



# BROKEN ARROW

*Where opportunity lives*



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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**



**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2022**

**WITH  
INDEPENDENT AUDITOR'S REPORT**



## CONTENTS

List of Principal Officials.....	1
Independent Auditor’s Report.....	3-5
Required Supplementary Information: Management’s Discussion and Analysis .....	7-14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	17
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to Statement of Activities .....	20
Statement of Net Position – Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	22
Statement of Cash Flows – Proprietary Funds.....	23
Notes to Basic Financial Statements .....	24-72
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund .....	74-76
Budgetary Comparison Schedule – Major Special Revenue Funds.....	77
Budgetary Comparison Schedule – Notes to Required Supplementary Information .....	78-79
Pension Plan Information.....	80-81
Schedule of Changes in Total OPEB Obligation and Related Ratios .....	82

Other Supplementary Information:

Combining Balance Sheet Schedule – General Fund Accounts .....	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts .....	85
Combining Balance Sheet – Nonmajor Governmental Funds .....	86-88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	89-91
Combining Schedule of Net Position – BAMA Enterprise Fund Accounts .....	92
Combining Schedule of Revenues, Expenses and Changes in Net Position – BAMA Enterprise Fund Accounts .....	93
Combining Schedule of Cash Flows – BAMA Enterprise Fund Accounts .....	94
Combining Statement of Net Position – Internal Service Funds .....	95
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	95
Combining Statement of Cash Flows – Internal Service Funds.....	96
Schedule of Debt Service Coverage Requirements.....	97
Schedule of Debt Reserve Account Balance Requirements.....	98



**City of Broken Arrow, Oklahoma**

**List of Principal Officials  
June 30, 2022**

**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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2022 the City adopted new accounting guidance, GASB No. 87 Leases. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:



- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension plan information, and other post-employment benefits fundings schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary 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 accompanying combining and individual nonmajor fund financial statements, debt service, debt reserve schedule as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the schedule of expenditures of federal awards 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 April 24, 2023, 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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.



---

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
April 24, 2023





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

**June 30, 2022**

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, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

**Financial Highlights**

- At June 30, 2022, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$446,389,601.
- For the fiscal year ended June 30, 2022, the City's total net position increased by \$37,753,591 or 9.2% from the prior year's net position.
- During the year, the City's expenses for governmental activities were \$96,019,272 and were funded by program revenues of \$25,658,711, and further funded with taxes and other general revenues that totaled \$105,272,697.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenditures by \$2,207,290.
- At June 30, 2022, the General Fund reported a total fund balance of \$25,943,426, as compared to the prior year total fund balance of \$19,989,352.
- For budgetary reporting purposes, the General Fund reported revenues less than final estimates in the amount of \$27,866 or 0.03%, while expenditures were less than final appropriations by \$5,602,917 or 5.78%.

**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 \$408,636,010 to \$446,389,601 between fiscal years 2021 and 2022. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$34,912,136 while business-type activities increased \$2,841,455. 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>
	<u>2022</u>	<u>2021</u>	<u>(Dec.)</u>	<u>2022</u>	<u>2021</u>	<u>(Dec.)</u>	<u>2022</u>	<u>2021</u>	<u>(Dec.)</u>
Current and other assets	\$ 216,286	\$167,218	29%	\$ 45,707	\$ 50,044	-9%	\$ 261,993	\$ 217,262	21%
Capital assets, net	367,802	350,700	5%	237,729	226,304	5%	605,531	577,004	5%
Other non-current assets	-	-	-	38,246	37,574	2%	38,246	37,574	2%
<b>Total assets</b>	<b>584,088</b>	<b>517,918</b>	13%	<b>321,682</b>	<b>313,922</b>	2%	<b>905,770</b>	<b>831,840</b>	9%
Deferred Outflows of Resources	20,293	24,670	-18%	82	93	-12%	20,375	24,763	-18%
Current liabilities	44,734	36,363	23%	16,928	15,642	8%	61,662	52,005	19%
Non-current liabilities	196,776	221,260	-11%	173,116	169,568	2%	369,892	390,828	-5%
<b>Total liabilities</b>	<b>241,510</b>	<b>257,623</b>	-6%	<b>190,044</b>	<b>185,210</b>	3%	<b>431,554</b>	<b>442,833</b>	-3%
Deferred Inflows of Resources	48,068	5,075	847%	133	59	125%	48,201	5,134	839%
	48,068	5,075	847%	133	59	125%	48,201	5,134	839%
Net position									
Net investment in capital assets	193,577	183,702	5%	94,504	86,766	9%	288,081	270,468	7%
Restricted	126,087	114,821	10%	2,621	2,433	8%	128,708	117,254	10%
Unrestricted (deficit)	(4,861)	(18,633)	-74%	34,462	39,547	-13%	29,601	20,914	42%
<b>Total net position</b>	<b>\$ 314,803</b>	<b>\$279,890</b>	12%	<b>\$131,587</b>	<b>\$128,746</b>	2%	<b>\$ 446,390</b>	<b>\$408,636</b>	9%

## Changes in net position

For the years ended June 30, 2021 and 2022, 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>2022</u>	<u>2021</u>	<u>(Dec.)</u>	<u>2022</u>	<u>2021</u>	<u>(Dec.)</u>	<u>2022</u>	<u>2021</u>	<u>(Dec.)</u>
<b>Revenues</b>									
<b>Program revenue:</b>									
Charges for service	\$ 16,724	\$15,566	7%	\$ 58,121	\$53,638	8%	\$ 74,845	\$69,204	8%
Operating grants and contributions	6,164	16,506	-63%	39	89	-56%	6,203	16,595	-63%
Capital grants and contributions	2,771	4,765	-42%	6,590	6,051	9%	9,361	10,816	-13%
<b>General Revenue:</b>									
Sales and use taxes	77,414	69,159	12%	-	-	-	77,414	69,159	12%
Property taxes	18,181	17,271	5%	-	-	-	18,181	17,271	5%
Franchise and other taxes	7,355	6,518	13%	-	-	-	7,355	6,518	13%
Intergovernmental revenue	894	326	174%	-	-	-	894	326	174%
Investment income	339	612	-45%	22	9	144%	361	621	-42%
Miscellaneous	1,702	1,653	3%	-	-	-	1,702	1,653	3%
<b>Total Revenues</b>	<u>131,544</u>	<u>132,376</u>	-1%	<u>64,772</u>	<u>59,787</u>	8%	<u>196,316</u>	<u>192,163</u>	2%
<b>Program Expenses:</b>									
General government	17,793	15,163	17%	-	-	-	17,793	15,163	17%
Public safety	51,598	67,114	-23%	-	-	-	51,598	67,114	-23%
Public services	14,724	14,128	4%	-	-	-	14,724	14,128	4%
Culture and recreation	7,484	6,560	14%	-	-	-	7,484	6,560	14%
Interest on long-term debt	4,421	4,634	-5%	-	-	-	4,421	4,634	-5%
Water	-	-	-	24,510	23,120	6%	24,510	23,120	6%
Sewer	-	-	-	19,625	15,182	29%	19,625	15,182	29%
Sanitation	-	-	-	8,438	10,771	-22%	8,438	10,771	-22%
Stormwater	-	-	-	7,116	7,124	0%	7,116	7,124	0%
Golf	-	-	-	1,579	1,605	-2%	1,579	1,605	-2%
Economic development	-	-	-	1,275	1,324	-4%	1,275	1,324	-4%
<b>Total Expenses</b>	<u>96,020</u>	<u>107,599</u>	-11%	<u>62,543</u>	<u>59,126</u>	6%	<u>158,563</u>	<u>166,725</u>	-5%
Excess before transfers	35,524	24,777	43%	2,229	661	237%	37,753	25,438	48%
Net transfers in (out)	(612)	(750)	-18%	612	750	-18%	-	-	-
Increase in net position	<u>\$ 34,912</u>	<u>\$24,027</u>	45%	<u>\$ 2,841</u>	<u>\$ 1,411</u>	101%	<u>\$ 37,753</u>	<u>\$25,438</u>	48%

The City's governmental activities increase in net position of \$34,912,136 represents a 45% increase from the prior year's increase in net position. This increase was mainly the result of an increase in total general revenues of approximately \$10.5 million. The business-type activities increase in net position of \$2,841,455 represents a 101% increase from the prior year's increase in net position. This increase was the result of an increase in total expenses of approximately \$3.4 million and an increase in charges for services of approximately \$4.5 million. The results indicate the City's total net position as a whole 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, 2022, the City's governmental activities were funded as follows:

Governmental Activities Sources	
Sales and Use Taxes	58.85%
Other Taxes	19.41%
Charges for Service	12.71%
Grants	6.79%
Other	2.23%

Governmental Activities Uses	
General government	18.53%
Public safety	53.74%
Public services	15.33%
Culture and recreation	7.79%
Interest on long-term debt	4.60%

For the year ended June 30, 2022, total expenses for governmental activities amounted to \$96,019,272. To fund these activities, taxpayers and other general revenues funded \$105,272,697 while those directly benefiting from the program funded \$8,934,796 from grants and other contributions and \$16,723,915 from charges for services.

**Net Revenue (Expense) of Governmental Activities**

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2022	2021		2022	2021	
	General government	\$ 17,792,911		\$ 15,163,243	17%	
Public safety	51,597,946	67,114,066	-23%	(37,769,809)	(43,568,440)	-13%
Public services	14,723,873	14,128,172	4%	(9,635,632)	(7,623,661)	26%
Culture and recreation	7,483,963	6,559,893	14%	(6,744,092)	(5,782,445)	17%
Interest on long-term debt	4,420,579	4,633,835	-5%	(4,420,579)	(4,633,835)	-5%
<b>TOTAL</b>	<b>\$ 96,019,272</b>	<b>\$ 107,599,209</b>	<b>-11%</b>	<b>\$ (70,360,561)</b>	<b>\$ (70,762,626)</b>	<b>-1%</b>

**Business-type activities**

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

- Total business-type activities reported net revenues of \$2,207,290 for the year ended June 30, 2022.
- Water and stormwater activities reported net revenues of \$7,662,459 and \$724,562 for the year ended June 30 2022, while sewer, sanitation, golf and economic development activities reported net expenses of \$3,609,481, \$1,276,341, \$66,559 and \$1,227,350, respectively.
- Net revenue (expense) of services for almost all functions changed significantly from prior year. Water increase in net revenues of 350% was primarily due to an increase in capital grants and contributions of \$4,866,250. Sewer decrease in net revenues of 283% was primarily due to a decrease in grants and contributions of \$2,268,803 along with an increase in expense of \$4,443,506. Sanitation decrease in net expense of 62% was primarily due to a decrease in expense of \$2,333,973. Stormwater decrease in net revenue of 59% was primarily due to a decrease in capital grants and contributions of \$1,753,632.



**Net Revenue (Expense) of Business-Type Activities**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
	Water	\$ 24,510,192		\$ 23,120,410	6%	
Sewer	19,625,378	15,181,872	29%	(3,609,481)	1,976,778	-283%
Sanitation	8,437,663	10,771,636	-22%	(1,276,341)	(3,382,823)	-62%
Stormwater	7,116,283	7,123,672	0%	724,562	1,777,263	-59%
Golf	1,578,920	1,604,691	-2%	(66,559)	(115,595)	-42%
Economic Development	<u>1,274,727</u>	<u>1,324,012</u>	-4%	<u>(1,227,350)</u>	<u>(1,307,432)</u>	-6%
<b>TOTAL</b>	<u>\$ 62,543,163</u>	<u>\$ 59,126,293</u>	6%	<u>\$ 2,207,290</u>	<u>\$ 652,063</u>	239%

**A financial analysis of the City's funds**

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$163,065,013 or an 11.1% increase from 2021. The combined proprietary funds reported a combined total net position of \$128,718,450 or a 2.4% increase from 2021.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$5,954,074 or 29.8%.
- The Public Safety Sales Tax-Police Fund's total fund balance increased by \$4,418,987 or 40.7%.
- The Public Safety Sales Tax-Fire Fund's total fund balance increased by \$133,284 or 2.5%.
- The Sales Tax Capital Improvement Fund's total fund balance increased by \$3,989,979 or 28.6%.
- The 2018 General Obligation Bond Fund's total fund balance increased by \$5,141,240 or 13.5% 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 6.96% or \$6,298,820, due primarily to an increase in budget for "Transfers to other funds" in the amount of \$5,290,073.

**Capital Asset and Debt Administration**

**Capital assets**

At the end of June 30, 2022, the City had \$605,531,074 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 \$28,526,642 or 4.9% over last year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 38,530,863	\$ 38,530,863	\$ 9,340,888	\$ 4,320,406	\$ 47,871,751	\$ 42,851,269
Buildings	49,592,701	44,588,531	4,097,532	4,320,624	53,690,233	48,909,155
Improvements	41,316,564	26,509,312	111,039,314	117,131,803	152,355,878	143,641,115
Machinery and equipment	21,525,505	19,703,843	11,009,002	11,064,583	32,534,507	30,768,426
Infrastructure	154,933,168	156,693,625	82,178,961	69,511,724	237,112,129	226,205,349
Construction in progress	61,903,475	64,674,063	20,063,101	19,955,055	81,966,576	84,629,118
<b>Totals</b>	<b>\$ 367,802,276</b>	<b>\$ 350,700,237</b>	<b>\$ 237,728,798</b>	<b>\$ 226,304,195</b>	<b>\$ 605,531,074</b>	<b>\$ 577,004,432</b>

This year's more significant capital asset additions included:

- Hillside Wall project totaling \$1,917,266-Governmental
- Fire Station #3 project totaling \$4,422,206-Governmental
- 9<sup>th</sup> St/Elgin-El Paso street project totaling \$2,229,988-Governmental
- ISSC Baseball/Soccer project totaling \$971,648-Governmental
- Arts Center project totaling \$1,338,313-Governmental
- Washington Garnett-Olive signal project totaling \$2,860,746-Governmental
- Kenosha – Date/Main 5 lane signal project totaling \$2,216,418-Governmental
- Chisholm Trail – Adult 5 Pl park project totaling \$3,872,404-Governmental
- CL Trunk Sewer project totaling \$7,107,820-Proprietary
- Innovation Land totaling \$5,020,482-Proprietary (ED)

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 \$366,591,603 in long-term debt outstanding which represents a \$10,823,586 or 3.0% increase from prior year amount. The City's change in long-term debt by type of debt is as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Accrued compensated absences	\$ 3,791,230	\$ 4,517,212	\$ 784,137	\$ 783,394	\$ 4,575,367	\$ 5,300,606	-14%
General obligation bond	165,380,000	156,645,000	-	-	165,380,000	156,645,000	6%
Notes payable	5,911,432	7,716,362	174,432,018	170,636,201	180,343,450	178,352,563	1%
Unamortized premium	3,342,944	3,113,399	5,655,325	5,409,976	8,998,269	8,523,375	6%
Judgments payable	128,847	339,572	-	-	128,847	339,572	-62%
Automotive and general liability	1,245,000	1,316,000	-	-	1,245,000	1,316,000	-5%
Meter deposit liability	-	-	1,029,633	1,025,091	1,029,633	1,025,091	0%
Claims payable	4,891,037	4,265,810	-	-	4,891,037	4,265,810	15%
<b>Totals</b>	<b>\$ 184,690,490</b>	<b>\$ 177,913,355</b>	<b>\$ 181,901,113</b>	<b>\$ 177,854,662</b>	<b>\$ 366,591,603</b>	<b>\$ 355,768,017</b>	<b>3%</b>

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**

Sales tax continues to be strong the last few year's 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. For FY 22 we had budgeted a 1% increase in Sales Tax. As of June 2022, the City's sales tax is 12.37% 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 and funds from the American Rescue Plan to help to provide for allowable expenditures through legislative acts.

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 four series:

- December 2018 \$12,500,000
- December 2019 \$23,250,000
- December 2020 \$20,000,000
- December 2021 \$20,500,000

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. For FY 2022 the Authority authorized the 5<sup>th</sup> and final rate increase from the study from 2016. FY 23 the Authority used year 5 increases as has finished the new rate for FY 24 and will be presented to Council in early summer of 2023. In addition to the water, sewer, and stormwater rates, the authority did a refuse and recycling study and that will also be out in early summer.

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, 2022**

**Statement of Net Position**

<b>Broken Arrow</b>					
<b>Statement of Net Position</b>					
<b>June 30, 2022</b>					
	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Broken Arrow Home Finance Authority</b>	<b>Broken Arrow Hospital Authority</b>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 79,125,512	\$ 32,928,361	\$ 112,053,873	\$ 2,786	\$ 10,998
Investments	93,777,957	-	93,777,957	-	-
Taxes receivable	1,579,876	-	1,579,876	-	-
Internal Balances	158,842	(158,842)	-	-	-
Due from other governments	13,875,015	2,297,220	16,172,235	-	-
Accrued interest receivable	170,519	4,200	174,719	-	-
Accounts receivable, net of allowance	2,558,414	9,022,745	11,581,159	-	-
Inventory	-	1,369,966	1,369,966	-	-
Prepaid assets	473,941	243,779	717,720	-	-
Investment in joint venture	-	38,245,607	38,245,607	-	-
Leases receivable	7,103,969	-	7,103,969	-	-
Net pension asset	17,461,926	-	17,461,926	-	-
Capital Assets:					
Non-depreciable	100,434,338	29,403,989	129,838,327	-	-
Depreciable, net of depreciation	267,367,938	208,324,809	475,692,747	-	-
<b>Total assets</b>	<b>584,088,247</b>	<b>321,681,834</b>	<b>905,770,081</b>	<b>2,786</b>	<b>10,998</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow related to fair value of hedging derivative	299,405	-	299,405	-	-
Deferred outflow related to refunding of debt	409,267	34,813	444,080	-	-
Deferred outflows related to pension	19,579,789	-	19,579,789	-	-
Deferred outflows related to OPEB	4,018	47,335	51,353	-	-
<b>Total deferred outflow of resources</b>	<b>20,292,479</b>	<b>82,148</b>	<b>20,374,627</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	5,498,688	4,917,030	10,415,718	-	-
Accrued payroll	4,345,772	849,695	5,195,467	-	-
Accrued interest payable	981,537	1,623,160	2,604,697	-	-
Due to other governments	11,840	7,673	19,513	-	-
Due to bondholders	81,271	-	81,271	-	-
Other payables	-	94,656	94,656	-	-
Amounts held in escrow	1,193,565	351,982	1,545,547	-	-
Unearned revenue	13,444,642	-	13,444,642	-	-
Long term liabilities:					
Due within one year	19,177,063	9,084,010	28,261,073	-	-
Due in more than one year	196,776,090	173,115,722	369,891,812	-	-
<b>Total liabilities</b>	<b>241,510,468</b>	<b>190,043,928</b>	<b>431,554,396</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>					
Deferred inflows related to pensions	40,101,661	-	40,101,661	-	-
Deferred inflows related to OPEB	362,614	133,058	495,672	-	-
Deferred inflows related to leases	7,603,378	-	7,603,378	-	-
<b>Total deferred inflow of resources</b>	<b>48,067,653</b>	<b>133,058</b>	<b>48,200,711</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	193,577,167	94,504,212	288,081,379	-	-
Restricted for:					
Capital projects	85,293,309	-	85,293,309	-	-
Debt service	14,254,584	2,621,063	16,875,647	-	-
Public Safety	22,952,596	-	22,952,596	-	-
Other purposes	3,585,897	-	3,585,897	-	-
Unrestricted (deficit)	(4,860,948)	34,461,721	29,600,773	2,786	10,998
<b>Total net position</b>	<b>\$ 314,802,605</b>	<b>\$ 131,586,996</b>	<b>\$ 446,389,601</b>	<b>\$ 2,786</b>	<b>\$ 10,998</b>

See accompanying notes to the basic financial statements.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**Statement of Activities**

**Broken Arrow**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

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
<b>Primary government</b>									
Governmental Activities									
General government	\$ 17,792,911	\$ 5,386,894	\$ 615,568	\$ -	\$ (11,790,449)	\$ -	\$ (11,790,449)	\$ -	\$ -
Public safety	51,597,946	9,214,144	4,450,073	163,920	(37,769,809)	-	(37,769,809)	-	-
Public services	14,723,873	1,383,006	1,097,937	2,607,298	(9,635,632)	-	(9,635,632)	-	-
Cultural and recreation	7,483,963	739,871	-	-	(6,744,092)	-	(6,744,092)	-	-
Interest on long-term debt	4,420,579	-	-	-	(4,420,579)	-	(4,420,579)	-	-
Total governmental activities	<u>96,019,272</u>	<u>16,723,915</u>	<u>6,163,578</u>	<u>2,771,218</u>	<u>(70,360,561)</u>	<u>-</u>	<u>(70,360,561)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water	24,510,192	25,543,006	39,597	6,590,048	-	7,662,459	7,662,459	-	-
Sewer	19,625,378	16,015,897	-	-	-	(3,609,481)	(3,609,481)	-	-
Sanitation	8,437,663	7,161,322	-	-	-	(1,276,341)	(1,276,341)	-	-
Stormwater	7,116,283	7,840,845	-	-	-	724,562	724,562	-	-
Golf	1,578,920	1,512,361	-	-	-	(66,559)	(66,559)	-	-
Economic Development	1,274,727	47,377	-	-	-	(1,227,350)	(1,227,350)	-	-
Total business-type activities	<u>62,543,163</u>	<u>58,120,808</u>	<u>39,597</u>	<u>6,590,048</u>	<u>-</u>	<u>2,207,290</u>	<u>2,207,290</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 158,562,435</u>	<u>\$ 74,844,723</u>	<u>\$ 6,203,175</u>	<u>\$ 9,361,266</u>	<u>(70,360,561)</u>	<u>2,207,290</u>	<u>(68,153,271)</u>		
<b>Component Units</b>									
Finance	\$ -	\$ -	\$ -	\$ -				-	-
Health	-	-	-	-				-	-
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>-</u>	<u>-</u>
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					77,413,552	-	77,413,552	-	-
Property taxes					18,181,292	-	18,181,292	-	-
Franchise and miscellaneous taxes					4,771,791	-	4,771,791	-	-
Hotel/motel taxes					863,736	-	863,736	-	-
Tobacco taxes					511,865	-	511,865	-	-
E-911 taxes					1,207,084	-	1,207,084	-	-
Intergovernmental revenue not restricted to specific programs					894,057	-	894,057	-	-
Unrestricted investment earnings					339,173	22,556	361,729	-	-
Miscellaneous					1,701,756	-	1,701,756	-	-
Transfers					(611,609)	611,609	-	-	-
Total general revenues and transfers					<u>105,272,697</u>	<u>634,165</u>	<u>105,906,862</u>	<u>-</u>	<u>-</u>
Change in net position					<u>34,912,136</u>	<u>2,841,455</u>	<u>37,753,591</u>	<u>-</u>	<u>-</u>
Net position - beginning					<u>279,890,469</u>	<u>128,745,541</u>	<u>408,636,010</u>	<u>2,786</u>	<u>10,998</u>
Net position - ending					<u>\$ 314,802,605</u>	<u>\$ 131,586,996</u>	<u>\$ 446,389,601</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, 2022**

**Governmental Funds – Balance Sheet**

City of Broken Arrow, Oklahoma Balance Sheet Governmental Funds June 30, 2022									
	General Fund	Public Safety Sales Tax- Police	Public Safety Sales Tax-Fire	Sales Tax Capital Improvement Fund	American Relief Fund	2018 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 9,844,650	\$ 6,152,622	\$ 3,463,056	\$ 11,619,533	\$ 8,476,454	\$ 5,757,565	\$ 6,722,581	\$ 25,586,566	\$ 77,623,027
Investments	9,063,367	9,874,463	2,951,810	4,998,035	4,894,601	39,893,080	6,127,445	15,975,156	93,777,957
Taxes receivable, net	427,611	-	-	-	-	-	1,152,265	-	1,579,876
Due from other funds	3,280,154	-	-	128,453	-	-	30,389	765	3,439,761
Receivable from other governments	10,153,835	521,965	492,022	1,640,076	-	-	7,632	1,059,485	13,875,015
Accrued interest receivable	23,110	29,074	9,609	1,493	23,244	37,354	2,984	43,651	170,519
Leases receivable	7,103,969	-	-	-	-	-	-	-	7,103,969
Other receivables, net	1,935,248	-	-	-	-	-	-	286,062	2,221,310
Prepaid expenses	220,233	2,630	1,110	-	-	-	211,288	38,680	473,941
Total assets	<u>\$ 42,052,177</u>	<u>\$ 16,580,754</u>	<u>\$ 6,917,607</u>	<u>\$ 18,387,590</u>	<u>\$ 13,394,299</u>	<u>\$ 45,687,999</u>	<u>\$ 14,254,584</u>	<u>\$ 42,990,365</u>	<u>\$ 200,265,375</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 456,200	\$ 189,493	\$ 296,067	\$ 461,305	\$ 153,580	\$ 2,516,686	\$ -	\$ 853,251	\$ 4,926,582
Accrued payroll	2,756,680	1,063,855	1,056,474	-	-	-	-	-	4,877,009
Due to other funds	3,280,919	-	-	-	-	-	-	-	3,280,919
Due to other governments	11,840	-	-	-	-	-	-	-	11,840
Due to bondholders	81,271	-	-	-	-	-	-	-	81,271
Amounts held in escrow	1,193,479	-	-	-	-	-	-	86	1,193,565
Unearned revenue	217,550	-	-	-	13,227,092	-	-	-	13,444,642
Total liabilities	<u>7,997,939</u>	<u>1,253,348</u>	<u>1,352,541</u>	<u>461,305</u>	<u>13,380,672</u>	<u>2,516,686</u>	<u>-</u>	<u>853,337</u>	<u>27,815,828</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred inflows-leases	7,603,378	-	-	-	-	-	-	-	7,603,378
Unavailable revenue	507,434	44,547	9,609	1,493	23,244	37,354	1,042,676	114,799	1,781,156
Total deferred inflows of resources	<u>8,110,812</u>	<u>44,547</u>	<u>9,609</u>	<u>1,493</u>	<u>23,244</u>	<u>37,354</u>	<u>1,042,676</u>	<u>114,799</u>	<u>9,384,534</u>
<b>Fund balances:</b>									
Restricted	-	15,282,859	5,555,457	17,924,792	-	43,133,959	13,211,908	29,740,294	124,849,269
Committed	-	-	-	-	-	-	-	4,989,332	4,989,332
Assigned	11,306,342	-	-	-	-	-	-	7,292,603	18,598,945
Unassigned	14,637,084	-	-	-	(9,617)	-	-	-	14,627,467
Total fund balances	<u>25,943,426</u>	<u>15,282,859</u>	<u>5,555,457</u>	<u>17,924,792</u>	<u>(9,617)</u>	<u>43,133,959</u>	<u>13,211,908</u>	<u>42,022,229</u>	<u>163,065,013</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 42,052,177</u>	<u>\$ 16,580,754</u>	<u>\$ 6,917,607</u>	<u>\$ 18,387,590</u>	<u>\$ 13,394,299</u>	<u>\$ 45,687,999</u>	<u>\$ 14,254,584</u>	<u>\$ 42,990,365</u>	<u>\$ 200,265,375</u>

See accompanying notes to the basic financial statements.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**Broken Arrow**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Position**  
**June 30, 2022**

Total fund balance, governmental funds	\$ 163,065,013
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	
	<u>367,802,276</u>
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	1,111,935
Court fines receivable	301,559
Cemetery receivable	9,151
Street light fee	3,348
Interest receivable	170,519
Miscellaneous receivables	184,644
Deferred outflow - derivative fair value	299,405
Deferred outflows related to pensions	19,579,789
Deferred outflow on refunding	409,267
Deferred outflow - OPEB	4,018
	<u>22,073,635</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:	
Net pension asset	17,461,926
	<u>17,461,926</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	(1,662,568)
Stormwater Capital Fund	(1,205,978)
	<u>(2,868,546)</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	
	<u>(223,771)</u>
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	(3,342,944)
General obligation bonds payable	(165,380,000)
Notes payable	(5,911,432)
Accrued compensated absences	(3,791,230)
Accrued interest payable	(981,537)
Derivative investment liability-interest rate swap	(299,405)
Automotive and general liability	(1,245,000)
Judgments payable	(128,847)
Deferred inflows related to OPEB	(362,614)
Total OPEB liability	(711,361)
Net pension liability	(30,251,897)
Deferred inflows related to pensions	(40,101,661)
	<u>(252,507,928)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 314,802,605</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**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, 2022									
	General Fund	Public Safety Sales Tax- Police	Public Safety Sales Tax-Fire	Sales Tax Capital Improvement Fund	American Relief Fund	2018 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>									
Sales and use taxes	\$ 57,571,965	\$ 2,834,512	\$ 2,834,512	\$ 9,448,375	\$ -	\$ -	\$ -	\$ 4,724,188	\$ 77,413,552
Property tax	-	-	-	-	-	-	18,068,813	-	18,068,813
Franchise and miscellaneous taxes	5,283,656	-	-	-	-	-	-	863,736	6,147,392
Intergovernmental	894,935	1,703,303	4,540,795	-	541,374	-	-	1,650,878	9,331,285
Charges for services	13,126,308	-	-	-	-	-	-	2,869,033	15,995,341
Fines and forfeitures	818,349	-	-	-	-	-	-	4,155	822,504
Licenses and permits	1,393,690	-	-	-	-	-	-	-	1,393,690
Rental income	615,346	-	-	-	-	-	-	-	615,346
Investment income	99,751	(21,760)	(12,400)	11,655	(9,617)	129,347	24,266	71,309	292,551
Miscellaneous	458,576	58,591	12,237	563,897	-	-	-	317,334	1,410,635
Total revenues	80,262,576	4,574,646	7,375,144	10,023,927	531,757	129,347	18,093,079	10,500,633	131,491,109
<b>EXPENDITURES</b>									
<b>Current:</b>									
General government	14,375,533	-	-	-	4,741	-	-	391,684	14,771,958
Public safety	-	28,960,719	29,667,885	-	-	-	-	177,849	58,806,453
Public services	3,262,233	-	-	-	-	-	-	554,943	3,817,176
Parks and recreation	4,928,243	-	-	-	-	-	-	-	4,928,243
<b>Debt Service:</b>									
Principal	-	-	-	1,804,930	-	-	11,975,725	-	13,780,655
Interest and other charges	-	-	-	428,795	-	-	4,316,090	-	4,744,885
Bond issuance costs	-	-	-	-	-	-	235,696	-	235,696
Capital Outlay	-	-	-	-	-	183,325	-	-	183,325
Total expenditures	22,566,520	29,724,476	31,142,025	3,798,506	536,633	15,304,762	16,527,511	12,513,627	135,658,347
Excess (deficiency) of revenues over expenditures	57,696,056	(25,149,830)	(23,764,881)	3,991,696	(9,617)	(15,358,760)	1,565,568	(3,137,470)	(4,167,238)
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from long-term debt	-	-	-	-	-	20,500,000	-	-	20,500,000
Accrued interest on debt issue	-	-	-	-	-	-	31,164	-	31,164
Bond premium	-	-	-	-	-	-	559,658	-	559,658
Transfers in	16,951,940	29,568,817	23,898,165	-	-	-	-	-	70,418,922
Transfers out	(68,693,922)	-	-	(1,717)	-	-	(50,000)	(2,284,892)	(71,030,531)
Total other financing sources and uses	(51,741,982)	29,568,817	23,898,165	(1,717)	-	20,500,000	540,822	(2,284,892)	20,479,213
Net change in fund balances	5,954,074	4,418,987	133,284	3,989,979	(9,617)	5,141,240	2,106,390	(5,422,362)	16,311,975
Fund balances - beginning	19,989,352	10,863,872	5,422,173	13,934,813	-	37,992,719	11,105,518	47,444,591	146,753,038
Fund balances - ending	\$ 25,943,426	\$ 15,282,859	\$ 5,555,457	\$ 17,924,792	\$ (9,617)	\$ 43,133,959	\$ 13,211,908	\$ 42,022,229	\$ 163,065,013

See accompanying notes to the basic financial statements.



**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**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, 2022**

Net change in fund balances - total governmental funds: \$ 16,311,975

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	27,655,713
Book value on capital assets disposed	(36,698)
Capital assets contributed	2,614,968
Depreciation expense	(13,131,944)
	<u>17,102,039</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	11,765,000
Bond proceeds	(20,500,000)
Premium on bonds	(559,658)
Amortization of premium on bonds	330,113
Principal paid on judgments	210,725
Notes payable principal payment	1,804,930
	<u>(6,948,890)</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	17,461,926
Changes in deferred outflow - fair value derivative	(533,632)
Changes in deferred outflows related to OPEB	(640)
Changes in deferred outflows related to pensions	(3,776,024)
	<u>13,151,630</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 unavailable revenue	<u>(230,979)</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	30,548
Accrued compensated absences change	725,982
Change in derivative investment liability- interest rate swap	533,632
Changes in deferred inflows related to OPEB	(166,949)
Total OPEB liability change	159,749
Change in net pension liability	30,258,425
Change in deferred inflows related to pensions	(35,222,023)
Change in deferred outflow on refunding	(67,519)
Change in claims liability	71,000
	<u>(3,677,155)</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	(71,358)
Change in Stormwater Capital Fund	279,379
	<u>208,021</u>

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

Total change in net position for internal service funds	<u>(1,004,505)</u>
---	--------------------

Change in net position of governmental activities \$ 34,912,136

See accompanying notes to the basic financial statements.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**Proprietary Funds – Statement of Net Position**

**Broken Arrow**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Enterprise Funds			Total	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 344,423	\$ 969,617	\$ 104,999	\$ 1,419,039	\$ 4,389,740
Restricted cash and cash equivalents	19,800,378	6,648,277	-	26,448,655	-
Investments	-	-	-	-	-
Accounts receivable, net	9,012,244	-	-	9,012,244	-
Due from other funds	3,745,178	-	-	3,745,178	-
Due from other governments	2,297,220	-	-	2,297,220	-
Interest receivable	-	4,200	-	4,200	-
Other receivable	-	3,000	7,501	10,501	337,104
Inventories	1,297,477	-	72,489	1,369,966	-
Prepaid assets	231,476	-	12,303	243,779	-
Total current assets	<u>36,728,396</u>	<u>7,625,094</u>	<u>197,292</u>	<u>44,550,782</u>	<u>4,726,844</u>
Noncurrent assets:					
Restricted cash and cash equivalents	1,673,412	500,000	-	2,173,412	-
Investment in joint venture	38,245,607	-	-	38,245,607	-
Capital assets:					
Land and other nondepreciable assets	19,955,613	9,218,699	229,677	29,403,989	-
Other capital assets, net of accumulated depreciation	202,347,905	1,878,757	4,098,147	208,324,809	-
Total noncurrent assets	<u>262,222,537</u>	<u>11,597,456</u>	<u>4,327,824</u>	<u>278,147,817</u>	<u>-</u>
Total assets	<u>298,950,933</u>	<u>19,222,550</u>	<u>4,525,116</u>	<u>322,698,599</u>	<u>4,726,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	34,813	-	-	34,813	-
Deferred amounts related to OPEB	47,335	-	-	47,335	-
Total deferred outflows of resources	<u>82,148</u>	<u>-</u>	<u>-</u>	<u>82,148</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	3,659,085	612,506	626,730	4,898,321	59,578
Accrued payroll payable	849,695	-	-	849,695	-
Accrued interest payable	1,375,337	247,823	-	1,623,160	-
Due to other funds	3,280,154	30,389	593,477	3,904,020	-
Other accrued expenses	-	-	94,656	94,656	-
Amounts held in escrow	351,982	-	-	351,982	-
Due to other governments	-	-	7,673	7,673	-
Compensated absences	522,758	-	-	522,758	-
Claims liability	-	-	-	-	1,002,000
Meter deposit liability	205,927	-	-	205,927	-
Bonds, notes and loans payable, net	7,535,325	820,000	-	8,355,325	-
Total current liabilities	<u>17,780,263</u>	<u>1,710,718</u>	<u>1,322,536</u>	<u>20,813,517</u>	<u>1,061,578</u>
Non-current liabilities:					
Compensated absences	261,379	-	-	261,379	-
Claims liability	-	-	-	-	3,889,037
Meter deposit liability	823,706	-	-	823,706	-
Bonds, notes and loans payable	152,137,018	19,595,000	-	171,732,018	-
Total OPEB liability	298,619	-	-	298,619	-
Total non-current liabilities	<u>153,520,722</u>	<u>19,595,000</u>	<u>-</u>	<u>173,115,722</u>	<u>3,889,037</u>
Total liabilities	<u>171,300,985</u>	<u>21,305,718</u>	<u>1,322,536</u>	<u>193,929,239</u>	<u>4,950,615</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred amounts related to pensions	133,058	-	-	133,058	-
Total deferred inflow of resources	<u>133,058</u>	<u>-</u>	<u>-</u>	<u>133,058</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	79,078,932	11,097,456	4,327,824	94,504,212	-
Restricted for debt service	2,621,063	-	-	2,621,063	-
Unrestricted (deficit)	45,899,043	(13,180,624)	(1,125,244)	31,593,175	(223,771)
Total net position	<u>\$ 127,599,038</u>	<u>\$ (2,083,168)</u>	<u>\$ 3,202,580</u>	<u>\$ 128,718,450</u>	<u>\$ (223,771)</u>

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

2,868,546

Total net position per Government-Wide financial statements

\$ 131,586,996

See accompanying notes to the basic financial statements.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**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, 2022**

	<b>Enterprise Funds</b>			<b>Total</b>	<b>Internal Service Funds</b>
	<b>Broken Arrow Municipal Authority</b>	<b>Broken Arrow Economic Development Authority</b>	<b>Battle Creek Golf Course</b>		
<b>OPERATING REVENUES</b>					
Water charges	\$ 24,869,926	\$ -	\$ -	\$ 24,869,926	\$ -
Sewer charges	15,501,981	-	-	15,501,981	-
Sanitation charges	6,972,712	-	-	6,972,712	-
Stormwater fees	7,326,259	-	-	7,326,259	-
Fees and fines	928,992	-	-	928,992	-
Golf	-	-	1,512,361	1,512,361	-
Miscellaneous	550,305	-	-	550,305	-
Self insurance charges	-	-	-	-	12,110,510
Total operating revenues	<u>56,150,175</u>	<u>-</u>	<u>1,512,361</u>	<u>57,662,536</u>	<u>12,110,510</u>
<b>OPERATING EXPENSES</b>					
General government	1,100,471	633,573	-	1,734,044	-
Finance and administration	2,311,974	-	-	2,311,974	-
Engineering and construction	3,743,718	-	-	3,743,718	-
Water distribution	11,993,928	-	-	11,993,928	-
Sanitary sewer system	9,982,185	-	-	9,982,185	-
Sanitation services	6,675,514	-	-	6,675,514	-
Support services	2,953,839	-	-	2,953,839	-
Stormwater	3,569,798	-	-	3,569,798	-
Claims expense	-	-	-	-	13,149,121
Golf	-	-	1,432,345	1,432,345	-
Depreciation	12,416,772	46,223	146,575	12,609,570	-
Total operating expenses	<u>54,748,199</u>	<u>679,796</u>	<u>1,578,920</u>	<u>57,006,915</u>	<u>13,149,121</u>
Operating income (loss)	<u>1,401,976</u>	<u>(679,796)</u>	<u>(66,559)</u>	<u>655,621</u>	<u>(1,038,611)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	2,688	13,401	3,718	19,807	4,369
Miscellaneous revenue	-	47,377	-	47,377	29,737
Gain on disposal of capital assets	80,212	-	-	80,212	-
Operating grant	39,597	-	-	39,597	-
Bond issuance costs	(584,058)	-	-	(584,058)	-
Interest expense and fiscal charges	(4,412,859)	(594,931)	-	(5,007,790)	-
Total non-operating revenue (expenses)	<u>(4,874,420)</u>	<u>(534,153)</u>	<u>3,718</u>	<u>(5,404,855)</u>	<u>34,106</u>
Income (loss) before contributions and transfers	<u>(3,472,444)</u>	<u>(1,213,949)</u>	<u>(62,841)</u>	<u>(4,749,234)</u>	<u>(1,004,505)</u>
Capital contributions	7,187,101	-	-	7,187,101	-
Transfers in	15,638,549	1,200,000	-	16,838,549	-
Transfers out	(16,226,940)	-	-	(16,226,940)	-
Change in net position	<u>3,126,266</u>	<u>(13,949)</u>	<u>(62,841)</u>	<u>3,049,476</u>	<u>(1,004,505)</u>
Total net position - beginning	<u>124,472,772</u>	<u>(2,069,219)</u>	<u>3,265,421</u>	<u>125,668,974</u>	<u>780,734</u>
Total net position - ending	<u>\$ 127,599,038</u>	<u>\$ (2,083,168)</u>	<u>\$ 3,202,580</u>	<u>\$ 128,718,450</u>	<u>\$ (223,771)</u>

Change in net position, per above

3,049,476

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.

(208,021)

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

\$ 2,841,455

See accompanying notes to the basic financial statements.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ending June 30, 2022**

**Proprietary Funds – Statement of Cash Flows**

**Broken Arrow**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Enterprise Funds				Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 54,998,969	\$ (3,000)	\$ 1,504,860	\$ 56,500,829	\$ 11,804,522
Payments to suppliers	(21,451,496)	(121,862)	(1,436,574)	(23,009,932)	-
Payments to employees	(20,480,304)	-	-	(20,480,304)	-
Receipts of customer meter deposits	283,874	-	-	283,874	-
Payment of customer meter deposits	(279,332)	-	-	(279,332)	-
Claims paid	-	-	-	-	(12,487,028)
Interfund receipts	(6,991,273)	(3,329,611)	(85,178)	(10,406,062)	-
Net cash provided by (used in) operating activities	6,080,438	(3,454,473)	(16,892)	2,609,073	(682,506)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	15,638,549	1,200,000	-	16,838,549	-
Transfer to other funds	(16,226,940)	-	-	(16,226,940)	-
Net cash provided by (used in) noncapital financing activities	(588,391)	1,200,000	-	611,609	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(9,405,715)	(7,438,570)	(3,650)	(16,847,935)	-
Proceeds from issuance of debt	39,812,174	-	-	39,812,174	-
Note issuance costs	(584,058)	-	-	(584,058)	-
Premium on issuance of debt	466,093	-	-	466,093	-
Proceeds from sale of capital assets	81,075	-	-	81,075	-
Principal paid on capital debt	(29,077,976)	(795,000)	-	(29,872,976)	-
Interest paid on capital debt	(4,585,243)	(395,394)	-	(4,980,637)	-
Net cash provided by (used in) capital and related financing activities	(3,293,650)	(8,628,964)	(3,650)	(11,926,264)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of investments	8,333	-	-	8,333	-
(Increase) decrease in investment in joint venture	(672,039)	-	-	(672,039)	-
Interest and dividends	2,688	13,401	3,718	19,807	4,369
Net cash provided by (used in) investing activities	(661,018)	13,401	3,718	(643,899)	4,369
Net Increase (decrease) in cash and cash equivalents	1,537,379	(10,870,036)	(16,824)	(9,349,481)	(678,137)
Balances-beginning of year	20,280,834	18,987,930	121,823	39,390,587	5,067,877
Balances-end of year	\$ 21,818,213	\$ 8,117,894	\$ 104,999	\$ 30,041,106	\$ 4,389,740
<b>Reconciliation to Combining Statement of Net Position:</b>					
Cash and cash equivalents	\$ 344,423	\$ 969,617	\$ 104,999	\$ 1,419,039	\$ 4,389,740
Restricted cash and cash equivalents-current	19,800,378	6,648,277	-	26,448,655	-
Restricted cash and cash equivalents-noncurrent	1,673,412	500,000	-	2,173,412	-
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 21,818,213</b>	<b>\$ 8,117,894</b>	<b>\$ 104,999</b>	<b>\$ 30,041,106</b>	<b>\$ 4,389,740</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating income (loss)	\$ 1,401,976	\$ (679,796)	\$ (66,559)	\$ 655,621	\$ (1,038,611)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	12,416,772	46,223	146,575	12,609,570	-
Miscellaneous non-operating revenue (expense)	-	47,377	-	47,377	29,737
Operating grant	39,597	-	-	39,597	-
Change in assets, liabilities and deferrals:					
Receivables, net	(1,139,454)	-	-	(1,139,454)	-
Due from other funds	(187,185)	-	-	(187,185)	-
Due from other governments	3,540	-	-	3,540	-
Other receivable	-	(3,000)	(7,501)	(10,501)	(333,745)
Inventories	394,103	-	(8,205)	385,898	-
Prepaid assets	(210,976)	-	1,930	(209,046)	-
Deferred amounts related to OPEB	80,701	-	-	80,701	-
Accounts payables	(65,951)	464,334	47,739	446,122	36,866
Accrued payroll	262,671	-	-	262,671	-
Due to other funds	(6,804,088)	(3,329,611)	(85,178)	(10,218,877)	-
Other payables	-	-	(46,763)	(46,763)	-
Amounts held in escrow	(54,889)	-	-	(54,889)	(1,980)
Due to other governments	-	-	1,070	1,070	-
Accrued compensated absences	743	-	-	743	-
Customer meter deposits payable	4,542	-	-	4,542	-
Claims and judgments	-	-	-	-	625,227
Total OPEB liability	(61,664)	-	-	(61,664)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,080,438</b>	<b>\$ (3,454,473)</b>	<b>\$ (16,892)</b>	<b>\$ 2,609,073</b>	<b>\$ (682,506)</b>
<b>Non-cash Activities:</b>					
Capital assets contributed	\$ 7,187,101	\$ -	\$ -	\$ 7,187,101	\$ -
<b>Total Non-cash Activities</b>	<b>\$ 7,187,101</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,187,101</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements.

**CITY OF BROKEN ARROW, OKLAHOMA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**INDEX**

**Note 1 – Summary of Significant Accounting Policies**

Organization and operations ..... 23  
Financial reporting entity ..... 23  
Blended component units ..... 23  
Discretely presented component units ..... 24  
Related organizations ..... 25  
Joint venture ..... 25  
Basis of presentation ..... 25  
Measurement focus and basis of accounting ..... 29  
Assets, deferred outflows, liabilities, deferred inflows and net position ..... 30  
Internal and interfund balances and activities ..... 33  
Revenues, expenditures and expenses ..... 34  
Use of estimates ..... 35

**Note 2 – Stewardship, Compliance and Accountability**

Deposits and investments laws and regulations ..... 36  
Debt restrictions and covenants ..... 36  
Fund equity/net position restrictions ..... 37  
Budgetary compliance ..... 38

**Note 3 – Detail Notes on Transaction Classes/Accounts**

Deposits ..... 38  
Receivables ..... 40  
Restricted assets ..... 40  
Capital assets ..... 41  
Investment in joint venture ..... 43  
Long-term debt ..... 43  
Interfund balances and activities ..... 53  
Fund balances and net position ..... 54

**Note 4 – Employee Pension and Other Benefit Plans ..... 55**

**Note 5 – Tax Abatements ..... 65**

**Note 6 – Risk Management ..... 66**

**Note 7 – Commitments and Contingencies ..... 68**

**Note 8 – Subsequent Events ..... 70**

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

**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, 2022**

---

Broken Arrow Economic Development Authority (BAEDA)	Created November 19, 1973, to promote and encourage development of industry and commerce and other related activities on behalf of the City. Five trustees are appointed by the City Council and may be removed at will by the City Council. During 2008, the current City Council began serving as its entire governing body (Trustees). As a result, BAEDA is presented as a blended component unit, whereas in years prior to 2008, it was presented as a discretely presented component unit. Any issuance of debt would require two-thirds approval of the City Council.	Enterprise Fund
---	---	-----------------

Discretely presented component units

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

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

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, 2022**

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, 2022, 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**  
**Year Ending June 30, 2022**

*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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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.

*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:

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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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.
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:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

*Enterprise funds*

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

*Internal service funds*

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

*Component units*

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

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

Measurement focus and basis of accounting

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

***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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

*Governmental fund financial statements*

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

***Basis of accounting:***

*Government-wide 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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

*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.

*Leases Receivable*

The City is a party as lessor for fifteen long-term leases of land and infrastructure. The corresponding leases receivable are recorded in an amount equal to the present value of the expected future minimum lease payments received or received, respectively, discounted by an applicable interest rate.

Lease-related amounts are recognized at the inception of leases in which the city is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$484,948.

*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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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.

*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, 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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

***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.
- 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.



**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

***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.

***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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

*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, 2022, the City's net assessed valuation of taxable property was \$1,051,629,134. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022, was \$16.05.

*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.

*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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**Note 2 – Stewardship, Compliance and Accountability**

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

Deposits and investments laws and regulations

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

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

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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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 2022, the City issued General Obligation Bonds Series 2021A and 2021B in the amount of \$19,500,000 and \$1,000,000, respectively, which were approved by the citizens of the City.

*Revenue bond and promissory note debt*

The various bond and note indentures relating to the revenue bond and promissory note issuances of the Broken Arrow Municipal Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, a debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2022.

Requirement	Level of Compliance
a. Flow of Funds:	
OWRB Loans:	
<ul style="list-style-type: none"> <li>• Utility Revenue Fund</li> <li>• Sales Tax Fund</li> <li>• Operation and Maintenance Fund</li> <li>• Bond Fund (interest, principal and reserve accounts)</li> </ul>	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"> <li>• Account balance on the 2015 OWRB note payable should equal \$849,706.</li> <li>• Account balance on the 2019 BAEDA note payable should equal \$500,000.</li> </ul>	<p>Account balance at June 30, 2022 for the 2015 OWRB note payable is \$849,706.</p> <p>Account balance at June 30, 2022 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"> <li>• 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&amp;B, 2017 A&amp;B, 2018, 2019 A&amp;B, 2020 A,B&amp;C, 2021 notes and 2019 and 2021 Sales Tax Revenue Notes.</li> </ul>	Maximum annual debt service on all parity debt is \$12,788,696. Coverage is 230%.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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, 2022, except for \$9,617 in the American Relief Fund caused by the deferral of a receivable at year end.

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, 2022, 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 \$813,526 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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Deposits

As of June 30, 2022, the City held the following deposits and investments:

<u>Primary Government:</u>	<u>Carrying Value</u>	<u>Maturities in Years</u>		
		<u>On Demand</u>	<u>Less than One</u>	<u>1-5</u>
Deposits:				
Cash on hand	\$ 4,163	\$ 4,163	\$ -	\$ -
Demand deposits	83,661,076	83,661,076	-	-
Time deposits - certificate of deposits	45,253,140	-	43,186,528	2,066,612
	<u>Credit Rating</u>	<u>Fair Value Categories</u>		
Investments:				
United States Treasury Notes/Bills	AAA	Level I	48,395,970	-
Judgments	N/A	N/A	128,847	-
Bond Trustee Accounts:				
Federated Hermes Treas Obl-Trst #0702	AAA	Level I	6,404,823	-
Cavanal Hill US Treasury-Admin #0002	AA	Level I	21,983,811	-
<b>Total deposits and investments</b>			<u>\$ 205,831,830</u>	<u>\$ 112,053,873</u>
				<u>\$ 91,711,345</u>
				<u>\$ 2,066,612</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents			\$ 112,053,873	
Investments			93,777,957	
			<u>\$ 205,831,830</u>	
<b>Component Units:</b>				
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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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, 2022 is \$4,530,000.

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

<u>Year Ending June 30,</u>	<u>Assumed Interest Rate</u>	<u>Hedging Derivative Cash Flow</u>
2023	< 6.2975%	\$ (150,964)
2024	< 6.2975%	(83,822)
2025	< 6.2975%	(53,557)
2026	< 6.2975%	(11,062)
Total		<u>\$ (299,405)</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	\$ -	\$ 12,437,798
Accounts receivable-ambulance	3,207,033	-
Accounts receivable-court	2,243,484	-
Accounts receivable-other	1,530,779	-
Less: allowance for uncollectible accounts	<u>(4,422,882)</u>	<u>(3,415,053)</u>
Other receivables, net of allowance	<u>\$ 2,558,414</u>	<u>\$ 9,022,745</u>

Lease receivables:

The City as a lessor, has entered into lease agreements involving infrastructure and land. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$557,145. Lease receivable balances at June 30, 2022, were as follows:

	<u>Governmental Activities</u>
Tower Holdings	\$ 366,523
New Cingular	132,022
SW Bell AT&T	419,367
Sprint	107,278
T-Mobile Elm	630,477
T-Mobile Tiger Hill	596,191
T-Mobile	191,317
Bass Pro	1,713,984
Sprint	286,276
American Tower	535,139
Verizon Lion's Park	518,114
Verizon Rhema Park	643,876
Verizon Elm & Albany	501,068
Tower Holdings	364,521
Verizon Kenosha	97,816
Total Lease Receivable-Governmental	<u>\$ 7,103,969</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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, 2022, were as follows:

Type of Restricted Assets	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Total
<b>BAMA</b>			
Revenue bond and note trustee accounts	\$ 19,594,451	\$ 849,706	\$ 20,444,157
Meter deposits	205,927	823,706	1,029,633
<b>Total BAMA</b>	<b>\$ 19,800,378</b>	<b>\$ 1,673,412</b>	<b>\$ 21,473,790</b>
<b>BAEDA</b>			
Revenue bond and note trustee accounts	\$ 6,648,277	\$ 500,000	\$ 7,148,277
<b>Total BAEDA</b>	<b>\$ 6,648,277</b>	<b>\$ 500,000</b>	<b>\$ 7,148,277</b>

Capital assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
<b>Governmental activities:</b>				
<b>Nondepreciable:</b>				
Land	\$ 38,530,863	\$ -	\$ -	\$ 38,530,863
Construction-in-progress	64,674,063	26,108,895	(28,879,483)	61,903,475
<b>Total nondepreciable assets at historical cost</b>	<b>\$ 103,204,926</b>	<b>\$ 26,108,895</b>	<b>\$ (28,879,483)</b>	<b>\$ 100,434,338</b>
<b>Depreciable:</b>				
Buildings	64,409,387	6,536,254	-	70,945,641
Improvements	45,440,642	17,143,375	-	62,584,017
Machinery and equipment	51,315,928	5,629,951	(1,561,270)	55,384,609
Infrastructure	264,345,863	3,731,689	-	268,077,552
<b>Total depreciable assets at historical cost</b>	<b>425,511,820</b>	<b>33,041,269</b>	<b>(1,561,270)</b>	<b>456,991,819</b>
<b>Less accumulated depreciation:</b>				
Buildings	(19,820,856)	(1,532,084)	-	(21,352,940)
Improvements	(18,931,330)	(2,336,123)	-	(21,267,453)
Machinery and equipment	(31,612,085)	(3,771,591)	1,524,572	(33,859,104)
Infrastructure	(107,652,238)	(5,492,146)	-	(113,144,384)
<b>Total accumulated depreciation</b>	<b>(178,016,509)</b>	<b>(13,131,944)</b>	<b>1,524,572</b>	<b>(189,623,881)</b>
<b>Net depreciable assets</b>	<b>247,495,311</b>	<b>19,909,325</b>	<b>(36,698)</b>	<b>267,367,938</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 350,700,237</b>	<b>\$ 46,018,220</b>	<b>\$ (28,916,181)</b>	<b>\$ 367,802,276</b>



**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Capital assets – (continued)

	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
Business-type activities:				
Nondepreciable:				
Land	\$ 4,320,406	\$ 5,020,482	\$ -	\$ 9,340,888
Construction-in-progress	19,955,055	14,947,052	(14,839,006)	20,063,101
Total nondepreciable assets at historical cost	<u>24,275,461</u>	<u>19,967,534</u>	<u>(14,839,006)</u>	<u>29,403,989</u>
Depreciable:				
Buildings	9,278,888	-	-	9,278,888
Improvements	272,428,973	-	-	272,428,973
Machinery and equipment	25,133,089	2,229,396	(210,677)	27,151,808
Infrastructure – drainage	95,398,361	16,677,112	-	112,075,473
Total depreciable assets at historical cost	<u>402,239,311</u>	<u>18,906,508</u>	<u>(210,677)</u>	<u>420,935,142</u>
Less accumulated depreciation:				
Buildings	(4,958,264)	(223,092)	-	(5,181,356)
Improvements	(155,297,170)	(6,092,489)	-	(161,389,659)
Machinery and equipment	(14,068,506)	(2,284,114)	209,814	(16,142,806)
Infrastructure – drainage	(25,886,637)	(4,009,875)	-	(29,896,512)
Total accumulated depreciation	<u>(200,210,577)</u>	<u>(12,609,570)</u>	<u>209,814</u>	<u>(212,610,333)</u>
Net depreciable assets	<u>202,028,734</u>	<u>6,296,938</u>	<u>(863)</u>	<u>208,324,809</u>
Business-type capital assets, net	<u>\$ 226,304,195</u>	<u>\$ 26,264,472</u>	<u>\$ (14,839,869)</u>	<u>\$ 237,728,798</u>

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

Depreciation expense charged to governmental activities:	
General government	\$ 1,550,014
Public safety	2,874,321
Public services	6,704,545
Culture and recreation	<u>2,003,064</u>
Total government activities depreciation expense	<u>\$ 13,131,944</u>
Depreciation expense charged to business-type activities:	
Water	\$ 5,483,414
Sewer	4,267,479
Sanitation	473,123
Stormwater management	2,192,756
Economic development	46,223
Golf	<u>146,575</u>
Total business-type activities depreciation expense	<u>\$ 12,609,570</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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, 2022, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture	\$ 37,573,569
Current year contributions	<u>672,038</u>
Ending investment in joint venture	<u>\$ 38,245,607</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, 2022, 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%	\$6,960,000
\$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%	830,000
\$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%	3,925,000
\$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%	8,015,000
\$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%	1,075,000
\$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%	8,550,000
\$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%	4,900,000
\$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%	14,780,000

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

\$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%	15,800,000
\$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%	9,720,000
\$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%	10,290,000
\$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%	500,000
\$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%	1,460,000
\$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%	22,030,000
\$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)	1,955,000
\$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)	5,170,000
\$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)	8,920,000
\$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%	1,000,000
\$19,500,000 General Obligation Bonds Series 2021A, due in annual installments of \$1,025,000, final installment of \$1,050,000 due December 1, 2041 with interest rates at 0.50% to 3.00%	19,500,000
\$1,000,000 General Obligation Bonds Series 2021B, due in annual installments of \$110,000, final installment of \$120,000 due December 1, 2031 with interest rates at 1.25% to 2.00%	1,000,000
Total general obligation bonds	165,380,000
Unamortized premium on bonds	3,342,944
Total general obligations bonds	<u>\$ 168,722,944</u>
Current portion	\$ 13,196,869
Noncurrent portion	155,526,075
Total general obligations bonds	<u><u>\$ 168,722,944</u></u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Notes payable-direct borrowings

\$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. \$393,395

\$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. 5,518,037

Total Notes payable \$ 5,911,432

Current portion \$ 1,718,896  
 Noncurrent portion 4,192,536

Total notes payable \$ 5,911,432

Accrued compensated absences

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

Current portion \$ 2,527,487  
 Noncurrent portion 1,263,743

Total accrued compensated absences \$ 3,791,230

Judgments payable

\$25,211 judgment in favor of Angela & Hugh Abercrombie, held by sinking fund, final maturity August 2022, with interest at 6.75% \$8,404

\$75,000 judgment in favor of Lamont Tharps, held by sinking fund, final maturity August 2022, with interest at 6.75% 25,000

\$30,000 judgment in favor of Francis Patrick Charon, held by sinking fund, final maturity November 2022, with interest at 6.75% 10,000

\$44,280 judgment in favor of William R. Quick, held by sinking fund, final maturity March 2023 with interest at 6.75% 14,760

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

\$178,000 judgment in favor of CWP, Inc., held by sinking fund, final maturity August 2022 with interest at 6.75%	59,333
---	--------

\$34,050 judgment in favor of Elias Nauman, held by sinking fund, final maturity March 2023 with interest at 6.75%	11,350
--	--------

Total judgments payable	<u>\$ 128,847</u>
-------------------------	-------------------

Current portion	\$ 128,847
Noncurrent portion	<u>-</u>

Total judgments payable	<u>\$ 128,847</u>
-------------------------	-------------------

Other claims payable

Actuarial determined automotive and general liability payable, funded by General Fund resources, reported in the governmental activities at June 30, 2020

Current portion	\$ 452,000
Noncurrent portion	<u>793,000</u>

Total automotive and general insurance liabilities	<u>\$ 1,245,000</u>
--	---------------------

Claims payable

Actuarial determined workers compensation and health claims, funded by General Fund resources, reported in the governmental activities at June 30, 2020

Current portion	\$ 1,002,000
Noncurrent portion	<u>3,889,037</u>

Total claims payable	<u>\$ 4,891,037</u>
----------------------	---------------------

Total OPEB liability

Current portion	\$ -
Noncurrent portion	<u>711,361</u>

Total other post-employment benefit obligation	<u>\$ 711,361</u>
--	-------------------

***Business-type activities long-term debt***

The Broken Arrow Municipal Authority's notes payable to the Oklahoma Water Resources Board are secured by utility revenues and pledged sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants; 2) accelerate indebtedness; 3) appoint temporary trustees to take over, operate, maintain the System on a profitable basis; 4) pursue any available remedy by suit at law or equity. The notes are subject to maximum annual debt service requirement coverage of at least 125%. Coverage at June 30, 2022, was 230%.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

As of June 30, 2022, 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	\$1,492,821
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	2,468,423
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	5,020,754
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	9,105,000
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	4,491,547
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	6,095,000
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	18,175,000
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	1,282,805
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	19,670,000
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	4,150,002

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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	9,858,002
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	25,900,000
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	4,933,943
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	4,730,000
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.	2,042,857
2022 Term Loan Facility Agreement Note payable to Closed Loop Fund, LP, original amount \$1,000,000 dated May 30, 2022, by Broken Arrow Municipal Authority, providing for the purchase of sanitation equipment, secured by said equipment, interest rate at 0.00%, final maturity December 2027. 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.	985,075
2021B Note payable to Oklahoma Water Resources Board, original amount \$3,435,000 dated December 22, 2021, 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 3.2%, final maturity October 2051	3,435,000
2021C Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$16,285,000 dated December 21, 2021, by Broken Arrow Municipal Authority, engineering, design and construction of various water and sewer projects, secured by utilities and pledged sales tax, interest rate at 1.78%, final maturity March 2053	320,789

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

2021A Utility System & Sales Tax Revenue Note payable to BOK Financial, original amount \$22,640,000 dated November 17, 2021, by Broken Arrow Municipal Authority, providing for the refunding of the 2012 OWRB loan, secured by utilities and pledged sales tax, interest rate at 2.48%, converts to tax-exempt on January 3, 2023 at 2.03% interest rate, final maturity March 2034

	22,275,000
	<hr/>
Total Notes Payable	\$ 154,017,018
Unamortized premium on notes payable	5,655,325
	<hr/>
Total Notes Payable	<u>\$ 159,672,343</u>
Current portion	\$ 7,535,325
Noncurrent portion	152,137,018
	<hr/>
Total Notes Payable	<u>\$ 159,672,343</u>

Total OPEB liability

Current portion	\$ -
Noncurrent portion	298,619
	<hr/>
Total other post-employment benefit obligation	<u>\$ 298,619</u>

Accrued compensated absences

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

Current portion	\$ 522,758
Noncurrent portion	261,379
	<hr/>
Total accrued compensated absences	<u>\$ 784,137</u>

Customer meter deposit reserves

Current portion	\$ 205,927
Noncurrent portion	823,706
	<hr/>
Total customer meter deposit reserves	<u>\$1,029,633</u>



**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

*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.	\$4,890,000
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 \$15,525,000 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>\$ 20,415,000</u>
Current portion	\$ 820,000
Noncurrent portion	<u>19,595,000</u>
Total TIF notes payable	<u>\$ 20,415,000</u>

*Changes in long-term liabilities*

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amount due in one year
<b>Governmental Activities :</b>					
General obligation bonds	\$ 156,645,000	\$ 20,500,000	\$ 11,765,000	\$ 165,380,000	\$ 12,875,000
Notes payable-direct borrowings	7,716,362	-	1,804,930	5,911,432	1,718,896
Accrued Compensated Absences	4,517,212	-	725,982	3,791,230	2,527,487
Judgments payable	339,572	-	210,725	128,847	128,847
Automotive and general liability	1,316,000	-	71,000	1,245,000	452,000
Claims payable	4,265,810	13,149,121	12,523,894	4,891,037	1,002,000
	<u>\$ 174,799,956</u>	<u>\$ 33,649,121</u>	<u>\$ 27,101,531</u>	<u>\$ 181,347,546</u>	<u>\$ 18,704,230</u>
Add:					
Unamortized premium				3,342,944	321,869
Net pension liability				30,251,897	-
Total OP EB liability				711,361	-
Total Derivative Investment Liability-Interest Rate Swap				299,405	150,964
				<u>\$ 215,953,153</u>	<u>\$ 19,177,063</u>

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amount due in one year
<b>Business-type Activities :</b>					
Bonds, Notes and Loans Payable-direct borrowings	\$ 149,426,201	\$ 33,668,793	\$ 29,077,976	\$ 154,017,018	\$ 7,307,076
BAEDA-Notes Payable-direct borrowings	212,10,000	-	795,000	20,415,000	820,000
Accrued Compensated Absences	783,394	743	-	784,137	522,758
	<u>\$ 171,419,595</u>	<u>\$ 33,669,536</u>	<u>\$ 29,872,976</u>	<u>\$ 175,216,155</u>	<u>\$ 8,649,834</u>
Add:					
Unamortized premium				5,655,325	228,249
Total OP EB liability				298,619	-
Customer Meter Deposit Reserves	1,025,091	283,874	279,332	1,029,633	205,927
				<u>\$ 182,199,732</u>	<u>\$ 9,084,010</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, 2022, are as follows:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

**Governmental Activities**

Year Ending June 30,	General Obligation Bonds		Notes Payable-Direct Borrowings		Judgments Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 12,875,000	\$ 4,609,983	1,718,896	386,682	128,847	8,697
2024	12,520,000	3,999,689	1,834,499	267,785	-	-
2025	11,830,000	3,671,092	1,638,037	140,698	-	-
2026	10,775,000	3,385,149	720,000	26,272	-	-
2027	10,500,000	3,096,630	-	26,272	-	-
2028-2032	51,485,000	11,258,415	-	-	-	-
2033-2037	39,105,000	4,911,971	-	-	-	-
2038-2042	16,290,000	716,094	-	-	-	-
Total	<u>\$ 165,380,000</u>	<u>\$ 35,649,023</u>	<u>\$ 5,911,432</u>	<u>\$ 847,709</u>	<u>\$ 128,847</u>	<u>\$ 8,697</u>

**Business-Type Activities**

Year Ending June 30,	Bonds, Notes & Loans Payable-Direct Borrowings	
	Principal	Interest
2023	\$ 8,127,076	\$ 6,228,711
2024	9,416,454	5,519,562
2025	9,004,770	5,368,501
2026	9,036,247	5,177,452
2027	9,272,202	4,961,905
2028-2032	42,923,454	21,298,153
2033-2037	44,187,079	15,015,752
2038-2042	36,600,000	8,518,908
2043-2047	22,970,000	3,578,339
2048-2052	13,850,000	680,782
2053	1,417,000	680,782
Total	<u>\$ 206,804,282</u>	<u>\$ 77,028,847</u>
Less: Amount not drawn	<u>(32,372,264)</u>	
	<u>\$ 174,432,018</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, 2022**

*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), \$5,675,000 2019 Utility System & Sales Tax Revenue Note payable to BOK Financial, \$3,435,000 2021B Drinking Water SRF note payable, \$16,285,000 2021C Clean Water SRF note payable, and \$22,640,000 2021A Utility System & Sales Tax Revenue Note payable to BOK Financial. These notes are payable through 2053. The total remaining principal and interest payable for the life of these notes is \$223,596,269. Pledged sales taxes received in the current year were \$15,638,549 and net utility revenues were \$13,821,436 for total pledged net revenues of \$29,459,985. Debt service payments of \$10,729,466 (excluding the \$22,547,900 refinanced portion of the 2012 OWRB loan) for the current year were 36.4% of net pledged revenues for these notes.

Interfund balances and activities

Interfund receivables and payables at June 30, 2022, 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	\$ 765	Operational advances
General Fund	BAMA	3,280,154	Operational subsidy
Sales Tax Capital Improvement	Battle Creek Golf Course	128,453	Operational advances
Debt Service Fund	BAEDA	30,389	Deposit to wrong account
BAMA	General	3,280,154	Sales tax collections
BAMA	Battle Creek Golf Course	465,024	Operational advances
		\$ 7,184,939	

**Due From/Due To:**

Reconciliation to Fund Financial Statements:

	<u>Due from</u>	<u>Due to</u>	<u>Net Interfund Balances</u>
Governmental Funds	\$ 3,439,761	\$ (3,280,919)	\$ 158,842
Proprietary Funds	3,745,178	(3,904,020)	(158,842)
	\$ 7,184,939	\$ (7,184,939)	\$ -

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Interfund transfers for the year ended June 30, 2022, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	BAMA	\$ 15,626,940	Sales Tax Collections
General Fund	Public Safety Sales Tax-Police	28,568,817	Sales Tax Collections
General Fund	Public Safety Sales Tax-Fire	23,898,165	Sales Tax Collections
General Fund	BAEDA	600,000	Economic Development
Sales Tax Capital Improvement Func	BAMA	1,717	Operating subsidy
Debt Service Fund	General Fund	50,000	Operational/Interest
2014 General Obligation Bond Fund	BAMA	9,892	Operational/General Government
Convention and Visitor's Bureau	General Fund	275,000	Operational/General Government
Street and Alley	General Fund	1,000,000	Operational/Streets
E911	Public Safety Sales Tax-Police	1,000,000	Operational/Public Safety
BAMA	General Fund	15,626,940	Operating subsidy
BAMA	BAEDA	600,000	Economic Development
		<u>\$ 87,257,471</u>	

**Transfers:**

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 70,418,922	\$ (71,030,531)	\$ (611,609)
Proprietary Funds	16,838,549	(16,226,940)	611,609
Total Transfers	<u>\$ 87,257,471</u>	<u>\$ (87,257,471)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Net Interfund Balances</u>
Net transfers	\$ (611,609)	\$ 611,609	\$ -
Business type expenses in special revenue funds	-	-	-
Net transfers	<u>\$ (611,609)</u>	<u>\$ 611,609</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**  
**Year Ending June 30, 2022**

	General Fund	Public Safety Sales Tax - Police	Public Safety Sales Tax - Fire	Sales Tax Capital Improvement Fund	American Relief Fund	2018 General Obligation Bond Fund	Debt Service Fund	Other Governmental Funds	Total
Fund Balance									
Restricted For:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,211,908	\$ -	\$ 13,211,908
Capital improvements	-	-	-	17,924,792	-	43,133,959	-	24,185,978	85,244,729
Convention and Visitor's Bureau	-	-	-	-	-	-	-	1,387,564	1,387,564
Public safety	-	15,282,859	5,555,457	-	-	-	-	189,002	2,102,738
Cemetery care	-	-	-	-	-	-	-	153,958	153,958
Street and alley operations	-	-	-	-	-	-	-	1,694,697	1,694,697
Housing and Urban Development	-	-	-	-	-	-	-	245,872	245,872
E911	-	-	-	-	-	-	-	1,612,013	1,612,013
Industrial Development	-	-	-	-	-	-	-	33,160	33,160
Crime Prevention	-	-	-	-	-	-	-	143,871	143,871
Alcohol enforcement	-	-	-	-	-	-	-	94,179	94,179
Sub-total restricted	-	15,282,859	5,555,457	17,924,792	-	43,133,959	13,211,908	29,740,294	124,849,269
Committed for:									
Excess capacity sewer escrow	-	-	-	-	-	-	-	1,662,568	1,662,568
Stormwater capital improvements	-	-	-	-	-	-	-	1,205,978	1,205,978
Parks and recreation	-	-	-	-	-	-	-	736,394	736,394
Cemetery care	-	-	-	-	-	-	-	253,121	253,121
Street lights	-	-	-	-	-	-	-	932,739	932,739
Economic development	-	-	-	-	-	-	-	198,532	198,532
Sub-total committed	-	-	-	-	-	-	-	4,989,332	4,989,332
Assigned for:									
Subsequent year budget/activities	11,306,342	-	-	-	-	-	-	7,292,603	18,598,945
Sub-total assigned	11,306,342	-	-	-	-	-	-	7,292,603	18,598,945
Unassigned (deficit):	14,637,084	-	-	-	(9,617)	-	-	-	14,627,467
TOTAL FUND BALANCE	\$ 25,943,426	\$ 15,282,859	\$ 5,555,457	\$ 17,924,792	\$ (9,617)	\$ 43,133,959	\$ 13,211,908	\$ 42,022,229	\$ 163,065,013

**Note 4 – Employee Pension and Other Benefit Plans**

The City participates in three employee pension systems as follows:

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

***Oklahoma Police Pension and Retirement System***

Summary of Significant Accounting Policies

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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

**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, 2022 the total contribution to the system amounted to \$2,841,717 of which \$1,759,158 was made by the City and \$1,082,559 was made by the employees. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,544,115 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 \$1,032,611. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension liabilities (assets), pension expense, deferred outflows, and deferred inflows of resources related to pensions** – At June 30, 2022, the City reported an asset of \$17,461,926 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 3.6401%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$1,759,354). At June 30, 2022 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, 2022**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 250,711	\$ 689,220
Changes of assumptions	265,538	-
Net difference between projected and actual earnings on pension plan investments	-	12,737,870
Changes in proportion	5,291	69,890
City contributions during measurement date	26,740	20,317
City contributions subsequent to the measurement date	1,759,158	-
Total	<u>\$ 2,307,438</u>	<u>\$ 13,517,297</u>

In the year ending June 30, 2023, the \$1,759,158 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date reported above will be recognized as a reduction of or addition to the net pension liability (asset). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (2,924,699)
2024	(2,573,011)
2025	(3,246,395)
2026	(4,257,394)
2027	32,482
	<u>\$ (12,969,017)</u>

**Actuarial assumptions** – The total pension liability in the July 1, 2021 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
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.



**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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, 2021, 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, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%
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.

***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:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Police Pension net pension liability (asset)	\$ (6,548,750)	\$ (17,461,926)	\$ (26,689,829)

**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](http://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](http://www.ok.gov/fprs)

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

Normal Retirement:

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

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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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, 2022, the total contribution to the system amounted to \$3,671,989 of which \$2,235,125 was made by the City and \$1,436,864 was made by the employees. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$4,540,795 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 \$3,349,831. 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, 2022, the City reported a liability of \$30,251,897 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 4.5936%.

For the year ended June 30, 2022, the City recognized pension expense of \$1,413,775. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,971,678	\$ 531,273
Changes of assumptions	-	670,985
Net difference between projected and actual earnings on pension plan investments	-	24,048,965
Changes in proportion	3,985,123	1,333,134
City contributions during measurement date	80,424	7
City contributions subsequent to the measurement date	2,235,125	-
Total	<u>\$ 17,272,350</u>	<u>\$ 26,584,364</u>

In the year ending June 30, 2023, the \$2,235,125 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date reported above 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:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Year ended June 30:

2023	\$	(794,557)
2024		(2,080,971)
2025		(2,999,434)
2026		(5,672,177)
	\$	<u>(11,547,139)</u>

**Actuarial Assumptions**- The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021, 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, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed income	20%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%
	<u>100%</u>	

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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Fire Pension net pension liability	\$ 47,274,854	\$ 30,251,897	\$ 16,000,199

**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](http://www.ok.gov/FPRS).

*Related-party investments*

As of June 30, 2022, 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, 2022, contributed at the rate of 10% of employee compensation. City contributions for each employee begin vesting after three years of service and are fully vested after seven years. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited may be used to reduce the City's current-period contribution requirements. The authority to establish and amend the provisions of the Plan rests with the City Council.

For the year ended June 30, 2022, the following amounts related to actual contributions to the defined contribution plan:

Employee contributions made	\$ 231,002
Employer (City) contributions made	\$ 2,901,766

***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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

Employees covered by benefit terms. At June 30, 2022 the following employees were covered by the benefit terms:

Active Employees	601
Inactive or beneficiaries currently receiving benefit payments	<u>8</u>
Total	<u>609</u>

Total OPEB Liability. The City’s total OPEB liability of \$1,009,980 was measured as of June 30, 2022, 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, 2022 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.54%, based on June 30, 2021 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:

<u>Age</u>	<i>Civilian Retirement</i>	
	<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>	<i>Retirement Rate</i>	
	<u>Police</u>	<u>Fire</u>
20	20%	10%
25	20%	15%
30	100%	20%
35		100%

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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

	Total OPEB Liability
Balances at Beginning of Year	\$ 1,231,393
Changes for the Year:	
Service Cost	98,191
Interest expense	28,388
Difference between expected and actual experience	(166,329)
Change of assumptions	(151,024)
Expected net benefit payments	(30,639)
Net Changes	(221,413)
Balances at End of Year	\$ 1,009,980
Governmental Activities	\$ 711,361
Business-Type Activities	298,619
	\$ 1,009,980

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate-The following presents the total OPEB liability of the employer calculated using the discount rate of 3.54%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
OPEB liability	\$ 1,117,102	\$ 1,009,980	\$ 914,642

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	\$ 886,766	\$ 1,009,980	\$ 1,156,637

OPEB Expense and Deferred Outflows of Resources and Deferred Outflows/Inflows of Resources Related to OPEB For the year ended June 30, 2022, the City recognized OPEB expense of \$57,516. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

	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	\$ -	\$ 128,293	\$ -	\$ 53,856	\$ -	\$ 182,149
Changes of assumptions	4,018	188,673	1,687	79,202	5,705	267,875
Changes in proportion	-	45,648	45,648	-	45,648	45,648
Total	<u>\$ 4,018</u>	<u>\$ 362,614</u>	<u>\$ 47,335</u>	<u>\$ 133,058</u>	<u>\$ 51,353</u>	<u>\$ 495,672</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:			
2023	\$ (59,734)	\$ (9,329)	\$ (69,063)
2024	(59,734)	(9,329)	(69,063)
2025	(59,734)	(9,329)	(69,063)
2026	(54,384)	(14,679)	(69,063)
2027	(51,463)	(17,600)	(69,063)
Thereafter	(73,547)	(25,457)	(99,004)
	<u>\$ (358,596)</u>	<u>\$ (85,723)</u>	<u>\$ (444,319)</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, 2022:

- A developer received rebated sales taxes during 2022. The sales tax rebated cannot exceed the lesser of (i) 1.375% of the gross sales tax generated over a 15 year period, or (ii) \$3,250,000. This sales tax rebate period is for fifteen years from the sales tax commencement date (the date the City first receives sales tax). The agreement must be renewed for the City Council annually to ensure a continuing public benefit. This agreement was entered into October 2012 and will terminate no later than April 2030.

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



**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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 \$42,964 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2022.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S., Section 193 that is used to reimburse the City for the loss of revenue. Contributions to this Fund come from a dedicated tax stream comprised of one percent of net state personal and corporate income tax revenues. The City received \$0 during the fiscal year 2022 and has an outstanding, unpaid claim of \$42,964 of reimbursement from the State as of June 30, 2022.

**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, 2022**

<p>d. Health and Life:  - Medical  - Dental  - Vision</p>	<p>Self-insured with third-party administration of the claims provided by CoreSource, Inc.</p> <p>Participation in Vision Service Plan. City purchases annual eye examination benefits for insured at a monthly cost of \$.63 per month for single coverage, \$.93 per month for employee and children, \$1.00 per month for employee and spouse and \$1.59 per month for family coverage.</p> <p>Group Health &amp; Life Internal Service Fund used to account for self-insurance activities with participating funds making payments to the internal service fund based upon factors determined by the City's benefit consultant.</p>	<p>Claims up to \$125,000 per individual are self-funded. Individual specific stop loss reinsurance covers claims in excess of \$125,000 per insured once a \$100,000 deductible has been met. The City does not carry Aggregate stop loss coverage.</p>
---	---	--

<sup>(1)</sup> 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, 2019 to June 30, 2022, are as follows:

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

	Workers' Compensation	Health Care	Total
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	\$ 3,373,000	\$ 892,810	\$ 4,265,810
Claims and changes in estimates	1,333,018	11,816,103	13,149,121
Claims payments	(1,071,018)	(11,452,876)	(12,523,894)
Claim liability, June 30, 2022	<u>\$ 3,635,000</u>	<u>\$ 1,256,037</u>	<u>\$ 4,891,037</u>
Assets available to pay claims at June 30, 2022	<u>\$ 2,836,500</u>	<u>\$ 1,890,344</u>	<u>\$ 4,726,844</u>
Reconciliation to Statement of Net Position:			
Current portion			\$ 1,002,000
Noncurrent portion			3,889,037
Total			<u>\$ 4,891,037</u>

**Note 7 – Commitments and Contingencies**

*Construction commitments*

At June 30, 2022 the following construction commitments were outstanding:

	Original Contract	Balance Remaining
Belt Construction	\$ 42,058	\$ 42,058
Belt Construction	33,852	33,852
Grade Line Construction, LLC	218,423	37,459
Regional Metropolitan Utility	10,765	10,765
Holloway, Updike and Bellen	100,000	66,700
Crossland Heavy Contractors	2,539,172	1,182,813
Timber Wolf Excavating LLC	1,847,544	201,045
Isai Gomez Mendez	668,544	176,231
Becco Contractors Inc	47,384	47,384
Becco Contractors Inc	2,622,000	5,405
Jerry's Excavation Inc	769,697	210,919
Regional Metropolitan Utility	9,062,133	46,558
Regional Metropolitan Utility	1,472,116	96,672
Regional Metropolitan Utility	3,499,061	3,312,153
Regional Metropolitan Utility	345,879	20,461
Crossland Heavy Contractors	996,200	40,398
Crossland Heavy Contractors	10,407	10,407
Poe and Associates, Inc	30,040	8,764
Ground Zero Roofing & Construction	89,260	8,510
Ground Zero Roofing & Construction	159,260	94,897
Ground Zero Roofing & Construction	76,260	10,596
Ground Zero Roofing & Construction	192,060	143,311

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

*Construction commitments, (continued)*

	Original Contract	Balance Remaining
Ground Zero Roofing & Construction	\$ 351,660	\$ 129,798
Cherokee Pride Construction, Inc	2,375,316	901,234
Cherokee Pride Construction, Inc	25,440	25,440
Cherokee Pride Construction, Inc	914,534	405,481
Timber Wolf Excavating LLC	1,775,704	22,133
Scissor Tail Construction LLC	303,508	12,841
RGROUP Inc	2,519,320	393,334
Cherokee Pride Construction, Inc	477,085	28,217
Cherokee Pride Construction, Inc	30,000	30,000
Cherokee Pride Construction, Inc	3,931,544	2,445,091
Diversified Civil Contractors	390,217	16,731
Diversified Civil Contractors	104,530	104,530
R&L Construction LLC	400,000	160,911
R&L Construction LLC	1,813,239	686,213
R.L. Shears Company PC	10,200	2,083
R.L. Shears Company PC	22,580	22,580
Westech Engineering LLC	641,655	641,655
Xylem Water Solutions USA Inc	550,381	550,381
Crossland Heavy Contractors	4,569,764	4,191,376
Crossland Heavy Contractors	881,193	696,301
Crossland Heavy Contractors	41,615	41,615
Diversified Civil Contractors	149,881	101,992
Benchmark Enterprises LLC	18,550	18,550
Benchmark Enterprises LLC	414,050	414,050
TLS Group Inc	159,000	159,000
Daris Contractors LLC	1,646,183	1,309,517
Diversified Civil Contractors	394,000	394,000
Diversified Civil Contractors	400,000	230,314
Diversified Civil Contractors	200,000	115,157
Diversified Civil Contractors	1,400,000	806,099
Diversified Civil Contractors	1,571,993	905,130

***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.

**CITY OF BROKEN ARROW, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ending June 30, 2022**

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

**Note 8 – Subsequent Events**

**City:**

On July 19, 2022, the City approved the sale of \$40,000,000 of General Obligation Bond Series 2022A to be issued as of December 1, 2021 payable in annual payments.

**Broken Arrow Municipal Authority:**

On December 6, 2022, the trustees of the Broken Arrow Municipal Authority (BAMA) approved resolution #1502 authorizing BAMA to issue Rural Development debt to construct a fertilizer production facility at Haikey Creek WW Treatment Facility in the amount not to exceed \$18,000,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BROKEN ARROW, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
<b>Beginning budgetary fund balance</b>	\$ 18,761,251	\$ 18,761,251	\$ 19,989,352	\$ 1,228,101
<b>Resources (inflows):</b>				
<b>Taxes:</b>				
Sales tax	41,647,071	46,728,971	47,241,881	512,910
Use tax	9,000,000	10,066,600	10,330,084	263,484
Tobacco tax	550,000	550,000	511,865	(38,135)
Franchise tax	4,502,000	4,502,000	4,771,791	269,791
<b>Total taxes</b>	<u>55,699,071</u>	<u>61,847,571</u>	<u>62,855,621</u>	<u>1,008,050</u>
<b>Intergovernmental:</b>				
Intergovernmental	300,000	452,878	542,252	89,374
Alcoholic beverage tax	345,000	345,000	352,683	7,683
<b>Total intergovernmental</b>	<u>645,000</u>	<u>797,878</u>	<u>894,935</u>	<u>97,057</u>
<b>Charges for services:</b>				
Planning and zoning	170,000	170,000	185,785	15,785
Sale of material	20,000	20,000	24,134	4,134
BAMA PILOT	4,150,000	4,150,000	3,757,787	(392,213)
Rural fire runs & subscriptions	47,500	47,500	46,088	(1,412)
Inspection fees	875,000	875,000	832,040	(42,960)
Ambulance revenue	6,320,000	6,320,000	7,406,567	1,086,567
Training	2,500	2,500	-	(2,500)
Special Events	10,000	10,000	900	(9,100)
Cemetery fee	170,000	170,000	223,131	53,131
Animal control fees	50,000	50,000	54,564	4,564
Nuisance abatement	50,000	50,000	47,825	(2,175)
Parks and recreation	165,000	165,000	239,523	74,523
Swimming pools	200,000	200,000	242,866	42,866
Administrative fees	15,000	15,000	15,069	69
Schools	48,000	48,000	-	(48,000)
Juvenile court	45,000	45,000	50,029	5,029
<b>Total charges for services</b>	<u>12,338,000</u>	<u>12,338,000</u>	<u>13,126,308</u>	<u>788,308</u>

(Continued)

**CITY OF BROKEN ARROW, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE (continued)**  
**GENERAL FUND**  
**Year ended June 30, 2022**

	Budgeted		Actual	Variance with
	Amounts		Amounts	Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
<b>Fines, forfeitures and assessments</b>	1,303,000	1,303,000	818,349	(484,651)
<b>Licenses and permits:</b>				
Occupational licenses	290,000	290,000	269,902	(20,098)
Peddlers licenses	2,400	2,400	2,519	119
Food licenses	48,000	48,000	37,241	(10,759)
Other fees	80,000	80,000	56,375	(23,625)
Special events	-	-	11,212	11,212
Farmer's market	-	-	24,750	24,750
Building permits	900,000	900,000	991,691	91,691
<b>Total licenses and permits</b>	1,320,400	1,320,400	1,393,690	73,290
<b>Investment income</b>	32,000	32,000	99,751	67,751
<b>Miscellaneous:</b>				
Rental property	1,300,000	1,300,000	615,346	(684,654)
Donations	-	-	1,316	1,316
Miscellaneous	100,000	100,000	168,477	68,477
Sale of capital assets	-	-	115,083	115,083
Insurance proceeds	25,000	25,000	173,700	148,700
<b>Total miscellaneous</b>	1,425,000	1,425,000	1,073,922	(351,078)
<b>Other financing sources:</b>				
Transfers in from other funds	18,178,533	18,178,533	16,951,940	(1,226,593)
<b>Total other financing sources</b>	18,178,533	18,178,533	16,951,940	(1,226,593)
<b>Total revenues and other financing sources</b>	90,941,004	97,242,382	97,214,516	(27,866)
<b>Amounts available for appropriation</b>	109,702,255	116,003,633	117,203,868	1,200,235

(Continued)



**CITY OF BROKEN ARROW, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE (continued)**  
**GENERAL FUND**  
**Year ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
<b>Charges to appropriations (outflows):</b>				
<b>General government:</b>				
City manager	2,017,536	2,023,286	1,840,080	183,206
Finance	1,417,920	1,537,920	1,478,624	59,296
City attorney	1,322,562	1,326,502	1,178,740	147,762
Human resources	1,343,200	1,384,950	1,228,476	156,474
Information services	1,984,643	2,245,138	2,045,433	199,705
Community development	3,764,265	3,770,960	3,582,732	188,228
General government	2,227,035	2,495,233	2,128,350	366,883
City Clerk	861,600	1,093,600	893,609	199,991
<b>Total general government</b>	<u>14,938,761</u>	<u>15,877,589</u>	<u>14,376,044</u>	<u>1,501,545</u>
<b>Public services:</b>				
Streets	3,467,875	3,498,517	3,262,075	236,442
General services	-	158	158	-
<b>Total public services</b>	<u>3,467,875</u>	<u>3,498,675</u>	<u>3,262,233</u>	<u>236,442</u>
<b>Parks and recreation</b>	<u>5,660,780</u>	<u>5,699,899</u>	<u>4,928,243</u>	<u>771,656</u>
<b>Other financing uses:</b>				
Transfers to other funds	66,497,123	71,787,196	68,693,922	3,093,274
<b>Total charges to appropriations</b>	<u>90,564,539</u>	<u>96,863,359</u>	<u>91,260,442</u>	<u>5,602,917</u>
<b>Ending budgetary fund balance</b>	<u>\$ 19,137,716</u>	<u>\$ 19,140,274</u>	<u>\$ 25,943,426</u>	<u>\$ 6,803,152</u>

**CITY OF BROKEN ARROW, OKLAHOMA  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2022**

**Broken Arrow  
Budgetary Comparison Schedule  
Major Special Revenue Fund - Public Safety Sales Tax Fund - Police  
For the year ended June 30, 2022**

<b>Public Safety Sales Tax Fund - Police</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance</b>	\$ 10,760,509	\$ 10,760,509	\$ 10,863,872	\$ 103,363
<b>Resources (Inflows):</b>				
Taxes	2,479,353	2,479,353	2,834,512	355,159
Intergovernmental	100,000	100,000	159,188	59,188
Investment income	6,000	6,000	(21,760)	(27,760)
Miscellaneous	12,500	82,500	58,591	(23,909)
Transfers from other funds	27,704,744	27,704,744	29,568,817	1,864,073
Amounts available for appropriation	<u>30,302,597</u>	<u>30,372,597</u>	<u>32,599,348</u>	<u>2,226,751</u>
<b>Charges to Appropriations (Outflows):</b>				
Police	<u>29,418,945</u>	<u>29,575,636</u>	<u>28,180,361</u>	<u>1,395,275</u>
Ending Budgetary Fund Balance	<u>\$ 11,644,161</u>	<u>\$ 11,557,470</u>	<u>\$ 15,282,859</u>	<u>\$ 3,725,389</u>

**Broken Arrow  
Budgetary Comparison Schedule  
Major Special Revenue Fund - Public Safety Sales Tax Fund - Fire  
For the year ended June 30, 2022**

<b>Public Safety Sales Tax Fund - Fire</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance (restated)</b>	\$ 5,409,343	\$ 5,409,343	\$ 5,422,173	\$ 12,830
<b>Resources (Inflows):</b>				
Taxes	2,479,353	2,479,353	2,834,512	355,159
Investment income	3,000	3,000	(12,400)	(15,400)
Miscellaneous	8,000	8,000	12,237	4,237
Transfers from other funds	22,338,846	23,897,846	23,898,165	319
Amounts available for appropriation	<u>24,829,199</u>	<u>26,388,199</u>	<u>26,732,514</u>	<u>344,315</u>
<b>Charges to Appropriations (Outflows):</b>				
Fire	<u>24,786,683</u>	<u>26,901,800</u>	<u>26,599,230</u>	<u>302,570</u>
Ending Budgetary Fund Balance	<u>\$ 5,451,859</u>	<u>\$ 4,895,742</u>	<u>\$ 5,555,457</u>	<u>\$ 659,715</u>

**NOTES TO BUDGETARY COMPARISON SCHEDULES**

**Note 1 - Budgetary Accounting**

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

Under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"), the legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. At June 30, 2022, 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)	\$ 97,214,516
Less: transfers in from other funds	<u>(16,951,940)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 80,262,576</u>
Total budgetary expenditures and transfers	\$ 91,260,442
Less: transfers to other funds	<u>(68,693,922)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 22,566,520</u>

**CITY OF BROKEN ARROW, OKLAHOMA  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2022**

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

	Public Safety Sales Tax Fund - Police
Total budgetary resources (inflows)	\$ 32,599,348
Add: On-behalf payments	1,544,115
Less: Transfers in from other funds	<u>(29,568,817)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 4,574,646</u>
Total budgetary expenditures and transfers	\$ 28,180,361
Add: On-behalf payments	<u>1,544,115</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 29,724,476</u>
	Public Safety Sales Tax Fund - Fire
Total budgetary resources (inflows)	\$ 26,732,514
Add: On-behalf payments	4,540,795
Less: Transfers in from other funds	<u>(23,898,165)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 7,375,144</u>
Total budgetary expenditures and transfers	\$ 26,599,230
Add: On-behalf payments	<u>4,540,795</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 31,140,025</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

**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\***

<b>For the year June 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
City's proportion of the net pension liability (asset)	3.1323%	3.2237%	3.1605%	3.3097%	3.4646%	3.5076%	3.6693%	3.6401%
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	\$(17,461,926)
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	\$ 12,594,259
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%	138.65%
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%	117.07%

**Notes to Schedule:**

\* Only eight fiscal years are presented because 10-year data is not yet available. Current year measurement date is June 30, 2021.

\*\* Information was not available.

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Statutorily required contribution	\$ 1,184,616	\$ 1,211,662	\$ 1,332,276	\$ 1,377,253	\$ 1,486,307	\$ 1,597,656	\$ 1,637,241	\$ 1,759,158
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>	<u>1,759,158</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$13,872,246
Contributions as a percentage of covered-employee payroll	13%	13%	13%	13%	13%	13%	13%	13%

**Notes to Schedule:**

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

**CITY OF BROKEN ARROW, OKLAHOMA  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2022**

**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\***

<b>For the year June 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
City's proportion of the net pension liability	3.6826%	3.8107%	3.9641%	4.2472%	4.4499%	4.1400%	4.5698%	4.5936%
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	\$30,251,897
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	\$14,908,009
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%	202.92%
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%	84.24%

**Notes to Schedule:**

\* Only eight fiscal years are presented because 10-year data is not yet available. Current year measurement date is June 30, 2021.

\*\* Information was not available.

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Statutorily required contribution	\$ 1,457,366	\$ 1,552,672	\$ 1,752,419	\$ 1,852,898	\$ 1,942,593	\$ 2,057,989	\$ 2,087,122	\$ 2,235,125
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>	<u>2,235,125</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 15,996,124
Contributions as a percentage of covered-employee payroll	14%	14%	14%	14%	14%	14%	14%	14%

**Notes to Schedule:**

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

**CITY OF BROKEN ARROW, OKLAHOMA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

**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>	<u>2022</u>
Total OPEB Liability					
Service cost	\$ 81,277	\$ 84,431	\$ 84,431	\$ 97,491	\$ 98,191
Interest	44,794	45,537	52,705	27,902	28,388
Difference between expected and actual experience	-	-	-	(47,742)	(166,329)
Change in assumptions	-	-	(210,425)	7,465	(151,024)
Benefit payments, including refunds of member contributions	<u>(25,646)</u>	<u>(25,646)</u>	<u>(33,656)</u>	<u>(37,547)</u>	<u>(30,639)</u>
Net change in total OPEB liability	100,425	104,322	(106,945)	47,569	(221,413)
Total OPEB liability - beginning	<u>1,086,022</u>	<u>1,186,447</u>	<u>1,290,769</u>	<u>1,183,824</u>	<u>1,231,393</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>	<u>\$ 1,009,980</u>
Covered employee payroll	\$ 30,068,853	\$ 30,068,853	\$ 33,734,659	\$ 33,734,659	\$ 39,094,305
Total OPEB liability as a percentage of covered employee payroll	3.95%	4.29%	3.51%	3.65%	2.58%

**Notes to Schedule:**

\* Only five 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, 2022**

Combining Balance Sheet – General Fund Accounts

**Broken Arrow**  
**Balance Sheet**  
**General Fund Accounts**  
**June 30, 2022**

	<b>General Fund</b>	<b>Escrow Fund</b>	<b>Total General Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,723,022	\$ 1,121,628	\$ 9,844,650
Investments	9,063,367	-	9,063,367
Taxes receivable, net	427,611	-	427,611
Due from other funds	3,280,154	-	3,280,154
Receivable from other governments	10,153,835	-	10,153,835
Accrued interest receivable	23,110	-	23,110
Leases receivable	7,103,969	-	7,103,969
Other receivables, net	1,890,794	44,454	1,935,248
Prepaid expenses	220,233	-	220,233
Total assets	40,886,095	1,166,082	42,052,177
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	446,325	9,875	456,200
Accrued payroll	2,756,680	-	2,756,680
Due to other funds	3,280,919	-	3,280,919
Due to other governments	11,840	-	11,840
Due to bondholders	-	81,271	81,271
Unearned revenue	-	217,550	217,550
Amounts held in escrow	336,093	857,386	1,193,479
Total liabilities	6,831,857	1,166,082	7,997,939
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows-leases	7,603,378	-	7,603,378
Deferred revenue	507,434	-	507,434
Total deferred inflows of resources	8,110,812	-	8,110,812
 Fund balances:			
Assigned	11,306,342	-	11,306,342
Unassigned	14,637,084	-	14,637,084
Total fund balances	25,943,426	-	25,943,426
Total liabilities, deferred inflows of resources and fund balances	\$ 40,886,095	\$ 1,166,082	\$ 42,052,177

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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, 2022**

	<u>General Fund</u>	<u>Escrow Fund</u>	<u>Total General Fund</u>
<b>REVENUES</b>			
Sales and use taxes	\$ 57,571,965	\$ -	\$ 57,571,965
Franchise and miscellaneous taxes	5,283,656	-	5,283,656
Intergovernmental	894,935	-	894,935
Charges for services	13,126,308	-	13,126,308
Fines and forfeitures	818,349	-	818,349
Licenses and permits	1,393,690	-	1,393,690
Rental income	615,346	-	615,346
Investment income	99,751	-	99,751
Miscellaneous	458,576	-	458,576
Total revenues	<u>80,262,576</u>	<u>-</u>	<u>80,262,576</u>
<b>EXPENDITURES</b>			
Current:			
General government	14,375,533	-	14,375,533
Public services	3,262,233	-	3,262,233
Parks and recreation	4,928,243	-	4,928,243
Capital Outlay	511	-	511
Total Expenditures	<u>22,566,520</u>	<u>-</u>	<u>22,566,520</u>
Excess (deficiency) of revenues over expenditures	<u>57,696,056</u>	<u>-</u>	<u>57,696,056</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	16,951,940	-	16,951,940
Transfers out	(68,693,922)	-	(68,693,922)
Total other financing sources and uses	<u>(51,741,982)</u>	<u>-</u>	<u>(51,741,982)</u>
Net change in fund balances	5,954,074	-	5,954,074
Fund balances - beginning	19,989,352	-	19,989,352
Fund balances - ending	<u>\$ 25,943,426</u>	<u>\$ -</u>	<u>\$ 25,943,426</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

Combining Balance Sheet – Nonmajor Governmental Funds

**Broken Arrow**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	<b>SPECIAL REVENUE FUNDS</b>						
	<b>Excess Capacity Sewer Escrow</b>	<b>Stormwater Capital</b>	<b>Convention and Visitor's Bureau</b>	<b>Police Enhancement</b>	<b>Street and Alley</b>	<b>Housing and Urban Development</b>	<b>CARES Act Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,662,568	\$ 1,224,687	\$ 1,317,986	\$ 195,201	\$ 1,574,652	\$ 250,434	\$ 2,449,854
Investments	-	-	-	-	-	-	4,895,465
Due from other funds	-	-	-	765	-	-	-
Receivable from other governments	-	-	-	-	174,676	36,993	-
Accrued interest receivable	-	-	-	-	-	-	23,640
Other receivables, net	-	-	90,679	-	-	-	-
Prepaid expense	-	-	38,680	-	-	-	-
Total assets	<u>1,662,568</u>	<u>1,224,687</u>	<u>1,447,345</u>	<u>195,966</u>	<u>1,749,328</u>	<u>287,427</u>	<u>7,368,959</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	-	18,709	50,111	6,964	54,631	4,476	52,716
Amounts held in escrow	-	-	-	-	-	86	-
Total liabilities	<u>-</u>	<u>18,709</u>	<u>50,111</u>	<u>6,964</u>	<u>54,631</u>	<u>4,562</u>	<u>52,716</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	9,670	-	-	36,993	23,640
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>9,670</u>	<u>-</u>	<u>-</u>	<u>36,993</u>	<u>23,640</u>
<b>Fund balances:</b>							
Restricted	-	-	1,387,564	189,002	1,694,697	245,872	-
Committed	1,662,568	1,205,978	-	-	-	-	-
Assigned	-	-	-	-	-	-	7,292,603
Total fund balances	<u>1,662,568</u>	<u>1,205,978</u>	<u>1,387,564</u>	<u>189,002</u>	<u>1,694,697</u>	<u>245,872</u>	<u>7,292,603</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,662,568</u>	<u>\$ 1,224,687</u>	<u>\$ 1,447,345</u>	<u>\$ 195,966</u>	<u>\$ 1,749,328</u>	<u>\$ 287,427</u>	<u>\$ 7,368,959</u>

(Continued)

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

Combining Balance Sheet – Nonmajor Governmental Funds, (Continued)

Broken Arrow Combining Balance Sheet Nonmajor Governmental Funds June 30, 2022							
	SPECIAL REVENUE FUNDS						CAPITAL PROJECT FUNDS
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Creek TIF Apportionment Fund	2014 General Obligation Bond Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,516,800	\$ 142,778	\$ 93,929	\$ 957,720	\$ 97,621	\$ 33,160	\$ 7,445,603
Investments	-	-	-	-	-	-	8,142,930
Due from other funds	-	-	-	-	-	-	-
Receivable from other governments	-	27,777	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	9,733
Other receivables, net	102,159	-	1,532	74,581	2,745	-	-
Prepaid expense	-	-	-	-	-	-	-
Total assets	<u>1,618,959</u>	<u>170,555</u>	<u>95,461</u>	<u>1,032,301</u>	<u>100,366</u>	<u>33,160</u>	<u>15,598,266</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	6,946	6,907	-	96,214	5,588	-	48,212
Amounts held in escrow	-	-	-	-	-	-	-
Total liabilities	<u>6,946</u>	<u>6,907</u>	<u>-</u>	<u>96,214</u>	<u>5,588</u>	<u>-</u>	<u>48,212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	19,777	1,282	3,348	-	-	9,733
Total deferred inflows of resources	<u>-</u>	<u>19,777</u>	<u>1,282</u>	<u>3,348</u>	<u>-</u>	<u>-</u>	<u>9,733</u>
Fund balances:							
Restricted	1,612,013	143,871	94,179	-	94,778	33,160	15,540,321
Committed	-	-	-	932,739	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>1,612,013</u>	<u>143,871</u>	<u>94,179</u>	<u>932,739</u>	<u>94,778</u>	<u>33,160</u>	<u>15,540,321</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,618,959</u>	<u>\$ 170,555</u>	<u>\$ 95,461</u>	<u>\$ 1,032,301</u>	<u>\$ 100,366</u>	<u>\$ 33,160</u>	<u>\$ 15,598,266</u>

(Continued)

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

Combining Balance Sheet – Nonmajor Governmental Funds, (Continued)

Broken Arrow  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

	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	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 756,419	\$ 407,129	\$ 2,303,384	\$ 198,532	\$ 81,218	\$ 2,876,891	\$ 25,586,566
Investments	-	-	2,936,761	-	-	-	15,975,156
Due from other funds	-	-	-	-	-	-	765
Receivable from other governments	-	-	820,039	-	-	-	1,059,485
Accrued interest receivable	-	-	10,278	-	-	-	43,651
Other receivables, net	14,288	78	-	-	-	-	286,062
Prepaid expense	-	-	-	-	-	-	38,680
Total assets	<u>770,707</u>	<u>407,207</u>	<u>6,070,462</u>	<u>198,532</u>	<u>81,218</u>	<u>2,876,891</u>	<u>42,990,365</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	34,313	50	398,610	-	18,110	50,694	853,251
Amounts held in escrow	-	-	-	-	-	-	86
Total liabilities	<u>34,313</u>	<u>50</u>	<u>398,610</u>	<u>-</u>	<u>18,110</u>	<u>50,694</u>	<u>853,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	78	10,278	-	-	-	114,799
Total deferred inflows of resources	<u>-</u>	<u>78</u>	<u>10,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,799</u>
Fund balances:							
Restricted	-	153,958	5,661,574	-	63,108	2,826,197	29,740,294
Committed	736,394	253,121	-	198,532	-	-	4,989,332
Assigned	-	-	-	-	-	-	7,292,603
Total fund balances	<u>736,394</u>	<u>407,079</u>	<u>5,661,574</u>	<u>198,532</u>	<u>63,108</u>	<u>2,826,197</u>	<u>42,022,229</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 770,707</u>	<u>\$ 407,207</u>	<u>\$ 6,070,462</u>	<u>\$ 198,532</u>	<u>\$ 81,218</u>	<u>\$ 2,876,891</u>	<u>\$ 42,990,365</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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, 2022**

	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
<b>REVENUES</b>							
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and miscellaneous taxes	-	-	863,736	-	-	-	-
Intergovernmental	-	-	-	17,584	1,097,937	488,607	-
Charges for services	-	316,508	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-
Investment earnings	1,583	1,166	1,256	368	1,500	-	(6,284)
Miscellaneous	94,387	-	317	-	-	-	-
Total revenues	<u>95,970</u>	<u>317,674</u>	<u>865,309</u>	<u>17,952</u>	<u>1,099,437</u>	<u>488,607</u>	<u>(6,284)</u>
<b>EXPENDITURES</b>							
Current:							
General government	24,612	-	292,850	-	-	74,222	-
Public safety	-	-	-	82,187	-	-	-
Public services	-	-	-	-	-	-	-
Capital outlay	-	597,053	-	9,424	54,631	417,585	1,155,192
Total expenditures	<u>24,612</u>	<u>597,053</u>	<u>292,850</u>	<u>91,611</u>	<u>54,631</u>	<u>491,807</u>	<u>1,155,192</u>
Excess (deficiency) of revenues over expenditures	<u>71,358</u>	<u>(279,379)</u>	<u>572,459</u>	<u>(73,659)</u>	<u>1,044,806</u>	<u>(3,200)</u>	<u>(1,161,476)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	(275,000)	-	(1,000,000)	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(275,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	71,358	(279,379)	297,459	(73,659)	44,806	(3,200)	(1,161,476)
Fund balances - beginning	1,591,210	1,485,357	1,090,105	262,661	1,649,891	249,072	8,454,079
Fund balances - ending	<u>\$ 1,662,568</u>	<u>\$ 1,205,978</u>	<u>\$ 1,387,564</u>	<u>\$ 189,002</u>	<u>\$ 1,694,697</u>	<u>\$ 245,872</u>	<u>\$ 7,292,603</u>

(Continued)

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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, 2022**

	SPECIAL REVENUE FUNDS					Creek TIF	CAPITAL PROJECT FUNDS
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Apportionment Fund	2014 General Obligation Bond Fund
<b>REVENUES</b>							
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and miscellaneous taxes	-	-	-	-	-	-	-
Intergovernmental	-	46,750	-	-	-	-	-
Charges for services	1,207,084	-	-	997,140	25,498	-	-
Fees and fines	-	-	4,155	-	-	-	-
Investment earnings	1,445	151	89	912	92	-	47,321
Miscellaneous	-	-	-	86,258	-	-	-
Total revenues	<u>1,208,529</u>	<u>46,901</u>	<u>4,244</u>	<u>1,084,310</u>	<u>25,590</u>	<u>-</u>	<u>47,321</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	94,201	1,461	-	-	-	-
Public services	-	-	-	554,943	-	-	-
Capital outlay	372,900	-	-	247,101	43,225	-	3,090,467
Total expenditures	<u>372,900</u>	<u>94,201</u>	<u>1,461</u>	<u>802,044</u>	<u>43,225</u>	<u>-</u>	<u>3,090,467</u>
Excess (deficiency) of revenues over expenditures	<u>835,629</u>	<u>(47,300)</u>	<u>2,783</u>	<u>282,266</u>	<u>(17,635)</u>	<u>-</u>	<u>(3,043,146)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	(1,000,000)	-	-	-	-	-	(9,892)
Total other financing sources and uses	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,892)</u>
Net change in fund balances	(164,371)	(47,300)	2,783	282,266	(17,635)	-	(3,053,038)
Fund balances - beginning	1,776,384	191,171	91,396	650,473	112,413	33,160	18,593,359
Fund balances - ending	<u>\$ 1,612,013</u>	<u>\$ 143,871</u>	<u>\$ 94,179</u>	<u>\$ 932,739</u>	<u>\$ 94,778</u>	<u>\$ 33,160</u>	<u>\$ 15,540,321</u>

(Continued)

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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, 2022

	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	
<b>REVENUES</b>							
Sales and use tax	\$ -	\$ -	\$ 4,724,188	\$ -	\$ -	\$ -	\$ 4,724,188
Franchise and miscellaneous taxes	-	-	-	-	-	-	863,736
Intergovernmental	-	-	-	-	-	-	1,650,878
Charges for services	257,482	65,321	-	-	-	-	2,869,033
Fees and fines	-	-	-	-	-	-	4,155
Investment earnings	717	387	9,663	189	77	10,677	71,309
Miscellaneous	136,372	-	-	-	-	-	317,334
Total revenues	<u>394,571</u>	<u>65,708</u>	<u>4,733,851</u>	<u>189</u>	<u>77</u>	<u>10,677</u>	<u>10,500,633</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	391,684
Public safety	-	-	-	-	-	-	177,849
Public services	-	-	-	-	-	-	554,943
Capital outlay	551,921	26,589	4,385,220	-	37,519	1,524,800	12,513,627
Total expenditures	<u>551,921</u>	<u>26,589</u>	<u>4,385,220</u>	<u>-</u>	<u>37,519</u>	<u>1,524,800</u>	<u>13,638,103</u>
Excess (deficiency) of revenues over expenditures	(157,350)	39,119	348,631	189	(37,442)	(1,514,123)	(3,137,470)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	-	-	-	-	(2,284,892)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,284,892)</u>
Net change in fund balances	(157,350)	39,119	348,631	189	(37,442)	(1,514,123)	(5,422,362)
Fund balances - beginning	893,744	367,960	5,312,943	198,343	100,550	4,340,320	47,444,591
Fund balances - ending	<u>\$ 736,394</u>	<u>\$ 407,079</u>	<u>\$ 5,661,574</u>	<u>\$ 198,532</u>	<u>\$ 63,108</u>	<u>\$ 2,826,197</u>	<u>\$ 42,022,229</u>



**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

Combining Schedule of Net Position – BAMA Enterprise Fund Accounts

**Broken Arrow**  
**Combining Schedule of Net Position**  
**Broken Arrow Municipal Authority Accounts**  
**June 30, 2022**

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ (27,001,911)	\$ 26,018,061	\$ 1,328,273	\$ 344,423
Restricted cash and cash equivalents	205,927	19,594,451	-	19,800,378
Accounts receivable, net	9,012,244	-	-	9,012,244
Due from other funds	3,745,178	-	-	3,745,178
Due from other governments	48,880	2,248,340	-	2,297,220
Inventories	1,297,477	-	-	1,297,477
Prepaid assets	231,476	-	-	231,476
Total current assets	<u>(12,460,729)</u>	<u>47,860,852</u>	<u>1,328,273</u>	<u>36,728,396</u>
Non-current assets:				
Restricted cash and cash equivalents	823,706	849,706	-	1,673,412
Investment in joint venture	38,245,607	-	-	38,245,607
Capital Assets:				
Land and other nondepreciable assets	19,955,613	-	-	19,955,613
Other capital assets, net of accumulated depreciation	202,347,905	-	-	202,347,905
Total non-current assets	<u>261,372,831</u>	<u>849,706</u>	<u>-</u>	<u>262,222,537</u>
Total assets	<u>248,912,102</u>	<u>48,710,558</u>	<u>1,328,273</u>	<u>298,950,933</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	34,813	-	34,813
Deferred amounts related to OPEB	47,335	-	-	47,335
Total deferred outflows of resources	<u>47,335</u>	<u>34,813</u>	<u>-</u>	<u>82,148</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,658,585	500	-	3,659,085
Accrued payroll payable	849,695	-	-	849,695
Accrued interest payable	-	1,375,337	-	1,375,337
Due to other funds	3,280,154	-	-	3,280,154
Amounts held in escrow	351,982	-	-	351,982
Compensated absences	522,758	-	-	522,758
Meter deposit liability	205,927	-	-	205,927
Bonds, notes and loans payable, net	550,533	6,984,792	-	7,535,325
Total current liabilities	<u>9,419,634</u>	<u>8,360,629</u>	<u>-</u>	<u>17,780,263</u>
Non-current liabilities:				
Compensated absences	261,379	-	-	261,379
Meter deposit liability	823,706	-	-	823,706
Bonds, notes and loans payable, net	2,477,400	149,659,618	-	152,137,018
Total OPEB liability	298,619	-	-	298,619
Total non-current liabilities	<u>3,861,104</u>	<u>149,659,618</u>	<u>-</u>	<u>153,520,722</u>
Total liabilities	<u>13,280,738</u>	<u>158,020,247</u>	<u>-</u>	<u>171,300,985</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to OPEB	133,058	-	-	133,058
Total deferred inflow of resources	<u>133,058</u>	<u>-</u>	<u>-</u>	<u>133,058</u>
<b>NET POSITION</b>				
Net Investment in capital assets	219,275,585	(140,196,653)	-	79,078,932
Restricted for debt service	-	2,621,063	-	2,621,063
Unrestricted	16,270,056	28,300,714	1,328,273	45,899,043
Total net position	<u>\$ 235,545,641</u>	<u>\$ (109,274,876)</u>	<u>\$ 1,328,273</u>	<u>\$ 127,599,038</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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, 2022**

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
<b>REVENUES</b>				
Water charges	\$ 24,869,926	\$ -	\$ -	\$ 24,869,926
Sewer charges	15,501,981	-	-	15,501,981
Sanitation charges	6,972,712	-	-	6,972,712
Stormwater fees	7,326,259	-	-	7,326,259
Fees and fines	928,992	-	-	928,992
Miscellaneous	550,305	-	-	550,305
Total operating revenues	<u>56,150,175</u>	<u>-</u>	<u>-</u>	<u>56,150,175</u>
<b>OPERATING EXPENSES</b>				
General government	1,100,471	-	-	1,100,471
Finance and administration	2,311,974	-	-	2,311,974
Engineering and construction	3,743,718	-	-	3,743,718
Water distribution	11,993,928	-	-	11,993,928
Saitary sewer system	9,982,185	-	-	9,982,185
Sanitation services	6,675,514	-	-	6,675,514
Support services	2,953,839	-	-	2,953,839
Stormwater	3,569,798	-	-	3,569,798
Depreciation	12,416,772	-	-	12,416,772
Total Operating Expenses	<u>54,748,199</u>	<u>-</u>	<u>-</u>	<u>54,748,199</u>
Operating income	<u>1,401,976</u>	<u>-</u>	<u>-</u>	<u>1,401,976</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	1,309	114	1,265	2,688
Gain on disposal of capital assets	80,212	-	-	80,212
Operating grant	39,597	-	-	39,597
Bond issuance costs	-	(584,058)	-	(584,058)
Interest expense and fiscal charges	-	(4,412,859)	-	(4,412,859)
Total non-operating revenue (expenses)	<u>121,118</u>	<u>(4,996,803)</u>	<u>1,265</u>	<u>(4,874,420)</u>
Income (loss) before contributions and transfers	1,523,094	(4,996,803)	1,265	(3,472,444)
Capital contributions	7,187,101	-	-	7,187,101
Transfers in	15,638,549	-	-	15,638,549
Transfers out	(16,226,940)	-	-	(16,226,940)
Change in net position	<u>8,121,804</u>	<u>(4,996,803)</u>	<u>1,265</u>	<u>3,126,266</u>
Total net position - beginning	<u>227,423,837</u>	<u>(104,278,073)</u>	<u>1,327,008</u>	<u>124,472,772</u>
Total net position - ending	<u>\$ 235,545,641</u>	<u>\$ (109,274,876)</u>	<u>\$ 1,328,273</u>	<u>\$ 127,599,038</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

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, 2022**

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 54,998,969	\$ -	\$ -	\$ 54,998,969
Payments to suppliers	(21,451,496)	-	-	(21,451,496)
Payments to employees	(20,480,304)	-	-	(20,480,304)
Receipts of customer meter deposits	283,874	-	-	283,874
Payment of customer meter deposits	(279,332)	-	-	(279,332)
Interfund payments & receipts	(2,255,137)	(4,736,136)	-	(6,991,273)
Net cash provided by (used in) operating activities	<u>10,816,574</u>	<u>(4,736,136)</u>	<u>-</u>	<u>6,080,438</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	15,638,549	-	-	15,638,549
Transfer to other funds	(16,226,940)	-	-	(16,226,940)
Net cash provided by (used in) noncapital financing activities	<u>(588,391)</u>	<u>-</u>	<u>-</u>	<u>(588,391)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(9,405,715)	-	-	(9,405,715)
Proceeds from issuance of debt	1,000,000	38,812,174	-	39,812,174
Note issuance costs	-	(584,058)	-	(584,058)
Premium on issuance of debt	-	466,093	-	466,093
Proceeds from sale of capital assets	81,075	-	-	81,075
Principal paid on capital debt	(386,353)	(28,691,623)	-	(29,077,976)
Interest paid on capital debt	-	(4,585,243)	-	(4,585,243)
Net cash provided by (used in) capital and related financing activities	<u>(8,710,993)</u>	<u>5,417,343</u>	<u>-</u>	<u>(3,293,650)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales of investments	8,333	-	-	8,333
(Increase) decrease in investment in joint venture	(672,039)	-	-	(672,039)
Interest and dividends	1,309	114	1,265	2,688
Net cash provided by (used in) investing activities	<u>(662,397)</u>	<u>114</u>	<u>1,265</u>	<u>(661,018)</u>
Net Increase in cash and cash equivalents	854,793	681,321	1,265	1,537,379
Balances-beginning of year	<u>(26,827,071)</u>	<u>45,780,897</u>	<u>1,327,008</u>	<u>20,280,834</u>
Balances-end of year	<u>\$ (25,972,278)</u>	<u>\$ 46,462,218</u>	<u>\$ 1,328,273</u>	<u>\$ 21,818,213</u>
<b>Reconciliation to Combining Statement of Net Position:</b>				
Cash and cash equivalents	\$ (27,001,911)	\$ 26,018,061	\$ 1,328,273	\$ 344,423
Restricted cash and cash equivalents-current	205,927	19,594,451	-	19,800,378
Restricted cash and cash equivalents-noncurrent	823,706	849,706	-	1,673,412
<b>Total cash and cash equivalents, end of year</b>	<u>(25,972,278)</u>	<u>46,462,218</u>	<u>1,328,273</u>	<u>21,818,213</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income	\$ 1,401,976	\$ -	\$ -	\$ 1,401,976
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	12,416,772	-	-	12,416,772
Operating grants and contributions	39,597	-	-	39,597
Change in assets, liabilities and deferrals:				
Receivables, net	(1,139,454)	-	-	(1,139,454)
Due from other funds	(187,185)	-	-	(187,185)
Due from other governments	3,540	-	-	3,540
Inventories	394,103	-	-	394,103
Prepaid assets	(210,976)	-	-	(210,976)
Deferred amounts related to OPEB	80,701	-	-	80,701
Accounts payables	(65,951)	-	-	(65,951)
Accrued payroll	262,671	-	-	262,671
Due to other funds	(2,067,952)	(4,736,136)	-	(6,804,088)
Amounts held in escrow	(54,889)	-	-	(54,889)
Accrued compensated absences	743	-	-	743
Customer meter deposits payable	4,542	-	-	4,542
Total OPEB liability	(61,664)	-	-	(61,664)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 10,816,574</u>	<u>\$ (4,736,136)</u>	<u>\$ -</u>	<u>\$ 6,080,438</u>
<b>Non-cash Activities:</b>				
Capital assets contributed	\$ 7,187,101	\$ -	\$ -	\$ 7,187,101
<b>Total Non-cash Activities</b>	<u>\$ 7,187,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,187,101</u>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

Combining Statement of Net Position – Internal Service Funds

<b>Broken Arrow</b>			
<b>Combining Statement of Net Position</b>			
<b>Internal Service Funds</b>			
<b>June 30, 2022</b>			
	<b>Worker's Compensation</b>	<b>Group Health &amp; Life</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,836,500	\$ 1,553,240	\$ 4,389,740
Other receivables	-	337,104	337,104
Total assets	2,836,500	1,890,344	4,726,844
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	15,026	44,552	59,578
Claims liability	1,002,000	-	1,002,000
Total current liabilities	1,017,026	44,552	1,061,578
Non-current liabilities:			
Claims liability	2,633,000	1,256,037	3,889,037
Total non-current liabilities	2,633,000	1,256,037	3,889,037
Total liabilities	3,650,026	1,300,589	4,950,615
<b>NET POSITION</b>			
Unrestricted (deficit)	(813,526)	589,755	(223,771)
Total Net Position	\$ (813,526)	\$ 589,755	\$ (223,771)

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

<b>Broken Arrow</b>			
<b>Combining Statement of Revenues, Expenses and Changes in Fund Net Position</b>			
<b>Internal Service Funds</b>			
<b>For the Year Ended June 30, 2022</b>			
	<b>Worker's Compensation</b>	<b>Group Health &amp; Life</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Self insurance charges	\$ 1,072,000	\$ 11,038,510	\$ 12,110,510
Total operating revenues	1,072,000	11,038,510	12,110,510
<b>OPERATING EXPENSES</b>			
Claims expense	1,333,018	11,816,103	13,149,121
Total operating expenses	1,333,018	11,816,103	13,149,121
Operating income (loss)	(261,018)	(777,593)	(1,038,611)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	2,804	1,565	4,369
Miscellaneous revenue	29,737	-	29,737
Total non-operating revenue (expenses)	32,541	1,565	34,106
Change in net position	(228,477)	(776,028)	(1,004,505)
Total net position - beginning	(585,049)	1,365,783	780,734
Total net position - ending	\$ (813,526)	\$ 589,755	\$ (223,771)

**CITY OF BROKEN ARROW, OKLAHOMA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

Combining Statement of Cash Flows – Internal Service Funds

<b>Broken Arrow</b>			
<b>Combining Statement of Cash Flows</b>			
<b>Internal Service Funds</b>			
<b>For the Year Ended June 30, 2022</b>			
	<b>Worker's Compensation</b>	<b>Group Health &amp; Life</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,099,757	\$ 10,704,765	\$ 11,804,522
Claims paid	(1,071,513)	(11,415,515)	(12,487,028)
Net cash provided by (used in) operating activities	28,244	(710,750)	(682,506)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	2,804	1,565	4,369
Net cash provided by investing activities	2,804	1,565	4,369
Net increase (decrease) in cash and cash equivalents	31,048	(709,185)	(678,137)
Balances-beginning of year	2,805,452	2,262,425	5,067,877
Balances-end of year	\$ 2,836,500	\$ 1,553,240	\$ 4,389,740
<b>Reconciliation to Combining Statement of Net Position:</b>			
Cash, including time deposits	\$ 2,836,500	\$ 1,553,240	\$ 4,389,740
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 2,836,500</b>	<b>\$ 1,553,240</b>	<b>\$ 4,389,740</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)</b>			
<b>Operating Activities:</b>			
Operating income (loss)	\$ (261,018)	\$ (777,593)	\$ (1,038,611)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Miscellaneous non-operating revenue	29,737	-	29,737
Change in assets and liabilities:			
Other receivable	-	(333,745)	(333,745)
Accounts and other payables	(495)	37,361	36,866
Amounts held in escrow	(1,980)	-	(1,980)
Claims liability	262,000	363,227	625,227
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 28,244</b>	<b>\$ (710,750)</b>	<b>\$ (682,506)</b>

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

**SCHEDULE OF DEBT SERVICE COVERAGE**

**Year Ended June 30, 2022**

	OWRB 2004, 2007, 2012, 2016, 2017, 2018, 2019, 2020 and 2021 Notes Payable and 2019 STRN, 2021 STRN
Gross revenue available for debt service:	
Charges for services	\$ 56,150,175
Investment income	2,688
Sales tax transferred from the City General Fund	<u>15,638,549</u>
Total gross revenues available	<u>71,791,412</u>
Operating expenses (1)	
General government	1,100,471
Finance and administration	2,311,974
Engineering and construction	3,743,718
Water distribution	11,993,928
Sanitary sewer system	9,982,185
Sanitation services	6,675,514
Support services	2,953,839
Stormwater	<u>3,569,798</u>
Total operating expenses	<u>42,331,427</u>
Net revenue available for debt service	<u>\$ 29,459,985</u>
Debt service requirements	
Maximum annual debt service on all BAMA parity debt	<u>\$ 12,788,696</u>
Computed coverage	<u>230%</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, 2022**

	Series 2019 BAEDA Note Payable	Series 2015 OWRB Note Payable
	<u>                    </u>	<u>                    </u>
Required balance	\$ 500,000	\$ 849,706
Balance in Trustee Account, June 30, 2022	<u>500,000</u>	<u>849,706</u>
Excess of account balance over (under) required balance	<u>\$ -</u>	<u>\$ -</u>