

**BETHANY - WARR ACRES PUBLIC WORKS  
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING INDEPENDENT  
AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

	<u>Page</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6-16
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability and Schedule of BWAPWA Contributions	17-18
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Bethany-Warr Acres  
Public Works Authority

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Bethany-Warr Acres Public Works Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bethany-Warr Acres Public Works Authority as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of net pension liability and schedule of contributions on pages 17-18 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Bethany-Warr Acres Public Work Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bethany-Warr Acres Public Works Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Russell & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
December 13, 2021

**Bethany-Warr Acres Public Works Authority**  
**Statement of Net Assets**  
**As of June 30, 2021**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents - Unrestricted	2,461,542.56
Accounts Receivable (Net of Allowance)	<u>178,501.76</u>
Total Current Assets	2,640,044.32
<b>Restricted Assets</b>	
Investments	<u>106,041.40</u>
Total Restricted Assets	106,041.40
<b>Capital Assets</b>	
Plant and Buildings	13,130,146.00
Improvements	7,145,451.00
Machinery and Equipment	669,224.45
Accumulated Depreciation	<u>(15,988,200.42)</u>
Capital Assets (Net)	<u>4,956,621.03</u>
<b>Total Assets</b>	<u><u>\$ 7,702,706.75</u></u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Pensions	<u>79,700.24</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	37,531.72
Employment Payables	78.74
Total Current Liabilities	37,610.46
<b>Non-Current Liabilities</b>	
Customer Security Deposits	6,742.00
Pension Liability	<u>338,271.00</u>
Total Non-Current Liabilities	<u>345,013.00</u>
<b>Total Liabilities</b>	<u>382,623.46</u>
<b>Net Assets</b>	
Investments in Capital Assets, Net of Related Debt	4,956,621.03
Restricted for Customer Security Deposits	6,742.00
Unrestricted	<u>2,436,420.50</u>
Total Net Assets	<u><u>\$ 7,399,783.53</u></u>

The accompanying notes are an integral part of these financial statements.

**Bethany-Warr Acres Public Works Authority**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ending June 30, 2021**

Operating Revenues	1,736,322.96
<b>Operating Expenses</b>	
Salaries, Wages and Benefits	468,194.26
Materials and Supplies	154,360.69
Professional Services	292,586.11
Utilities	265,083.53
Insurance	15,977.75
Depreciation	286,432.56
Total Operating Expenses	<u>1,482,634.90</u>
Operating Income (Loss)	253,688.06
<b>Non-Operating Revenues (Expnses)</b>	
Investment Income	9,584.78
Transfer to Beneficiary	<u>(262,298.67)</u>
Total Non-Operating Revenues (Expenses)	<u>(252,713.89)</u>
<b>Change in Net Assets</b>	974.17
Beginning Net Assets	<u>7,398,809.36</u>
<b>Ending Net Assets</b>	<u>\$ 7,399,783.53</u>

The accompanying notes are integral part of these financial statements.

**Bethany-Warr Acres Public Works Authority**  
**Statement of Cash Flows**  
**As of June 30, 2021**

Cash Flows From Operating Activities	
Cash Received From Customers	1,730,699.99
Cash Payments to Suppliers	(704,740.16)
Cash Payments to Employees	<u>(488,543.67)</u>
<b>Net Cash Provided by (Used) by Operating Activities</b>	<b>537,416.16</b>
Cash Flows From Capital and Related Activities	
Acquisition and Construction of Assets	(2,161.73)
Cash Payments for Beneficiary	(262,298.67)
Customer Security Deposits	<u>(120.00)</u>
<b>Net Cash Used by Capital and Related Activities</b>	<b>(264,580.40)</b>
Cash Flows From Investing Activities	
Interest Income Received	<u>9,584.78</u>
<b>Net Cash Provided from Investing Activities</b>	<b>9,584.78</b>
Net Increase (Decrease) in Cash and Cash Equivalents	282,420.54
Cash and Cash Equivalent, Beginning of Year	<u>2,285,163.42</u>
<b>Cash and Cash Equivalent, End of Year</b>	<b><u>\$ 2,567,583.96</u></b>

**Reconciliation of Cash and Changes in Net Assets**

Net Operating Income (Loss)	253,688.06
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Depreciation	286,432.56
Change in Assets and Liabilities	
Deferred Amounts Related to Pensions	(20,956.15)
(Increase) Decrease in Accounts Receivable	(5,622.97)
Decrease (Increase) in Accounts Payable	24,521.92
Decrease (Increase) in Other Accrued Expenses	<u>(647.26)</u>
Total Adjustments	<u>283,728.10</u>
<b>Net Cash Flows Provided (Used) by Operating Activities</b>	<b><u>\$ 537,416.16</u></b>

**Cash and Cash Equivalents**

Cash and Cash Equivalents - Unrestricted	2,461,542.56
Cash and Cash Equivalents - Restricted	<u>106,041.40</u>
	<b><u>\$ 2,567,583.96</u></b>

The accompanying notes are an integral part of these financial statements.

**Bethany Warr-Acres Public Works Authority  
Notes to Financial Statements  
As of and for the year ending June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Bethany – Warr Acres Public Works Authority (BWAPWA or the Authority) complies with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1.A. FINANCIAL REPORTING ENTITY**

The Bethany-Warr Acres Public Works Authority (the Authority) is a public trust created under Oklahoma statutes for the use and benefit of the City of Bethany and the City of Warr Acres, Oklahoma. Its purpose is to furnish public and municipal services inside and outside the boundaries of the two cities. Five representatives of the cities of Bethany and Warr Acres jointly govern the Authority. The board of trustees consists of two representatives from each city and a fifth trustee who is appointed as a representative of the City of Warr Acres or the City of Bethany in alternating years.

**1.B. BASIS OF ACCOUNTING AND PRESENTATION**

The Authority utilizes the accrual basis of accounting and economic resources measurement focus and the statements are presented as those required for a special purpose government entity engaged solely in business-type activities. Under the accrual basis of accounting revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

**1.C. BUDGETARY ACCOUNTING AND CONTROL**

In accordance with Title 60 of the Oklahoma State Statutes, the Authority is required to prepare an annual budget and submit a copy to the Cities 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.

**1.D. ASSETS, LIABILITIES, DEFERRED INFLOWS, DEFERRED OUTFLOWS AND NET POSITION**

Cash and Cash Equivalents and Investments

For the purposes of the statement of net position and statement of cash flows, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

As authorized by state statutes, the Authority has adopted an investment policy that allows investment in obligations of the U.S. Government including it agencies and instrumentalities, insured or collateralized certificates of deposit, repurchase agreements, money market funds, commercial paper, and banker's acceptances.

Accounts Receivable

Accounts receivable of the Authority consist of utility customer receivables for sewer services.

Capital Assets

All capital assets, property, plant and equipment, 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.



Depreciation of all exhaustible capital assets is recorded as an expense in the operating statement, with accumulated depreciation reflected in the net position statement. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives of depreciable assets range from:

Building and Improvements	5-25 years
Machinery and Equipment	3-10 years
Infrastructure	40-50 years

#### Restricted Assets

Restricted assets, consisting of certain proceeds of promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. In additions, assets are restricted for the repayment of customer utility deposits.

#### Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources that are attributable to the accounting for pensions, as described in 2.G., are included in the financial statements.

#### Compensated Absences

Employees are granted annual and sick leave based upon length of employment. In the event of termination, the employee is paid for accumulated vacation leave (maximum 30 days). Payment of sick leave is restricted to those who retire with more than 90 days of accumulated benefits and is limited to a maximum compensation equivalent to 15 days. Vested or accumulated vacation and sick leave that is expected to be liquidated with economic resources is reported as an expense and liability.

#### Net Position

Net position is generally 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 (if any) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements 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 and regulations of other governments, or 2) law through constitutional provisions or enabling legislation. The BWAPWA currently has no restricted net position.

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 Authority'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.

#### **NOTE 2. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS**

The following notes present detailed information to support the amounts reported in the financial statements for its various assets, liabilities, net position, revenues and expenses.

## 2.A. CASH AND INVESTMENTS

The Authority held the following deposits and investments at June 30, 2021:

	<b>Carrying Value</b>	<b>Credit Rating</b>
<b>Deposits</b>		
Demand Deposits	139,899	n/a
Money Markets Accounts	2,427,185	aa
Cash on Hand	500	n/a
<b>Total Deposits</b>	<u>\$ 2,567,584</u>	
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents - unrestricted	2,461,543	
Cash and cash equivalents - restricted	106,041	
<b>Total cash and cash equivalents</b>	<u>\$ 2,567,584</u>	

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the Authority holds deposits that are uninsured and uncollateralized, collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Authority’s name, or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Authority holds investments that are uninsured and unregistered, or with securities held by the counterparty or by its trust department or agent but not in the Authority’s name.

The Authority’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Authority must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2021, the Authority’s deposits were fully insured or invested in money market accounts.

*Investment Credit Risk* – The Authority’s investment policy limits investments to those allowed in state law applicable to public trusts. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority has a formal policy limiting investments to those allowed by state statutes. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

At June 30, 2021, the Authority held no investments in rated debt securities.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority’s investment policy, does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2021, the Authority did not hold any investments that were subject to interest rate risks.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Authority (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual

funds, external investment pools, and other pooled investments are excluded from this consideration. The Authority places no limit on the amount it may invest in any one issuer.

At June 30, 2020 the Authority had no concentration of credit risk as defined above.

## 2.B. ACCOUNTS RECEIVABLE

Receivable are reported at their net value due and consist of amounts due from the City of Bethany, the City of Warr Acres and a small group of service recipients located outside of these two cities:

Cities of Bethany and Warr Acres	156,816
Oklahoma City Customers	25,112
Penalties	<u>1,843</u>
Gross Receivables	183,771
Allowance for Doubtful Accounts	<u>(5,269)</u>
Net Receivables	<u><u>\$ 178,502</u></u>

## 2.C. RESTRICTED ASSETS

The amounts reported as restricted assets on the balance sheet are comprised of cash held for customer deposits and amounts held for construction projects.

The restricted assets as of June 30, 2021 were as follows:

	Cash and Cash
	<u>Equivalents</u>
Construction Account	106,041
Totals	<u><u>\$ 106,041</u></u>

## 2.D. CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2020 were as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Buildings	13,130,146	-	-	13,130,146
Improvements	7,145,451	-	-	7,145,451
Machinery and Equipment	<u>667,063</u>	2,162	-	<u>669,225</u>
Total Assets	20,942,660			20,944,822
Accumulated Depreciation	<u>(15,701,768)</u>	(286,432)	-	<u>(15,988,200)</u>
Capital Assets, Net	<u><u>\$ 5,240,892</u></u>			<u><u>4,956,622</u></u>

**2.E. LONG-TERM DEBT**

As of June 30, 2021, the long-term debt payable from Authority resources consisted of accrued compensated absences and refundable deposits.

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

	Balance at July 1, 2020	Additions	Deductions	Balance at June 30, 2021	Current Portion
Pension Liability	286,437	51,834	-	338,271	-
Refundable Deposits	6,862	-	120	6,742	-
Totals	\$ 293,299	\$ 51,834	\$ 120	\$ 345,013	\$ -

**2.G. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

**Oklahoma Municipal Retirement Plan (OkMRF) – Defined Benefit Plan**

*A. Plan Description*

The Authority contributes to the OkMRF for all eligible employees. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the Board in accordance with O.S. Title 11, Section 48-101-102.

*B. Summary of Significant Accounting Policies*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority’s plan and additions to/deductions from the Authority’s fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans’ fiduciary net position is available in the separately issued OkMRF financial report.

*C. Eligibility Factors and Benefit Provisions*

<u>Provision</u>	As of 07/01/20 <u>OkMRF Plan</u>
a. Eligible to Participate	Full-time employees
b. Period Required to Vest	7 years of vesting service
c. Eligibility for Distribution	Normal retirement at age 65 with 7 years of service; or Age 55 with 80 points and 7 years of service Early retirement at age 55 with 7 years of service

	Disability retirement upon disability with 7 years of service
	Death benefit with 7 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	3.0% of final average salary multiplied by credited years of service
Early Retirement	Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	Same as normal retirement
Death Benefit	50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 10 Years Service	No benefits
f. Benefit Authorization	Benefits are established and amended by Authority's Board adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 10 year certain monthly lifetime annuity

*D. Employees Covered by Benefit Terms*

Active Employees	6
Deferred Vested Former Employees	2
Retirees or Retiree Beneficiaries	<u>7</u>
Total	<u>15</u>

*E. Contribution Requirements*

The Board has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 17.85% of covered payroll as of July 1, 2019. For the year ended June 30, 2021, the Authority recognized \$50,536 of employer contributions to the plan based on covered payroll of \$300,104. Employees contribute 6.0% to the plan in accordance with the plan provisions adopted by the Authority. Employee contributions for fiscal 2020 were \$20,701.

*F. Actuarial Assumptions*

Date of Last Actuarial Valuation	July 1, 2020
a. Actuarial Cost Method	Entry age normal

b. Rate of Return on Investments and Discount Rate	7.5%
c. Projected Salary Increase	Varies between 7.50% and 4.50% based on age
d. Post Retirement Cost-of-Living Increase	None
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of Married Employees	100%
h. Spouse Age Difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown
	Additional rates per thousand are added during the first 5 years:
	Year 1: 225
	Year 2: 140
	Year 3: 100
	Year 4: 70
	Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

*G. Discount Rate –*

The discount rate used to value benefits was the long-term expected rate of return on plan investments of 7.5% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The Authority has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2019 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International Stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
	<hr/>		
Total	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			7.50%

*H. Changes in Net Pension Liability –*

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2020 and the Authority's report ending date of June 30, 2021, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at '7/1/2019</b>	<u>\$ 2,995,844</u>	<u>2,709,408</u>	<u>286,436</u>
<b>Changes for the Year</b>			
Service cost	38,053	-	38,053
Interest cost	220,104	-	220,104
Difference between expected and actual experience	(30,020)	-	(30,020)
Assumption Changes	-		-
Contributions - Employer	-	50,536	(50,536)
Contributions - Employee	-	20,701	(20,701)
Net investment income	-	110,643	(110,643)
Benefit payments including refunds of employee contributions	(124,493)	(124,493)	-
Administrative expense	-	(5,577)	5,577
<b>Net changes</b>	<u>103,644</u>	<u>51,810</u>	<u>51,834</u>
<b>Balance at '7/1/2020</b>	<u>\$ 3,099,488</u>	<u>\$ 2,761,218</u>	<u>\$ 338,270</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Authority, calculated using the discount rate of 7.5 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase
	6.5%	7.5%	8.5%
Total Pension Liability	3,437,323	3,099,488	2,814,696
Plan Fiduciary Net Position	2,761,218	2,761,218	2,761,218
Net Pension Liability	<u>\$ 676,105</u>	<u>\$ 338,270</u>	<u>\$ 53,478</u>

The Authority reported \$50,281 in pension expense for the year ended June 30, 2021. At June 30, 2021, the Authority 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	8,504	21,518
Changes of assumptions	-	
Net difference between projected and actual earnings on plan investments	19,065	
Changes in proportion	-	
Contributions during measurement date		52,784
Authority benefit payments subsequent to the measurement date	71,237	
Totals	<u>\$ 98,806</u>	<u>\$ 74,302</u>

The \$79,700 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	(10,896)
2023	15,079
2024	16,812
2025	18,079

**NOTE 3. OTHER NOTES**

**3.A. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The Authority has commercial insurance coverage for all risks of loss, including workers' compensation, torts, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**3.B POST EMPLOYMENT BENEFITS**

The Authority offers a health insurance plan for its employees that pays 100% of the cost of employee coverage and allows employees to purchase dependent coverage through payroll deduction. There is currently one retiree retaining the health insurance plan offered who pays 100% of the premium cost. The premiums are not derived as a blended rate due to the small employee number. Rather each employee/retiree is rated based on the individual's age and an actuarial measurement performed by the health insurance provider. Therefore, there is no subsidy accruing, actual or implied, for retiree premiums and no funds are paid out of the Authority for these retiree benefits.

### 3.C. CONTRACTUAL AGREEMENT FOR MAINTAINING AND OPERATING THE PLANT

The Bluff Creek Wastewater Treatment Plant and gathering system is operated under the terms of a contract between the Authority, the Bethany Public Works Authority (BPWA), and the Warr Acres Public Works Authority (WAPWA). BPWA and WAPWA remit to the Authority, on or before the fifteenth day of each month, amounts billed for wastewater treatment during the preceding calendar month.

The Authority may remit any surplus receipts to the Bethany Public Works Authority and the City of Warr Acres after payment of operation and maintenance expenses, principal and interest payments and capital asset acquisitions. The distributions, if made, are made in the proportion that total revenue collected within the city limits of each municipality bears to the total revenue collected by the Authority.

### 3.D. ECONOMIC DEPENDENCE

A material part of the Authority's operating revenues is dependent on two primary customers, the loss of which could have a material effect on the Authority. A summary of revenues from these customers is as follows:

City of Bethany	735,789	42%
City of Warr Acres	872,091	50%
City of Oklahoma City	128,443	7%
	<u>\$ 1,736,323</u>	

**Bethany-Warr Acres Public Works Authority  
Required Supplemental Information  
Oklahoma Municipal Retirement Fund  
Schedule of Changes in Net Pension Liability and Related Ratios**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
<b>Total Pension Liability</b>					
Service Cost	38,053	34,367	30,451	35,239	32,931
Interest Cost	220,104	210,154	205,790	206,334	196,182
Difference between expected and actual experience	(30,020)	(15,992)	(53,533)	(94,706)	22,062
Changes of assumption	-	28,630	-	57,730	
Benefit payments, including refund of employee contributions	(124,493)	(124,493)	(124,545)	(121,640)	(118,787)
<b>Net Change in Total Pension Liability</b>	103,644	132,666	58,163	82,957	132,388
<b>Total Pension Liability - Beginning</b>	2,995,844	2,863,178	2,805,015	2,722,058	2,589,670
<b>Total Pension Liability - Ending</b>	<b>\$ 3,099,488</b>	<b>\$ 2,995,844</b>	<b>\$ 2,863,178</b>	<b>\$ 2,805,015</b>	<b>\$ 2,722,058</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	50,536	58,044	54,435	52,752	56,810
Contributions - Employee	20,701	19,511	18,298	18,076	18,121
Net Investment Income	110,643	175,818	180,855	274,243	19,401
Benefit payments, including refunds of employee contributions	(124,493)	(124,493)	(124,545)	(121,640)	(118,787)
Administrative Expense	(5,577)	(5,298)	(5,066)	(4,813)	(4,465)
<b>Net Change in Total Pension Liability</b>	51,810	123,582	123,977	218,618	(28,920)
<b>Plan Fiduciary Net Position - Beginning</b>	2,709,408	2,585,826	2,461,849	2,243,231	2,272,151
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 2,761,218</b>	<b>\$ 2,709,408</b>	<b>\$ 2,585,826</b>	<b>\$ 2,461,849</b>	<b>\$ 2,243,231</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 338,270</b>	<b>\$ 286,436</b>	<b>\$ 277,352</b>	<b>\$ 343,166</b>	<b>\$ 478,827</b>
<b>Plan Fiduciary Net Position as Percentage of Total Pension Liability Covered Employee Payroll</b>	89.09%	90.44%	90.31%	87.77%	82.41%
<b>Net Pension Liability Position as Percentage of Covered Employee Payroll</b>	345,014 \$	325,178 \$	306,116 \$	271,532 \$	302,018 \$
	98.05%	88.09%	90.60%	126.38%	158.54%

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

**Notes to Schedule:**

Only the previous six fiscal years are presented because 10-year data is not yet available

Bethany-Warr Acres Public Works Authority  
 Required Supplemental Information  
 Oklahoma Municipal Retirement Fund  
 Schedule of Employer Contributions

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Actuarially Determined Contributions	50,536	58,044	54,435	54,185	56,810	57,745
Contributins in Relation to the Actuarilly Determined Contributions	50,536	58,044	54,435	54,185	56,810	57,745
Contribution Deficiency (Excess)	-	-	-	-	-	-
Covered Employee Payroll	\$ 300,104	\$ 344,312	\$ 306,116	\$ 303,762	\$ 302,018	\$ 283,762
Contributions as a Percentage of Covered-Employee Payroll	16.84%	16.86%	17.78%	17.84%	18.81%	20.35%

Notes to Schedule:

- Only six fiscal years are presented because 10-year data is not available
- Latest Valuation Date July 1, 2019
- Actuarially determined contribution reate is calculated as of July 1, 2020  
 July 2019 through June 2020 contributions were at a rate of 16.84%
- Methods and assumptions used to determine contribution rates
  - Actuarial cost method-entry age normal
  - Amortization method-level percent of payroll, closed
  - Remaining amortizaiton period-12 years
  - Asset valuation mehtod-actuarial
  - Smoothing period-4 years
  - Recognition method-non-asymtotic
  - Corridor - 70% - 130%
  - Salary increases-n/a
  - Investment rate of return - 7.5%

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

To the Board of Trustees  
Bethany-Warr Acres  
Public Works Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bethany-Warr Acres Public Works Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Bethany-Warr Acres Public Works Authority's basic financial statements, and have issued our report thereon dated December 13, 2021.

#### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Gerald & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
December 13, 2021