



BROKEN ARROW

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**



**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2023

**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	24-73
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	75-77
Budgetary Comparison Schedule – Major Special Revenue Funds.....	78
Budgetary Comparison Schedule – Notes to Required Supplementary Information	79-80
Pension Plan Information.....	81-82
Schedule of Changes in Total OPEB Obligation and Related Ratios	83

Other Supplementary Information:

Combining Balance Sheet Schedule – General Fund Accounts	85
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts	86
Combining Balance Sheet – Nonmajor Governmental Funds	87-89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	90-92
Combining Schedule of Net Position – BAMA Enterprise Fund Accounts	93
Combining Schedule of Revenues, Expenses and Changes in Net Position – BAMA Enterprise Fund Accounts	94
Combining Schedule of Cash Flows – BAMA Enterprise Fund Accounts	95
Combining Statement of Net Position – Internal Service Funds	96
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	96
Combining Statement of Cash Flows – Internal Service Funds.....	97



City of Broken Arrow, Oklahoma

**List of Principal Officials
June 30, 2023**

City Council

**Debra Wimpee, Mayor
Christi Gillespie, Vice-Mayor
Justin Green
Johnnie Parks
Lisa Ford**

City Manager

Michael L. Spurgeon

Clerk

Curtis Green

Finance Director/Treasurer

Cynthia Arnold



INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2023, 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, 2023, 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 3 to the financial statements, in 2023 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB Statement) No. 96, subscription-based information technology arrangements. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City has recorded a prior period adjustment to the financials relating to previously deeded land, which should have been removed from fixed assets, and an associated note receivable that should have been recorded in the statement of net position in a previous fiscal year. Our opinion is 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 schedules and individual nonmajor fund financial statements, as listed in the table of contents, 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 schedules and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, 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 the City's internal control over financial reporting and compliance.

Arledge & Associates PC.

Edmond, Oklahoma
June 28, 2024





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

June 30, 2023

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, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- At June 30, 2023, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$485,758,155.
- For the fiscal year ended June 30, 2023, the City's total net position increased by \$41,265,959 or 9.3% from the prior year's restated net position.
- During the year, the City's expenses for governmental activities were \$113,573,600 and were funded by program revenues of \$31,407,287, and further funded with taxes and other general revenues that totaled \$115,972,989.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenditures by \$1,708,567.
- At June 30, 2023, the General Fund reported a total fund balance of \$31,164,184, as compared to the prior year total fund balance of \$25,943,426.
- For budgetary reporting purposes, the General Fund reported revenues less than final estimates in the amount of \$8,070,411 or 7.8%, while expenditures were more than final appropriations by \$3,509,659 or 3.4%.

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. 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 \$444,492,196 to \$485,758,155 between fiscal years 2022 and 2023. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$33,806,676 while business-type activities increased \$7,459,283. 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>
	(Restated)		(Dec.)	(Restated)		(Dec.)	(Restated)		(Dec.)
	2023	2022		2023	2022		2023	2022	
Current and other assets	\$ 241,896	\$216,286	12%	\$ 88,021	\$ 84,953	4%	\$ 329,917	\$ 301,239	10%
Capital assets, net	384,461	368,013	4%	251,899	234,832	7%	636,360	602,845	6%
Total assets	626,357	584,299	7%	339,920	319,785	6%	966,277	904,084	7%
Deferred Outflows of Resources	28,257	20,293	39%	67	82	-18%	28,324	20,375	39%
Current liabilities	39,422	44,734	-12%	21,648	16,928	28%	61,070	61,662	-1%
Non-current liabilities	254,486	196,987	29%	181,072	173,116	5%	435,558	370,103	18%
Total liabilities	293,908	241,721	22%	202,720	190,044	7%	496,628	431,765	15%
Deferred Inflows of Resources	12,097	48,068	-75%	118	133	-11%	12,215	48,201	-75%
	12,097	48,068	-75%	118	133	-11%	12,215	48,201	-75%
Net position									
Net investment in capital assets	183,914	193,577	-5%	96,498	94,504	2%	280,412	288,081	-3%
Restricted	167,282	126,087	33%	2,938	2,621	12%	170,220	128,708	32%
Unrestricted (deficit)	(2,587)	(4,861)	-47%	37,713	32,565	16%	35,126	27,704	27%
Total net position	\$ 348,609	\$314,803	11%	\$137,149	\$129,690	6%	\$ 485,758	\$ 444,493	9%

Changes in net position

For the years ended June 30, 2022 and 2023, 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>2023</u>	<u>2022</u>	<u>(Dec.)</u>	<u>2023</u>	<u>2022</u>	<u>(Dec.)</u>	<u>2023</u>	<u>2022</u>	<u>(Dec.)</u>
Revenues									
Program revenue:									
Charges for service	\$ 18,644	\$ 16,724	11%	\$ 63,568	\$ 58,121	9%	\$ 82,212	\$ 74,845	10%
Operating grants and contributions	10,355	6,164	68%	23	39	-41%	10,378	6,203	67%
Capital grants and contributions	2,408	2,771	-13%	3,069	6,590	-53%	5,477	9,361	-41%
General Revenue:									
Sales and use taxes	82,246	77,414	6%	-	-	-	82,246	77,414	6%
Property taxes	20,061	18,181	10%	-	-	-	20,061	18,181	10%
Franchise and other taxes	8,424	7,355	15%	-	-	-	8,424	7,355	15%
Intergovernmental revenue	3,502	894	292%	-	-	-	3,502	894	292%
Investment income	5,122	339	1411%	737	22	3250%	5,859	361	1523%
Miscellaneous	1,631	1,702	-4%	-	-	-	1,631	1,702	-4%
Total Revenues	<u>152,393</u>	<u>131,544</u>	<u>16%</u>	<u>67,397</u>	<u>64,772</u>	<u>4%</u>	<u>219,790</u>	<u>196,316</u>	<u>12%</u>
Program Expenses:									
General government	17,154	17,793	-4%	-	-	-	17,154	17,793	-4%
Public safety	68,067	51,598	32%	-	-	-	68,067	51,598	32%
Public services	15,270	14,724	4%	-	-	-	15,270	14,724	4%
Culture and recreation	8,152	7,484	9%	-	-	-	8,152	7,484	9%
Interest on long-term debt	4,930	4,421	12%	-	-	-	4,930	4,421	12%
Water	-	-	-	27,491	24,510	12%	27,491	24,510	12%
Sewer	-	-	-	17,531	19,625	-11%	17,531	19,625	-11%
Sanitation	-	-	-	9,561	8,438	13%	9,561	8,438	13%
Stormwater	-	-	-	7,607	7,116	7%	7,607	7,116	7%
Golf	-	-	-	1,626	1,579	3%	1,626	1,579	3%
Economic development	-	-	-	1,135	1,275	-11%	1,135	1,275	-11%
Total Expenses	<u>113,573</u>	<u>96,020</u>	<u>18%</u>	<u>64,951</u>	<u>62,543</u>	<u>4%</u>	<u>178,524</u>	<u>158,563</u>	<u>13%</u>
Excess before transfers	38,820	35,524	9%	2,446	2,229	10%	41,266	37,753	9%
Net transfers in (out)	(5,013)	(612)	719%	5,013	612	719%	-	-	-
Increase in net position	<u>\$ 33,807</u>	<u>\$ 34,912</u>	<u>-3%</u>	<u>\$ 7,459</u>	<u>\$ 2,841</u>	<u>163%</u>	<u>\$ 41,266</u>	<u>\$ 37,753</u>	<u>9%</u>

The City's governmental activities increase in net position of \$33,806,676 represents a 3.20% decrease from the prior year's increase in net position. This decrease was mainly the result of an increase in total expenses of approximately \$17.5 million netted with an increase in total general revenues of approximately \$16.4 million. The business-type activities increase in net position of \$7,459,283 represents a 162.5% increase from the prior year's increase in net position. This increase was mainly the result of an increase in total expenses of approximately \$2.4 million, an increase in charges for services of approximately \$5.4 million and an increase in transfers of approximately \$4.4 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, 2023, the City's governmental activities were funded as follows:

Governmental Activities Sources	
Sales and Use Taxes	53.97%
Other Taxes	18.69%
Charges for Service	12.23%
Grants	8.37%
Other	6.73%

Governmental Activities Uses	
General government	15.10%
Public safety	59.93%
Public services	13.45%
Culture and recreation	7.18%
Interest on long-term debt	4.34%

For the year ended June 30, 2023, total expenses for governmental activities amounted to \$113,573,600. To fund these activities, taxpayers and other general revenues funded \$115,972,989 while those directly benefiting from the program funded \$12,762,935 from grants and other contributions and \$18,644,352 from charges for services.

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2023	2022		2023	2022	
	General government	\$ 17,153,765		\$ 17,792,911	-4%	
Public safety	68,067,278	51,597,946	32%	(48,965,818)	(37,769,809)	30%
Public services	15,270,256	14,723,873	4%	(10,805,512)	(9,635,632)	12%
Culture and recreation	8,152,375	7,483,963	9%	(7,406,226)	(6,744,092)	10%
Interest on long-term debt	4,929,926	4,420,579	12%	(4,929,926)	(4,420,579)	12%
TOTAL	\$ 113,573,600	\$ 96,019,272	18%	\$ (82,166,313)	\$ (70,360,561)	17%

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 \$1,708,567 for the year ended June 30, 2023.
- Water, sewer and stormwater activities reported net revenues of \$495,129, \$1,780,897 and \$2,146,911 for the year ended June 30 2023, while sanitation, golf and economic development activities reported net expenses of \$1,535,815, \$42,899 and \$1,135,656, respectively.
- Net revenue (expense) of services for almost all functions changed significantly from prior year. Water decrease in net revenues of 94% was primarily due to a decrease in capital grants and contributions of \$5,960,945. Sewer increase in net revenues of 149% was primarily due to an increase in grants and contributions of \$1,446,512 along with an increase in charges for services of \$1,849,669 and a decrease in expense of \$2,094,197. Sanitation increase in net expense of 20% was primarily due to an increase in expense of \$1,123,021 and an increase in charges for services of \$863,547. Stormwater increase in net revenue of 196% was primarily due to an increase in charges for services of \$896,840 and an increase in operating and capital grants and contributions of \$1,016,220.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2023	2022		2023	2022	
	Water	\$ 27,490,947		\$ 24,510,192	12%	
Sewer	17,531,181	19,625,378	-11%	1,780,897	(3,609,481)	-149%
Sanitation	9,560,684	8,437,663	13%	(1,535,815)	(1,276,341)	20%
Stormwater	7,606,994	7,116,283	7%	2,146,911	724,562	196%
Golf	1,626,097	1,578,920	3%	(42,899)	(66,559)	-36%
Economic Development	1,135,656	1,274,727	-11%	(1,135,656)	(1,227,350)	-7%
TOTAL	\$ 64,951,559	\$ 62,543,163	4%	\$ 1,708,567	\$ 2,207,290	-23%

A financial analysis of the City's funds

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$205,134,240 or a 25.8% increase from 2022. The combined proprietary funds reported a combined total net position of \$134,027,808 or a 5.7% increase from 2022.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance increased by \$5,220,758 or 20.1%.
- The Public Safety Sales Tax-Police Fund's total fund balance increased by \$5,215,416 or 34.1%.
- The Public Safety Sales Tax-Fire Fund's total fund balance increased by \$4,073,945 or 73.3%.
- The Sales Tax Capital Improvement Fund's total fund balance increased by \$3,263,273 or 18.2%.
- The American Relief Fund's total fund balance increased by \$209,755 or 218.1%.
- The 2018 General Obligation Bond Fund's total fund balance increased by \$28,571,855 or 66.2% due to the proceeds from the issuance of debt exceeding the related capital outlay expenditures during the year.
- The Debt Service Fund's total fund balance increased by \$3,577,597 or 27.1%.

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 4.4% or \$4,346,388, due primarily to an increase in budget for "Transfers to other funds" in the amount of \$2,954,000.

Capital Asset and Debt Administration

Capital assets

At the end of June 30, 2023, the City had \$636,360,423 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 \$33,515,628 or 5.6% over last year.

Primary Government Capital Assets
(Net of accumulated depreciation and amortization)

	Governmental Activities		Business-Type Activities		Total	
	(Restated)		(Restated)		(Restated)	
	2023	2022	2023	2022	2023	2022
Land	\$ 39,215,676	\$ 38,530,863	\$ 8,198,205	\$ 8,198,205	\$ 47,413,881	\$ 46,729,068
Buildings	53,274,427	49,592,701	2,181,090	2,342,810	55,455,517	51,935,511
Improvements	39,602,277	41,316,564	105,093,793	111,039,314	144,696,070	152,355,878
Machinery and equipment	23,294,505	21,525,505	10,916,289	11,009,002	34,210,794	32,534,507
Infrastructure	155,023,592	154,933,168	88,975,188	82,178,961	243,998,780	237,112,129
Construction in progress	73,892,607	61,903,475	36,534,430	20,063,101	110,427,037	81,966,576
Subscription assets	158,344	211,126	-	-	158,344	211,126
Totals	\$ 384,461,428	\$ 368,013,402	\$ 251,898,995	\$ 234,831,393	\$ 636,360,423	\$ 602,844,795

This year's more significant capital asset additions included:

- AMR Phase 3 project totaling \$2,000,150-Proprietary
- Washington Garnett-Olive sewer project totaling \$1,129,724-Proprietary
- Florence to Aspen project totaling \$2,932,290-Proprietary
- Drainage: Albany-9th/23rd-Cons project totaling \$1,294,700-Governmental
- Senior Citizen's Activity Center project totaling \$4,088,139-Governmental

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 \$400,798,611 in long-term debt outstanding which represents a \$33,995,882 or 9.3% increase from prior year amount. The City's change in long-term debt by type of debt is as follows:

	Primary Government Long-Term Debt						Total Percentage Change
	Governmental Activities		Business-Type Activities		Total		
	(Restated)		(Restated)		(Restated)		
	2023	2022	2023	2022	2023	2022	
Accrued compensated absences	\$ 3,890,226	\$ 3,791,230	\$ 820,680	\$ 784,137	\$ 4,710,906	\$ 4,575,367	3%
General obligation bond	192,505,000	165,380,000	-	-	192,505,000	165,380,000	16%
Notes payable	4,192,536	5,911,432	183,886,409	174,432,018	188,078,945	180,343,450	4%
Unamortized premium	4,036,837	3,342,944	5,427,076	5,655,325	9,463,913	8,998,269	5%
Judgments payable	38,000	128,847	-	-	38,000	128,847	-71%
Automotive and general liability	1,196,000	1,245,000	-	-	1,196,000	1,245,000	-4%
Meter deposit liability	-	-	1,015,233	1,029,633	1,015,233	1,029,633	-1%
Claims payable	3,630,200	4,891,037	-	-	3,630,200	4,891,037	-26%
Subscription liability	160,414	211,126	-	-	160,414	211,126	-24%
Totals	\$ 209,649,213	\$ 184,901,616	\$ 191,149,398	\$ 181,901,113	\$ 400,798,611	\$ 366,802,729	9%

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 23 we had budgeted a 2.5% increase in Sales Tax. As of June 2023, the City's sales tax was 5.41% over the prior year. FY 24 has been steady with, and the city budgeted 1.5% for sales tax and YTD we are at 1.38%. Other revenues are coming in strong so overall the city is above budgeted revenues.

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. Development in the south part of the city is growing rapidly and in the fall of FY 24 approved a 12,500-seat amphitheater which will bring a strong tourism presence within the city. It is scheduled to open in the summer of 2025, and we anticipate seeing additional development.

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
- December 2022 \$40,000,000

The Municipal Authority continues to add utility customers, water, sewer, trash, and stormwater, as the City grows. In the fall of 2016, the City Council approved a 5-year rate model and the related increases for utility services. The rate model covers the reasonable estimated expenses for operations and pay as you go capital improvements. The year 4 increase was approved effective October 1, 2019 and year 5 was to be effective October 1, 2020 but due to the Coronavirus the City Council voted to place the year 5 rate increase on hold. For FY 2023 the Authority had not received the updated rate study so voted on raising the rates the same as the 5th year of the study.

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, 2023

Statement of Net Position

	Broken Arrow Statement of Net Position June 30, 2023				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Broken Arrow Home Finance Authority	Broken Arrow Hospital Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 70,394,749	\$ 29,768,148	\$ 100,162,897	\$ 2,786	\$ 10,998
Investments	126,624,010	-	126,624,010	-	-
Taxes receivable	1,661,818	-	1,661,818	-	-
Internal Balances	10,830,389	(10,830,389)	-	-	-
Due from other governments	15,020,969	19,319,627	34,340,596	-	-
Accrued interest receivable	1,353,662	4,200	1,357,862	-	-
Accounts receivable, net of allowance	4,191,984	10,079,149	14,271,133	-	-
Inventory	-	1,550,955	1,550,955	-	-
Prepaid assets	3,001	38,309	41,310	-	-
Investment in joint venture	-	38,091,081	38,091,081	-	-
Leases receivable	8,707,817	-	8,707,817	-	-
Net pension asset	3,107,481	-	3,107,481	-	-
Capital Assets:					
Non-depreciable	113,108,283	44,732,635	157,840,918	-	-
Depreciable, net of depreciation	271,353,145	207,166,360	478,519,505	-	-
Total assets	626,357,308	339,920,075	966,277,383	2,786	10,998
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow related to fair value of hedging derivative	51,021	-	51,021	-	-
Deferred outflow related to refunding of debt	347,812	31,244	379,056	-	-
Deferred outflows related to pension	27,846,616	-	27,846,616	-	-
Deferred outflows related to OPEB	11,897	35,948	47,845	-	-
Total deferred outflow of resources	28,257,346	67,192	28,324,538	-	-
LIABILITIES					
Accounts payable	4,423,178	8,500,132	12,923,310	-	-
Accrued payroll	3,342,556	968,240	4,310,796	-	-
Accrued interest payable	1,228,755	1,553,072	2,781,827	-	-
Due to other governments	30,661	8,348	39,009	-	-
Due to bondholders	67,722	-	67,722	-	-
Other payables	-	86,154	86,154	-	-
Amounts held in escrow	1,248,865	137,649	1,386,514	-	-
Unearned revenue	10,306,822	-	10,306,822	-	-
Long term liabilities:					
Due within one year	18,773,453	10,394,870	29,168,323	-	-
Due in more than one year	254,486,252	181,071,667	435,557,919	-	-
Total liabilities	293,908,264	202,720,132	496,628,396	-	-
DEFERRED INFLOWS					
Deferred inflows related to pensions	2,145,853	-	2,145,853	-	-
Deferred inflows related to OPEB	304,823	118,261	423,084	-	-
Deferred inflows related to leases	9,646,433	-	9,646,433	-	-
Total deferred inflow of resources	12,097,109	118,261	12,215,370	-	-
NET POSITION					
Net investment in capital assets	183,914,453	96,498,042	280,412,495	-	-
Restricted for:					
Capital projects	108,625,014	-	108,625,014	-	-
Debt service	17,862,291	2,937,840	20,800,131	-	-
Public Safety	34,450,882	-	34,450,882	-	-
Pension	2,439,791	-	2,439,791	-	-
Other purposes	3,904,441	-	3,904,441	-	-
Unrestricted (deficit)	(2,587,591)	37,712,992	35,125,401	2,786	10,998
Total net position	\$ 348,609,281	\$ 137,148,874	\$ 485,758,155	\$ 2,786	\$ 10,998

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

Statement of Activities

Broken Arrow
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Broken Arrow Home Finance Authority	Broken Arrow Hospital Authority
					Governmental Activities	Business-type Activities	Total		
Primary government									
Governmental Activities									
General government	\$ 17,153,765	\$ 6,511,393	\$ 583,541	\$ -	\$ (10,058,831)	\$ -	\$ (10,058,831)	\$ -	\$ -
Public safety	68,067,278	9,876,166	8,716,221	509,073	(48,965,818)	-	(48,965,818)	-	-
Public services	15,270,256	1,510,644	1,055,161	1,898,939	(10,805,512)	-	(10,805,512)	-	-
Cultural and recreation	8,152,375	746,149	-	-	(7,406,226)	-	(7,406,226)	-	-
Interest on long-term debt	4,929,926	-	-	-	(4,929,926)	-	(4,929,926)	-	-
Total governmental activities	<u>113,573,600</u>	<u>18,644,352</u>	<u>10,354,923</u>	<u>2,408,012</u>	<u>(82,166,313)</u>	<u>-</u>	<u>(82,166,313)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water	27,490,947	27,356,973	-	629,103	-	495,129	495,129	-	-
Sewer	17,531,181	17,865,566	-	1,446,512	-	1,780,897	1,780,897	-	-
Sanitation	9,560,684	8,024,869	-	-	-	(1,535,815)	(1,535,815)	-	-
Stormwater	7,606,994	8,737,685	23,049	993,171	-	2,146,911	2,146,911	-	-
Golf	1,626,097	1,583,198	-	-	-	(42,899)	(42,899)	-	-
Economic Development	1,135,656	-	-	-	-	(1,135,656)	(1,135,656)	-	-
Total business-type activities	<u>64,951,559</u>	<u>63,568,291</u>	<u>23,049</u>	<u>3,068,786</u>	<u>-</u>	<u>1,708,567</u>	<u>1,708,567</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 178,525,159</u>	<u>\$ 82,212,643</u>	<u>\$ 10,377,972</u>	<u>\$ 5,476,798</u>	<u>(82,166,313)</u>	<u>1,708,567</u>	<u>(80,457,746)</u>		
Component Units									
Finance	\$ -	\$ -	\$ -	\$ -				-	-
Health	-	-	-	-				-	-
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>-</u>	<u>-</u>
General revenues:									
Taxes:									
Sales and use taxes					82,246,349	-	82,246,349	-	-
Property taxes					20,060,979	-	20,060,979	-	-
Franchise and miscellaneous taxes					5,808,548	-	5,808,548	-	-
Hotel/motel taxes					892,351	-	892,351	-	-
Tobacco taxes					479,747	-	479,747	-	-
E-911 taxes					1,243,752	-	1,243,752	-	-
Intergovernmental revenue not restricted to specific programs					3,501,575	-	3,501,575	-	-
Unrestricted investment earnings					5,122,256	737,259	5,859,515	-	-
Miscellaneous					1,630,889	-	1,630,889	-	-
Transfers					(5,013,457)	5,013,457	-	-	-
Total general revenues and transfers					<u>115,972,989</u>	<u>5,750,716</u>	<u>121,723,705</u>	<u>-</u>	<u>-</u>
Change in net position					<u>33,806,676</u>	<u>7,459,283</u>	<u>41,265,959</u>	<u>-</u>	<u>-</u>
Net position - beginning, restated					<u>314,802,605</u>	<u>129,689,591</u>	<u>444,492,196</u>	<u>2,786</u>	<u>10,998</u>
Net position - ending					<u>\$ 348,609,281</u>	<u>\$ 137,148,874</u>	<u>\$ 485,758,155</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, 2023

Governmental Funds – Balance Sheet

City of Broken Arrow, Oklahoma Balance Sheet Governmental Funds June 30, 2023									
	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
ASSETS									
Cash and cash equivalents	\$ 1,624,299	\$ 8,657,901	\$ 7,672,195	\$ 16,021,221	\$ 5,182,090	\$ 8,775,711	\$ 2,373,955	\$ 20,196,581	\$ 70,503,953
Investments	10,373,646	12,705,678	3,051,988	4,990,924	5,050,024	63,237,244	14,145,063	13,069,443	126,624,010
Taxes receivable, net	406,295	-	-	-	-	-	1,169,443	86,080	1,661,818
Due from other funds	14,163,059	-	-	-	-	-	30,389	765	14,194,213
Receivable from other governments	10,761,009	545,383	504,459	1,822,322	-	387,734	5,795	994,267	15,020,969
Accrued interest receivable	122,262	151,256	52,093	139,120	48,819	590,456	138,291	111,365	1,353,662
Leases receivable	8,707,817	-	-	-	-	-	-	-	8,707,817
Other receivables, net	1,907,362	-	-	-	-	-	-	1,993,383	3,900,745
Prepaid expenses	3,001	-	-	-	-	-	-	-	3,001
Total assets	<u>\$ 48,068,750</u>	<u>\$ 22,060,218</u>	<u>\$ 11,280,735</u>	<u>\$ 22,973,587</u>	<u>\$ 10,280,933</u>	<u>\$ 72,991,145</u>	<u>\$ 17,862,936</u>	<u>\$ 36,451,884</u>	<u>\$ 241,970,188</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 844,130	\$ 182,959	\$ 395,991	\$ 1,644,730	\$ -	\$ 594,773	\$ 645	\$ 734,011	\$ 4,397,239
Accrued payroll	795,398	1,291,816	1,255,342	-	-	-	-	-	3,342,556
Due to other funds	3,363,824	-	-	-	-	-	-	-	3,363,824
Due to other governments	30,661	-	-	-	-	-	-	-	30,661
Due to bondholders	67,722	-	-	-	-	-	-	-	67,722
Amounts held in escrow	1,248,779	-	-	-	-	-	-	86	1,248,865
Unearned revenue	226,027	-	-	-	10,080,795	-	-	-	10,306,822
Total liabilities	<u>6,578,541</u>	<u>1,474,775</u>	<u>1,651,333</u>	<u>1,644,730</u>	<u>10,080,795</u>	<u>594,773</u>	<u>645</u>	<u>734,097</u>	<u>22,757,689</u>
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows-leases	9,646,433	-	-	-	-	-	-	-	9,646,433
Unavailable revenue	681,592	87,168	-	140,792	-	690,558	1,072,786	1,758,930	4,431,826
Total deferred inflows of resources	<u>10,328,025</u>	<u>87,168</u>	<u>-</u>	<u>140,792</u>	<u>-</u>	<u>690,558</u>	<u>1,072,786</u>	<u>1,758,930</u>	<u>14,078,259</u>
Fund balances:									
Restricted	-	20,498,275	9,629,402	21,188,065	200,138	71,705,814	16,789,505	21,132,145	161,143,344
Committed	-	-	-	-	-	-	-	5,404,810	5,404,810
Assigned	14,481,539	-	-	-	-	-	-	7,421,902	21,903,441
Unassigned	16,682,645	-	-	-	-	-	-	-	16,682,645
Total fund balances	<u>31,164,184</u>	<u>20,498,275</u>	<u>9,629,402</u>	<u>21,188,065</u>	<u>200,138</u>	<u>71,705,814</u>	<u>16,789,505</u>	<u>33,958,857</u>	<u>205,134,240</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 48,068,750</u>	<u>\$ 22,060,218</u>	<u>\$ 11,280,735</u>	<u>\$ 22,973,587</u>	<u>\$ 10,280,933</u>	<u>\$ 72,991,145</u>	<u>\$ 17,862,936</u>	<u>\$ 36,451,884</u>	<u>\$ 241,970,188</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

Broken Arrow
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Position
June 30, 2023

Total fund balance, governmental funds \$ 205,134,240

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 384,461,428

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	1,816,413
Court fines receivable	240,402
Street light fee	3,348
Interest receivable	500,290
Miscellaneous receivables	1,871,373
Deferred outflow - derivative fair value	51,021
Deferred outflows related to pensions	27,846,616
Deferred outflow on refunding	347,812
Deferred outflow - OPEB	11,897
	<u>32,689,172</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	3,107,481
	<u>3,107,481</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	(1,842,706)
Stormwater Capital Fund	(1,278,360)
	<u>(3,121,066)</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 (353,038)

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	(4,036,837)
General obligation bonds payable	(192,505,000)
Notes payable	(4,192,536)
Subscription liabilities	(160,414)
Accrued compensated absences	(3,890,226)
Accrued interest payable	(1,228,755)
Derivative investment liability-interest rate swap	(51,021)
Automotive and general liability	(1,196,000)
Judgments payable	(38,000)
Deferred inflows related to OPEB	(304,823)
Total OPEB liability	(780,650)
Net pension liability	(62,778,821)
Deferred inflows related to pensions	(2,145,853)
	<u>(273,308,936)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 348,609,281

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

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, 2023									
	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
REVENUES									
Sales and use taxes	\$ 61,451,292	\$ 2,970,723	\$ 2,970,723	\$ 9,902,408	\$ -	\$ -	\$ -	\$ 4,951,203	\$ 82,246,349
Property tax	-	-	-	-	-	-	20,028,324	-	20,028,324
Franchise and miscellaneous taxes	6,052,024	-	-	-	-	-	-	1,128,622	7,180,646
Intergovernmental	662,525	1,832,862	5,508,960	-	3,146,297	-	-	1,860,856	13,011,500
Charges for services	14,552,339	-	-	-	-	-	-	2,822,265	17,374,604
Fines and forfeitures	1,023,259	-	-	-	-	-	-	4,189	1,027,448
Licenses and permits	1,673,723	-	-	-	-	-	-	-	1,673,723
Rental income	636,035	-	-	-	-	-	-	-	636,035
Investment income	646,161	426,195	158,144	289,507	208,889	2,182,280	444,723	436,252	4,792,151
Miscellaneous	377,767	11,092	3,689	479,875	-	17,190	-	710,044	1,599,657
Total revenues	<u>87,075,125</u>	<u>5,240,872</u>	<u>8,641,516</u>	<u>10,671,790</u>	<u>3,355,186</u>	<u>2,199,470</u>	<u>20,473,047</u>	<u>11,913,431</u>	<u>149,570,437</u>
EXPENDITURES									
Current:									
General government	15,424,143	-	-	-	-	-	-	422,060	15,846,203
Public safety	-	31,159,388	31,631,575	-	-	-	-	88,686	62,879,649
Public services	3,373,553	-	-	-	-	-	-	559,514	3,933,067
Parks and recreation	5,554,211	-	-	-	-	-	-	-	5,554,211
Debt Service:									
Principal	50,712	-	-	1,718,896	-	-	13,003,847	-	14,773,455
Interest and other charges	-	-	-	358,359	-	-	4,628,598	-	4,986,957
Bond issuance costs	-	-	-	-	-	142,075	259,597	-	401,672
Capital Outlay	5,796	1,546,200	186,816	5,331,262	3,145,431	12,735,540	-	17,105,520	40,056,865
Total expenditures	<u>24,408,415</u>	<u>32,705,588</u>	<u>31,818,391</u>	<u>7,408,517</u>	<u>3,145,431</u>	<u>12,877,615</u>	<u>17,892,042</u>	<u>18,175,780</u>	<u>148,431,779</u>
Excess (deficiency) of revenues over expenditures	62,666,710	(27,464,716)	(23,176,875)	3,263,273	209,755	(10,678,145)	2,581,005	(6,262,349)	1,138,658
OTHER FINANCING SOURCES (USES)									
Proceeds from long-term debt	-	-	-	-	-	40,000,000	-	-	40,000,000
Bond premium	-	-	-	-	-	-	1,059,597	-	1,059,597
Transfers in	24,433,570	32,680,132	27,250,820	-	-	-	-	473,977	84,838,499
Transfers out	(81,879,522)	-	-	-	-	(750,000)	(63,005)	(2,275,000)	(84,967,527)
Total other financing sources and uses	<u>(57,445,952)</u>	<u>32,680,132</u>	<u>27,250,820</u>	<u>-</u>	<u>-</u>	<u>39,250,000</u>	<u>996,592</u>	<u>(1,801,023)</u>	<u>40,930,569</u>
Net change in fund balances	5,220,758	5,215,416	4,073,945	3,263,273	209,755	28,571,855	3,577,597	(8,063,372)	42,069,227
Fund balances - beginning	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
Fund balances - ending	<u>\$ 31,164,184</u>	<u>\$ 20,498,275</u>	<u>\$ 9,629,402</u>	<u>\$ 21,188,065</u>	<u>\$ 200,138</u>	<u>\$ 71,705,814</u>	<u>\$ 16,789,505</u>	<u>\$ 33,958,857</u>	<u>\$ 205,134,240</u>

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

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, 2023

Net change in fund balances - total governmental funds: \$ 42,069,227

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	29,520,948
Book value on capital assets disposed	(15,964)
Capital assets contributed	1,282,887
Depreciation expense	(14,287,063)
Amortization expense-subscriptions	(52,782)
	16,448,026

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	12,875,000
Bond proceeds	(40,000,000)
Premium on bonds	(1,059,597)
Amortization of premium on bonds	365,704
Issuance of judgments	(38,000)
Subscription liability principal payments	50,712
Principal paid on judgments	128,847
Notes payable principal payment	1,718,896
	(25,958,438)

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	(14,354,445)
Changes in deferred outflow - fair value derivative	(248,384)
Changes in deferred outflows related to OPEB	7,879
Changes in deferred outflows related to pensions	8,266,827
	(6,328,123)

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	2,650,670
-------------------------------	-----------

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	(247,218)
Accrued compensated absences change	(98,996)
Change in derivative investment liability- interest rate swap	248,384
Changes in deferred inflows related to OPEB	57,791
Total OPEB liability change	(69,289)
Change in net pension liability	(32,526,924)
Change in deferred inflows related to pensions	37,955,808
Change in deferred outflow on refunding	(61,455)
Change in claims liability	49,000
	5,307,101

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	(180,138)
Change in Stormwater Capital Fund	(72,382)
	(252,520)

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	(129,267)
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Change in net position of governmental activities	\$ 33,806,676
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See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

Proprietary Funds – Statement of Net Position

Broken Arrow
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds			Total	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 121,191	\$ 423,202	\$ 141,137	\$ 685,530	\$ 3,011,862
Restricted cash and cash equivalents	17,920,764	5,878,896	-	23,799,660	-
Accounts receivable, net	10,079,149	-	-	10,079,149	-
Due from other funds	3,828,083	-	-	3,828,083	-
Due from other governments	19,319,627	-	-	19,319,627	-
Interest receivable	-	4,200	-	4,200	-
Other receivable	-	-	-	-	291,239
Inventories	1,466,299	-	84,656	1,550,955	-
Prepaid assets	20,500	-	17,809	38,309	-
Total current assets	<u>52,755,613</u>	<u>6,306,298</u>	<u>243,602</u>	<u>59,305,513</u>	<u>3,303,101</u>
Noncurrent assets:					
Restricted cash and cash equivalents	1,661,892	500,000	-	2,161,892	-
Investment in joint venture	38,091,081	-	-	38,091,081	-
Capital assets:					
Land and other nondepreciable assets	35,204,593	9,298,365	229,677	44,732,635	-
Other capital assets, net of accumulated depreciation	203,056,653	129,500	3,980,207	207,166,360	-
Total noncurrent assets	<u>278,014,219</u>	<u>9,927,865</u>	<u>4,209,884</u>	<u>292,151,968</u>	<u>-</u>
Total assets	<u>330,769,832</u>	<u>16,234,163</u>	<u>4,453,486</u>	<u>351,457,481</u>	<u>3,303,101</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	31,244	-	-	31,244	-
Deferred amounts related to OPEB	35,948	-	-	35,948	-
Total deferred outflows of resources	<u>67,192</u>	<u>-</u>	<u>-</u>	<u>67,192</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	7,665,767	100,560	733,805	8,500,132	25,939
Accrued payroll payable	968,240	-	-	968,240	-
Accrued interest payable	1,312,051	241,021	-	1,553,072	-
Due to other funds	14,163,059	30,389	465,024	14,658,472	-
Other accrued expenses	-	-	86,154	86,154	-
Amounts held in escrow	137,649	-	-	137,649	-
Due to other governments	-	-	8,348	8,348	-
Compensated absences	547,120	-	-	547,120	-
Claims liability	-	-	-	-	989,000
Meter deposit liability	203,047	-	-	203,047	-
Bonds, notes and loans payable, net	7,884,703	1,760,000	-	9,644,703	-
Total current liabilities	<u>32,881,636</u>	<u>2,131,970</u>	<u>1,293,331</u>	<u>36,306,937</u>	<u>1,014,939</u>
Non-current liabilities:					
Compensated absences	273,560	-	-	273,560	-
Claims liability	-	-	-	-	2,641,200
Meter deposit liability	812,186	-	-	812,186	-
Bonds, notes and loans payable	161,833,782	17,835,000	-	179,668,782	-
Total OPEB liability	317,139	-	-	317,139	-
Total non-current liabilities	<u>163,236,667</u>	<u>17,835,000</u>	<u>-</u>	<u>181,071,667</u>	<u>2,641,200</u>
Total liabilities	<u>196,118,303</u>	<u>19,966,970</u>	<u>1,293,331</u>	<u>217,378,604</u>	<u>3,656,139</u>
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pensions	118,261	-	-	118,261	-
Total deferred inflow of resources	<u>118,261</u>	<u>-</u>	<u>-</u>	<u>118,261</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	82,860,293	9,427,865	4,209,884	96,498,042	-
Restricted for debt service	2,937,840	-	-	2,937,840	-
Unrestricted (deficit)	48,802,327	(13,160,672)	(1,049,729)	34,591,926	(353,038)
Total net position	<u>\$ 134,600,460</u>	<u>\$ (3,732,807)</u>	<u>\$ 3,160,155</u>	<u>\$ 134,027,808</u>	<u>\$ (353,038)</u>

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

3,121,066

Total net position per Government-Wide financial statements

\$ 137,148,874

See accompanying notes to the basic financial statements.

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

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, 2023

	Enterprise Funds			Total	Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course		
OPERATING REVENUES					
Water charges	\$ 26,657,070	\$ -	\$ -	\$ 26,657,070	\$ -
Sewer charges	17,234,362	-	-	17,234,362	-
Sanitation charges	7,819,619	-	-	7,819,619	-
Stormwater fees	8,442,227	-	-	8,442,227	-
Fees and fines	1,121,964	-	-	1,121,964	-
Golf	-	-	1,583,198	1,583,198	-
Miscellaneous	456,882	-	-	456,882	-
Self insurance charges	-	-	-	-	12,674,591
Total operating revenues	<u>61,732,124</u>	<u>-</u>	<u>1,583,198</u>	<u>63,315,322</u>	<u>12,674,591</u>
OPERATING EXPENSES					
General government	1,185,418	555,074	-	1,740,492	-
Finance and administration	2,524,153	-	-	2,524,153	-
Engineering and construction	3,832,342	-	-	3,832,342	-
Water distribution	13,670,205	-	-	13,670,205	-
Sanitary sewer system	8,407,975	-	-	8,407,975	-
Sanitation services	7,691,468	-	-	7,691,468	-
Support services	2,953,432	-	-	2,953,432	-
Stormwater	3,669,020	-	-	3,669,020	-
Geographic information system	574,732	-	-	574,732	-
Claims expense	-	-	-	-	12,841,173
Golf	-	-	1,508,157	1,508,157	-
Bond issuance costs	151,025	-	-	151,025	-
Depreciation	13,263,487	11,835	117,940	13,393,262	-
Total operating expenses	<u>57,923,257</u>	<u>566,909</u>	<u>1,626,097</u>	<u>60,116,263</u>	<u>12,841,173</u>
Operating income (loss)	<u>3,808,867</u>	<u>(566,909)</u>	<u>(42,899)</u>	<u>3,199,059</u>	<u>(166,582)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	551,259	183,422	474	735,155	2,438
Miscellaneous revenue	-	-	-	-	34,877
Gain on disposal of capital assets	80,700	-	-	80,700	-
Operating grant	23,049	-	-	23,049	-
Interest expense and fiscal charges	(4,344,696)	(568,747)	-	(4,913,443)	-
Total non-operating revenue (expenses)	<u>(3,689,688)</u>	<u>(385,325)</u>	<u>474</u>	<u>(4,074,539)</u>	<u>37,315</u>
Income (loss) before contributions and transfers	119,179	(952,234)	(42,425)	(875,480)	(129,267)
Capital contributions	7,953,215	-	-	7,953,215	-
Transfers in	23,098,570	1,200,000	-	24,298,570	-
Transfers out	(24,169,542)	-	-	(24,169,542)	-
Change in net position	7,001,422	247,766	(42,425)	7,206,763	(129,267)
Total net position - beginning, restated	127,599,038	(3,980,573)	3,202,580	126,821,045	(223,771)
Total net position - ending	<u>\$ 134,600,460</u>	<u>\$ (3,732,807)</u>	<u>\$ 3,160,155</u>	<u>\$ 134,027,808</u>	<u>\$ (353,038)</u>

Change in net position, per above

7,206,763

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.

252,520

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

\$ 7,459,283

CITY OF BROKEN ARROW, OKLAHOMA
ANNUAL FINANCIAL REPORT
Year Ending June 30, 2023

Proprietary Funds – Statement of Cash Flows

Broken Arrow
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds				Internal Service Funds
	Broken Arrow Municipal Authority	Broken Arrow Economic Development Authority	Battle Creek Golf Course	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 60,432,325	\$ 3,000	\$ 1,590,699	\$ 62,026,024	\$ 12,755,333
Payments to suppliers	(19,403,765)	(1,067,020)	(1,426,582)	(21,897,367)	-
Payments to employees	(21,036,471)	-	-	(21,036,471)	-
Receipts of customer meter deposits	98,401	-	-	98,401	-
Payment of customer meter deposits	(112,801)	-	-	(112,801)	-
Claims paid	-	-	-	-	(14,135,649)
Interfund receipts	10,800,000	-	(128,453)	10,671,547	-
Net cash provided by (used in) operating activities	30,777,689	(1,064,020)	35,664	29,749,333	(1,380,316)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	23,098,570	1,200,000	-	24,298,570	-
Transfer to other funds	(24,169,542)	-	-	(24,169,542)	-
Net cash provided by (used in) noncapital financing activities	(1,070,972)	1,200,000	-	129,028	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(21,768,000)	(1,239,649)	-	(23,007,649)	-
Payment received on note receivable	-	1,000,000	-	1,000,000	-
Proceeds from issuance of debt	22,597,537	-	-	22,597,537	-
Proceeds from sale of capital assets	80,700	-	-	80,700	-
Principal paid on capital debt	(28,803,944)	(820,000)	-	(29,623,944)	-
Interest paid on capital debt	(4,633,161)	(575,549)	-	(5,208,710)	-
Net cash provided by (used in) capital and related financing activities	(32,526,868)	(1,635,198)	-	(34,162,066)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in investment in joint venture	154,526	-	-	154,526	-
Interest and dividends	551,259	183,422	474	735,155	2,438
Net cash provided by investing activities	705,785	183,422	474	889,681	2,438
Net Increase (decrease) in cash and cash equivalents	(2,114,366)	(1,315,796)	36,138	(3,394,024)	(1,377,878)
Balances-beginning of year	21,818,213	8,117,894	104,999	30,041,106	4,389,740
Balances-end of year	\$ 19,703,847	\$ 6,802,098	\$ 141,137	\$ 26,647,082	\$ 3,011,862
Reconciliation to Combining Statement of Net Position:					
Cash and cash equivalents	\$ 121,191	\$ 423,202	\$ 141,137	\$ 685,530	\$ 3,011,862
Restricted cash and cash equivalents-current	17,920,764	5,878,896	-	23,799,660	-
Restricted cash and cash equivalents-noncurrent	1,661,892	500,000	-	2,161,892	-
Total cash and cash equivalents, end of year	\$ 19,703,847	\$ 6,802,098	\$ 141,137	\$ 26,647,082	\$ 3,011,862
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 3,808,867	\$ (566,909)	\$ (42,899)	\$ 3,199,059	\$ (166,582)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	13,263,487	11,835	117,940	13,393,262	-
Miscellaneous non-operating revenue (expense)	-	-	-	-	34,877
Operating grant	23,049	-	-	23,049	-
Change in assets, liabilities and deferrals:					
Receivables, net	(1,066,905)	-	-	(1,066,905)	-
Due from other funds	(82,905)	-	-	(82,905)	-
Due from other governments	(41,610)	-	-	(41,610)	-
Other receivable	-	3,000	7,501	10,501	45,865
Inventories	(168,822)	-	(12,167)	(180,989)	-
Prepaid assets	210,976	-	(5,506)	205,470	-
Deferred amounts related to OPEB	(3,410)	-	-	(3,410)	-
Accounts payables	4,007,182	(511,946)	107,075	3,602,311	(33,639)
Accrued payroll	118,545	-	-	118,545	-
Due to other funds	10,882,905	-	(128,453)	10,754,452	-
Other payables	-	-	(8,502)	(8,502)	-
Amounts held in escrow	(214,333)	-	-	(214,333)	-
Due to other governments	-	-	675	675	-
Accrued compensated absences	36,543	-	-	36,543	-
Customer meter deposits payable	(14,400)	-	-	(14,400)	-
Claims and judgments	-	-	-	-	(1,260,837)
Total OPEB liability	18,520	-	-	18,520	-
Net cash provided by (used in) operating activities	\$ 30,777,689	\$ (1,064,020)	\$ 35,664	\$ 29,749,333	\$ (1,380,316)
Non-cash Activities:					
Capital assets contributed	\$ 7,453,215	\$ -	\$ -	\$ 7,453,215	\$ -
Forgiveness of debt	500,000	-	-	500,000	-
Total Non-cash Activities	\$ 7,953,215	\$ -	\$ -	\$ 7,953,215	\$ -

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, 2023

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, 2023

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

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

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

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

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

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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, 2023, 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, 2023

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 (Major 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 (Major Fund)	Accounts for revenues generated by a 0.15% sales tax to be used strictly for police expenditures.
Public Safety Sales Tax-Fire (Major Fund)	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, 2023

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	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.
Opioid Settlement Fund	Accounts for funds received from settlement of opioid crisis in Oklahoma to be used for specific purposes approved by council and the settlement agreements.
PSO 1% Franchise Fee Fund	Accounts for additional 1% PSO franchise fee to be used for economic development.

Debt Service Fund (Major 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:

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

Proprietary funds

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

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

Enterprise funds

Fund	Brief Description
Broken Arrow Municipal Authority	Accounts for activities of the public trust in providing water, wastewater and solid waste services to the public.
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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Measurement focus and basis of accounting

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

Measurement focus:

Government-wide and proprietary fund financial statements

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

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 leases are reported as other financial sources.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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.

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 sixteen 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.

Deferred inflow of resources 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 \$663,424.

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

SBITAs

Implementation of New Accounting Guidance – On June 15, 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITAs), which establishes accounting and financial reporting standards for subscription-based information technology arrangements. The new standard establishes a subscription-based asset and related liability on the statement of financial position for all applicable information technology arrangements. The accounting standard went into effect for reporting periods beginning after June 15, 2022. This City has implemented and adopted GASB Statement No. 96. See Note 3 relating to the adoption of the new SBITA standard.

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. Subscription based information technology arrangements are valued at the present value of future payments plus capitalizable implementation costs. SBITA assets are amortized over the shorter of useful life or the term of the associated contract.

Government-wide statements

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

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

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

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

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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.

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Governmental fund financial statements

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

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

Internal and interfund balances and activities

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

Government-wide financial statements:

1. Interfund balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
2. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers – internal activities. The effects of interfund services between funds are not eliminated in the statement of activities.
3. Primary government and component unit activity and balances – resource flows between the primary government, the City and BAMA, are reported as if they were external transactions.

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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

Revenues, expenditures and expenses

Sales tax

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

Property tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. At the present time, the City levies a property tax to fund the annual debt service requirements of the general obligation bonds and court-assessed judgments.

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

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2023, the City's net assessed valuation of taxable property was \$1,123,417,196. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023, was \$16.61.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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.

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.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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

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

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

Debt restrictions and covenants

Other long-term debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. During Fiscal Year 2023, the City issued General Obligation Bonds Series 2022 in the amount of \$40,000,000, 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, 2023.

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

Requirement	Level of Compliance
a. Flow of Funds:	
OWRB Loans:	
<ul style="list-style-type: none"> • Utility Revenue Fund • Sales Tax Fund • Operation and Maintenance Fund • Bond Fund (interest, principal and reserve accounts) 	All funds, except for a separate Utility Revenue Fund have been established. Utility revenue is deposited directly into O & M Fund. Method of actual transfers of funds is not made specifically in accordance with bond covenants; however, the end result of the flow of funds is being accomplished.
b. Reserve Account Requirement:	
OWRB Loans:	
<ul style="list-style-type: none"> • Account balance on the 2015 OWRB note payable should equal \$849,706. 	Account balance at June 30, 2023 for the 2015 OWRB note payable is \$849,706.
<ul style="list-style-type: none"> • Account balance on the 2019 BAEDA note payable should equal \$500,000. 	Account balance at June 30, 2023 for the 2019 BAEDA note payable is \$500,000.
c. Revenue Bond Coverage:	
OWRB Loans and Sales Tax Revenue Note:	
<ul style="list-style-type: none"> • Net revenues of the Authority plus 125% of maximum annual debt service of all obligations on a parity with the OWRB 2004, 2007, 2012, 2015, 2016 A&B, 2017 A&B, 2018, 2019 A&B, 2020 A,B&C, 2021, 2023 notes and 2019, 2021 and 2023 Sales Tax Revenue Notes. 	Maximum annual debt service on all parity debt is \$12,975,165. Coverage is 315%.

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, 2023.

Workers Compensation internal service fund has a net position deficit of \$550,166 primarily due to actuarially determined unfunded liabilities. It is the City's intent to fund the liabilities as soon as economically feasible.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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, 2023, the City complied in all material respects with the applicable budget laws relating to expenditures and appropriations at the legal level of control.

Note 3 – Detail Notes on Transaction Classes/Accounts

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

Deposits

As of June 30, 2023, the City held the following deposits and investments:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

<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	73,601,836	73,601,836	-	-
Time deposits - certificate of deposits	30,135,624	-	30,135,624	-
Investments:				
United States Treasury Notes/Bills	96,450,386	-	96,450,386	-
Judgments	38,000	-	38,000	-
Bond Trustee Accounts:				
GS Fin Sq Treas Instr-Prem #3515	5,622,026	5,622,026	-	-
Cavanal Hill US Treasury-Admin #0002	20,934,872	20,934,872	-	-
Total deposits and investments	\$ 226,786,907	\$ 100,162,897	\$ 126,624,010	\$ -
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 100,162,897			
Investments	126,624,010			
	\$ 226,786,907			
Component Units:				
Broken Arrow Home Finance Authority	\$ 2,786			
Broken Arrow Hospital Authority	10,998			
	\$ 13,784			

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 SOFR plus 100 basis points not to exceed 6.2975%. The counterparty to the swap agreement owes the City interest if the SOFR rate exceeds 6.2975%. The counterparty has not made any payments to the City since the SOFR rate has not yet exceeded 6.2975%. The objective of the hedge is to cap the interest rate paid at 6.2975% plus 100 basis points (7.2975%). The City has achieved that objective and is reporting the derivative under hedge accounting standards. The interest rate swap liability is measured at fair value and is considered a level 2 valuation. The notional amount of the hedging derivative at June 30, 2023 is \$3,350,000.

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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>
2024	< 6.2975%	\$ (21,888)
2025	< 6.2975%	(20,523)
2026	< 6.2975%	(8,610)
Total		<u>\$ (51,021)</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	\$ -	\$ 14,870,223
Accounts receivable-ambulance	4,232,468	-
Accounts receivable-court	2,304,687	-
Accounts receivable-other	2,956,948	-
Less: allowance for uncollectible accounts	<u>(5,302,119)</u>	<u>(4,791,074)</u>
Other receivables, net of allowance	<u>\$ 4,191,984</u>	<u>\$ 10,079,149</u>

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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 \$663,424. Lease receivable balances at June 30, 2023, were as follows:

	Governmental Activities
Tower Holdings	\$ 347,860
New Cingular	96,366
SW Bell AT&T	397,127
Sprint	89,146
T-Mobile Elm	605,418
T-Mobile Tiger Hill	572,470
T-Mobile	173,383
Bass Pro	1,036,737
Sprint	254,365
American Tower	523,434
Verizon Lion's Park	513,752
Verizon Rhema Park	638,381
Verizon Elm & Albany	472,964
Tower Holdings	345,946
Verizon Kenosha	66,089
US Cellular	2,574,379
Total Lease Receivable-Governmental	<u>\$ 8,707,817</u>

Restricted assets

The amounts reported as restricted assets of the enterprise funds on the proprietary funds statement of net position are comprised of cash and investments held by the trustee bank on behalf of the various public trusts (authorities) related to their required revenue bond and note accounts as described in Note 2. The restricted assets as of June 30, 2023, were as follows:

Type of Restricted Assets	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Total
BAMA			
Revenue bond and note trustee accounts	\$ 17,717,717	\$ 849,706	\$ 18,567,423
Meter deposits	203,047	812,186	1,015,233
Total BAMA	<u>\$ 17,920,764</u>	<u>\$ 1,661,892</u>	<u>\$ 19,582,656</u>
BAEDA			
Revenue bond and note trustee accounts	<u>\$ 5,878,896</u>	<u>\$ 500,000</u>	<u>\$ 6,378,896</u>
Total BAEDA	<u>\$ 5,878,896</u>	<u>\$ 500,000</u>	<u>\$ 6,378,896</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Capital assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	(Restated) Balance at June 30, 2022	Additions	Deductions	Balance at June 30, 2023
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 38,530,863	\$ 684,813	\$ -	\$ 39,215,676
Construction-in-progress	61,903,475	29,435,083	(17,445,951)	73,892,607
Total nondepreciable assets at historical cost	<u>100,434,338</u>	<u>30,119,896</u>	<u>(17,445,951)</u>	<u>113,108,283</u>
Depreciable capital assets:				
Buildings	70,945,641	5,460,218	-	76,405,859
Improvements	62,584,017	806,475	-	63,390,492
Machinery and equipment	55,384,609	6,041,312	(579,618)	60,846,303
Infrastructure	268,077,552	5,821,885	-	273,899,437
Total depreciable assets at historical cost	<u>456,991,819</u>	<u>18,129,890</u>	<u>(579,618)</u>	<u>474,542,091</u>
Less accumulated depreciation:				
Buildings	(21,352,940)	(1,778,492)	-	(23,131,432)
Improvements	(21,267,453)	(2,520,762)	-	(23,788,215)
Machinery and equipment	(33,859,104)	(4,256,348)	563,654	(37,551,798)
Infrastructure	(113,144,384)	(5,731,461)	-	(118,875,845)
Total accumulated depreciation	<u>(189,623,881)</u>	<u>(14,287,063)</u>	<u>563,654</u>	<u>(203,347,290)</u>
Intangible assets:				
Subscription assets	211,126	-	-	211,126
Total intangible assets being amortized	<u>211,126</u>	<u>-</u>	<u>-</u>	<u>211,126</u>
Less accumulated amortization:				
Subscription assets	-	(52,782)	-	(52,782)
Total accumulated amortization	<u>-</u>	<u>(52,782)</u>	<u>-</u>	<u>(52,782)</u>
Total assets, net	<u>267,579,064</u>	<u>3,790,045</u>	<u>(15,964)</u>	<u>271,353,145</u>
Governmental activities assets, net	<u>\$ 368,013,402</u>	<u>\$ 33,909,941</u>	<u>\$ (17,461,915)</u>	<u>\$ 384,461,428</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Capital assets – (continued)

	(Restated)			
	Balance at			Balance at
	June 30, 2022	Additions	Deductions	June 30, 2023
Business-type activities:				
Nondepreciable:				
Land	\$ 8,198,205	\$ -	\$ -	\$ 8,198,205
Construction-in-progress	20,063,101	21,147,051	(4,675,722)	36,534,430
Total nondepreciable assets at historical cost	<u>28,261,306</u>	<u>21,147,051</u>	<u>(4,675,722)</u>	<u>44,732,635</u>
Depreciable:				
Buildings	7,472,999	-	-	7,472,999
Improvements	272,428,973	17,300	-	272,446,273
Machinery and equipment	27,151,808	2,404,543	(376,002)	29,180,349
Infrastructure – drainage	112,075,473	11,567,692	-	123,643,165
Total depreciable assets at historical cost	<u>419,129,253</u>	<u>13,989,535</u>	<u>(376,002)</u>	<u>432,742,786</u>
Less accumulated depreciation:				
Buildings	(5,130,189)	(161,720)	-	(5,291,909)
Improvements	(161,389,659)	(5,962,821)	-	(167,352,480)
Machinery and equipment	(16,142,806)	(2,497,256)	376,002	(18,264,060)
Infrastructure – drainage	(29,896,512)	(4,771,465)	-	(34,667,977)
Total accumulated depreciation	<u>(212,559,166)</u>	<u>(13,393,262)</u>	<u>376,002</u>	<u>(225,576,426)</u>
Net depreciable assets	<u>206,570,087</u>	<u>596,273</u>	<u>-</u>	<u>207,166,360</u>
Business-type capital assets, net	<u>\$ 234,831,393</u>	<u>\$ 21,743,324</u>	<u>\$ (4,675,722)</u>	<u>\$ 251,898,995</u>

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

Depreciation expense charged to governmental activities:	
General government	\$ 614,210
Public safety	4,348,443
Public services	7,158,425
Culture and recreation	2,165,985
Total government activities depreciation expense	<u>\$ 14,287,063</u>
Amortization expense charged to governmental activities:	
General government	\$ 52,782
Total government activities amortization expense	<u>\$ 52,782</u>
Depreciation expense charged to business-type activities:	
Water	\$ 6,738,688
Sewer	3,711,296
Sanitation	430,106
Stormwater management	2,383,397
Economic development	11,835
Golf	117,940
Total business-type activities depreciation expense	<u>\$ 13,393,262</u>

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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, 2023, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture	\$ 38,245,607
Current year change	<u>(154,526)</u>
Ending investment in joint venture	<u>\$ 38,091,081</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, 2023, 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%	\$6,330,000
\$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%	420,000
\$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%	3,600,000
\$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%	7,400,000
\$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%	725,000
\$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%	7,945,000
\$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%	4,555,000
\$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%	13,795,000
\$18,755,000 General Obligation Bonds Series 2018A, due in annual installments of \$985,000, final installment of \$1,025,000 due May 1, 2038, final installment due October 1, 2044 with interest rates at 2.00% to 4.00%	14,815,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

\$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%	9,150,000
\$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%	9,685,000
\$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%	250,000
\$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%	20,810,000
\$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)	1,295,000
\$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)	4,565,000
\$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)	7,915,000
\$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%	18,000,000
\$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%	750,000
\$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
\$40,000,000 General Obligation Bonds Series 2022, due in annual installments of \$2,105,000, final installment of \$2,110,000 due September 1, 2042 with interest rates at 2.50% to 4.00%	<u>40,000,000</u>
Total general obligation bonds	\$ 192,505,000
Unamortized premium on bonds	4,036,837
Total general obligations bonds	<u>\$ 196,541,837</u>
Current portion	\$ 12,827,192
Noncurrent portion	<u>183,714,645</u>
Total general obligations bonds	<u>\$ 196,541,837</u>

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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. \$199,499

\$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. 3,993,037

Total Notes payable \$ 4,192,536

Current portion \$ 1,834,499
 Noncurrent portion 2,358,037

Total notes payable \$ 4,192,536

Accrued compensated absences

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

Current portion \$ 2,593,484
 Noncurrent portion 1,296,742

Total accrued compensated absences \$ 3,890,226

Judgments payable

\$38,000 judgment in favor of Jimmy Bailey, held by sinking fund, final maturity March 2026, with interest at 6.75% \$ 38,000

Total judgments payable \$ 38,000

Current portion \$ 12,667
 Noncurrent portion 25,333

Total judgments payable \$ 38,000

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

Other claims payable

Actuarial determined automotive and general liability payable, funded by General Fund resources, reported in the governmental activities at June 30, 2023

Current portion	\$ 467,000
Noncurrent portion	729,000
	<hr/>
Total automotive and general insurance liabilities	<u>\$ 1,196,000</u>

Claims payable

Actuarial determined workers compensation and health claims, funded by General Fund resources, reported in the governmental activities at June 30, 2023

Current portion	\$ 989,000
Noncurrent portion	2,641,200
	<hr/>
Total claims payable	<u>\$ 3,630,200</u>

Total OPEB liability

Current portion	\$ -
Noncurrent portion	780,650
	<hr/>
Total other post-employment benefit obligation	<u>\$ 780,650</u>

Subscription liability

The City has entered into subscription-based information technology arrangements involving software related to public safety for a term of 4 years. There were no variable payments made during FY 22-23 related to the arrangements.

Current portion	\$ 49,611
Noncurrent portion	110,803
	<hr/>
Total subscription liability	<u>\$ 160,414</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, 2023, was 315%.

As of June 30, 2023, the long-term debt payable from enterprise fund resources consisted of the following:

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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	\$787,503
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	1,194,750
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	4,664,203
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	8,585,000
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	4,446,394
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	5,950,000
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	17,750,000
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	862,937
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	19,570,000
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	4,140,002

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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	10,457,190
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	25,450,000
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	14,155,838
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	4,305,000
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.	1,671,429
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.	805,970
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	7,377,301
2023 Clean Water SRF Promissory Note payable to Oklahoma Water Resources Board, original amount \$18,805,000 dated September 23, 2023, by Broken Arrow Municipal Authority, providing for engineering, design and construction of various sewer projects, secured by utilities and pledged sales tax, interest rate at 2.92%, final maturity September 2054	403,892

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

2023A Utility System & Sales Tax Revenue Note Tax-Exempt Series payable to BOK Financial, original amount \$21,497,000 dated January 3, 2023, by Broken Arrow Municipal Authority, providing for the refunding of the 2021A Utility System & Sales Tax Revenue Note, secured by utilities and pledged sales tax, interest rate at 2.03%, final maturity March 2034

Total Notes Payable \$ 164,291,409

Unamortized premium on notes payable 5,427,076

Total Notes Payable \$ 169,718,485

Current portion \$ 7,884,704
 Noncurrent portion 161,833,781

Total Notes Payable \$ 169,718,485

Total OPEB liability

Current portion \$ -
 Noncurrent portion 317,139

Total other post-employment benefit obligation \$ 317,139

Accrued compensated absences

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

Current portion \$ 547,120
 Noncurrent portion 273,560

Total accrued compensated absences \$ 820,680

Customer meter deposit reserves

Current portion \$ 203,047
 Noncurrent portion 812,186

Total customer meter deposit reserves \$1,015,233

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.

\$4,070,000

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

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>\$ 19,595,000</u>
Current portion	\$ 1,760,000
Noncurrent portion	17,835,000
Total TIF notes payable	<u>\$ 19,595,000</u>

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	(Restated) Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Amount due in one year
Governmental Activities :					
General obligation bonds	\$ 165,380,000	\$ 40,000,000	\$ 12,875,000	\$ 192,505,000	\$ 12,520,000
Notes payable-direct borrowings	5,911,432	-	1,718,896	4,192,536	1,834,499
Accrued Compensated Absences	3,791,230	98,996	-	3,890,226	2,593,484
Judgments payable	128,847	38,000	128,847	38,000	12,667
Automotive and general liability	1,245,000	-	49,000	1,196,000	467,000
Claims payable	4,891,037	12,841,173	14,102,010	3,630,200	989,000
Subscription liability	211,126	-	50,712	160,414	49,611
	<u>\$ 181,558,672</u>	<u>\$ 52,978,169</u>	<u>\$ 28,924,465</u>	<u>\$ 205,612,376</u>	<u>\$ 18,466,261</u>
Add:					
Unamortized premium				4,036,837	307,192
Net pension liability				62,778,821	-
Total OPEB liability				780,650	-
Total Derivative Investment Liability-Interest Rate Swap				51,021	-
				<u>\$ 273,259,705</u>	<u>\$ 18,773,453</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Amount due in one year
Business-type Activities:					
Bonds, Notes and Loans Payable-direct borrowings	\$ 154,017,018	\$ 39,578,335	\$ 29,303,944	\$ 164,291,409	\$ 7,656,454
BAEDA-Notes Payable-direct borrowings	20,415,000	-	820,000	19,595,000	1,760,000
Accrued Compensated Absences	784,137	36,543	-	820,680	547,120
	<u>\$ 175,216,155</u>	<u>\$ 39,614,878</u>	<u>\$ 30,123,944</u>	<u>\$ 184,707,089</u>	<u>\$ 9,963,574</u>
Add:					
Unamortized premium				5,427,076	228,249
Total OPEB liability				317,139	-
Customer Meter Deposit Reserves	1,029,633	98,401	112,801	1,015,233	203,047
				<u>\$ 191,466,537</u>	<u>\$ 10,394,870</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, 2023, are as follows:

Year Ending June 30,	Governmental Activities							
	General Obligation Bonds		Notes Payable-Direct Borrowings		Judgments Payable		Subscriptions Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 12,520,000	\$ 6,056,311	1,834,499	267,785	12,667	3,610	49,611	3,637
2025	13,935,000	5,015,860	1,638,037	140,698	12,667	2,407	53,398	2,512
2026	12,880,000	4,677,293	720,000	26,272	12,666	1,203	57,405	1,301
2027	12,605,000	4,333,517	-	-	-	-	-	-
2028	12,580,000	3,982,237	-	-	-	-	-	-
2029-2033	60,475,000	14,844,123	-	-	-	-	-	-
2034-2038	46,135,000	6,921,973	-	-	-	-	-	-
2039-2043	21,375,000	1,409,700	-	-	-	-	-	-
Total	<u>\$ 192,505,000</u>	<u>\$ 47,241,014</u>	<u>\$ 4,192,536</u>	<u>\$ 434,755</u>	<u>\$ 38,000</u>	<u>\$ 7,220</u>	<u>\$ 160,414</u>	<u>\$ 7,450</u>

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Business-Type Activities		
Year Ending June 30,	Bonds, Notes & Loans Payable-Direct Borrowing:	
	Principal	Interest
2024	\$ 9,416,454	\$ 5,687,182
2025	9,004,770	5,683,863
2026	9,561,378	5,691,230
2027	9,782,203	5,467,446
2028	9,191,690	5,227,995
2029-2033	45,684,450	22,455,534
2034-2038	47,549,241	15,767,905
2039-2043	35,595,000	9,114,795
2044-2048	25,665,000	4,171,371
2049-2053	15,312,000	1,072,724
2054-2055	1,010,000	64,822
Total	<u>\$ 217,772,186</u>	<u>\$ 80,404,867</u>
Less: Amount not drawn	<u>(33,885,777)</u>	
	<u>\$ 183,886,409</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. Subscription liabilities are paid by the General Fund. 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.

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, \$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, \$18,805,000 Clean Water SRF note payable, and

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

\$21,497,000 2023A Utility System & Sales Tax Revenue Note payable to BOK Financial. These notes are payable through 2055. The total remaining principal and interest payable for the life of these notes is \$238,618,507. Pledged sales taxes received in the current year were \$23,098,570 and net utility revenues were \$17,774,638 for total pledged net revenues of \$40,873,208. Debt service payments of \$11,889,072 (excluding the \$21,497,000 refinanced portion of the 2021A Utility System & Sales Tax Revenue Note) for the current year were 29.1% of net pledged revenues for these notes.

Interfund balances and activities

Interfund receivables and payables at June 30, 2023, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	BAMA	\$ 3,363,059	Operational subsidy
General Fund	BAMA	10,800,000	Eliminated negative pooled cash
Police Enhancement	General Fund	765	Operational advances
Debt Service Fund	BAEDA	30,389	Deposit to wrong account
BAMA	General	3,363,059	Sales tax collections
BAMA	Battle Creek Golf Course	465,024	Operational advances
		<u>\$ 18,022,296</u>	

Due From/Due To:

Reconciliation to Fund Financial Statements:

	<u>Due from</u>	<u>Due to</u>	<u>Net Interfund Balances</u>
Governmental Funds	\$ 14,194,213	\$ (3,363,824)	\$ 10,830,389
Proprietary Funds	3,828,083	(14,658,472)	(10,830,389)
	<u>\$ 18,022,296</u>	<u>\$ (18,022,296)</u>	<u>\$ -</u>

Interfund transfers for the year ended June 30, 2023, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	BAMA	\$ 23,098,570	Sales Tax Collections
General Fund	Public Safety Sales Tax-Police	31,680,132	Sales Tax Collections
General Fund	Public Safety Sales Tax-Fire	26,500,820	Sales Tax Collections
General Fund	BAEDA	600,000	Economic Development
Debt Service Fund	General Fund	60,000	Operational/Interest
Debt Service Fund	Creek TIF Apportionment Fund	3,005	Operational/Interest
2018 General Obligation Bond Fund	Public Safety Sales Tax-Fire	750,000	Operational/Public Safety
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	23,098,570	Operating subsidy
BAMA	Parks and Recreation Fund	470,972	Operating subsidy
BAMA	BAEDA	600,000	Economic Development
		<u>\$ 109,137,069</u>	

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Transfers:

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 84,838,499	\$ (84,967,527)	\$ (129,028)
Proprietary Funds	24,298,570	(24,169,542)	129,028
Total Transfers	\$ 109,137,069	\$ (109,137,069)	\$ -

Reconciliation to Statement of Net Position:

	Governmental	Business-Type	Net Interfund Balances
Net transfers	\$ (129,028)	\$ 129,028	\$ -
Business type expenses in special revenue funds	(4,884,429)	4,884,429	-
Net transfers	\$ (5,013,457)	\$ 5,013,457	\$ -

Fund Balance:

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

Fund Balance	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
Restricted For:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,789,505	\$ -	\$ 16,789,505
Capital improvements	-	-	-	21,188,065	-	7,170,584	-	14,881,849	107,775,728
Convention and Visitor's Bureau	-	-	-	-	-	-	-	1,703,619	1,703,619
Public safety	-	20,498,275	9,629,402	-	-	-	-	674,799	30,802,476
Cemetery care	-	-	-	-	-	-	-	149,571	149,571
Street and alley operations	-	-	-	-	-	-	-	1,305,411	1,305,411
Housing and Urban Development	-	-	-	-	-	-	-	246,196	246,196
E911	-	-	-	-	-	-	-	1,661,039	1,661,039
Economic Development	-	-	-	-	-	-	-	236,324	236,324
Crime Prevention	-	-	-	-	-	-	-	176,542	176,542
Grant Purposes	-	-	-	-	200,138	-	-	-	200,138
Alcohol enforcement	-	-	-	-	-	-	-	96,795	96,795
Sub-total restricted	-	20,498,275	9,629,402	21,188,065	200,138	7,170,584	16,789,505	21,132,145	161,143,344
Committed for:									
Excess capacity sewer escrow	-	-	-	-	-	-	-	1,842,706	1,842,706
Stormwater capital improvements	-	-	-	-	-	-	-	1,278,360	1,278,360
Parks and recreation	-	-	-	-	-	-	-	1,167,999	1,167,999
Cemetery care	-	-	-	-	-	-	-	277,276	277,276
Street lights	-	-	-	-	-	-	-	802,351	802,351
Economic development	-	-	-	-	-	-	-	36,118	36,118
Sub-total committed	-	-	-	-	-	-	-	5,404,810	5,404,810
Assigned for:									
Subsequent year budget/activities	14,481,539	-	-	-	-	-	-	7,421,902	21,903,441
Sub-total assigned	14,481,539	-	-	-	-	-	-	7,421,902	21,903,441
Unassigned	16,682,645	-	-	-	-	-	-	-	16,682,645
TOTAL FUND BALANCE	\$ 31,164,184	\$ 20,498,275	\$ 9,629,402	\$ 21,188,065	\$ 200,138	\$ 7,170,584	\$ 16,789,505	\$ 33,958,857	\$ 205,134,240

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

The following schedule shows the restatements:

	<u>Enterprise Funds</u>	
	Broken Arrow Economic Development Authority	
Beginning net position, as previously reported	\$	(2,083,168)
(Over) understatement of notes receivable		1,000,000
(Over) understatement of capital assets		<u>(2,897,405)</u>
Beginning net position, restated	<u>\$</u>	<u>(3,980,573)</u>

	<u>Government-Wide</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning net position, as previously reported	\$ 314,802,605	\$ 131,586,996
(Over) understatement of notes receivable	-	1,000,000
(Over) understatement of capital assets	-	(2,897,405)
Restatement of subscription assets	211,126	-
Restatement of subscriptions liability	<u>(211,126)</u>	<u>-</u>
Beginning net position, restated	<u>\$ 314,802,605</u>	<u>\$ 129,689,591</u>

The City implemented GASB #96, Subscription Based Information Technology Arrangements (SBITAs), during the fiscal year. This adoption of a new accounting principle resulting in a restatement of subscription assets and their related liabilities.

The City entered into an agreement in the prior year for the sale of assets involving the creation of a note receivable that was ultimately excluded from the prior year capital asset activity. Note receivable was paid off in FY 22-23.

Note 4 – Employee Pension and Other Benefit Plans

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
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

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, 2023 the total contribution to the system amounted to \$2,990,677 of which \$1,851,371 was made by the City and \$1,139,306 was made by the employees. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$1,722,721 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 \$1,544,130. 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, 2023, the City reported an asset of \$3,107,481 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022.

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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, 2022. Based upon this information, the City’s proportion was 3.8751%.

For the year ended June 30, 2023, the City recognized pension expense of \$674,747. At June 30, 2023 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
Difference between expected and actual experience	\$ 1,524,256	\$ 338,486
Changes of assumptions	108,187	-
Net difference between projected and actual earnings on pension plan investments	3,032,269	-
Changes in proportion	811	292,334
City contributions during measurement date	16,137	36,870
City contributions subsequent to the measurement date	1,851,371	-
Total	<u>\$ 6,533,031</u>	<u>\$ 667,690</u>

In the year ending June 30, 2024, the \$1,851,371 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:		
2024	\$	899,135
2025		182,123
2026		(894,482)
2027		3,671,343
2028		155,851
	<u>\$</u>	<u>4,013,970</u>

Actuarial assumptions – The total pension liability in the July 1, 2022 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,

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

based on an increase in base salary of 3.5% (wage inflation)

Mortality rates

Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA..

The actuarial assumptions used in the July 1, 2022, 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, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private equity	9.66%
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.

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Police Pension net pension liability (asset)	\$ 9,003,293	\$ (3,107,481)	\$ (13,344,048)

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

Oklahoma Fire Pension and Retirement System

Summary of Significant Accounting Policies

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

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

Normal Retirement:

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

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. For the year ended June 30, 2023, the total contribution to the system amounted to \$3,808,632 of which \$2,318,298 was made by the City and \$1,490,334 was made by the employees. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$5,486,652 during the calendar year and this is reported as both an expenditure and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$4,917,810. 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, 2023, the City reported a liability of \$62,778,821 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 4.8006%.

For the year ended June 30, 2023, the City recognized pension expense of \$10,615,597. At June 30, 2023, 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	\$ 8,059,110	\$ 316,923
Changes of assumptions	-	400,267
Net difference between projected and actual earnings on pension plan investments	7,295,574	-
Changes in proportion	3,573,571	760,973
City contributions during measurement date	67,032	-
City contributions subsequent to the measurement date	2,318,298	-
Total	<u>\$ 21,313,585</u>	<u>\$ 1,478,163</u>

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

In the year ending June 30, 2024, the \$2,318,298 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:

Year ended June 30:		
	2024	\$ 5,101,089
	2025	4,151,828
	2026	1,380,798
	2027	6,883,409
		<u>\$ 17,517,124</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	8.64%
Other assets	8%	5.08%
	<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

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Fire Pension net pension liability	\$ 80,895,351	\$ 62,778,821	\$ 47,625,226

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

Related-party investments

As of June 30, 2023, 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, 2023, 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, 2023, the following amounts related to actual contributions to the defined contribution plan:

Employee contributions made	\$ 206,536
Employer (City) contributions made	\$ 3,057,066

Post-employment benefits other than pensions

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

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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

Employees covered by benefit terms. At June 30, 2023 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 \$1,097,789 was measured as of June 30, 2023, 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, 2023 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:

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

Retirement Rate

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

- 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

CITY OF BROKEN ARROW, OKLAHOMA
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ending June 30, 2023

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

	Total OPEB Liability
Balances at Beginning of Year	\$ 1,009,980
Changes for the Year:	
Service Cost	80,391
Interest expense	38,057
Expected net benefit payments	(30,639)
Net Changes	87,809
Balances at End of Year	\$ 1,097,789
Governmental Activities	\$ 780,650
Business-Type Activities	317,139
	\$ 1,097,789

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	\$ 1,214,224	\$ 1,097,789	\$ 994,162

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	\$ 963,863	\$ 1,097,789	\$ 1,257,197

OPEB Expense and Deferred Outflows of Resources and Deferred Outflows/Inflows of Resources Related to OPEB For the year ended June 30, 2023, the City recognized OPEB expense of \$49,114. At June 30, 2023, 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, 2023

	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	\$ -	\$ 110,832	\$ -	\$ 45,025	\$ -	\$ 155,857
Changes of assumptions	3,431	159,434	1,391	64,770	4,822	224,204
Changes in proportion	8,466	34,557	34,557	8,466	43,023	43,023
Total	<u>\$ 11,897</u>	<u>\$ 304,823</u>	<u>\$ 35,948</u>	<u>\$ 118,261</u>	<u>\$ 47,845</u>	<u>\$ 423,084</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:			
2024	\$ (58,809)	\$ (10,254)	\$ (69,063)
2025	(58,809)	(10,254)	(69,063)
2026	(53,459)	(15,604)	(69,063)
2027	(50,538)	(18,525)	(69,063)
2028	(39,987)	(14,844)	(54,831)
Thereafter	(31,324)	(12,832)	(44,156)
	<u>\$ (292,926)</u>	<u>\$ (82,313)</u>	<u>\$ (375,239)</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, 2023:

- A developer received rebated sales taxes during 2023. 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, 2023

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 \$37,413 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2023.

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 2023 and has an outstanding, unpaid claim of \$37,413 of reimbursement from the State as of June 30, 2023.

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 - \$125,000 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, 2023

<p>d. Health and Life:</p> <ul style="list-style-type: none"> - Medical - Dental - Vision 	<p>Self-insured with third-party administration of the claims provided by HealthComp.</p> <p>Participation in Vision Service Plan. City purchases annual eye examination benefits for insured at a monthly cost of \$.63 per month for single coverage, \$.93 per month for employee and children, \$1.00 per month for employee and spouse and \$1.59 per month for family coverage.</p> <p>Group Health & Life Internal Service Fund used to account for self-insurance activities with participating funds making payments to the internal service fund based upon factors determined by the City's benefit consultant.</p>	<p>Claims up to \$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 aggregating deductible has been met. The City does not carry Aggregate stop loss coverage.</p>
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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, employee plus children, employee plus spouse or family coverage.

The City is self-funded for health and dental benefits and has an Administrative Services Agreement with HealthComp 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 HealthComp 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 aggregating retention levels. Stop loss coverage is purchased from U.S. Fire Insurance.

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, 2021 to June 30, 2023, are as follows:

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

	Workers' Compensation	Health Care	Total
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	\$ 3,635,000	\$ 1,256,037	\$ 4,891,037
Claims and changes in estimates	859,258	11,981,915	12,841,173
Claims payments	(1,765,258)	(12,336,752)	(14,102,010)
Claim liability, June 30, 2023	<u>\$ 2,729,000</u>	<u>\$ 901,200</u>	<u>\$ 3,630,200</u>
Assets available to pay claims at June 30, 2023	<u>\$ 2,195,182</u>	<u>\$ 1,107,919</u>	<u>\$ 3,303,101</u>
Reconciliation to Statement of Net Position:			
Current portion			\$ 989,000
Noncurrent portion			2,641,200
Total			<u>\$ 3,630,200</u>

Note 7 – Commitments and Contingencies

Construction commitments

At June 30, 2023, the City had outstanding construction commitments of \$15,836,946 related to ongoing engineering and construction projects with original contract amounts totaling \$58,170,249.

Contingencies

Grant program involvement

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

Litigation

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

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

CITY OF BROKEN ARROW, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ending June 30, 2023

Note 8 – Subsequent Events

City:

On September 19, 2023, the city approved the sale of \$ 35,000,000 which is the 8th series in for the 2018 Bond Authorization and closed on December 1, 2023.

On December 14, 2023, the city approved a Tax Increment District for the Sunset at Broken Arrow Economic Project Plan. The project plan includes a 12,500 Amphitheater adjacent to the Events Park which is scheduled to open in the fall of 2025.

Broken Arrow Municipal Authority:

The authority approved on July 17, 2023, to issue the 2023B Promissory note for \$20,750,000 for Melinda Park and the Bass Pro Booster Pump Station to list a few of the larger projects.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BROKEN ARROW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Beginning budgetary fund balance	\$ 22,338,102	\$ 22,338,102	\$ 25,943,426	\$ 3,605,324
Resources (inflows):				
Taxes:				
Sales tax	46,791,500	49,404,500	49,512,033	107,533
Use tax	9,942,779	9,942,779	11,939,259	1,996,480
Tobacco tax	560,000	560,000	479,747	(80,253)
Franchise tax	4,350,000	4,350,000	5,572,277	1,222,277
Total taxes	<u>61,644,279</u>	<u>64,257,279</u>	<u>67,503,316</u>	<u>3,246,037</u>
Intergovernmental:				
Intergovernmental	300,000	300,000	307,247	7,247
Alcoholic beverage tax	325,000	325,000	355,278	30,278
Total intergovernmental	<u>625,000</u>	<u>625,000</u>	<u>662,525</u>	<u>37,525</u>
Charges for services:				
Planning and zoning	185,000	185,000	208,750	23,750
Sale of material	25,000	25,000	138,939	113,939
BAMA PILOT	4,283,255	4,283,255	4,585,111	301,856
Rural fire runs & subscriptions	44,000	44,000	67,408	23,408
Inspection fees	875,000	875,000	276,208	(598,792)
Ambulance revenue	6,300,000	7,420,000	8,342,698	922,698
Special Events	-	-	99,364	99,364
Cemetery fee	225,000	225,000	170,696	(54,304)
Animal control fees	50,000	50,000	51,495	1,495
Nuisance abatement	50,000	50,000	40,401	(9,599)
Parks and recreation	225,000	225,000	223,288	(1,712)
Swimming pools	200,000	200,000	298,000	98,000
Administrative fees	15,000	15,000	15,041	41
Schools	48,000	48,000	-	(48,000)
Juvenile court	45,000	45,000	34,940	(10,060)
Total charges for services	<u>12,570,255</u>	<u>13,690,255</u>	<u>14,552,339</u>	<u>862,084</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2023

	Budgeted		Actual	Variance with
	Amounts		Amounts	Final Budget
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Fines, forfeitures and assessments	962,000	962,000	1,023,259	61,259
Licenses and permits:				
Occupational licenses	310,000	310,000	309,641	(359)
Peddlers licenses	2,500	2,500	30	(2,470)
Food licenses	38,000	38,000	53,264	15,264
Other fees	50,000	50,000	43,014	(6,986)
Special events	-	-	4,490	4,490
Farmer's market	-	-	35,065	35,065
Building permits	1,000,000	1,000,000	1,228,219	228,219
Total licenses and permits	1,400,500	1,400,500	1,673,723	273,223
Investment income	40,000	40,000	646,161	606,161
Miscellaneous:				
Rental property	1,300,000	1,300,000	636,035	(663,965)
Donations	-	-	41	41
Miscellaneous	66,500	66,500	343,195	276,695
Sale of capital assets	-	-	34,531	34,531
Insurance proceeds	25,000	25,000	-	(25,000)
Total miscellaneous	1,391,500	1,391,500	1,013,802	(377,698)
Other financing sources:				
Transfers in from other funds	20,051,750	21,071,750	24,433,570	3,361,820
Total other financing sources	20,051,750	21,071,750	24,433,570	3,361,820
Total revenues and other financing sources	98,685,284	103,438,284	111,508,695	8,070,411
Amounts available for appropriation	121,023,386	125,776,386	137,452,121	11,675,735

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (continued)
GENERAL FUND
Year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Charges to appropriations (outflows):				
General government:				
City manager	2,061,881	2,129,501	2,041,388	88,113
Finance	1,595,379	1,595,379	1,480,312	115,067
City attorney	1,423,779	1,430,641	1,235,630	195,011
Human resources	1,424,781	1,444,781	1,318,061	126,720
Information services	2,203,285	2,524,675	2,321,125	203,550
Community development	4,089,140	4,209,615	3,850,672	358,943
General government	2,207,950	2,374,427	2,235,773	138,654
City Clerk	1,046,685	1,166,384	997,690	168,694
Total general government	<u>16,052,880</u>	<u>16,875,403</u>	<u>15,480,651</u>	<u>1,394,752</u>
Public services	<u>3,353,544</u>	<u>3,761,637</u>	<u>3,373,553</u>	<u>388,084</u>
Parks and recreation	<u>6,478,688</u>	<u>6,640,460</u>	<u>5,554,211</u>	<u>1,086,249</u>
Other financing uses:				
Transfers to other funds	<u>72,546,778</u>	<u>75,500,778</u>	<u>81,879,522</u>	<u>(6,378,744)</u>
Total charges to appropriations	<u>98,431,890</u>	<u>102,778,278</u>	<u>106,287,937</u>	<u>(3,509,659)</u>
Ending budgetary fund balance	<u>\$ 22,591,496</u>	<u>\$ 22,998,108</u>	<u>\$ 31,164,184</u>	<u>\$ 8,166,076</u>

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Broken Arrow
Budgetary Comparison Schedule
Major Special Revenue Fund - Public Safety Sales Tax Fund - Police
For the year ended June 30, 2023

Public Safety Sales Tax Fund - Police				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	\$ 14,146,202	\$ 14,146,202	\$ 15,282,859	\$ 1,136,657
Resources (Inflows):				
Taxes	2,885,460	2,885,460	2,970,723	85,263
Intergovernmental	100,000	100,000	110,141	10,141
Investment income	6,000	6,000	426,195	420,195
Miscellaneous	12,500	12,500	11,092	(1,408)
Transfers from other funds	29,978,858	29,978,858	32,680,132	2,701,274
Amounts available for appropriation	32,982,818	32,982,818	36,198,283	3,215,465
Charges to Appropriations (Outflows):				
Police	32,787,033	33,231,816	30,982,867	2,248,949
Ending Budgetary Fund Balance	\$ 14,341,987	\$ 13,897,204	\$ 20,498,275	\$ 6,601,071

Broken Arrow
Budgetary Comparison Schedule
Major Special Revenue Fund - Public Safety Sales Tax Fund - Fire
For the year ended June 30, 2023

Public Safety Sales Tax Fund - Fire				
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance (restated)	\$ 5,555,457	\$ 5,555,457	\$ 5,555,457	\$ -
Resources (Inflows):				
Taxes	2,885,460	2,885,460	2,970,723	85,263
Intergovernmental	-	-	22,308	22,308
Investment income	3,000	3,000	158,144	155,144
Miscellaneous	8,000	8,000	3,689	(4,311)
Transfers from other funds	24,241,170	25,141,170	27,250,820	2,109,650
Amounts available for appropriation	27,137,630	28,037,630	30,405,684	2,368,054
Charges to Appropriations (Outflows):				
Fire	25,842,192	26,656,123	26,331,739	324,384
Ending Budgetary Fund Balance	\$ 6,850,895	\$ 6,936,964	\$ 9,629,402	\$ 2,692,438

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, 2023, the City's expenditures exceeded appropriations in following department:

General Fund – Transfer Out	\$6,378,744
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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)	\$ 111,508,695
Less: transfers in from other funds	<u>(24,433,570)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 87,075,125</u>
Total budgetary expenditures and transfers	\$ 106,287,937
Less: transfers to other funds	<u>(81,879,522)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 24,408,415</u>

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

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

	Public Safety Sales Tax Fund - Police
Total budgetary resources (inflows)	\$ 36,198,283
Add: On-behalf payments	1,722,721
Less: Transfers in from other funds	<u>(32,680,132)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 5,240,872</u>
Total budgetary expenditures and transfers	\$ 30,982,867
Add: On-behalf payments	1,722,721
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 32,705,588</u>
	Public Safety Sales Tax Fund - Fire
Total budgetary resources (inflows)	\$ 30,405,684
Add: On-behalf payments	5,486,652
Less: Transfers in from other funds	<u>(27,250,820)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 8,641,516</u>
Total budgetary expenditures and transfers	\$ 26,331,739
Add: On-behalf payments	5,486,652
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 31,818,391</u>

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023**

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

For the year June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	3.8751%
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)	\$ (3,107,481)
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	\$13,872,246
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%	22.40%
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%	102.74%

Notes to Schedule:

* Only nine fiscal years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2022.

** Information was not available.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 1,851,371
Contributions in relation to the 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	1,851,371
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$14,114,343
Contributions as a percentage of covered-employee payroll	13%	13%	13%	13%	13%	13%	13%	13%	13%

Notes to Schedule:

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

**CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023**

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

For the year June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	3.6826%	3.8107%	3.9641%	4.2472%	4.4499%	4.1400%	4.5698%	4.5936%	4.8006%
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	\$62,778,821
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	\$15,996,124
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%	392.46%
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%	69.49%

Notes to Schedule:

* Only nine fiscal years are presented because 10-year data is not yet available. Current year measurement date is June 30, 2022.

** Information was not available.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 2,318,298
Contributions in relation to the 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	2,318,298
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	\$ 16,559,267
Contributions as a percentage of covered-employee payroll	14%	14%	14%	14%	14%	14%	14%	14%	14%

Notes to Schedule:

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

CITY OF BROKEN ARROW, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

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>	<u>2023</u>
Total OPEB Liability						
Service cost	\$ 81,277	\$ 84,431	\$ 84,431	\$ 97,491	\$ 98,191	\$ 80,391
Interest	44,794	45,537	52,705	27,902	28,388	38,057
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	(25,646)	(25,646)	(33,656)	(37,547)	(30,639)	(30,639)
Net change in total OPEB liability	<u>100,425</u>	<u>104,322</u>	<u>(106,945)</u>	<u>47,569</u>	<u>(221,413)</u>	<u>87,809</u>
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>	<u>1,009,980</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>	<u>\$ 1,097,789</u>
Covered employee payroll	\$30,068,853	\$30,068,853	\$33,734,659	\$33,734,659	\$39,094,305	\$39,094,305
Total OPEB liability as a percentage of covered employee payroll	3.95%	4.29%	3.51%	3.65%	2.58%	2.81%

Notes to Schedule:

* Only six 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, 2023

Combining Balance Sheet – General Fund Accounts

Broken Arrow
Balance Sheet
General Fund Accounts
June 30, 2023

	General Fund	Escrow Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 490,949	\$ 1,133,350	\$ 1,624,299
Investments	10,373,646	-	10,373,646
Taxes receivable, net	406,295	-	406,295
Due from other funds	14,163,059	-	14,163,059
Receivable from other governments	10,761,009	-	10,761,009
Accrued interest receivable	122,262	-	122,262
Leases receivable	8,707,817	-	8,707,817
Other receivables, net	1,907,362	-	1,907,362
Prepaid expenses	3,001	-	3,001
Total assets	46,935,400	1,133,350	48,068,750
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	823,535	20,595	844,130
Accrued payroll	795,398	-	795,398
Due to other funds	3,363,824	-	3,363,824
Due to other governments	30,661	-	30,661
Due to bondholders	-	67,722	67,722
Unearned revenue	-	226,027	226,027
Amounts held in escrow	429,773	819,006	1,248,779
Total liabilities	5,443,191	1,133,350	6,576,541
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows-leases	9,646,433	-	9,646,433
Unavailable revenue	681,592	-	681,592
Total deferred inflows of resources	10,328,025	-	10,328,025
 Fund balances:			
Assigned	14,481,539	-	14,481,539
Unassigned	16,682,645	-	16,682,645
Total fund balances	31,164,184	-	31,164,184
Total liabilities, deferred inflows of resources and fund balances	\$ 46,935,400	\$ 1,133,350	\$ 48,068,750

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2023

	<u>General Fund</u>	<u>Escrow Fund</u>	<u>Total General Fund</u>
REVENUES			
Sales and use taxes	\$ 61,451,292	\$ -	\$ 61,451,292
Franchise and miscellaneous taxes	6,052,024	-	6,052,024
Intergovernmental	662,525	-	662,525
Charges for services	14,552,339	-	14,552,339
Fines and forfeitures	1,023,259	-	1,023,259
Licenses and permits	1,673,723	-	1,673,723
Rental income	636,035	-	636,035
Investment income	646,161	-	646,161
Miscellaneous	377,767	-	377,767
Total revenues	<u>87,075,125</u>	<u>-</u>	<u>87,075,125</u>
EXPENDITURES			
Current:			
General government	15,424,143	-	15,424,143
Public services	3,373,553	-	3,373,553
Parks and recreation	5,554,211	-	5,554,211
Debt Service:			
Principal	50,712	-	50,712
Capital Outlay	5,796	-	5,796
Total Expenditures	<u>24,408,415</u>	<u>-</u>	<u>24,408,415</u>
Excess (deficiency) of revenues over expenditures	<u>62,666,710</u>	<u>-</u>	<u>62,666,710</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	24,433,570	-	24,433,570
Transfers out	(81,879,522)	-	(81,879,522)
Total other financing sources and uses	<u>(57,445,952)</u>	<u>-</u>	<u>(57,445,952)</u>
Net change in fund balances	5,220,758	-	5,220,758
Fund balances - beginning	25,943,426	-	25,943,426
Fund balances - ending	<u>\$ 31,164,184</u>	<u>\$ -</u>	<u>\$ 31,164,184</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

Combining Balance Sheet – Nonmajor Governmental Funds

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	SPECIAL REVENUE FUNDS						
	Excess Capacity Sewer Escrow	Stormwater Capital	Convention and Visitor's Bureau	Police Enhancement	Street and Alley	Housing and Urban Development	CARES Act Fund
ASSETS							
Cash and cash equivalents	\$ 1,842,706	\$ 1,278,360	\$ 1,605,066	\$ 222,831	\$ 1,198,062	\$ 254,355	\$ 2,383,206
Investments	-	-	-	-	-	-	5,038,696
Taxes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	765	-	-	-
Receivable from other governments	-	-	-	-	107,349	27,805	-
Accrued interest receivable	-	-	-	-	-	-	47,602
Other receivables, net	-	-	135,242	-	-	-	-
Total assets	<u>1,842,706</u>	<u>1,278,360</u>	<u>1,740,308</u>	<u>223,596</u>	<u>1,305,411</u>	<u>282,160</u>	<u>7,469,504</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	-	-	27,019	-	-	11,073	-
Amounts held in escrow	-	-	-	-	-	86	-
Total liabilities	<u>-</u>	<u>-</u>	<u>27,019</u>	<u>-</u>	<u>-</u>	<u>11,159</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	9,670	-	-	24,805	47,602
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>9,670</u>	<u>-</u>	<u>-</u>	<u>24,805</u>	<u>47,602</u>
Fund balances:							
Restricted	-	-	1,703,619	223,596	1,305,411	246,196	-
Committed	1,842,706	1,278,360	-	-	-	-	-
Assigned	-	-	-	-	-	-	7,421,902
Total fund balances	<u>1,842,706</u>	<u>1,278,360</u>	<u>1,703,619</u>	<u>223,596</u>	<u>1,305,411</u>	<u>246,196</u>	<u>7,421,902</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,842,706</u>	<u>\$ 1,278,360</u>	<u>\$ 1,740,308</u>	<u>\$ 223,596</u>	<u>\$ 1,305,411</u>	<u>\$ 282,160</u>	<u>\$ 7,469,504</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

Combining Balance Sheet – Nonmajor Governmental Funds, (Continued)

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

SPECIAL REVENUE FUNDS								
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Creek TIF Apportionment Fund	Opioid Settlement Fund	PSO 1% Franchise Fee Fund
ASSETS								
Cash and cash equivalents	\$ 1,553,241	\$ 188,891	\$ 96,795	\$ 769,973	\$ 109,741	\$ -	\$ 451,203	\$ 150,244
Investments	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	86,080
Due from other funds	-	-	-	-	-	-	-	-
Receivable from other governments	-	18,349	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Other receivables, net	109,607	-	-	110,539	-	-	1,612,513	-
Total assets	<u>1,662,848</u>	<u>207,240</u>	<u>96,795</u>	<u>880,512</u>	<u>109,741</u>	<u>-</u>	<u>2,063,716</u>	<u>236,324</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	1,809	16,349	-	74,813	4,550	-	-	-
Amounts held in escrow	-	-	-	-	-	-	-	-
Total liabilities	<u>1,809</u>	<u>16,349</u>	<u>-</u>	<u>74,813</u>	<u>4,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	14,349	-	3,348	-	-	1,612,513	-
Total deferred inflows of resources	<u>-</u>	<u>14,349</u>	<u>-</u>	<u>3,348</u>	<u>-</u>	<u>-</u>	<u>1,612,513</u>	<u>-</u>
Fund balances:								
Restricted	1,661,039	176,542	96,795	-	105,191	-	451,203	236,324
Committed	-	-	-	802,351	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,661,039</u>	<u>176,542</u>	<u>96,795</u>	<u>802,351</u>	<u>105,191</u>	<u>-</u>	<u>451,203</u>	<u>236,324</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,662,848</u>	<u>\$ 207,240</u>	<u>\$ 96,795</u>	<u>\$ 880,512</u>	<u>\$ 109,741</u>	<u>\$ -</u>	<u>\$ 2,063,716</u>	<u>\$ 236,324</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

Combining Balance Sheet – Nonmajor Governmental Funds, (Continued)

Broken Arrow
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	CAPITAL PROJECT FUNDS							Total Governmental Funds
	2014 General Obligation Bond Fund	Parks and Recreation	Cemetery Care	Street Sales Tax	1994 General Obligation Bond Fund	2008 General Obligation Bond Fund	2011 General Obligation Bond Fund	
ASSETS								
Cash and cash equivalents	\$ 2,686,526	\$ 1,275,532	\$ 421,886	\$ 3,157,287	\$ 45,618	\$ 32,794	\$ 472,264	\$ 20,196,581
Investments	5,005,732	-	-	3,025,015	-	-	-	13,069,443
Taxes receivable	-	-	-	-	-	-	-	86,080
Due from other funds	-	-	-	-	-	-	-	765
Receivable from other governments	-	-	-	840,764	-	-	-	994,267
Accrued interest receivable	35,056	-	-	28,707	-	-	-	111,365
Other receivables, net	-	20,521	4,961	-	-	-	-	1,993,383
Total assets	<u>7,727,314</u>	<u>1,296,053</u>	<u>426,847</u>	<u>7,051,773</u>	<u>45,618</u>	<u>32,794</u>	<u>472,264</u>	<u>36,451,884</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	2,070	128,054	-	458,774	9,500	-	-	734,011
Amounts held in escrow	-	-	-	-	-	-	-	86
Total liabilities	<u>2,070</u>	<u>128,054</u>	<u>-</u>	<u>458,774</u>	<u>9,500</u>	<u>-</u>	<u>-</u>	<u>734,097</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	17,936	-	-	28,707	-	-	-	1,758,930
Total deferred inflows of resources	<u>17,936</u>	<u>-</u>	<u>-</u>	<u>28,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,758,930</u>
Fund balances:								
Restricted	7,707,308	-	149,571	6,564,292	-	32,794	472,264	21,132,145
Committed	-	1,167,999	277,276	-	36,118	-	-	5,404,810
Assigned	-	-	-	-	-	-	-	7,421,902
Total fund balances	<u>7,707,308</u>	<u>1,167,999</u>	<u>426,847</u>	<u>6,564,292</u>	<u>36,118</u>	<u>32,794</u>	<u>472,264</u>	<u>33,958,857</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,727,314</u>	<u>\$ 1,296,053</u>	<u>\$ 426,847</u>	<u>\$ 7,051,773</u>	<u>\$ 45,618</u>	<u>\$ 32,794</u>	<u>\$ 472,264</u>	<u>\$ 36,451,884</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2023

	SPECIAL REVENUE FUNDS						
	Excess Capacity Sewer Escrow	Stormwater Capital	Convention and Visitor's Bureau	Police Enhancement	Street and Alley	Housing and Urban Development	CARES Act Fund
REVENUES							
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and miscellaneous taxes	-	-	892,351	-	-	-	-
Intergovernmental	-	-	-	81,425	1,055,161	637,667	-
Charges for services	-	74,104	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-
Investment earnings	1,273	831	1,077	482	922	-	145,601
Miscellaneous	178,865	-	-	-	-	-	-
Total revenues	<u>180,138</u>	<u>74,935</u>	<u>893,428</u>	<u>81,907</u>	<u>1,056,083</u>	<u>637,667</u>	<u>145,601</u>
EXPENDITURES							
Current:							
General government	-	-	302,373	-	-	74,537	-
Public safety	-	-	-	32,168	-	-	-
Public services	-	2,553	-	-	-	-	-
Capital outlay	-	-	-	15,145	445,369	562,806	16,302
Total expenditures	<u>-</u>	<u>2,553</u>	<u>302,373</u>	<u>47,313</u>	<u>445,369</u>	<u>637,343</u>	<u>16,302</u>
Excess (deficiency) of revenues over expenditures	<u>180,138</u>	<u>72,382</u>	<u>591,055</u>	<u>34,594</u>	<u>610,714</u>	<u>324</u>	<u>129,299</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
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	<u>180,138</u>	<u>72,382</u>	<u>316,055</u>	<u>34,594</u>	<u>(389,286)</u>	<u>324</u>	<u>129,299</u>
Fund balances - beginning	1,662,568	1,205,978	1,387,564	189,002	1,694,697	245,872	7,292,603
Fund balances - ending	<u>\$ 1,842,706</u>	<u>\$ 1,278,360</u>	<u>\$ 1,703,619</u>	<u>\$ 223,596</u>	<u>\$ 1,305,411</u>	<u>\$ 246,196</u>	<u>\$ 7,421,902</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2023

	SPECIAL REVENUE FUNDS							PSO 1% Franchise Fee Fund
	E911	Crime Prevention	Alcohol Enforcement	Street Light	Admin Technology Fund	Creek TIF Apportionment Fund	Opioid Settlement Fund	
REVENUES								
Sales and use tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and miscellaneous taxes	-	-	-	-	-	-	-	236,271
Intergovernmental	-	86,603	-	-	-	-	-	-
Charges for services	1,243,752	-	-	1,209,264	22,345	-	-	-
Fees and fines	-	-	4,189	-	-	-	-	-
Investment earnings	1,163	948	65	603	61	14	320	53
Miscellaneous	-	-	-	-	-	-	450,883	-
Total revenues	<u>1,244,915</u>	<u>87,551</u>	<u>4,254</u>	<u>1,209,867</u>	<u>22,406</u>	<u>14</u>	<u>451,203</u>	<u>236,324</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	8,971	36,179	-	-
Public safety	-	54,880	1,638	-	-	-	-	-
Public services	-	-	-	556,961	-	-	-	-
Capital outlay	195,889	-	-	783,294	3,022	-	-	-
Total expenditures	<u>195,889</u>	<u>54,880</u>	<u>1,638</u>	<u>1,340,255</u>	<u>11,993</u>	<u>36,179</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,049,026</u>	<u>32,671</u>	<u>2,616</u>	<u>(130,388)</u>	<u>10,413</u>	<u>(36,165)</u>	<u>451,203</u>	<u>236,324</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	3,005	-	-
Transfers out	(1,000,000)	-	-	-	-	-	-	-
Total other financing sources and uses	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,005</u>	<u>-</u>	<u>-</u>
Net change in fund balances	49,026	32,671	2,616	(130,388)	10,413	(33,160)	451,203	236,324
Fund balances - beginning	1,612,013	143,871	94,179	932,739	94,778	33,160	-	-
Fund balances - ending	<u>\$ 1,661,039</u>	<u>\$ 176,542</u>	<u>\$ 96,795</u>	<u>\$ 802,351</u>	<u>\$ 105,191</u>	<u>\$ -</u>	<u>\$ 451,203</u>	<u>\$ 236,324</u>

(Continued)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2023

	CAPITAL PROJECT FUNDS							Total-Other Governmental Funds
	2014 General Obligation Bond Fund	Parks and Recreation	Cemetery Care	Street Sales Tax	1994 General Obligation Bond Issue	2008 General Obligation Bond Fund	2011 General Obligation Bond Fund	
REVENUES								
Sales and use tax	\$ -	\$ -	\$ -	\$ 4,951,203	\$ -	\$ -	\$ -	\$ 4,951,203
Franchise and miscellaneous taxes	-	-	-	-	-	-	-	1,128,622
Intergovernmental	-	-	-	-	-	-	-	1,860,856
Charges for services	-	224,861	47,939	-	-	-	-	2,822,265
Fees and fines	-	-	-	-	-	-	-	4,189
Investment earnings	178,573	659	372	95,154	86	29	7,966	436,252
Miscellaneous	-	80,296	-	-	-	-	-	710,044
Total revenues	<u>178,573</u>	<u>305,816</u>	<u>48,311</u>	<u>5,046,357</u>	<u>86</u>	<u>29</u>	<u>7,966</u>	<u>11,913,431</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	422,060
Public safety	-	-	-	-	-	-	-	88,686
Public services	-	-	-	-	-	-	-	559,514
Capital outlay	8,011,586	345,183	28,543	4,143,639	162,500	30,343	2,361,899	17,105,520
Total expenditures	<u>8,011,586</u>	<u>345,183</u>	<u>28,543</u>	<u>4,143,639</u>	<u>162,500</u>	<u>30,343</u>	<u>2,361,899</u>	<u>18,175,780</u>
Excess (deficiency) of revenues over expenditures	<u>(7,833,013)</u>	<u>(39,367)</u>	<u>19,768</u>	<u>902,718</u>	<u>(162,414)</u>	<u>(30,314)</u>	<u>(2,353,933)</u>	<u>(6,262,349)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	470,972	-	-	-	-	-	473,977
Transfers out	-	-	-	-	-	-	-	(2,275,000)
Total other financing sources and uses	<u>-</u>	<u>470,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,801,023)</u>
Net change in fund balances	<u>(7,833,013)</u>	<u>431,605</u>	<u>19,768</u>	<u>902,718</u>	<u>(162,414)</u>	<u>(30,314)</u>	<u>(2,353,933)</u>	<u>(8,063,372)</u>
Fund balances - beginning	15,540,321	736,394	407,079	5,661,574	198,532	63,108	2,826,197	42,022,229
Fund balances - ending	<u>\$ 7,707,308</u>	<u>\$ 1,167,999</u>	<u>\$ 426,847</u>	<u>\$ 6,564,292</u>	<u>\$ 36,118</u>	<u>\$ 32,794</u>	<u>\$ 472,264</u>	<u>\$ 33,958,857</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

Combining Schedule of Net Position – BAMA Enterprise Fund Accounts

Broken Arrow
Combining Schedule of Net Position
Broken Arrow Municipal Authority Accounts
June 30, 2023

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ (19,194,136)	\$ 17,986,118	\$ 1,329,209	\$ 121,191
Restricted cash and cash equivalents	203,047	17,717,717	-	17,920,764
Accounts receivable, net	10,079,149	-	-	10,079,149
Due from other funds	3,828,083	-	-	3,828,083
Due from other governments	90,490	19,229,137	-	19,319,627
Inventories	1,466,299	-	-	1,466,299
Prepaid assets	20,500	-	-	20,500
Total current assets	<u>(3,506,568)</u>	<u>54,932,972</u>	<u>1,329,209</u>	<u>52,755,613</u>
Non-current assets:				
Restricted cash and cash equivalents	812,186	849,706	-	1,661,892
Investment in joint venture	38,091,081	-	-	38,091,081
Capital Assets:				
Land and other nondepreciable assets	35,204,593	-	-	35,204,593
Other capital assets, net of accumulated depreciation	203,056,653	-	-	203,056,653
Total non-current assets	<u>277,164,513</u>	<u>849,706</u>	<u>-</u>	<u>278,014,219</u>
Total assets	<u>273,657,945</u>	<u>55,782,678</u>	<u>1,329,209</u>	<u>330,769,832</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	31,244	-	31,244
Deferred amounts related to OPEB	35,948	-	-	35,948
Total deferred outflows of resources	<u>35,948</u>	<u>31,244</u>	<u>-</u>	<u>67,192</u>
LIABILITIES				
Current liabilities:				
Accounts payable	7,665,767	-	-	7,665,767
Accrued payroll payable	968,240	-	-	968,240
Accrued interest payable	-	1,312,051	-	1,312,051
Due to other funds	14,163,059	-	-	14,163,059
Amounts held in escrow	137,649	-	-	137,649
Compensated absences	547,120	-	-	547,120
Meter deposit liability	203,047	-	-	203,047
Bonds, notes and loans payable, net	550,533	7,334,170	-	7,884,703
Total current liabilities	<u>24,235,415</u>	<u>8,646,221</u>	<u>-</u>	<u>32,881,636</u>
Non-current liabilities:				
Compensated absences	273,560	-	-	273,560
Meter deposit liability	812,186	-	-	812,186
Bonds, notes and loans payable, net	1,926,867	159,906,915	-	161,833,782
Total OPEB liability	317,139	-	-	317,139
Total non-current liabilities	<u>3,329,752</u>	<u>159,906,915</u>	<u>-</u>	<u>163,236,667</u>
Total liabilities	<u>27,565,167</u>	<u>168,553,136</u>	<u>-</u>	<u>196,118,303</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to OPEB	118,261	-	-	118,261
Total deferred inflow of resources	<u>118,261</u>	<u>-</u>	<u>-</u>	<u>118,261</u>
NET POSITION				
Net Investment in capital assets	235,783,846	(152,923,553)	-	82,860,293
Restricted for debt service	-	2,937,840	-	2,937,840
Unrestricted	10,226,619	37,246,499	1,329,209	48,802,327
Total net position	<u>\$ 246,010,465</u>	<u>\$ (112,739,214)</u>	<u>\$ 1,329,209</u>	<u>\$ 134,600,460</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2023

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
REVENUES				
Water charges	\$ 26,657,070	\$ -	\$ -	\$ 26,657,070
Sewer charges	17,234,362	-	-	17,234,362
Sanitation charges	7,819,619	-	-	7,819,619
Stormwater fees	8,442,227	-	-	8,442,227
Fees and fines	1,121,964	-	-	1,121,964
Miscellaneous	456,882	-	-	456,882
Total operating revenues	<u>61,732,124</u>	<u>-</u>	<u>-</u>	<u>61,732,124</u>
OPERATING EXPENSES				
General government	1,185,418	-	-	1,185,418
Finance and administration	2,524,153	-	-	2,524,153
Engineering and construction	3,832,342	-	-	3,832,342
Water distribution	13,670,205	-	-	13,670,205
Saitary sewer system	8,407,975	-	-	8,407,975
Sanitation services	7,691,468	-	-	7,691,468
Support services	2,953,432	-	-	2,953,432
Stormwater	3,669,020	-	-	3,669,020
Geographic Information System	574,732	-	-	574,732
Bond issuance costs	-	151,025	-	151,025
Depreciation	13,263,487	-	-	13,263,487
Total Operating Expenses	<u>57,772,232</u>	<u>151,025</u>	<u>-</u>	<u>57,923,257</u>
Operating income (loss)	<u>3,959,892</u>	<u>(151,025)</u>	<u>-</u>	<u>3,808,867</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	18,940	531,383	936	551,259
Gain on disposal of capital assets	80,700	-	-	80,700
Operating grant	23,049	-	-	23,049
Interest expense and fiscal charges	-	(4,344,696)	-	(4,344,696)
Total non-operating revenue (expenses)	<u>122,689</u>	<u>(3,813,313)</u>	<u>936</u>	<u>(3,689,688)</u>
Income (loss) before contributions and transfers	4,082,581	(3,964,338)	936	119,179
Capital contributions	7,453,215	500,000	-	7,953,215
Transfers in	23,098,570	-	-	23,098,570
Transfers out	(24,169,542)	-	-	(24,169,542)
Change in net position	<u>10,464,824</u>	<u>(3,464,338)</u>	<u>936</u>	<u>7,001,422</u>
Total net position - beginning	<u>235,545,641</u>	<u>(109,274,876)</u>	<u>1,328,273</u>	<u>127,599,038</u>
Total net position - ending	<u>\$ 246,010,465</u>	<u>\$ (112,739,214)</u>	<u>\$ 1,329,209</u>	<u>\$ 134,600,460</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

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, 2023

	<u>Municipal Authority</u>	<u>BAMA Sales Tax Account</u>	<u>Sanitary Capital Account</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 60,432,325	\$ -	\$ -	\$ 60,432,325
Payments to suppliers	(19,252,740)	(151,025)	-	(19,403,765)
Payments to employees	(21,036,471)	-	-	(21,036,471)
Receipts of customer meter deposits	98,401	-	-	98,401
Payment of customer meter deposits	(112,801)	-	-	(112,801)
Interfund payments & receipts	10,800,000	-	-	10,800,000
Net cash provided by operating activities	<u>30,928,714</u>	<u>(151,025)</u>	<u>-</u>	<u>30,777,689</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	23,098,570	-	-	23,098,570
Transfer to other funds	(24,169,542)	-	-	(24,169,542)
Net cash provided by (used in) noncapital financing activities	<u>(1,070,972)</u>	<u>-</u>	<u>-</u>	<u>(1,070,972)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(21,768,000)	-	-	(21,768,000)
Proceeds from issuance of debt	-	22,597,537	-	22,597,537
Proceeds from sale of capital assets	80,700	-	-	80,700
Principal paid on capital debt	(550,533)	(28,253,411)	-	(28,803,944)
Interest paid on capital debt	-	(4,633,161)	-	(4,633,161)
Net cash provided by (used in) capital and related financing activities	<u>(22,237,833)</u>	<u>(10,289,035)</u>	<u>-</u>	<u>(32,526,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in investment in joint venture	154,526	-	-	154,526
Interest and dividends	18,940	531,383	936	551,259
Net cash provided by investing activities	<u>173,466</u>	<u>531,383</u>	<u>936</u>	<u>705,785</u>
Net Increase (decrease) in cash and cash equivalents	7,793,375	(9,908,677)	936	(2,114,366)
Balances-beginning of year	<u>(25,972,278)</u>	<u>46,462,218</u>	<u>1,328,273</u>	<u>21,818,213</u>
Balances-end of year	<u>\$ (18,178,903)</u>	<u>\$ 36,553,541</u>	<u>\$ 1,329,209</u>	<u>\$ 19,703,847</u>
Reconciliation to Combining Statement of Net Position:				
Cash and cash equivalents	\$ (19,194,136)	\$ 17,986,118	\$ 1,329,209	\$ 121,191
Restricted cash and cash equivalents-current	203,047	17,717,717	-	17,920,764
Restricted cash and cash equivalents-noncurrent	812,186	849,706	-	1,661,892
Total cash and cash equivalents, end of year	<u>(18,178,903)</u>	<u>36,553,541</u>	<u>1,329,209</u>	<u>19,703,847</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 3,959,892	\$ (151,025)	\$ -	\$ 3,808,867
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	13,263,487	-	-	13,263,487
Operating grants and contributions	23,049	-	-	23,049
Change in assets, liabilities and deferrals:				
Receivables, net	(1,066,905)	-	-	(1,066,905)
Due from other funds	(82,905)	-	-	(82,905)
Due from other governments	(41,610)	-	-	(41,610)
Inventories	(168,822)	-	-	(168,822)
Prepaid assets	210,976	-	-	210,976
Deferred amounts related to OPEB	(3,410)	-	-	(3,410)
Accounts payables	4,007,182	-	-	4,007,182
Accrued payroll	118,545	-	-	118,545
Due to other funds	10,882,905	-	-	10,882,905
Amounts held in escrow	(214,333)	-	-	(214,333)
Accrued compensated absences	36,543	-	-	36,543
Customer meter deposits payable	(14,400)	-	-	(14,400)
Total OPEB liability	18,520	-	-	18,520
Net cash provided by (used in) operating activities	<u>\$ 30,928,714</u>	<u>\$ (151,025)</u>	<u>\$ -</u>	<u>\$ 30,777,689</u>
Non-cash Activities:				
Capital assets contributed	\$ 7,453,215	\$ -	\$ -	\$ 7,453,215
Forgiveness of debt	-	500,000	-	500,000
Total Non-cash Activities	<u>\$ 7,453,215</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 7,953,215</u>

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

Combining Statement of Net Position – Internal Service Funds

Broken Arrow			
Combining Statement of Net Position			
Internal Service Funds			
June 30, 2023			
	Worker's Compensation	Group Health & Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,195,182	\$ 816,680	\$ 3,011,862
Other receivables	-	291,239	291,239
Total assets	2,195,182	1,107,919	3,303,101
LIABILITIES			
Current Liabilities:			
Accounts payable	16,348	9,591	25,939
Claims liability	989,000	-	989,000
Total current liabilities	1,005,348	9,591	1,014,939
Non-current liabilities:			
Claims liability	1,740,000	901,200	2,641,200
Total non-current liabilities	1,740,000	901,200	2,641,200
Total liabilities	2,745,348	910,791	3,656,139
NET POSITION			
Unrestricted (deficit)	(550,166)	197,128	(353,038)
Total Net Position	\$ (550,166)	\$ 197,128	\$ (353,038)

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

Broken Arrow			
Combining Statement of Revenues, Expenses and Changes in Fund Net Position			
Internal Service Funds			
For the Year Ended June 30, 2023			
	Worker's Compensation	Group Health & Life	Total
OPERATING REVENUES			
Self insurance charges	\$ 1,086,000	\$ 11,588,591	\$ 12,674,591
Total operating revenues	1,086,000	11,588,591	12,674,591
OPERATING EXPENSES			
Claims expense	859,258	11,981,915	12,841,173
Total operating expenses	859,258	11,981,915	12,841,173
Operating income (loss)	226,742	(393,324)	(166,582)
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,741	697	2,438
Miscellaneous revenue	34,877	-	34,877
Total non-operating revenue (expenses)	36,618	697	37,315
Change in net position	263,360	(392,627)	(129,267)
Total net position - beginning	(813,526)	589,755	(223,771)
Total net position - ending	\$ (550,166)	\$ 197,128	\$ (353,038)

CITY OF BROKEN ARROW, OKLAHOMA
OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

Combining Statement of Cash Flows – Internal Service Funds

Broken Arrow			
Combining Statement of Cash Flows			
Internal Service Funds			
For the Year Ended June 30, 2023			
	Worker's Compensation	Group Health & Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,120,877	\$ 11,634,456	\$ 12,755,333
Claims paid	(1,763,936)	(12,371,713)	(14,135,649)
Net cash provided by (used in) operating activities	(643,059)	(737,257)	(1,380,316)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,741	697	2,438
Net cash provided by investing activities	1,741	697	2,438
Net increase (decrease) in cash and cash equivalents	(641,318)	(736,560)	(1,377,878)
Balances-beginning of year	2,836,500	1,553,240	4,389,740
Balances-end of year	\$ 2,195,182	\$ 816,680	\$ 3,011,862
Reconciliation to Combining Statement of Net Position:			
Cash, including time deposits	\$ 2,195,182	\$ 816,680	\$ 3,011,862
Total cash and cash equivalents, end of year	\$ 2,195,182	\$ 816,680	\$ 3,011,862
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:			
Operating income (loss)	\$ 226,742	\$ (393,324)	\$ (166,582)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Miscellaneous non-operating revenue	34,877	-	34,877
Change in assets and liabilities:			
Other receivable	-	45,865	45,865
Accounts and other payables	1,322	(34,961)	(33,639)
Claims liability	(906,000)	(354,837)	(1,260,837)
Net cash provided by (used in) operating activities	\$ (643,059)	\$ (737,257)	\$ (1,380,316)