u>(33,656)</u>	<u>(37,547)</u>
Net change in total OPEB liability	100,425	104,322	(106,945)	47,569
Total OPEB liability - beginning	<u>1,086,022</u>	<u>1,186,447</u>	<u>1,290,769</u>	<u>1,183,824</u>
Total OPEB liability - ending	<u>\$ 1,186,447</u>	<u>\$ 1,290,769</u>	<u>\$ 1,183,824</u>	<u>\$ 1,231,393</u>
Covered employee payroll	\$ 30,068,853	\$ 30,068,853	\$ 33,734,659	\$ 33,734,659
Total OPEB liability as a percentage of covered employee payroll	3.95%	4.29%	3.51%	3.65%

Notes to Schedule:

* Only four 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, 2021

Combining Balance Sheet – General Fund Accounts

Broken Arrow
Balance Sheet
General Fund Accounts
June 30, 2021

	General Fund	Escrow Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 2,757,032	\$ 1,051,264	\$ 3,808,296
Investments	7,000,000	-	7,000,000
Taxes receivable, net	372,324	-	372,324
Due from other funds	5,277,184	-	5,277,184
Receivable from other governments	9,439,968	-	9,439,968
Accrued interest receivable	8,547	-	8,547
Other receivables, net	1,711,426	58,369	1,769,795
Prepaid expenses	2,914	-	2,914
Total assets	26,569,395	1,109,633	27,679,028
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	447,494	9,956	457,450
Accrued payroll	2,249,911	-	2,249,911
Due to other funds	3,092,969	-	3,092,969
Due to other governments	2,766	127	2,893
Due to bondholders	-	97,323	97,323
Unearned revenue	-	270,994	270,994
Amounts held in escrow	329,926	731,233	1,061,159
Total liabilities	6,123,066	1,109,633	7,232,699
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	456,977	-	456,977
Total deferred inflows of resources	456,977	-	456,977
 Fund balances:			
Assigned	7,729,491	-	7,729,491
Unassigned	12,259,861	-	12,259,861
Total fund balances	19,989,352	-	19,989,352
Total liabilities, deferred inflows of resources and fund balances	\$ 26,569,395	\$ 1,109,633	\$ 27,679,028

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts

Broken Arrow
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund Accounts
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Escrow Fund</u>	<u>Total General Fund</u>
REVENUES			
Sales and use taxes	\$ 51,406,985	\$ -	\$ 51,406,985
Franchise and miscellaneous taxes	4,653,944	-	4,653,944
Intergovernmental	601,947	-	601,947
Charges for services	11,981,128	-	11,981,128
Fines and forfeitures	1,175,308	-	1,175,308
Licenses and permits	1,590,691	-	1,590,691
Rental income	1,264,152	-	1,264,152
Investment income	26,530	-	26,530
Miscellaneous	262,329	-	262,329
Total revenues	<u>72,963,014</u>	<u>-</u>	<u>72,963,014</u>
EXPENDITURES			
Current:			
General government	12,840,527	-	12,840,527
Public services	3,200,087	-	3,200,087
Parks and recreation	4,321,514	-	4,321,514
Total Expenditures	<u>20,362,128</u>	<u>-</u>	<u>20,362,128</u>
Excess (deficiency) of revenues over expenditures	<u>52,600,886</u>	<u>-</u>	<u>52,600,886</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	17,952,230	-	17,952,230
Transfers out	(69,306,766)	-	(69,306,766)
Total other financing sources and uses	<u>(51,354,536)</u>	<u>-</u>	<u>(51,354,536)</u>
Net change in fund balances	1,246,350	-	1,246,350
Fund balances - beginning	18,743,002	-	18,743,002
Fund balances - ending	<u>\$ 19,989,352</u>	<u>\$ -</u>	<u>\$ 19,989,352</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

SPECIAL REVENUE FUNDS							
	Excess Capacity Sewer Escrow	Stormwater Capital	Convention and Visitor's Bureau	Police Enhancement	Street and Alley	Housing and Urban Development	CARES Act Fund
ASSETS							
Cash and cash equivalents	\$ 1,591,210	\$ 1,507,650	\$ 1,028,669	\$ 286,331	\$ 1,558,328	\$ 251,826	\$ 5,460,442
Investments	-	-	-	-	-	-	3,008,237
Receivable from other governments	-	-	-	-	91,563	37,397	-
Accrued interest receivable	-	-	-	-	-	-	841
Other receivables, net	-	-	87,953	-	-	-	-
Total assets	1,591,210	1,507,650	1,116,622	286,331	1,649,891	289,223	8,469,520
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	-	22,293	16,847	18,805	-	4,481	14,600
Due to other funds	-	-	-	4,865	-	-	-
Amounts held in escrow	-	-	-	-	-	86	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	22,293	16,847	23,670	-	4,567	14,600
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	9,670	-	-	35,584	841
Total deferred inflows of resources	-	-	9,670	-	-	35,584	841
Fund balances:							
Restricted	-	-	1,090,105	262,661	1,649,891	249,072	-
Committed	1,591,210	1,485,357	-	-	-	-	-
Assigned	-	-	-	-	-	-	8,454,079
Total fund balances	1,591,210	1,485,357	1,090,105	262,661	1,649,891	249,072	8,454,079
Total liabilities, deferred inflows of resources and fund balances	\$ 1,591,210	\$ 1,507,650	\$ 1,116,622	\$ 286,331	\$ 1,649,891	\$ 289,223	\$ 8,469,520

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds. (Continued)

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

SPECIAL REVENUE FUNDS							
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Creek TIF Apportionment Fund	American Relief Fund
ASSETS							
Cash and cash equivalents	\$ 1,805,170	\$ 201,289	\$ 91,654	\$ 644,616	\$ 109,993	\$ 33,160	\$ 6,884,233
Investments	-	-	-	-	-	-	-
Receivable from other governments	-	16,552	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Other receivables, net	98,716	-	1,582	37,915	2,420	-	-
Total assets	<u>1,903,886</u>	<u>217,841</u>	<u>93,236</u>	<u>682,531</u>	<u>112,413</u>	<u>33,160</u>	<u>6,884,233</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	127,502	17,295	558	28,710	-	-	-
Due to other funds	-	-	-	-	-	-	-
Amounts held in escrow	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	6,884,233
Total liabilities	<u>127,502</u>	<u>17,295</u>	<u>558</u>	<u>28,710</u>	<u>-</u>	<u>-</u>	<u>6,884,233</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	9,375	1,282	3,348	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>9,375</u>	<u>1,282</u>	<u>3,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	1,776,384	191,171	91,396	-	112,413	33,160	-
Committed	-	-	-	650,473	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>1,776,384</u>	<u>191,171</u>	<u>91,396</u>	<u>650,473</u>	<u>112,413</u>	<u>33,160</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,903,886</u>	<u>\$ 217,841</u>	<u>\$ 93,236</u>	<u>\$ 682,531</u>	<u>\$ 112,413</u>	<u>\$ 33,160</u>	<u>\$ 6,884,233</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Balance Sheet – Nonmajor Governmental Funds. (Continued)

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	CAPITAL PROJECT FUNDS						Total Governmental Funds
	Parks and Recreation	Cemetery Care	Street Sales Tax	1994 General Obligation Bond Issue	2008 General Obligation Bond Fund	2011 General Obligation Bond Fund	
ASSETS							
Cash and cash equivalents	\$ 901,619	\$ 367,960	\$ 2,987,815	\$ 198,343	\$ 100,550	\$ 3,445,072	\$ 29,455,930
Investments	-	-	2,000,000	-	-	1,136,269	6,144,506
Receivable from other governments	-	-	773,656	-	-	-	919,168
Accrued interest receivable	-	-	9,225	-	-	1,957	12,023
Other receivables, net	15,521	-	-	-	-	-	244,107
Total assets	<u>917,140</u>	<u>367,960</u>	<u>5,770,696</u>	<u>198,343</u>	<u>100,550</u>	<u>4,583,298</u>	<u>36,775,734</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	23,396	-	448,528	-	-	241,021	964,036
Due to other funds	-	-	-	-	-	-	4,865
Amounts held in escrow	-	-	-	-	-	-	86
Unearned revenue	-	-	-	-	-	-	6,884,233
Total liabilities	<u>23,396</u>	<u>-</u>	<u>448,528</u>	<u>-</u>	<u>-</u>	<u>241,021</u>	<u>7,853,220</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	-	9,225	-	-	1,957	71,282
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>9,225</u>	<u>-</u>	<u>-</u>	<u>1,957</u>	<u>71,282</u>
Fund balances:							
Restricted	-	147,693	5,312,943	-	100,550	4,340,320	15,357,759
Committed	893,744	220,267	-	198,343	-	-	5,039,394
Assigned	-	-	-	-	-	-	8,454,079
Total fund balances	<u>893,744</u>	<u>367,960</u>	<u>5,312,943</u>	<u>198,343</u>	<u>100,550</u>	<u>4,340,320</u>	<u>28,851,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 917,140</u>	<u>\$ 367,960</u>	<u>\$ 5,770,696</u>	<u>\$ 198,343</u>	<u>\$ 100,550</u>	<u>\$ 4,583,298</u>	<u>\$ 36,775,734</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

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, 2021

	SPECIAL REVENUE FUNDS						
	Excess Capacity Sewer Escrow	Stormwater Capital	Convention and Visitor's Bureau	Police Enhancement	Street and Alley	Housing and Urban Development	CARES Act Fund
REVENUES							
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax - TIF	-	-	-	-	-	-	-
Franchise and miscellaneous taxes	-	-	591,520	-	-	-	-
Intergovernmental	-	-	-	25,941	1,011,804	371,461	8,692,266
Charges for services	-	51,812	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-
Investment earnings	-	-	-	766	132	-	8,237
Miscellaneous	129,227	-	2,641	258	-	-	-
Total revenues	<u>129,227</u>	<u>51,812</u>	<u>594,161</u>	<u>26,965</u>	<u>1,011,936</u>	<u>371,461</u>	<u>8,700,503</u>
EXPENDITURES							
Current:							
General government	-	-	106,436	-	-	74,181	5,129
Public safety	-	-	-	64,687	-	-	-
Capital outlay	-	164,769	-	132,644	-	315,879	75,900
Total expenditures	<u>-</u>	<u>164,769</u>	<u>106,436</u>	<u>197,331</u>	<u>-</u>	<u>390,060</u>	<u>81,029</u>
Excess (deficiency) of revenues over expenditures	<u>129,227</u>	<u>(112,957)</u>	<u>487,725</u>	<u>(170,366)</u>	<u>1,011,936</u>	<u>(18,599)</u>	<u>8,619,474</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	(225,000)	-	(1,000,000)	-	(165,395)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(165,395)</u>
Net change in fund balances	129,227	(112,957)	262,725	(170,366)	11,936	(18,599)	8,454,079
Fund balances - beginning	1,461,983	1,598,314	827,380	433,027	1,637,955	267,671	-
Fund balances - ending	<u>\$ 1,591,210</u>	<u>\$ 1,485,357</u>	<u>\$ 1,090,105</u>	<u>\$ 262,661</u>	<u>\$ 1,649,891</u>	<u>\$ 249,072</u>	<u>\$ 8,454,079</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

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, 2021

	SPECIAL REVENUE FUNDS						
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Creek TIF Apportionment Fund	American Relief Fund
REVENUES							
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax - TIF	-	-	-	-	-	33,160	-
Franchise and miscellaneous taxes	-	-	-	-	-	-	-
Intergovernmental	-	34,209	-	-	-	-	-
Charges for services	1,273,028	-	-	683,478	43,799	-	-
Fees and fines	-	-	5,965	-	-	-	-
Investment earnings	-	212	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>1,273,028</u>	<u>34,421</u>	<u>5,965</u>	<u>683,478</u>	<u>43,799</u>	<u>33,160</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	360,910	1,932	-	-
Public safety	-	45,915	2,224	-	-	-	-
Capital outlay	566,648	-	-	162,785	7,409	-	-
Total expenditures	<u>566,648</u>	<u>45,915</u>	<u>2,224</u>	<u>523,695</u>	<u>9,341</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>706,380</u>	<u>(11,494)</u>	<u>3,741</u>	<u>159,783</u>	<u>34,458</u>	<u>33,160</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	(1,000,000)	-	-	-	-	-	-
Total other financing sources and uses	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(293,620)	(11,494)	3,741	159,783	34,458	33,160	-
Fund balances - beginning	2,070,004	202,665	87,655	490,690	77,955	-	-
Fund balances - ending	<u>\$ 1,776,384</u>	<u>\$ 191,171</u>	<u>\$ 91,396</u>	<u>\$ 650,473</u>	<u>\$ 112,413</u>	<u>\$ 33,160</u>	<u>\$ -</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

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, 2021

	CAPITAL PROJECT FUNDS						Total-Other Governmental Funds
	Parks and Recreation	Cemetery Care	Street Sales Tax	1994 General Obligation Bond Issue	2008 General Obligation Bond Fund	2011 General Obligation Bond Fund	
REVENUES							
Sales and use tax	\$ -	\$ -	\$ 4,226,715	\$ -	\$ -	\$ -	\$ 4,226,715
Property tax - TIF	-	-	-	-	-	-	33,160
Franchise and miscellaneous taxes	-	-	-	-	-	-	591,520
Intergovernmental	-	-	-	-	-	57,942	10,193,623
Charges for services	309,252	61,080	-	-	-	-	2,422,449
Fees and fines	-	-	-	-	-	-	5,965
Investment earnings	-	-	2,715	-	1,396	65,966	79,424
Miscellaneous	113,638	-	-	-	-	200,370	446,134
Total revenues	<u>422,890</u>	<u>61,080</u>	<u>4,229,430</u>	<u>-</u>	<u>1,396</u>	<u>324,278</u>	<u>17,998,990</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	548,588
Public safety	-	-	-	-	-	-	112,826
Capital outlay	206,724	17,500	4,480,242	-	817,011	3,044,645	9,992,156
Total expenditures	<u>206,724</u>	<u>17,500</u>	<u>4,480,242</u>	<u>-</u>	<u>817,011</u>	<u>3,044,645</u>	<u>10,653,570</u>
Excess (deficiency) of revenues over expenditures	216,166	43,580	(250,812)	-	(815,615)	(2,720,367)	7,345,420
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	(2,390,395)
Total other financing sources and uses	-	-	-	-	-	-	(2,390,395)
Net change in fund balances	216,166	43,580	(250,812)	-	(815,615)	(2,720,367)	4,955,025
Fund balances - beginning	677,578	324,380	5,563,755	198,343	916,165	7,060,687	23,896,207
Fund balances - ending	<u>\$ 893,744</u>	<u>\$ 367,960</u>	<u>\$ 5,312,943</u>	<u>\$ 198,343</u>	<u>\$ 100,550</u>	<u>\$ 4,340,320</u>	<u>\$ 28,851,232</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Schedule of Net Position – BAMA Enterprise Fund Accounts

Broken Arrow
Combining Schedule of Net Position
Broken Arrow Municipal Authority Accounts
June 30, 2021

	<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	\$ (27,852,163)	\$ 26,719,205	\$ 1,327,008	\$ 194,050
Restricted cash and cash equivalents	205,018	18,211,986	-	18,417,004
Investments	8,333	-	-	8,333
Accounts receivable, net	7,872,790	-	-	7,872,790
Due from other funds	3,557,993	-	-	3,557,993
Due from other governments	52,420	8,391,721	-	8,444,141
Inventories	1,691,580	-	-	1,691,580
Prepaid assets	20,500	-	-	20,500
Total current assets	<u>(14,443,529)</u>	<u>53,322,912</u>	<u>1,327,008</u>	<u>40,206,391</u>
Non-current assets:				
Restricted cash and cash equivalents	820,074	849,706	-	1,669,780
Investment in joint venture	37,573,568	-	-	37,573,568
Capital Assets:				
Land and other nondepreciable assets	22,265,655	-	-	22,265,655
Other capital assets, net of accumulated depreciation	195,862,682	-	-	195,862,682
Total non-current assets	<u>256,521,979</u>	<u>849,706</u>	<u>-</u>	<u>257,371,685</u>
Total assets	<u>242,078,450</u>	<u>54,172,618</u>	<u>1,327,008</u>	<u>297,578,076</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	38,383	-	38,383
Deferred amounts related to OPEB	54,259	-	-	54,259
Total deferred outflows of resources	<u>54,259</u>	<u>38,383</u>	<u>-</u>	<u>92,642</u>
LIABILITIES				
Current liabilities:				
Accounts payable	3,724,536	-	-	3,724,536
Accrued payroll payable	587,024	-	-	587,024
Accrued interest payable	-	1,331,047	-	1,331,047
Due to other funds	5,348,106	4,736,136	-	10,084,242
Amounts held in escrow	406,871	-	-	406,871
Compensated absences	522,263	-	-	522,263
Meter deposit liability	205,018	-	-	205,018
Bonds, notes and loans payable, net	371,429	6,752,757	-	7,124,186
Total current liabilities	<u>11,165,247</u>	<u>12,819,940</u>	<u>-</u>	<u>23,985,187</u>
Non-current liabilities:				
Compensated absences	261,131	-	-	261,131
Meter deposit liability	820,073	-	-	820,073
Bonds, notes and loans payable, net	2,042,857	145,669,134	-	147,711,991
Total OPEB liability	<u>360,283</u>	<u>-</u>	<u>-</u>	<u>360,283</u>
Total non-current liabilities	<u>3,484,344</u>	<u>145,669,134</u>	<u>-</u>	<u>149,153,478</u>
Total liabilities	<u>14,649,591</u>	<u>158,489,074</u>	<u>-</u>	<u>173,138,665</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to OPEB	59,281	-	-	59,281
Total deferred inflow of resources	<u>59,281</u>	<u>-</u>	<u>-</u>	<u>59,281</u>
NET POSITION				
Net Investment in capital assets	215,714,051	(137,124,392)	-	78,589,659
Restricted for debt service	-	2,433,146	-	2,433,146
Unrestricted	11,709,786	30,413,173	1,327,008	43,449,967
Total net position	<u>\$ 227,423,837</u>	<u>\$ (104,278,073)</u>	<u>\$ 1,327,008</u>	<u>\$ 124,472,772</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

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, 2021

	Municipal Authority	BAMA Sales Tax Account	Sanitary Capital Account	Total
REVENUES				
Water charges	\$ 22,511,514	\$ -	\$ -	\$ 22,511,514
Sewer charges	14,429,950	-	-	14,429,950
Sanitation charges	6,925,719	-	-	6,925,719
Stormwater fees	6,936,676	-	-	6,936,676
Fees and fines	873,259	-	-	873,259
Miscellaneous	291,073	-	-	291,073
Total operating revenues	<u>51,968,191</u>	<u>-</u>	<u>-</u>	<u>51,968,191</u>
OPERATING EXPENSES				
General government	1,152,407	-	-	1,152,407
Finance and administration	1,832,997	-	-	1,832,997
Engineering and construction	3,241,643	-	-	3,241,643
Water distribution	9,840,105	-	-	9,840,105
Saitary sewer system	6,014,127	-	-	6,014,127
Sanitation services	9,031,595	-	-	9,031,595
Support services	3,266,425	-	-	3,266,425
Stormwater	3,472,162	-	-	3,472,162
Depreciation	11,984,974	-	-	11,984,974
Total Operating Expenses	<u>49,836,435</u>	<u>-</u>	<u>-</u>	<u>49,836,435</u>
Operating income	<u>2,131,756</u>	<u>-</u>	<u>-</u>	<u>2,131,756</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	6,950	2,050	-	9,000
Gain on disposal of capital assets	125,765	-	-	125,765
Operating grant	72,821	-	-	72,821
Bond issuance costs	-	(759,292)	-	(759,292)
Interest expense and fiscal charges	-	(5,562,859)	-	(5,562,859)
Total non-operating revenue (expenses)	<u>205,536</u>	<u>(6,320,101)</u>	<u>-</u>	<u>(6,114,565)</u>
Income (loss) before contributions and transfers	2,337,292	(6,320,101)	-	(3,982,809)
Capital contributions	6,050,629	-	-	6,050,629
Transfers in	16,663,888	-	-	16,663,888
Transfers out	(17,263,888)	-	-	(17,263,888)
Change in net position	<u>7,787,921</u>	<u>(6,320,101)</u>	<u>-</u>	<u>1,467,820</u>
Total net position - beginning	<u>219,635,916</u>	<u>(97,957,972)</u>	<u>1,327,008</u>	<u>123,004,952</u>
Total net position - ending	<u>\$ 227,423,837</u>	<u>\$ (104,278,073)</u>	<u>\$ 1,327,008</u>	<u>\$ 124,472,772</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

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, 2021

	<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	\$ 53,107,230	\$ -	\$ -	\$ 53,107,230
Payments to suppliers	(25,040,792)	-	-	(25,040,792)
Payments to employees	(19,013,251)	-	-	(19,013,251)
Receipts of customer meter deposits	1,113,292	-	-	1,113,292
Payment of customer meter deposits	(1,085,883)	-	-	(1,085,883)
Interfund payments & receipts	(2,240,650)	-	-	(2,240,650)
Net cash provided by operating activities	<u>6,839,946</u>	<u>-</u>	<u>-</u>	<u>6,839,946</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	16,663,888	-	-	16,663,888
Transfer to other funds	(17,263,888)	-	-	(17,263,888)
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	(16,196,281)	-	-	(16,196,281)
Capital grant/donations received	537,653	-	-	537,653
Proceeds from issuance of debt	2,600,000	38,202,121	-	40,802,121
Note issuance costs	-	(759,292)	-	(759,292)
Premium on issuance of debt	-	1,477,192	-	1,477,192
Proceeds from sale of capital assets	128,354	-	-	128,354
Principal paid on capital debt	(185,714)	(33,614,504)	-	(33,800,218)
Interest paid on capital debt	-	(5,711,954)	-	(5,711,954)
Net cash provided by (used in) capital and related financing activities	<u>(13,115,988)</u>	<u>(406,437)</u>	<u>-</u>	<u>(13,522,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of investments	58,334	-	-	58,334
(Increase) decrease in investment in joint venture	(4,823,072)	-	-	(4,823,072)
Interest and dividends	6,950	2,050	-	9,000
Net cash provided by (used in) investing activities	<u>(4,757,788)</u>	<u>2,050</u>	<u>-</u>	<u>(4,755,738)</u>
Net Increase (decrease) in cash and cash equivalents	(11,633,830)	(404,387)	-	(12,038,217)
Balances-beginning of year	<u>(15,193,241)</u>	<u>46,185,284</u>	<u>1,327,008</u>	<u>32,319,051</u>
Balances-end of year	<u>\$ (26,827,071)</u>	<u>\$ 45,780,897</u>	<u>\$ 1,327,008</u>	<u>\$ 20,280,834</u>
Reconciliation to Combining Statement of Net Position:				
Cash and cash equivalents	\$ (27,852,163)	\$ 26,719,205	\$ 1,327,008	\$ 194,050
Restricted cash and cash equivalents-current	205,018	18,211,986	-	18,417,004
Restricted cash and cash equivalents-noncurrent	820,074	849,706	-	1,669,780
Total cash and cash equivalents, end of year	<u>(26,827,071)</u>	<u>45,780,897</u>	<u>1,327,008</u>	<u>20,280,834</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 2,131,756	\$ -	\$ -	\$ 2,131,756
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	11,984,974	-	-	11,984,974
Operating grants and contributions	133,039	-	-	133,039
Change in assets, liabilities and deferrals:				
Receivables, net	951,226	-	-	951,226
Due from other funds	(254,679)	-	-	(254,679)
Due from other governments	(5,684)	-	-	(5,684)
Inventories	(309,471)	-	-	(309,471)
Deferred amounts related to OPEB	875	-	-	875
Accounts payables	(6,058,530)	-	-	(6,058,530)
Accrued payroll	88,053	-	-	88,053
Due to other funds	(1,985,971)	-	-	(1,985,971)
Amounts held in escrow	60,458	-	-	60,458
Accrued compensated absences	49,811	-	-	49,811
Customer meter deposits payable	27,409	-	-	27,409
Total OPEB liability	26,680	-	-	26,680
Net cash provided by operating activities	<u>\$ 6,839,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,839,946</u>
Non-cash Activities:				
Capital assets contributed	\$ 5,512,976	\$ -	\$ -	\$ 5,512,976
Total Non-cash Activities	<u>\$ 5,512,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,512,976</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Statement of Net Position – Internal Service Funds

Broken Arrow			
Combining Statement of Net Position			
Internal Service Funds			
June 30, 2021			
	Worker's Compensation	Group Health & Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,805,452	\$ 2,262,425	\$ 5,067,877
Other receivables	-	3,359	3,359
Total assets	2,805,452	2,265,784	5,071,236
LIABILITIES			
Current Liabilities:			
Accounts payable	15,521	7,191	22,712
Amounts held in escrow	1,980	-	1,980
Claims liability	969,000	-	969,000
Total current liabilities	986,501	7,191	993,692
Non-current liabilities:			
Claims liability	2,404,000	892,810	3,296,810
Total non-current liabilities	2,404,000	892,810	3,296,810
Total liabilities	3,390,501	900,001	4,290,502
NET POSITION			
Unrestricted (deficit)	(585,049)	1,365,783	780,734
Total Net Position	\$ (585,049)	\$ 1,365,783	\$ 780,734

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, 2021			
	Worker's Compensation	Group Health & Life	Total
OPERATING REVENUES			
Self insurance charges	\$ 1,472,000	\$ 9,838,044	\$ 11,310,044
Total operating revenues	1,472,000	9,838,044	11,310,044
OPERATING EXPENSES			
Claims expense	634,941	10,517,233	11,152,174
Total operating expenses	634,941	10,517,233	11,152,174
Operating income (loss)	837,059	(679,189)	157,870
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	154	325	479
Miscellaneous revenue	47,775	-	47,775
Total non-operating revenue (expenses)	47,929	325	48,254
Change in net position	884,988	(678,864)	206,124
Total net position - beginning	(1,470,037)	2,044,647	574,610
Total net position - ending	\$ (585,049)	\$ 1,365,783	\$ 780,734

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2021

Combining Statement of Cash Flows – Internal Service Funds

Broken Arrow
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Worker's Compensation	Group Health & Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,478,785	\$ 9,834,685	\$ 11,313,470
Claims paid	(942,705)	(10,344,300)	(11,287,005)
Net cash provided by (used in) operating activities	536,080	(509,615)	26,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	154	325	479
Net cash provided by investing activities	154	325	479
Net increase (decrease) in cash and cash equivalents	536,234	(509,290)	26,944
Balances-beginning of year	2,269,218	2,771,715	5,040,933
Balances-end of year	\$ 2,805,452	\$ 2,262,425	\$ 5,067,877
Reconciliation to Combining Statement of Net Position:			
Cash, including time deposits	\$ 2,805,452	\$ 2,262,425	\$ 5,067,877
Total cash and cash equivalents, end of year	\$ 2,805,452	\$ 2,262,425	\$ 5,067,877
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)			
Operating Activities:			
Operating income (loss)	\$ 837,059	\$ (679,189)	\$ 157,870
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Miscellaneous non-operating revenue (expense)	47,775	-	47,775
Change in assets and liabilities:			
Other receivable	-	(3,359)	(3,359)
Accounts and other payables	9,236	(29)	9,207
Amounts held in escrow	(40,990)	-	(40,990)
Claims liability	(317,000)	172,962	(144,038)
Net cash provided by (used in) operating activities	\$ 536,080	\$ (509,615)	\$ 26,465

CITY OF BROKEN ARROW
(BROKEN ARROW MUNICIPAL AUTHORITY)

SCHEDULE OF DEBT SERVICE COVERAGE

Year Ended June 30, 2021

	OWRB 2004, 2007, 2012, 2016, 2017, 2018, 2019 and 2020 Notes Payable and 2019 STRN
Gross revenue available for debt service:	
Charges for services	\$ 51,968,191
Investment income	9,000
Sales tax transferred from the City General Fund	<u>16,663,888</u>
Total gross revenues available	<u>68,641,079</u>
Operating expenses (1)	
General government	1,152,407
Finance and administration	1,832,997
Engineering and construction	3,241,643
Water distribution	9,840,105
Sanitary sewer system	6,014,127
Sanitation services	9,031,595
Support services	3,266,425
Stormwater	<u>3,472,162</u>
Total operating expenses	<u>37,851,461</u>
Net revenue available for debt service	<u>\$ 30,789,618</u>
Debt service requirements	
Maximum annual debt service on all BAMA parity debt	<u>\$ 11,921,005</u>
Computed coverage	<u>258%</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, 2021

	Series 2019 BAEDA Note Payable	Series 2015 OWRB Note Payable
Required balance	\$ 500,000	\$ 849,706
Balance in Trustee Account, June 30, 2021	<u>500,000</u>	<u>849,706</u>
Excess of account balance over (under) required balance	<u>\$ -</u>	<u>\$ -</u>