



CITY OF
BETHANY,
OKLAHOMA

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

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

THE CITY OF BETHANY, OKLAHOMA

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

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

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Bethany, Oklahoma

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethany, Oklahoma ("City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

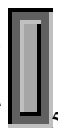
Responsibilities of Management for the Financial Statements

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 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, 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

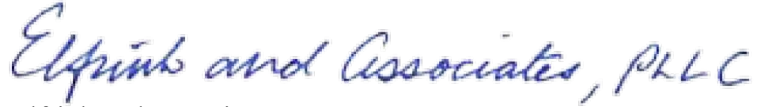
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 7-16 and 63-68 be presented to supplement the basic financial statements. Such 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 combining individual and nonmajor fund financial statements 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 individual and 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 December 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma
December 28, 2022

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CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

Our discussion and analysis of the City of Bethany's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2022, the City's total net position increased by \$6,617,353 or 15.7% from the prior year.
- During the year, the City's expenses for governmental activities were \$9.9 million and were funded by program revenues of \$4.0 million and further funded with taxes and other general revenues that totaled \$10.8 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$3.5 million.
- At June 30, 2022, the General Fund reported an unassigned fund balance of \$3,975,846.
- For budgetary reporting purposes, the General Fund reported revenues above estimates of \$1,030,277 or 12.86%, while expenditures were under the final appropriations by \$910,538 or 8.22%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Bethany (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type. 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 of resources, as well as all liabilities (including all long-term debt) and deferred inflows of resources.

About the City

The City of Bethany is an incorporated municipality with a population of approximately 19,400 located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government.

- Legislative – the governing body includes an elected five-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council of the City of Bethany is fiscally responsible. These activities are operated within several separate legal entities that are reported together to make up the City's financial reporting entity.

The City's financial reporting entity includes the City of Bethany and four blended component units.

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022**

Primary Government:

The City of Bethany— an incorporated municipality that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities of the City

Blended Component Units:

Bethany Public Works Authority (BPWA) – public trust created pursuant to 60 O.S. § 176 that operates the water and sanitation services for the residents. In addition, the trust collects wastewater service charges and remits collections to the Bethany/Warr Acres Public Works Authority which operates the wastewater system. The City Council serves as the governing body.

Bethany Economic Development Authority (BEDA) – – public trust created pursuant to 60 O.S. § 176 to promote economic development within the City. The City Council appoints the governing body.

Bethany Development Authority (BDA) – – public trust created pursuant to 60 O.S. § 176 to promote economic development within the City. The City Council serves as five of the nine trustees with the remaining trustees appointed by the Chamber and approved by the City Council.

Bethany Hospital Trust (BHT) – is a public trust created to provide health care and health care financing services to the community and surrounding area. The City Council serves as the governing body.

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate financial statements.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial position and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides a useful analysis that facilitates a better understanding of the City's financial condition and changes therein.

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022**

- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Information** – that provides additional information about specified elements of the financial statements, such as budgetary comparison information, and capital assets and long-term debt information.

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 activities of the City as a whole that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position reports the City's year-end net position, while the Statement of Activities reports the changes in net position from the prior year. Think of a City's net position – assets plus deferred outflows, less liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, changes in net position may indicate whether a City's financial health is improving, deteriorating, or remaining steady. However, it is important to consider other nonfinancial factors, such as changes in the City's tax base, the condition of 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 the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, 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 and sanitation activities are reported here.

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/or bond covenants, but many other funds are established by the City Council to help control and manage money for particular purposes or to show that the City is meeting its 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 the flow of resources in and out of these funds and the character of any remaining balances at year-end that are available for spending. These funds are reported using a method called the modified accrual basis

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

of 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 governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources available in the near future to finance the City's programs. The difference in results between the Governmental Fund and the Government-Wide financial statements is described 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 the business-type activities reported in the government-wide statements, but provide more detail including cash flow information. Proprietary funds use the same basis of accounting as the business-type activities at the government-wide level and are presented in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$48,775,991 at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current assets	\$ 12,598	\$ 8,202	54%	\$ 13,937	\$ 15,594	-11%	\$ 26,535	\$ 23,796	12%
Capital assets, net	11,457	11,561	-1%	28,791	29,543	-3%	40,248	41,104	-2%
Other non-current assets	4,935	-	100%	16,650	4,643	259%	21,585	4,643	365%
Total assets	<u>28,990</u>	<u>19,763</u>	47%	<u>59,378</u>	<u>49,780</u>	19%	<u>88,368</u>	<u>69,543</u>	27%
Deferred outflows	<u>2,540</u>	<u>3,617</u>	-30%	<u>483</u>	<u>882</u>	-45%	<u>3,023</u>	<u>4,499</u>	-33%
Current liabilities	2,820	1,167	142%	2,387	1,584	51%	5,207	2,751	89%
Non-current liabilities	10,877	15,791	-31%	7,967	9,986	-20%	18,844	25,777	-27%
Total liabilities	<u>13,697</u>	<u>16,958</u>	-19%	<u>10,354</u>	<u>11,570</u>	-11%	<u>24,051</u>	<u>28,528</u>	-16%
Deferred inflows	<u>7,870</u>	<u>1,330</u>	492%	<u>10,694</u>	<u>2,024</u>	428%	<u>18,564</u>	<u>3,354</u>	453%
Net position									
Net investment capital assets	5,301	5,386	-2%	20,814	20,417	2%	26,115	25,803	1%
Restricted	4,251	3,793	12%	4,374	537	715%	8,625	4,330	99%
Unrestricted (deficit)	411	(4,087)	-110%	13,625	16,114	-15%	14,036	12,027	17%
Total net position	<u>\$ 9,963</u>	<u>\$ 5,092</u>	96%	<u>\$ 38,813</u>	<u>\$ 37,068</u>	5%	<u>\$ 48,776</u>	<u>\$ 42,160</u>	16%

The largest portion of the City's net position reflects its net investment capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2022, the net investment in capital assets amounted to \$26.1 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

A major portion of the City's net position, \$8.6 million also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$14.0 million and can be used to pay general operating costs.

Explanations of significant changes displayed in Table 1 are as follows:

Governmental Activities:

Current Assets – Increase of \$4.4 million (54%) due to an increase in cash balances related to The American Rescue Plan Act grant received and reduction in expenditures.

Non-Current Assets – Increase of \$4.9 million (100%) due to pension activity.

Current Liabilities- Increase of \$1.7 million (142%) due to a significant increase in unearned revenue related to ARPA money.

Deferred Inflows- Increase of \$6.5 million (492%) due to pension activity.

Business-Type Activities:

Non-Current Assets– Increase of \$12.0 million (259%) due to the recording of new lease receivables according to GASB 87 as well as pension and OPEB activity.

Deferred Inflows- Increase of \$8.7 million due to the implementation of new deferred inflows related to the lease receivables described above as well as pension and OPEB activity.

For the year ended June 30, 2022, net position of the primary government changed as follows:

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for service	\$ 1,779	\$ 1,583	12%	\$ 10,198	\$ 9,695	5%	\$ 11,977	\$ 11,278	6%
Operating grants and contributions	2,258	2,503	-10%	-	-	-	2,258	2,503	-10%
Taxes	8,416	8,076	4%	-	-	-	8,416	8,076	4%
Investment income	15	10	50%	256	125	105%	271	135	101%
Miscellaneous	225	138	63%	144	107	35%	369	245	51%
Total revenues	<u>12,693</u>	<u>12,310</u>	3%	<u>10,598</u>	<u>9,927</u>	7%	<u>23,291</u>	<u>22,237</u>	5%
Expenses									
General government	1,952	2,056	-5%	-	-	-	1,952	2,056	-5%
Public safety	5,643	7,986	-29%	-	-	-	5,643	7,986	-29%
Streets	841	901	-7%	-	-	-	841	901	-7%
Culture and recreation	803	942	-15%	-	-	-	803	942	-15%
Community development	491	713	-31%	-	-	-	491	713	-31%
Economic development	60	62	-3%	-	-	-	60	62	-3%
Interest on debt	140	141	-1%	-	-	-	140	141	-1%
Water	-	-	-	2,503	2,660	-6%	2,503	2,660	-6%
Wastewater	-	-	-	2,282	2,157	6%	2,282	2,157	6%
Sanitation	-	-	-	1,686	2,504	-33%	1,686	2,504	-33%
Hospital	-	-	-	273	273	0%	273	273	0%
Total expenses	<u>9,930</u>	<u>12,801</u>	-22%	<u>6,744</u>	<u>7,594</u>	-11%	<u>16,674</u>	<u>20,395</u>	-18%
Excess (deficiency) before transfers	2,763	(491)	663%	3,854	2,333	65%	6,617	1,842	259%
Transfers	<u>2,108</u>	<u>697</u>	202%	<u>(2,108)</u>	<u>(697)</u>	202%	<u>-</u>	<u>-</u>	-
Change in net position	<u>\$ 4,871</u>	<u>\$ 206</u>	2264%	<u>\$ 1,746</u>	<u>\$ 1,636</u>	7%	<u>\$ 6,617</u>	<u>\$ 1,842</u>	259%

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

Public safety – decrease of \$2.3 million due to a reduction in fire and police pension expenses.

Business-Type Activities:

Sanitation- Decrease of \$0.8 million due to a reduction in general operating expenses.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is needed. One area of particular interest is the format of the report that significantly differs from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Notice that expenses are listed in the first column with revenues from that particular program reported to the right, resulting in a Net (Expense)/Revenue. The reason for this presentation is to highlight the relative financial burden of each of the City's functions on the taxpayers. It also identifies the level to which each function relies on general revenues to support its operations, or if it is self-financed through fees, grants and/or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 1,952	\$ 2,056	-5%	\$ 476	\$ (1,216)	-139%
Public safety	5,643	7,986	-29%	(4,686)	(5,342)	-12%
Streets	841	901	-7%	(319)	(412)	-23%
Culture, parks and recreation	803	942	-15%	(803)	(942)	-15%
Community development	491	713	-31%	(361)	(602)	-40%
Economic development	60	62	-3%	(60)	(61)	-2%
Interest on long-term debt	140	141	-1%	(140)	(141)	-1%
Total	<u>\$ 9,930</u>	<u>\$ 12,801</u>	-22%	<u>\$ (5,893)</u>	<u>\$ (8,716)</u>	-32%

For the year ended June 30, 2022 total expenses for governmental activities amounted to approximately \$9.9 million which was a decrease from the prior year of 22%. See Table 2 above for explanations of changes.

Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 2,503	\$ 2,660	-6%	\$ 1,554	\$ 1,277	22%
Wastewater	2,282	2,157	6%	672	577	16%
Sanitation	1,686	2,504	-33%	1,285	304	323%
Hospital	273	273	0%	(57)	(57)	0%
Total	<u>\$ 6,744</u>	<u>\$ 7,594</u>	-11%	<u>\$ 3,454</u>	<u>\$ 2,101</u>	64%

The City's business-type activities include utility services for water, wastewater, sanitation and hospital activities.

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

- Total business-type activities reported net revenues of \$3.5 million for the year ended June 30, 2022.

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$8.3 million or a 19.5% increase of \$1.4 million due to a decrease in operational costs. The proprietary funds reported combined net position of \$38.8 million or a 4.7% increase of \$1.7 million from the prior year.

<u>Fund Balance/Net Position</u>			
Governmental Funds		Proprietary Funds	
Restricted	\$ 4,262,384	Net investment in capital assets	\$ 20,814,483
Assigned	53,831	Restricted for debt service and other	4,374,113
Unassigned	<u>3,971,351</u>	Unrestricted	<u>13,624,523</u>
Total Fund Balance	<u>\$ 8,287,566</u>	Total Net Position	<u>\$ 38,813,119</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$40.2 million 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 decrease of \$0.9 million or 2.08% from the prior year.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,692	\$ 1,692	\$ 487	\$ 487	2,179	\$ 2,179
Buildings	7,172	7,067	5,287	5,611	12,459	12,678
Machinery, furniture and equipment	1,076	1,079	1,488	1,393	2,564	2,472
Infrastructure	1,504	1,615	21,469	21,855	22,973	23,470
Construction in progress	13	107	60	197	73	304
Totals	<u>\$ 11,457</u>	<u>\$ 11,560</u>	<u>\$ 28,791</u>	<u>\$ 29,543</u>	<u>\$ 40,248</u>	<u>\$ 41,103</u>

This year's more significant capital asset additions included:

Lift station addition	\$188,656
City Hall renovations	\$292,126

CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2022

See Note 5 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 \$15.5 million in long-term debt outstanding which represents a \$1.5 million decrease, or 9.3%, from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accrued absences	\$ 741	\$ 750	\$ 168	\$ 164	\$ 909	\$ 914
General obligation bonds	6,030	6,460	-	-	6,030	6,460
Revenue Bonds	-	-	400	790	400	790
Bond Premium	126	136	-	-	126	136
Notes Payable - Direct borrowing	-	-	8,002	8,761	8,002	8,761
Totals	\$ 6,897	\$ 7,346	\$ 8,570	\$ 9,715	\$ 15,467	\$ 17,061

See Note 7 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year

The primary sources of revenue for the City of Bethany are Sales Tax and Water and Wastewater revenue. Sales tax requires a vote of the people and cannot be adjusted without the people's consent. The City continues to look for ways to enhance its revenue base to assist in operations.

Contacting the City's Financial Management

This report is designed to provide citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City of Bethany, Finance Director, P.O. Box 219, Bethany, OK 73088.

**CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Net Position– June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 12,283,768	6,844,211	\$ 19,127,979
Investments	1,115,401	1,773,249	2,888,650
Accounts receivable, net	793,609	809,033	1,602,642
Due from other governments	2,382,599	-	2,382,599
Other receivables	4,856	529,000	533,856
Internal balances	(3,981,822)	3,981,822	-
Cash and equivalents, restricted	-	1,784,123	1,784,123
Investments - restricted	-	1,116,476	1,116,476
Lease receivable	-	7,655,766	7,655,766
Net pension asset	4,935,214	1,337,276	6,272,490
Investment in joint venture	-	4,755,780	4,755,780
Capital Assets			
Land and construction in progress	1,704,745	546,608	2,251,353
Other capital assets, net of depreciation	9,752,730	28,244,799	37,997,529
Total assets	28,991,100	59,378,143	88,369,243
DEFERRED OUTFLOWS:			
Deferred amounts related to pensions	2,305,997	221,399	2,527,396
Deferred amounts related to OPEB	233,756	261,393	495,149
Total deferred outflows of resources	2,539,753	482,792	3,022,545
LIABILITIES			
Accounts payable and accrued liabilities	626,608	550,463	1,177,071
Unearned revenue	1,678,525	-	1,678,525
Accrued interest payable	11,131	71,547	82,678
Due to other governments	-	92,085	92,085
Long-term liabilities			
Due within one year	504,087	1,672,624	2,176,711
Due in more than one year	10,877,284	7,966,755	18,844,039
Total liabilities	13,697,635	10,353,474	24,051,109
DEFERRED INFLOWS:			
Deferred amounts related to pensions	7,411,069	1,430,169	8,841,238
Deferred amounts related to OPEB	459,277	106,248	565,525
Deferred amounts related to leases	-	9,157,925	9,157,925
Total deferred inflows of resources	7,870,346	10,694,342	18,564,688
NET POSITION:			
Net investment in capital assets	5,300,980	20,814,483	26,115,463
Restricted	4,251,253	4,374,113	8,625,366
Unrestricted	410,639	13,624,523	14,035,162
Total net position	\$ 9,962,872	\$ 38,813,119	\$ 48,775,991

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities –Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government							
Governmental Activities							
General Government	\$ 1,951,562	\$ 944,833	\$ 1,483,152	\$ -	\$ 476,423	\$ -	\$ 476,423
Public Safety	5,642,844	370,756	586,365	-	(4,685,723)	-	(4,685,723)
Public Works and Streets	840,560	333,655	188,025	-	(318,880)	-	(318,880)
Culture and Recreation	803,389	20	-	-	(803,369)	-	(803,369)
Community Development	491,266	129,764	-	-	(361,502)	-	(361,502)
Economic Development	60,069	-	-	-	(60,069)	-	(60,069)
Interest on Long-Term Debt	139,671	-	-	-	(139,671)	-	(139,671)
Total governmental activities	9,929,361	1,779,028	2,257,542	-	(5,892,791)	-	(5,892,791)
Business-type activities							
Water	2,502,550	4,056,953	-	-	-	1,554,403	1,554,403
Wastewater	2,282,099	2,953,744	-	-	-	671,645	671,645
Sanitation	1,686,446	2,971,080	-	-	-	1,284,634	1,284,634
Hospital	272,663	216,000	-	-	-	(56,663)	(56,663)
Total business-type activities	6,743,758	10,197,777	-	-	-	3,454,019	3,454,019
Total primary government	\$ 16,673,119	\$ 11,976,805	\$ 2,257,542	\$ -	(5,892,791)	3,454,019	(2,438,772)
General revenues:							
Taxes:							
Sales and use taxes					6,990,581	-	6,990,581
Property tax					514,315	-	514,315
Franchise and public service taxes					747,216	-	747,216
Other taxes					164,337	-	164,337
Investment income					15,115	255,545	270,660
Miscellaneous					225,009	144,007	369,016
Transfers - internal activity					2,107,707	(2,107,707)	-
Total general revenues and transfers					10,764,280	(1,708,155)	9,056,125
Change in net position					4,871,489	1,745,864	6,617,353
Net position - beginning					5,091,383	37,067,255	42,158,638
Net position - ending					\$ 9,962,872	\$ 38,813,119	\$ 48,775,991

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Balance Sheet - June 30, 2022

	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,473,419	\$ 1,678,525	\$ 2,131,824	\$ 12,283,768
Investments	353,340	-	762,061	1,115,401
Receivables:				
Accounts receivable	793,607	-	-	793,607
Due from other accounts	2,109,523	-	-	2,109,523
Due from other funds	-	-	16,811	16,811
Taxes	867,143	-	184,833	1,051,976
Other	1,335,479	-	-	1,335,479
Total assets	<u>\$ 13,932,511</u>	<u>\$ 1,678,525</u>	<u>\$ 3,095,529</u>	<u>\$ 18,706,565</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 277,191	\$ -	\$ 215,638	\$ 492,829
Wages payable	107,805	-	1,328	109,133
Unearned revenue	-	1,678,525	-	1,678,525
Due to other funds	3,994,138	-	4,495	3,998,633
Escrow liability	24,646	-	-	24,646
Due to other accounts	2,109,523	-	-	2,109,523
Total liabilities	<u>6,513,303</u>	<u>1,678,525</u>	<u>221,461</u>	<u>8,413,289</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>1,981,027</u>	<u>-</u>	<u>24,683</u>	<u>2,005,710</u>
Fund balances:				
Restricted	1,456,835	-	2,805,549	4,262,384
Assigned	5,500	-	48,331	53,831
Unassigned (deficit)	3,975,846	-	(4,495)	3,971,351
Total fund balances	<u>5,438,181</u>	<u>-</u>	<u>2,849,385</u>	<u>8,287,566</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,932,511</u>	<u>\$ 1,678,525</u>	<u>\$ 3,095,529</u>	<u>\$ 18,706,565</u>

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2022

	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 6,793,842	\$ -	\$ 1,567,372	\$ 8,361,214
Intergovernmental	1,130,091	-	33,170	1,163,261
Charges for services	674,703	-	109,983	784,686
Fines and forfeitures	745,014	-	81,990	827,004
Licenses and permits	129,764	-	-	129,764
Investment income	11,445	-	3,670	15,115
Miscellaneous	205,209	-	3,242	208,451
Total revenues	<u>9,690,068</u>	<u>-</u>	<u>1,799,427</u>	<u>11,489,495</u>
EXPENDITURES				
Current:				
General government	1,924,170	-	-	1,924,170
Public Safety	6,903,615	-	87,261	6,990,876
Public works and streets	920,902	-	-	920,902
Culture and recreation	431,592	-	7,000	438,592
Economic development	490,232	-	60,069	550,301
Capital Outlay	140,025	-	1,249,403	1,389,428
Debt Service:				
Principal	-	-	430,000	430,000
Interest and other charges	-	-	142,475	142,475
Total expenditures	<u>10,810,536</u>	<u>-</u>	<u>1,976,208</u>	<u>12,786,744</u>
Excess (deficiency) of revenues over expenditures	(1,120,468)	-	(176,781)	(1,297,249)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,681,304	-	125,000	8,806,304
Transfers out	(5,837,429)	-	(319,000)	(6,156,429)
Total other financing sources and uses	<u>2,843,875</u>	<u>-</u>	<u>(194,000)</u>	<u>2,649,875</u>
Net change in fund balances	1,723,407	-	(370,781)	1,352,626
Fund balances - beginning	3,714,774	-	3,220,166	6,934,940
Fund balances - ending	<u>\$ 5,438,181</u>	<u>\$ -</u>	<u>\$ 2,849,385</u>	<u>\$ 8,287,566</u>

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 8,287,566
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	11,457,477
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.	2,005,710
Certain other long-term elements are not available to pay current fund liabilities and therefore they, along with pension and OPEB related deferred outflows, are not reported in the funds:	
Net pension asset	4,935,214
Pension related deferred outflows	2,305,997
OPEB related deferred outflows	233,756
Some liabilities are not due and payable in the current period and they, along with certain deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:	
Interest payable	(11,131)
Net pension liability	(3,206,901)
Pension related deferred inflows	(7,411,069)
Total OPEB liability	(1,277,150)
OPEB related deferred inflows	(459,277)
Accrued compensated absences	(740,859)
Unamortized debt premium	(126,461)
General obligation bond payable	(6,030,000)
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 9,962,872</u></u>

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	1,352,626
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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		730,523
Depreciation expense		(833,553)

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as expenditures. This amount represents the difference between pension contributions and calculated pension expense.

1,774,519

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue		1,388,383
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increased 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:

General obligation bond principal payments		430,000
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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:

Change in accrued interest payable		717
Change in accrued compensated absences		9,316
Change in total OPEB liability		9,871
Change in amortization of bond discount/premium		9,087

Change in net position of governmental activities	\$	4,871,489
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See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Net Position - June 30, 2022

	Enterprise Funds		
	Bethany Public Works Authority	Bethany Hospital Trust	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,233,967	\$ 2,610,244	\$ 6,844,211
Cash and cash equivalents, restricted	1,784,123	-	1,784,123
Investments	1,012,992	760,257	1,773,249
Accounts receivable, net	808,793	-	808,793
Other receivable	529,000	-	529,000
Accrued interest receivable	240	-	240
Due from other funds	3,981,822	-	3,981,822
Total current assets	<u>12,350,937</u>	<u>3,370,501</u>	<u>15,721,438</u>
Non-current assets:			
Lease receivable	1,895,906	5,759,860	7,655,766
Net pension asset	1,337,276	-	1,337,276
Investments	-	1,116,476	1,116,476
Investment in joint venture	4,755,780	-	4,755,780
Capital assets:			
Land, construction in progress, and water rights	170,058	376,550	546,608
Other capital assets, net of accumulated depreciation	<u>24,417,737</u>	<u>3,827,062</u>	<u>28,244,799</u>
Total non-current assets	<u>32,576,757</u>	<u>11,079,948</u>	<u>43,656,705</u>
Total assets	<u>44,927,694</u>	<u>14,450,449</u>	<u>59,378,143</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	221,399	-	221,399
Deferred amounts related to OPEB	<u>261,393</u>	<u>-</u>	<u>261,393</u>
Total deferred outflows of resources	<u>482,792</u>	<u>-</u>	<u>482,792</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	509,836	-	509,836
Wages payable	40,627	-	40,627
Due to other governments	92,085	-	92,085
Accrued interest payable	71,547	-	71,547
Accrued compensated absences	16,752	-	16,752
Refundable deposits	64,056	-	64,056
Notes payable	<u>1,591,816</u>	<u>-</u>	<u>1,591,816</u>
Total current liabilities	<u>2,386,719</u>	<u>-</u>	<u>2,386,719</u>
Non-current liabilities:			
Accrued compensated absences	150,762	-	150,762
Total OPEB liability	428,411	-	428,411
Refundable deposits	577,080	-	577,080
Notes payable, net	<u>6,810,502</u>	<u>-</u>	<u>6,810,502</u>
Total non-current liabilities	<u>7,966,755</u>	<u>-</u>	<u>7,966,755</u>
Total liabilities	<u>10,353,474</u>	<u>-</u>	<u>10,353,474</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	1,430,169	-	1,430,169
Deferred amounts related to OPEB	106,248	-	106,248
Deferred amounts related to leases	<u>1,877,389</u>	<u>7,280,536</u>	<u>9,157,925</u>
Total deferred inflows of resources	<u>3,413,806</u>	<u>7,280,536</u>	<u>10,694,342</u>
NET POSITION			
Net investment in capital assets	16,610,811	4,203,672	20,814,483
Restricted for debt service	643,727	-	643,727
Restricted for other purposes	3,730,386	-	3,730,386
Unrestricted	<u>10,658,282</u>	<u>2,966,241</u>	<u>13,624,523</u>
Total net position	<u>\$ 31,643,206</u>	<u>\$ 7,169,913</u>	<u>\$ 38,813,119</u>

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2022

	Enterprise Funds		
	Bethany Public Works Authority	Bethany Hospital Trust	Total
REVENUES			
Charges for services	\$ 9,981,777	\$ 216,000	\$ 10,197,777
Total operating revenues	<u>9,981,777</u>	<u>216,000</u>	<u>10,197,777</u>
OPERATING EXPENSES			
Personal services	1,559,295	-	1,559,295
Materials and supplies	754,291	-	754,291
Other services and charges	2,596,770	-	2,596,770
Depreciation expense	1,302,865	272,663	1,575,528
Total operating expenses	<u>6,213,221</u>	<u>272,663</u>	<u>6,485,884</u>
Operating income (loss)	<u>3,768,556</u>	<u>(56,663)</u>	<u>3,711,893</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	165,951	89,594	255,545
Miscellaneous	144,005	-	144,005
Interest expense and fiscal charges	(257,872)	-	(257,872)
Total non-operating revenue (expenses)	<u>52,084</u>	<u>89,594</u>	<u>141,678</u>
Income before contributions and transfers	<u>3,820,640</u>	<u>32,931</u>	<u>3,853,571</u>
Contributed capital from governmental activities	542,168	-	542,168
Transfers in	9,492,690	-	9,492,690
Transfers out	(12,142,565)	-	(12,142,565)
Change in net position	<u>1,712,933</u>	<u>32,931</u>	<u>1,745,864</u>
Total net position - beginning	29,930,273	7,136,982	37,067,255
Total net position - ending	<u>\$ 31,643,206</u>	<u>\$ 7,169,913</u>	<u>\$ 38,813,119</u>

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022

	Enterprise Funds		
	Bethany Public Works Authority	Bethany Hospital Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 9,559,656	\$ -	\$ 9,559,656
Payments to suppliers	(3,097,519)	-	(3,097,519)
Payments to employees	(1,736,065)	-	(1,736,065)
Receipts from other funds	325,846	-	325,846
Receipts of customer meter deposits	257,501	-	257,501
Refunds of customer meter deposits	(180,781)	-	(180,781)
Net cash provided by operating activities	5,128,638	-	5,128,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	9,492,690	-	9,492,690
Transfers to other funds	(12,142,565)	-	(12,142,565)
Net cash provided by (used in) noncapital financing activities	(2,649,875)	-	(2,649,875)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(281,802)	-	(281,802)
Principal paid on debt	(1,148,589)	-	(1,148,589)
Interest and fiscal agent fees paid on debt	(260,147)	-	(260,147)
Net cash provided by (used in) capital and related financing activities	(1,690,538)	-	(1,690,538)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(1,460)	130,991	129,531
Interest and dividends	52,735	89,594	142,329
Net cash provided by investing activities	51,275	220,585	271,860
Net increase in cash and cash equivalents	839,500	220,585	1,060,085
Balances - beginning of year	5,178,590	2,389,659	7,568,249
Balances - end of year	\$ 6,018,090	\$ 2,610,244	\$ 8,628,334
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,233,967	\$ 2,610,244	\$ 6,844,211
Restricted cash and cash equivalents - current	1,784,123	-	1,784,123
Total cash and cash equivalents, end of year	\$ 6,018,090	\$ 2,610,244	\$ 8,628,334
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 3,768,556	\$ (56,663)	\$ 3,711,893
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,302,865	272,663	1,575,528
Other nonoperating revenue	144,005	-	144,005
Change in assets, liabilities, and deferrals:			
Receivables, net	(547,171)	-	(547,171)
Other receivable	(438)	-	(438)
Lease receivable	(1,895,906)	(5,759,860)	(7,655,766)
Due from other funds	233,761	-	233,761
Net pension asset	(1,337,276)	-	(1,337,276)
Deferred outflows related to pension	380,887	-	380,887
Deferred outflows related to OPEB	18,045	-	18,045
Accounts payable	253,542	-	253,542
Deferred inflows related to leases	1,877,389	5,543,860	7,421,249
Due to other governments	92,085	-	92,085
Due to employees	7,758	-	7,758
Refundable deposits	76,720	-	76,720
Total OPEB liability	(4,351)	-	(4,351)
Net pension liability	(495,176)	-	(495,176)
Accrued compensated absences	3,753	-	3,753
Deferred inflows related to pension	1,210,938	-	1,210,938
Deferred inflows related to OPEB	38,652	-	38,652
Net cash provided by operating activities	\$ 5,128,638	\$ -	\$ 5,128,638
Noncash activities:			
Assets contributed by others	542,168	-	542,168
	\$ 542,168	\$ -	\$ 542,168

See accompanying notes to the basic financial statements.

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City uses the integrated approach as prescribed by Governmental Accounting Standards Board Statements No. 14 “The Financial Reporting Entity”, and Statement No. 61, “*The Financial Reporting Entity: Omnibus*”, and includes all component units for which the City is financially accountable/fiscally responsible. The City’s financial reporting entity primary government presentation includes the City of Bethany and the certain component units as follows:

The City of Bethany – that operates the public safety, health and welfare, streets and highways, culture and recreation, and administrative activities.

The City of Bethany is an incorporated municipality with a population of approximately 19,400 located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected five-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

Blended Component Units (separate legal entities for which the City Council is fiscally responsible, and for which the City Council members serve as the trustees/governing body of the entity):

Bethany Public Works Authority (BPWA) – public trust created pursuant to 60 O.S. § 176 that operates the water and sanitation services for the residents. In addition, the trust collects wastewater service charges and remits collections to the Bethany/Warr Acres Public Works Authority which operates the wastewater system. The City Council serves as the governing body.

Bethany Economic Development Authority (BEDA) – public trust created pursuant to 60 O.S. § 176 to promote economic development within the City. The City Council appoints the governing body.

Bethany Development Authority (BDA) – public trust created pursuant to 60 O.S. § 176 to promote economic development within the City. The City Council serves as five of the nine trustees with the remaining trustees appointed by the Chamber and approved by the City Council.

Bethany Hospital Trust (BHT) – is a public trust created to provide health care and health care financing services to the community and surrounding area. The City Council serves as the governing body.

Each of these component units listed above 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 the issuance of revenue bonds and/or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. The Authorities generally retain title to assets which

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are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for 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.

Participation in Joint Venture

The City participates (with equity interest) in the general operations portion of the Bethany-Warr Acres Public Works Authority. The City maintains approximately 63% equity interest in the Bethany-Warr Acres Public Works Authority.

The Bethany Public Works Authority has entered into an operation and maintenance contract with the Bethany-Warr Acres Public Works Authority for the provision of sewer services for the residents of the City. The contract requires that the Warr Acres Public Works Authority and the Bethany Public Works Authority remit all sewer billings on or before the fifteenth day of each month to the Bethany-Warr Acres Public Works Authority.

The Bethany-Warr Acres Public Works Authority is also permitted to transfer any surplus receipts, after the payment of operating and maintenance cost, current principal and interest on indebtedness, and capital improvements, back to the cities of Bethany and Warr Acres. These distributions are made in proportion to the total revenues billed within the corporate limits of each said municipality, relative to the total revenues collected.

The Bethany-Warr Acres Public Works Authority is jointly governed by the two governments. The governments do not exercise specific control over the budgeting and financing of the Authority's activities, and do not have a specified equity interest in the joint venture. For the year ended June 30, 2022, \$1,185,673 was remitted to the Bethany-Warr Acres Public Works Authority by the Bethany Public Works Authority.

For the year ended June 30, 2022, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture*	\$4,804,958
Current year contributions	<u>113,216</u>
Ending investment in joint venture	<u>\$4,918,174</u>

*Beginning investment in joint venture has been restated due to a change in the Authority's financial reporting framework.

The following summary is segment information from the Bethany-Warr Acres Public Works Authority's most recently issued annual audited financial report, which was for the period ended June 30, 2022:

Total Assets	\$7,844,804
Total Liabilities	\$6,742
Total Net Position	\$7,838,062
Total Revenues	\$2,065,589
Total Expenses	\$1,423,950
Increase in Net Position	\$641,639

In addition, at June 30, 2022, the Bethany-Warr Acres Public Works Authority had no debt outstanding. Separate financial statements for the fiscal year ended June 30, 2022, are available from the Finance Department, P.O. Box 219, Bethany, OK 73008-0219.

2. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

Government-Wide Financial Statements:

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities – Services where the City charges a fee to customers to help cover all or most of the cost of these services. The City's water, wastewater, and sanitation systems activities are reported here, along with certain hospital activities.

The Statements of Net Position and Activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which report their activities using the modified accrual basis of accounting and the current financial resources measurement focus that is different from other funds. Governmental funds highlight the flow of money in and out of funds and the character of balances remaining at year-end that are available for spending. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures, instead of changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine (through a review of changes to fund balance) whether there are more or fewer financial resources available in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- **General Fund** – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes, the General Fund includes the activities of the Prepaid Inspection Account, Performance Bond Account, the Court Account and the CLEET/OSBI Account. The General Fund's major funding sources are sales tax, franchise fees, hotel/motel tax, and miscellaneous charges for services.

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- Federal Grants Fund- is a special revenue fund that accounts for proceeds and expenditures related to grants from the Federal Government.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

- Special Revenue Funds include the Public Safety Fund, E911 Fund, CDBG Fund, Juvenile Fund, Cemetery Fund, Bethany Economic Development Authority, and the Bethany Development Authority.
- Debt Service Funds – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments, general obligation bonds, and their related interest expenses.
- Capital Project Funds:
 - Capital Improvement Fund accounts for sales tax restricted for city capital improvements.
 - Street/Park CIP Fund accounts for revenues restricted for street and park improvements.
 - Library GO Fund – accounts for a general obligation bond proceeds legally restricted for the construction of a library and park.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned, measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally due and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

Proprietary Funds:

When the City charges customers for the services it provides, these activities are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated, and principal payments on long-term debt are recorded as a reduction to the liability.

The City's proprietary funds include the following:

Enterprise Funds

Major Funds:

- Bethany Public Works Authority (BPWA) that accounts for the activities of the public trust in providing water, wastewater, and sanitation/solid waste services to the public.
- Bethany Hospital Trust (BHT) account for transactions related to the Bethany Hospital building and related improvements, contracting, debt and other matters that require a commitment for more than one year.

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3. Cash and Cash Equivalents, Deposits and Investments

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments consist of long-term certificates of deposit and government money market funds. Certificates of deposit are reported at cost.

Deposits and Investments Risks

The City of Bethany primary government and component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2022 by these entities are as follows:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 18,751,382	N/A	\$ 18,751,382	\$ -
Cash on hand	1,723	N/A	1,723	-
Time deposits	1,369,087	N/A	-	1,369,087
Money Market Funds	3,646,674	Not rated	3,646,674	-
Sub-Total	<u>\$ 23,768,866</u>		<u>\$ 22,399,779</u>	<u>\$ 1,369,087</u>
Annuity	1,116,476			
Deposits with insurance pool	31,886			
Total Deposits and Investments	<u>\$ 24,917,228</u>			
Reconciliation to Financial Statements:				
Cash and cash equivalents	\$ 19,127,979			
Investments	2,888,650			
Cash and cash equivalents, restricted	1,784,123			
Investments, restricted	1,116,476			
	<u>\$ 24,917,228</u>			

GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy 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. The City has the following recurring fair value measurements as of June 30, 2022:

- Money Market Mutual Funds of \$3,646,674 were valued using quoted market prices (Level 1 inputs).

Annuity – the BHT has an annuity through Allstate related to a settlement over a contract dispute of the Bethany hospital building. The annuity is payable in increments of \$200,000 annually through September 2028. The annuity is recorded at its net present value using a discount rate of 6%.

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial

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institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma.

Also, as required by Federal 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.

At June 30, 2022, the City was exposed to custodial credit risk at one financial institution by \$1,344.

Investment Credit Risk – The City's limits investments, to the following as allowed by state statute:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. 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.

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 City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments above, at June 30, 2022, the investments held by the City mature between 2022 through 2023.

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 City (any over 5% are disclosed).

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Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the BPWA Enterprise Fund in accounts for the revenue bonds/notes and other accounts with restricted uses and certain investments of the Bethany Hospital Trust Authority. The restricted assets as of June 30, 2022 are as follows:

Cash and cash equivalents:		
Restricted for Refundable deposits	\$	643,653
Restricted for Construction		425,196
Restricted for Debt Service		715,274
	\$	<u>1,784,123</u>
Investments:		
Hospital Trust Annuity	\$	1,116,476
	\$	<u>1,116,476</u>

4. Receivables

Material receivables in governmental funds and the governmental activities include revenue accruals such as court fines and taxes. Non-exchange transactions collectible, but not available are deferred in the fund financial statements. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Proprietary funds and business-type activities consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The accounts receivable at June 30, 2022 are as follows:

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 1,041,968	\$ -	\$ 1,041,968
Due from other governments	1,340,631	-	1,340,631
Court fines	7,566,523	(6,809,872)	756,651
Other	47,422	(5,608)	41,814
Total Governmental Activities	<u>\$ 9,996,544</u>	<u>\$ (6,815,480)</u>	<u>\$ 3,181,064</u>
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 793,609
Due from other governmental agencies			2,382,599
Other receivable			<u>4,856</u>
Total			<u>\$ 3,181,064</u>
Business-Type Activities:			
Utilities	<u>\$ 922,927</u>	<u>\$ (113,894)</u>	<u>\$ 809,033</u>

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Leases:

The City is a party as lessor for various non-cancellable long-term leases of land, buildings, and infrastructure. The corresponding lease receivables are recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate. The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that is charged is disclosed.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$144,287.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the City received variable payments as required by lease agreements totaling \$250.

During fiscal year 2015, the Bethany Hospital Trust leased the Bethany hospital building to an outside party. The lease calls for monthly lease payments of \$18,000 through 2026 and \$20,000 monthly through 2029. In order for the lessee to make substantial infrastructure improvements to the building, the lease agreement called for the abatement of rents up to \$2,000,000 for these improvements. In addition, after the initial improvements, any further improvements would be split 50/50 with the BHT and the cost would be abated. To date, \$3,777,352 of improvements have been made to the facility. During fiscal year 2022, \$216,000 of costs were recognized as revenue. At June 30, 2022, \$1,520,676 of costs are recognized as deferred inflows. With the implementation of GASB 87, the treatment of the deferred revenue related to hospital improvements remains the same. The remaining present value of expected lease payments to be received are recorded as a lease receivable.

5. Capital Assets and Depreciation

Capital Assets:

For the primary government and component units, capital assets are reported at actual or estimated historical cost, net of accumulated depreciation where applicable. Donated capital assets are reported at their fair value at date of donation. Estimated historical cost was used to value the majority of the capital assets acquired prior to June 30, 1992. The capitalization threshold is capital assets with a cost of \$500 or more.

For the year ended June 30, 2022, capital assets balances changed as follows:

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	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,692,059	\$ -	\$ -	\$ 1,692,059
Construction in progress	106,652	292,126	386,092	12,686
Total capital assets not being depreciated	1,798,711	292,126	386,092	1,704,745
Other capital assets:				
Buildings	10,319,180	550,928	-	10,870,108
Machinery, furniture and equipment	6,930,271	273,561	-	7,203,832
Infrastructure	13,508,955	-	-	13,508,955
Total other capital assets at historical cost	30,758,406	824,489	-	31,582,895
Less accumulated depreciation for:				
Buildings	3,252,127	446,192	-	3,698,319
Machinery, furniture and equipment	5,850,876	276,507	-	6,127,383
Infrastructure	11,893,609	110,854	-	12,004,463
Total accumulated depreciation	20,996,612	833,553	-	21,830,165
Other capital assets, net	9,761,794	(9,064)	-	9,752,730
Governmental activities capital assets, net	\$ 11,560,505	\$ 283,062	\$ 386,092	\$ 11,457,475
	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 486,609	\$ -	\$ -	\$ 486,609
Construction in progress	196,514	188,656	325,171	59,999
Total capital assets not being depreciated	683,122	188,656	325,171	546,608
Other capital assets:				
Buildings and utility infrastructure	13,465,289	-	-	13,465,289
Machinery, furniture and equipment	3,683,489	293,854	-	3,977,343
Infrastructure	41,216,354	666,628	-	41,882,982
Total other capital assets at historical cost	58,365,132	960,482	-	59,325,614
Less accumulated depreciation for:				
Buildings and utility infrastructure	7,853,980	324,501	-	8,178,481
Machinery, furniture and equipment	2,290,151	199,266	-	2,489,417
Infrastructure	19,361,156	1,051,761	-	20,412,917
Total accumulated depreciation	29,505,287	1,575,528	-	31,080,815
Other capital assets, net	28,859,845	(615,046)	-	28,244,799
Business-type activities capital assets, net	\$ 29,542,967	\$ (426,390)	\$ 325,171	\$ 28,791,407

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings 40-50 years
- Improvements other than buildings 10-25 years
- Utility property and improvements 10-50 years
- Infrastructure 25-50 years
- Machinery, furniture, and equipment 3-20 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. For the year ended June 30, 2022 depreciation expense has been allocated as follows:

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Governmental Activities:	
General Government	\$ 168,188
Public Safety	174,493
Streets	39,616
Culture and Recreation	450,191
Community Development	1,065
Total	<u>\$ 833,553</u>
Business-Type Activities:	
Hospital	\$ 272,663
Water	577,868
Wastewater	561,057
Sanitation	163,940
Total	<u>\$ 1,575,528</u>

6. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

The City's policy is to eliminate interfund receivables and payables between funds in the Statement of Net Position to ensure the fair presentation of account balances. Only residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column. The internal balances at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
Public Safety	General Fund	\$ 9,255	Posting correction
Debt Service Fund	General Fund	4,265	Posting correction
Juvenile Fund	General Fund	3,291	Posting correction
BPWA	General Fund	3,981,822	Posting correction and to correct negative cash and related interfund activi
Total		<u>\$ 3,998,633</u>	

Reconciliation to Fund Financial Statements:	Due From Other Funds	Due To Other Funds	Net Internal Balances
Governmental Funds	\$ 16,811	\$ 3,998,633	\$ (3,981,822)
Proprietary Funds	3,981,822	-	3,981,822
Total	<u>\$ 3,998,633</u>	<u>\$ 3,998,633</u>	<u>\$ -</u>

Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to ensure the fair presentation of account balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2022 were as follows:

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<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
General Fund	BPWA	\$ 8,362,179	Operating subsidy / return of pledged sales tax
General Fund	Public Safety	317,000	Operating subsidy
General Fund	BEDA	2,000	To correct posting
BEDA	General Fund	75,000	Operating subsidy
BPWA	Capital Improvement Fund	50,000	Operating subsidy
BPWA	Capital Improvement Fund	3,730,386	Sales tax operating transfer
BPWA	General Fund	5,762,429	Pledged sales tax
		<u>\$ 18,298,994</u>	

Reconciliation to fund financial statements:	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ (6,156,429)	\$ 8,806,304	\$ 2,649,875
Enterprise Funds	(12,142,565)	9,492,690	(2,649,875)
Totals	<u>\$ (18,298,994)</u>	<u>\$ 18,298,994</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:		
Net Transfers		
Transfer of capital assets		(2,649,875)
Transfer of assets from Governmental Activities to Business Type Activities		542,168
Transfers - Internal Activity		<u>\$ (2,107,707)</u>

7. Long-Term Debt

The City's long term debt consists of revenue bonds and notes and accrued compensated absences. For the year ended June 30, 2022, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,460,000	\$ -	\$ 430,000	\$ 6,030,000	\$ 430,000
General Obligation Bond Premium	135,548	-	9,087	126,461	-
Accrued Compensated Absences	<u>750,175</u>	<u>-</u>	<u>9,316</u>	<u>740,859</u>	<u>74,087</u>
Total Governmental Activities	<u>\$ 7,345,723</u>	<u>\$ -</u>	<u>\$ 448,403</u>	\$ 6,897,320	\$ 504,087
Plus: Total OPEB liability				1,277,150	-
Net pension liability				<u>3,206,901</u>	<u>-</u>
				<u>\$ 11,381,371</u>	<u>\$ 504,087</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 504,087	
Due in more than one year				<u>10,877,284</u>	
				<u>\$ 11,381,371</u>	

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<u>Type of Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable - Direct borrowings	\$ 8,760,907	\$ -	\$ 758,589	\$ 8,002,318	\$ 1,191,816
Revenue Bonds	790,000	-	390,000	400,000	400,000
Accrued Compensated Absences	163,761	3,753	-	167,514	16,752
Total Business-Type Activities	<u>\$ 9,714,668</u>	<u>\$ 3,753</u>	<u>\$ 1,148,589</u>	\$ 8,569,832	\$ 1,608,568
Plus: Total OPEB liability				428,411	-
Refundable deposits				641,136	64,056
				<u>\$ 9,639,379</u>	<u>\$ 1,672,624</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,672,624	
Due in more than one year				7,966,755	
				<u>\$ 9,639,379</u>	

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

General Obligation Bond Payable –

2016 General Obligation Bond for \$8,180,000 with interest from 2.00% to 2.75%

Debt service payments are due semi-annually through June 2036. Proceeds were used to construct, equip, and furnish the Bethany Library. Bonds are secured with ad valorem taxes.

\$6,030,000

Business-type activities long-term debt payable from net revenues generated by water and wastewater revenue and taxes pledged to the City's business-type activities include the following:

Revenue Bond Payable –

2012 Refunding Revenue Bond for \$3,585,000 with interest from 1.00% to 3.40%

Debt service payments are due semi-annually through July 2022. Bonds are secured with net revenues of the Public Works Authority and pledged sales tax.

\$400,000

Notes Payable (direct borrowings) –

Oklahoma Water Resources Board:

Series 2008 CWSRF Note for \$5,140,000 with interest at 3.1%;

Debt service payments are due semi-annually through March 2029.

Note is secured by the revenues of the Bethany Public Works Authority and pledged sales tax. Proceeds used for capital improvements related to water. In the event of default on the OWRB loan, the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture; security agreement or lease agreement.

\$2,117,318

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Series 2013 Sales Tax and Utility System Revenue Note for \$9,665,000 with interest rate of 2.86%. Debt service payments are due semi-annually through April 2028. Secured by revenue of the Public Works Authority and pledged sales tax. In the event of default on the loan, the lender may: 1) file suit for specific performance of covenants contained in the agreement; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action in action of parties under provisions of the indenture; security agreement or lease agreement.

\$5,885,000

Total Notes Payable (direct borrowings)

\$8,002,318

Long-term debt service requirements to maturity are as follows:

Governmental-Type Activities

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2023	\$ 430,000	\$ 142,175
2024	430,000	133,575
2025	430,000	124,975
2026	430,000	116,375
2027	430,000	107,775
2028-2032	2,150,000	365,800
2033-2036	1,730,000	116,125
Total	<u>\$ 6,030,000</u>	<u>\$ 1,106,800</u>

Business-Type Activities

Year Ending June 30,	Notes Payable - Direct Borrowings		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2023	1,191,816	215,156	\$ 400,000	\$ 6,800
2024	1,225,146	180,581	-	-
2025	1,264,056	144,691	-	-
2026	1,303,090	107,794	-	-
2027	1,345,042	67,121	-	-
2028-2029	1,673,168	26,355	-	-
Total	<u>\$ 8,002,318</u>	<u>\$ 741,698</u>	<u>\$ 400,000</u>	<u>\$ 6,800</u>

Pledge of Future Revenues

Utility Net Revenues and Sales Tax Pledge - The City and Public Works Authority have pledged water of the water and wastewater systems and 3.00 cents sales tax to repay the OWRB Series 2008, promissory notes payable, the 2012 Refunding Bond, and the 2013 Sales Tax and Utility Revenue Bond. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2029, 2023, and 2028. The 3.00 cents sales tax is pledged to pay the debt service on the bonds and the three cents is sent back to the general fund if not needed for debt service. The total principal and interest payable for the remainder of the life of these notes is \$9,150,816. Net water revenues and sales tax received in the current year were \$7,527,637. Debt service payments of \$1,397,122 for the current fiscal year were 18.56% of pledged net utility revenues and sales tax.

8. Net Position and Fund Balances

Government-wide net position is 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 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.
- 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 use restricted net position prior to unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

At June 30, 2022 net position restricted by enabling legislation totaled \$4,330,123.

Fund Balance:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. **Nonspendable** – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. **Restricted** – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. **Committed** – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. **Assigned** – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision (city manager) when the city council has delegated that authority. Assignments for revenues in other governmental funds are made through budgetary process.
- e. **Unassigned** – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City’s policy for the use of fund balance amounts require that committed amounts would be reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Other Governmental Funds	Total
Fund Balance:			
Restricted For:			
Police operations	\$ -	\$ 434,386	\$ 434,386
General obligation debt service	-	1,357,097	1,357,097
Capital improvements	-	476,994	476,994
Emergency Services	311,741	-	311,741
Stormwater management	1,145,094	-	1,145,094
Economic development	-	446,532	446,532
Cemetery improvements	-	90,540	90,540
Sub-total restricted	<u>1,456,835</u>	<u>2,805,549</u>	<u>4,262,384</u>
Assigned for:			
Capital improvements	-	48,331	48,331
Supplement next year's budget	5,500	-	5,500
Sub-total assigned	<u>5,500</u>	<u>48,331</u>	<u>53,831</u>
Unassigned (deficit):	3,975,846	(4,495)	3,971,351
TOTAL FUND BALANCE	<u><u>\$ 5,438,181</u></u>	<u><u>\$ 2,849,385</u></u>	<u><u>\$ 8,287,566</u></u>

9. Revenues

Program Revenues:

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

- Public Safety – Fire, Police, Emergency Management, E911 fees and operating capital grants
- Public Works and Streets – commercial vehicle and gasoline excise tax shared by the State and stormwater compliance fees
- Culture and recreation – pool fees, library fees, recreation fees operating and capital grants
- General Government – fines and forfeitures, cemetery revenue, animal shelter, and operating grants
- Community Development – license and permits
- Economic Development – operating grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Sales Tax Revenue:

Sales tax revenue represents a 4.00 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City. The sales tax is deposited 3.30 cents in the general fund and 0.70 cents in the Capital Improvement Fund. The entire sales tax initially reported in the General Fund is then transferred to the BPWA per the bond indenture pledge then transferred back to the general fund. The 0.70 cents are legally restricted for capital improvement purposes by a vote of the citizens.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City's property taxes are billed and collected by the County and remitted to the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2022, the City's net assessed valuation of taxable property was \$112,576,234. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022 was \$4.57.

10. 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; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability – Covered through purchased insurance
- Physical Property – Covered through purchased insurance.
- Workers' Compensation – covered through purchased commercial insurance.
- Employee's Group Medical –Covered through purchased commercial insurance
- Unemployment – covered through purchased commercial insurance.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past two fiscal years.

11. Retirement Plan Participation

The City of Bethany participates in three defined benefit pension plans, a City Manager defined contribution plan, and an IRS 457 deferred compensation plan:

- Oklahoma Municipal Retirement Plan (OkMRF) – agent multi-employer
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Fire Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

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Summary of Deferred Outflows, Inflows and Net Pension Liability (Asset) by plan:

	Governmental	Business Type	Total
Deferred Outflows:			
Police Pension	\$ 328,365	\$ -	\$ 328,365
Fire Pension	1,626,934	-	1,626,934
OkMRF	350,697	221,399	572,096
Total	<u>\$ 2,305,996</u>	<u>\$ 221,399</u>	<u>\$ 2,527,395</u>
Deferred Inflows:			
Police Pension	\$ 1,918,781	\$ -	\$ 1,918,781
Fire Pension	2,907,441	-	2,907,441
OkMRF	2,584,848	1,430,169	4,015,017
Total	<u>\$ 7,411,070</u>	<u>\$ 1,430,169</u>	<u>\$ 8,841,239</u>
Net Pension Liability:			
Fire Pension	3,206,901	-	3,206,901
Total	<u>\$ 3,206,901</u>	<u>\$ -</u>	<u>\$ 3,206,901</u>
Net Pension Asset:			
Police Pension	\$ 2,485,965	\$ -	\$ 2,485,965
OkMRF	2,449,249	1,337,276	3,786,525
Total	<u>\$ 4,935,214</u>	<u>\$ 1,337,276</u>	<u>\$ 6,272,490</u>
Pension Expense:			
Police Pension	\$ (247,041)	\$ -	\$ (247,041)
Fire Pension	11,593	-	11,593
OkMRF	(329,698)	(180,013)	(509,711)
Total	<u>\$ (565,146)</u>	<u>\$ (180,013)</u>	<u>\$ (745,159)</u>

Oklahoma Municipal Retirement Plan (OkMRF) – Defined Benefit Plan

A. Plan Description

The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. 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. Benefits are established or amended by the City Council 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 City's plan and additions to/deductions from the City'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.

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C. Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/21</u> <u>OkMRF Plan</u>
a. Eligible to participate	-Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	-10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service, split COLA, hybrid - Early retirement at age 55 with 10 years of service - Disability retirement upon disability with 10 years of service - Death benefit with 10 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 City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	-Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

D. Employees Covered by Benefit Terms

Active Employees	76
Deferred Vested Former Employees	6
Retirees or Retiree Beneficiaries	<u>48</u>
Total	<u>130</u>

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E. Contribution Requirements

The City Council 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 8.84% of covered payroll as of July 1, 2021. For the year ended June 30, 2022, the City recognized \$317,426 of employer contributions to the plan which is below the actuarially determined amount by \$8,618 based on covered payroll of \$3,688,284. Employees contribute 4.60% to the plan in accordance with the plan provisions adopted by the City Council. Employee contributions for fiscal 2022 were \$214,634.

F. Actuarial Assumptions

Date of Last Actuarial Valuation	-July 1, 2021
a. Actuarial cost method	-Entry age normal
b. Rate of Return on Investments and Discount Rate	-7.50%
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	-PubG-2010 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

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G. Discount Rate –

The discount rate used to value benefits was the long-term expected rate of return on plan investments of 7.50% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The City 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, 2021 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
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%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	100%		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

H. Changes in Net Pension Liability (Asset) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 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, 2021 and the City's report ending date of June 30, 2022, that would have had a significant impact on the net pension liability (asset).

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The following table reports the components of changes in net pension liability (asset):

SCHEDULE OF CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	<u>\$ 29,123,592</u>	<u>\$ 27,721,492</u>	<u>\$ 1,402,100</u>
Changes for the Year:			
Service cost	636,125	-	636,125
Interest expense	2,124,097	-	2,124,097
Benefit changes	-	-	-
Experience losses (gains) - (amortized over avg remain service period of actives & inactive)	55,995	-	55,995
Contributions-- City	-	309,130	(309,130)
Contributions-- Members	-	224,342	(224,342)
Net investment income	-	7,528,643	(7,528,643)
Benefits paid, including refunds of employee contributions	(1,634,144)	(1,634,144)	-
Plan administrative expenses	-	(57,273)	57,273
Net Changes	<u>1,182,073</u>	<u>6,370,698</u>	<u>(5,188,625)</u>
Balances End of Year	<u>\$ 30,305,665</u>	<u>\$ 34,092,190</u>	<u>\$ (3,786,525)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ (747,903)	\$ (3,786,525)	\$ (6,367,561)

The City reported (\$509,711) in pension expense for the year ended June 30, 2022. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,291	\$ 166,314
Changes of assumptions	122,601	-
Net difference between projected and actual earnings on pension plan investments	-	3,768,890
Changes in proportion and differences between City contributions and proportionate share of contributions	40,625	40,625
City contributions during measurement date	57,154	39,187
City contributions subsequent to the measurement date	317,426	-
Total	<u>\$ 572,097</u>	<u>\$ 4,015,016</u>

The \$317,426 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction (addition) of the net pension liability (asset) in the year ended June 30, 2023. 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:

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Year ended June 30:

2023	\$	(859,104)
2024		(888,174)
2025		(914,632)
2026		(1,098,435)
2027		-
	\$	<u>(3,760,345)</u>

Oklahoma Firefighter's Pension – Statewide Cost Sharing Plan

Plan description - The City of Bethany, 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

Summary 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 Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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,

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$218,873. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$481,355 that is reported as both a revenue and an expenditure 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 \$355,104. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of \$3,206,901 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was .4870%. For the year ended June 30, 2022, the City recognized pension expense of \$11,593.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,163,070	\$ 56,318
Changes of assumptions	-	71,129
Net difference between projected and actual earnings on pension plan investments	-	2,549,348
Changes in proportion and differences between City contributions and proportionate share of contributions	239,614	229,378
City contributions during the measurement date	5,377	1,268
City contributions subsequent to the measurement date	218,873	-
Total	<u>\$ 1,626,934</u>	<u>\$ 2,907,441</u>

The \$218,873 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2023	\$	(193,245)
2024		(302,179)
2025		(387,403)
2026		(616,553)
2027		-
Total	\$	<u>(1,499,380)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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

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

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

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	Decrease 6.50%	Discount Rate 7.50%	Increase 8.50%
Employers' net pension liability	\$ 5,011,445	\$ 3,206,901	\$ 1,696,126

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.

Oklahoma Police Pension – Statewide Cost Sharing Plan

Plan description - The City of Bethany, 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.

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 Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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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 determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$240,177. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$205,491. This is reported as both a revenue and an expenditure 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 \$147,007. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported an asset of \$2,485,965 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was .5182%.

For the year ended June 30, 2022, the City recognized pension expense of (\$247,041). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,692	\$ 98,121
Changes of assumptions	37,803	-
Net difference between projected and actual earnings on pension plan investments	-	1,813,426
Changes in proportion and differences between City contributions and proportionate share of contributions	8,928	6,333
City contributions during the measurement date	5,765	901
City contributions subsequent to the measurement date	240,177	-
Total	<u>\$ 328,365</u>	<u>\$ 1,918,781</u>

The \$240,177 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction (addition) of the net pension liability (asset) in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2023	\$	(412,895)
2024		(361,155)
2025		(457,319)
2026		(604,050)
2027		4,826
Total	\$	<u>(1,830,593)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7.5% net of pension plan investment expense

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

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

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

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%
Commodities	0.00%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% 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 asset 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 asset.

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

	<u>Decrease 6.50%</u>	<u>Discount Rate 7.50%</u>	<u>Increase 8.50%</u>
Employers' net pension liability (asset)	\$ (932,312)	\$ (2,485,965)	\$ (3,799,694)

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.

City of Bethany 457 Deferred Compensation Plan (DC Plan)

Oklahoma Municipal Retirement Fund Defined Contribution City Manager Plan – Effective January 1, 2017, the city offers a defined contribution plan to the city manager administered by OkMRF. The Plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. Separate audited GAAP basis financial statements are not available. OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The authority to establish and amend the provisions of the Plan rests with the City Commission. Benefits depend solely on amounts contributed to the plan plus investment earnings.

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Under the plan the employer contributed 3% of compensation through December 2017 and 4% for January through June 2018 and continuing on through June 2022. Employees may voluntarily contribute to the plan. Employees are 100% vested in the plan. During the year ended June 30, 2022, employees contributed \$5,313 and the employer contributed \$7,930.

ICMA Retirement Deferred Compensation Plan (the ICMA Plan) – The City of Bethany makes available to all full-time employees a Section 457 deferred compensation (DC) plans. The DC plan was created in accordance with Section 457 of the *Internal Revenue Code*, and permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to the employee until retirement, termination, death, or unforeseeable emergency. Separate audited financial statements are not available.

Funding Policy – Plan participants may contribute up to \$18,500 of eligible compensation per year. During the year ended June 30, 2022, employees contributed \$77,445 and the employer contributed \$0 to the Plan.

12. Postemployment Healthcare Plan

Plan Description. The City sponsors Medical and prescription drug coverage to qualifying retirees and their dependents who elect to make the required contributions. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communication between the employer and the plan member and historical pattern of practice with regard to the sharing of benefit costs. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Bethany Retirement Plan. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City.

Benefits provided - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health and prescription drug benefits. The retiree can retain coverage with the City by making an election within 30 days of termination, if having at least 10 years of creditable service with the City, and are at least 55 years old at the time of termination. Police and firefighters must retire under the statewide retirement system and have 20 years of credited service. Coverage stops at age 65 for the retiree and spouse.

The amount of benefit payments during fiscal year June 30, 2022 were \$44,390.

Employees Covered by Benefit Terms

Active Employees	124
Inactive or beneficiaries receiving benefits	<u>13</u>
Total	<u>137</u>

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Total OPEB Liability – The total OPEB liability was determined based on an actuarial valuation performed as of June 30, 2021.

Actuarial Assumptions- The City's total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021, using the following actuarial assumptions:

- Actuarial cost method – Entry Age
- Discount rate – 2.16% based on the yield for 20-year municipal bonds on the measurement date
- Retirement age – Civilians – 55 with 10 years of service; Police and Fire 20 years of service
- Medical trend rates –

2020	5.99%
2025	5.86%
2030	5.99%
2035	5.87%
2040	5.33%
2045	5.15%
2050	5.03%
2060	4.87%

Changes in Total OPEB Liability –

	Total OPEB Liability
Balances at Beginning of Year	<u>\$ 1,668,099</u>
Changes for the Year:	
Service cost	86,295
Interest expense	38,772
Change in assumptions	138,963
Difference between expected and actual experience	(195,268)
Benefits paid	<u>(31,300)</u>
Net Changes	<u>37,462</u>
Balances End of Year	<u><u>\$ 1,705,561</u></u>

OPEB liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the City recognized OPEB expenses of \$86,865. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,841	\$ 169,809
Changes of assumptions	209,313	187,575
Net difference between projected and actual earnings on OPEB plan investments	-	-
Change in proportion	199,777	199,777
City Contributions during the measurement date	829	8,364
City Contributions subsequent to the measurement date	<u>44,389</u>	<u>-</u>
Total	<u><u>\$ 495,149</u></u>	<u><u>\$ 565,525</u></u>

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

Year Ended June 30:		
2023	\$	(38,202)
2024		(38,202)
2025		(26,962)
2026		(18,040)
2027		12,895
Thereafter		(6,254)
	\$	<u>(114,765)</u>

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (1.16 percent) or one percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Employers' total OPEB liability	\$ 1,896,980	\$ 1,705,561	\$ 1,537,516

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are approximately one percentage-point lower (4.96 percent decreasing to 3.87 percent) or approximately one percentage point higher (6.96 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease 4.96% Grading to 3.87%	5.96% Grading to 4.87%	1% Increase 6.96% Grading to 5.87%
Employers' total OPEB liability	\$ 1,551,109	\$ 1,705,561	\$ 1,888,548

13. Commitments, contingencies, and subsequent events

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals 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. 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 judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Programs

The City of Bethany participates in various federal or state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs is relatively material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. 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.

Improvement Districts

In April 2019, the City created two Improvement Districts under the Local Development Act. The districts include the areas around Northwest 23rd Street and the undeveloped area north of Northwest 39th Expressway and east of the Lake Hefner Canal and scattered redevelopment along Northwest 39th Expressway. The districts will provide needed public improvement to stimulate private development within the areas. The projects will be financed from a combination of public and private sources, including apportionment of ad valorem and sales tax increments.

Subsequent events

City voters approved two general obligation bond issues. The first issuance is for a total of \$10,500,000 and is payable from December 1, 2024 through December 1, 2042. The second issuance is for \$4,500,000 and is payable from December 1, 2025 through December 1, 2042.

14. Tax Abatements

The City enters into sales tax rebate agreements with a local business 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 up to the amount of sales tax collected on a specific retailer. To be eligible for this program, the project area should be occupied by occupants operating a retail store of requisite quality which are either existing businesses or new businesses. The sales tax rebate period varies with each agreement and there are no provisions for recapture.

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2022:

- A local convenience store received rebated sales tax during 2022. The agreement is for seven years and will not extend beyond June 30, 2029. The rebate is calculated by remitting 62% of the reported sales tax generated by the store for the first three years of the agreement. For the next four years of the agreement, the store will receive 52% of the reported sales tax generated by the store.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 2,762,112	\$ 2,762,112	\$ 4,487,033	\$ 1,724,921
Resources (Inflows):				
Taxes	6,882,151	5,973,000	6,825,693	852,693
Intergovernmental	293,000	434,676	453,926	19,250
Fees, licenses and permits	105,300	105,300	132,927	27,627
Charges for services	646,400	688,400	705,629	17,229
Fines and forfeitures	550,000	550,000	743,073	193,073
Interest earned	5,000	5,000	9,318	4,318
Miscellaneous	282,000	258,000	174,086	(83,914)
Total Resources (Inflows)	8,763,851	8,014,376	9,044,653	1,030,277
Amounts available for appropriation	11,525,963	10,776,488	13,531,686	2,755,198
Charges to Appropriations (Outflows):				
General Government				
Management	790,127	992,111	951,632	40,479
Finance	372,677	381,228	369,359	11,869
Municipal court	549,828	555,215	500,786	54,429
Engineering	233,097	152,797	120,366	32,431
Community Development	528,516	528,516	488,962	39,554
Public Safety				
Police	4,326,766	4,326,766	3,811,072	515,694
Fire	2,602,656	2,671,656	2,561,326	110,330
Public Works and Streets				
Administration	163,999	163,999	152,924	11,075
Streets	683,167	683,167	689,014	(5,847)
Maintenance	92,202	102,002	90,761	11,241
Culture and Recreation				
Parks	520,597	523,597	434,314	89,283
Total Charges to Appropriations	10,863,632	11,081,054	10,170,516	910,538
Other financing sources (uses)				
Transfers from other funds	2,917,000	2,919,000	8,681,304	5,762,304
Transfers to other funds	(984,151)	(1,262,827)	(5,837,429)	(4,574,602)
Total other financing sources (uses)	1,932,849	1,656,173	2,843,875	1,187,702
Ending Budgetary Fund Balance	\$ 2,595,180	\$ 1,351,607	\$ 6,205,045	\$ 4,853,438

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Schedule of Footnotes to Budgetary Comparison:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on a non-GAAP basis that report revenues on a cash basis, and expenditures in the period the invoice is received, except for payroll expenditures that are recorded when paid. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unassigned budgetary fund balance. This presentation of unassigned fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector. During the fiscal year ended June 30, 2022 the City had expenditures exceeding appropriation in the General Fund Transfers by \$4,574,602

3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedule below:

	<u>Fund Balance July 1, 2021</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2022</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$3,714,774	\$1,723,407	\$5,438,181
Increases (Decreases):			
Revenues:			
Accounts receivable	(1,660,750)	(2,202,622)	(3,863,372)
State on behalf pension payments	(551,667)	(135,179)	(686,846)
Combining accounts	(7,416)	-	(7,416)
Expenditures:			
Accrued payroll	144,516	(51,109)	93,407
Other expenditures	2,295,909	2,248,336	4,544,245
State on behalf pension payments	551,667	135,179	686,846
Fund Balance - Budgetary Basis	<u>\$4,487,033</u>	<u>\$1,718,012</u>	<u>\$6,205,045</u>

CITY OF BETHANY, OKLAHOMA
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Pension Information

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF BETHANY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability	0.4666469%	0.4746469%	0.5068200%	0.4774980%	0.4991460%	0.4869520%
City's proportionate share of the net pension liability	\$ 5,701,081	\$ 5,969,747	\$ 5,704,991	\$ 5,045,569	\$ 6,149,052	\$ 3,206,901
City's covered-employee payroll	\$ 1,305,306	\$ 1,330,221	\$ 1,503,888	\$ 1,476,625	\$ 1,656,853	\$ 1,581,704
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	437%	449%	379%	342%	371%	203%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

*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.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contribution	\$ 179,255	\$ 182,743	\$ 186,231	\$ 210,544	\$ 206,728	\$ 232,244	\$ 221,576	\$ 218,873
Contributions in relation to the statutorily required contribution	<u>179,255</u>	<u>182,743</u>	<u>186,231</u>	<u>210,544</u>	<u>206,728</u>	<u>232,244</u>	<u>221,576</u>	<u>218,873</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,280,394	\$ 1,305,306	\$ 1,330,221	\$ 1,503,888	\$ 1,476,625	\$ 1,656,853	\$ 1,581,704	\$ 1,563,053
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%	14.01%	14.00%

Notes to Schedule:

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

CITY OF BETHANY, OKLAHOMA
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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF BETHANY PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	0.5536%	0.5509%	0.5869%	0.5576%	0.5740%	0.5182%
City's proportionate share of the net pension liability (asset)	\$ 847,805	\$ 42,373	\$ (279,584)	\$ (35,598)	\$ 659,211	\$ (2,485,965)
City's covered-employee payroll	\$ 1,591,163	\$ 1,642,700	\$ 1,790,307	\$ 1,813,284	\$ 1,993,346	\$ 1,901,208
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.28%	2.58%	-15.62%	-1.96%	33.07%	-130.76%
Plan fiduciary net position as a percentage of the total pension liability	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

*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.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contribution	\$ 195,488	\$ 206,851	\$ 213,551	\$ 232,740	\$ 235,728	\$ 259,305	\$ 247,157	\$ 227,323
Contributions in relation to the statutorily required contribution	<u>198,160</u>	<u>200,614</u>	<u>213,551</u>	<u>232,740</u>	<u>235,728</u>	<u>259,305</u>	<u>232,358</u>	<u>240,177</u>
Contribution deficiency (excess)	<u>\$ (2,672)</u>	<u>\$ 6,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,799</u>	<u>\$ (12,854)</u>
City's covered-employee payroll	\$ 1,503,757	\$ 1,591,163	\$ 1,642,700	\$ 1,790,307	\$ 1,813,284	\$ 1,993,346	\$ 1,901,208	\$ 1,748,640
Contributions as a percentage of covered-employee payroll	13.18%	12.61%	13.00%	13.00%	13.00%	13.01%	12.22%	13.74%

Notes to Schedule:

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

CITY OF BETHANY, OKLAHOMA
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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 350,458	\$ 385,355	\$ 504,132	\$ 525,983	\$ 548,968	\$ 586,762	\$ 618,999	\$ 636,125
Interest	1,732,533	1,759,621	1,761,976	1,829,496	1,876,797	1,951,401	2,058,987	2,124,097
Changes of benefit terms	-	-	-	821	-	-	37,227	-
Differences between expected and actual experience	-	(665,220)	(288,129)	(213,851)	(89,986)	(94,319)	(292,648)	55,995
Changes of assumptions	-	-	-	522,579	-	401,239	-	-
Benefit payments, including refunds of member contributions	(952,501)	(1,829,907)	(1,054,351)	(1,161,143)	(1,336,277)	(1,346,023)	(1,477,560)	(1,634,144)
Net change in total pension liability	1,130,490	(350,151)	923,628	1,503,885	999,502	1,499,060	945,005	1,182,073
Total pension liability - beginning	22,472,174	23,602,663	23,252,512	24,176,140	25,680,025	26,679,527	28,178,587	29,123,592
Total pension liability - ending (a)	\$ 23,602,664	\$ 23,252,512	\$ 24,176,140	\$ 25,680,025	\$ 26,679,527	\$ 28,178,587	\$ 29,123,592	\$ 30,305,665
Plan fiduciary net position								
Contributions - employer	\$ 537,682	\$ 583,840	\$ 536,856	\$ 558,723	\$ 481,380	\$ 472,645	\$ 477,415	\$ 309,130
Contributions - member	150,355	153,204	157,696	164,120	181,058	189,929	184,401	224,342
Net investment income	3,380,397	650,013	203,962	2,815,616	1,852,623	1,782,115	1,110,225	7,528,643
Benefit payments, including refunds of member contributions	(952,501)	(1,829,907)	(1,054,351)	(1,161,143)	(1,336,277)	(1,346,023)	(1,477,560)	(1,634,144)
Administrative expense	(49,979)	(48,861)	(45,845)	(49,866)	(52,417)	(55,960)	(58,885)	(57,273)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,065,954	(491,711)	(201,682)	2,327,450	1,126,367	1,042,706	235,596	6,370,698
Plan fiduciary net position - beginning	20,616,812	23,682,766	23,191,055	22,989,373	25,316,823	26,443,190	27,485,896	27,721,492
Plan fiduciary net position - ending (b)	\$ 23,682,766	\$ 23,191,055	\$ 22,989,373	\$ 25,316,823	\$ 26,443,190	\$ 27,485,896	\$ 27,721,492	\$ 34,092,190
Net pension liability (asset) - ending (a) - (b)	\$ (80,102)	\$ 61,457	\$ 1,186,767	\$ 363,202	\$ 236,337	\$ 692,691	\$ 1,402,100	\$ (3,786,525)
Plan fiduciary net position as a percentage of the total pension liability	100.34%	99.74%	95.09%	98.59%	99.11%	97.54%	95.19%	112.49%
Covered employee payroll	\$ 3,256,228	\$ 3,149,951	\$ 3,296,442	\$ 3,481,527	\$ 3,916,031	\$ 3,995,154	\$ 3,688,284	\$ 3,538,629
Net pension liability (asset) as a percentage of covered-employee payroll	-2.46%	1.95%	36.00%	10.43%	6.04%	17.34%	38.01%	-107.01%

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

Notes to Schedule:

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

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 583,839	\$ 536,856	\$ 537,293	\$ 478,931	\$ 462,833	\$ 497,468	\$ 506,479	\$ 326,044
Contributions in relation to the actuarially determined contribution	583,839	536,856	537,293	483,625	464,433	511,119	317,603	317,426
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (4,694)	\$ (1,600)	\$ (13,651)	\$ 188,876	\$ 8,618
Covered employee payroll	\$ 3,330,517	\$ 3,296,442	\$ 3,481,527	\$ 3,916,031	\$ 4,128,749	\$ 4,176,896	\$ 3,791,013	\$ 3,688,284
Contributions as a percentage of covered-employee payroll	17.53%	16.29%	15.43%	12.35%	11.25%	12.24%	8.38%	8.61%

Notes to Schedule:

- Only the previous eight fiscal years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2021
- Actuarially determined contribution rate is calculated as of July 1, 2021
July 2021 through June 2022 contributions were at a rate of 8.84%.
- Methods and assumptions used to determine contribution rates:
 Actuarial cost method - Entry age normal
 Amortization method - Level percent of payroll, closed
 Remaining amortization period - 28 years
 Asset valuation method - Actuarial:
 Smoothing period - 4 years
 Recognition method - Non-asymptotic
 Corridor - 70% - 130%
 Salary increases - 4.00% to 7.42% (varies by attained age)
 Investment rate of return - 7.50%

CITY OF BETHANY, OKLAHOMA
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Schedule of Changes in Total OPEB Liability and Related Ratios

Postemployment Health Insurance Implicit Rate Subsidy Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability					
Service cost	\$ 83,719	\$ 75,082	\$ 71,166	\$ 76,288	\$ 86,295
Interest	40,545	54,508	61,120	51,985	38,772
Changes in assumptions	(115,440)	(44,424)	(228,732)	121,978	138,963
Experience Gain/(Loss)	-	-	27,979	34,172	(195,268)
Benefit payments	(31,435)	(24,504)	(30,704)	(25,310)	(31,300)
Net change in total OPEB liability	<u>(22,611)</u>	<u>60,662</u>	<u>(99,171)</u>	<u>259,113</u>	<u>37,462</u>
Balances at Beginning of Year	<u>1,470,106</u>	<u>1,447,495</u>	<u>1,508,157</u>	<u>1,408,986</u>	<u>1,668,099</u>
Balances End of Year	<u><u>\$ 1,447,495</u></u>	<u><u>\$ 1,508,157</u></u>	<u><u>\$ 1,408,986</u></u>	<u><u>\$ 1,668,099</u></u>	<u><u>\$ 1,705,561</u></u>
Covered employee payroll	\$ 10,760,000	\$ 7,418,658	\$ 7,196,000	\$ 6,918,000	\$ 6,641,000
Total OPEB liability as a percentage of covered- employee payroll	13.45%	20.33%	19.58%	24.11%	25.68%

Notes to Schedule:

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

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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OTHER SUPPLEMENTARY INFORMATION

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – General Fund Accounts - June 30, 2022

	GENERAL FUND	PREPAID INSPECTION ACCOUNT	PERFORMANCE BOND ACCOUNT	COURT ACCOUNT	CLEET AND OSBI ACCOUNT	TOTAL GENERAL FUND
ASSETS						
Cash and cash equivalents	\$ 2,568,726	\$ 24,646	\$ 27,863	\$ 5,608,051	\$ 244,133	\$ 8,473,419
Investments	353,340	-	-	-	-	353,340
Receivables:						
Accounts receivable	793,607	-	-	-	-	793,607
Due from other funds	-	-	-	-	-	-
Due from other accounts	1,872,490	-	-	237,033	-	2,109,523
Taxes receivable, net	867,143	-	-	-	-	867,143
Other receivables	1,335,479	-	-	-	-	1,335,479
Total assets	<u>\$ 7,790,785</u>	<u>\$ 24,646</u>	<u>\$ 27,863</u>	<u>\$ 5,845,084</u>	<u>\$ 244,133</u>	<u>\$ 13,932,511</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 177,781	\$ -	\$ 27,863	\$ 65,006	\$ 6,541	\$ 277,191
Wages payable	107,805	-	-	-	-	107,805
Due to other funds	93,407	-	-	3,900,731	-	3,994,138
Escrow liability	-	24,646	-	-	-	24,646
Due to other accounts	-	-	-	1,871,930	237,593	2,109,523
Total liabilities	<u>378,993</u>	<u>24,646</u>	<u>27,863</u>	<u>5,837,667</u>	<u>244,134</u>	<u>6,513,303</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>1,981,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,981,027</u>
Fund balances:						
Restricted	1,456,835	-	-	-	-	1,456,835
Assigned	5,500	-	-	-	-	5,500
Unassigned	3,968,430	-	-	7,416	-	3,975,846
Total fund balances	<u>5,430,765</u>	<u>-</u>	<u>-</u>	<u>7,416</u>	<u>-</u>	<u>5,438,181</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,790,785</u>	<u>\$ 24,646</u>	<u>\$ 27,863</u>	<u>\$ 5,845,083</u>	<u>\$ 244,134</u>	<u>\$ 13,932,511</u>

CITY OF BETHANY, OKLAHOMA
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As of and for the Year Ended June 30, 2022

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2022

	General Fund	PREPAID INSPECTION ACCOUNT	PERFORMANCE BOND ACCOUNT	COURT ACCOUNT	CLEET AND OSBI ACCOUNT	TOTAL GENERAL FUND
REVENUES						
Taxes	\$ 6,793,842	\$ -	\$ -	\$ -	\$ -	\$ 6,793,842
Intergovernmental	1,130,091	-	-	-	-	1,130,091
Charges for services	674,703	-	-	-	-	674,703
Fines and forfeitures	745,014	-	-	-	-	745,014
Licenses and permits	129,764	-	-	-	-	129,764
Investment income	11,445	-	-	-	-	11,445
Miscellaneous	205,209	-	-	-	-	205,209
Total revenues	<u>9,690,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,690,068</u>
EXPENDITURES						
Current:						
General government	1,924,170	-	-	-	-	1,924,170
Public safety	6,903,615	-	-	-	-	6,903,615
Public works and streets	920,902	-	-	-	-	920,902
Culture and recreation	431,592	-	-	-	-	431,592
Community development	490,232	-	-	-	-	490,232
Capital Outlay	140,025	-	-	-	-	140,025
Total expenditures	<u>10,810,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,810,536</u>
Excess (deficiency) of revenues over expenditures	<u>(1,120,468)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,120,468)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	8,681,304	-	-	-	-	8,681,304
Transfers out	(5,837,429)	-	-	-	-	(5,837,429)
Total other financing sources and uses	<u>2,843,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,843,875</u>
Net change in fund balances	1,723,407	-	-	-	-	1,723,407
Fund balances - beginning	3,707,358	-	-	7,416	-	3,714,774
Fund balances - ending	<u>\$ 5,430,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,416</u>	<u>\$ -</u>	<u>\$ 5,438,181</u>

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2022

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND	CAPITAL PROJECT FUNDS			
	PUBLIC SAFETY FUND	E911 FUND	CDBG FUND	JUVENILE FUND	CEMETERY FUND	BETHANY DEVELOPMENT AUTHORITY	BETHANY ECONOMIC DEVELOPMENT AUTHORITY	G.O. BOND SINKING FUND	STREET/PARK CIP FUND	CAPITAL IMPROVEMENT FUND	LIBRARY GO BONDS	TOTALS
ASSETS												
Cash and cash equivalents	\$ 154,362	\$ 99,117	\$ -	\$ 144,964	\$ 90,540	\$ 82,981	\$ 382,622	\$ 471,774	\$ 48,331	\$ 98,877	\$ 558,256	\$ 2,131,824
Investments	-	-	-	-	-	-	-	-	-	252,688	509,373	762,061
Due from other governments	10,008	18,928	-	-	-	-	-	28,889	-	127,008	-	184,833
Due from other funds	9,255	-	-	3,291	-	-	-	4,265	-	-	-	16,811
Total assets	\$ 173,625	\$ 118,045	\$ -	\$ 148,255	\$ 90,540	\$ 82,981	\$ 382,622	\$ 504,928	\$ 48,331	\$ 478,573	\$ 1,067,629	\$ 3,095,529
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ 800	\$ -	\$ -	\$ 4,739	\$ -	\$ 12,000	\$ 5,743	\$ -	\$ -	\$ 1,579	\$ 190,777	215,638
Due to other funds	-	-	4,495	-	-	-	-	-	-	-	-	4,495
Wages payable	-	-	-	-	-	-	1,328	-	-	-	-	1,328
Total liabilities	800	-	4,495	4,739	-	12,000	7,071	-	-	1,579	190,777	221,461
Deferred Inflows:												
Unavailable revenue	-	-	-	-	-	-	-	24,683	-	-	-	24,683
Fund balances:												
Restricted	172,825	118,045	-	143,516	90,540	70,981	375,551	480,245	-	476,994	876,852	2,805,549
Assigned	-	-	-	-	-	-	-	-	48,331	-	-	48,331
Unassigned (deficit)	-	-	(4,495)	-	-	-	-	-	-	-	-	(4,495)
Total fund balances	172,825	118,045	(4,495)	143,516	90,540	70,981	375,551	480,245	48,331	476,994	876,852	2,849,385
Total liabilities, deferred inflows and fund balances	\$ 173,625	\$ 118,045	\$ -	\$ 148,255	\$ 90,540	\$ 82,981	\$ 382,622	\$ 504,928	\$ 48,331	\$ 478,573	\$ 1,067,629	\$ 3,095,529

CITY OF BETHANY, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds – Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND	CAPITAL PROJECT FUNDS			
	PUBLIC SAFETY FUND	E911 FUND	CDBG FUND	JUVENILE FUND	CEMETERY FUND	BETHANY DEVELOPMENT AUTHORITY	BETHANY ECONOMIC DEVELOPMENT AUTHORITY	G.O. BOND SINKING FUND	STREET/PARK CIP FUND	CAPITAL IMPROVEMENT FUND	LIBRARY GO BONDS	TOTALS
REVENUES												
Taxes	\$ -	\$ 50,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,977	\$ -	\$ 1,006,137	\$ -	1,567,372
Intergovernmental	33,170	-	-	-	-	-	-	-	-	-	-	33,170
Charges for services	98,283	-	-	-	11,700	-	-	-	-	-	-	109,983
Investment income	-	-	-	-	-	-	1,149	1	2	780	1,738	3,670
Fines and forfeitures	81,990	-	-	-	-	-	-	-	-	-	-	81,990
Miscellaneous	3,222	-	-	-	-	-	-	-	20	-	-	3,242
Total revenues	216,665	50,258	-	-	11,700	-	1,149	510,978	22	1,006,917	1,738	1,799,427
EXPENDITURES												
Current:												
Public safety	86,275	986	-	-	-	-	-	-	-	-	-	87,261
Economic development	-	-	-	-	-	20,000	40,069	-	-	-	-	60,069
Culture and recreation	-	-	-	-	-	-	-	-	-	-	7,000	7,000
Capital Outlay	-	-	-	-	-	-	4,500	-	-	1,244,903	-	1,249,403
Debt Service												
Principal retirement	-	-	-	-	-	-	-	430,000	-	-	-	430,000
Interest and fiscal charges	-	-	-	-	-	-	-	142,475	-	-	-	142,475
Total Expenditures	86,275	986	-	-	-	20,000	44,569	572,475	-	1,244,903	7,000	1,976,208
Revenues over (under) expenditures	130,390	49,272	-	-	11,700	(20,000)	(43,420)	(61,497)	22	(237,986)	(5,262)	(176,781)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	75,000	-	-	50,000	-	125,000
Transfers out	(317,000)	-	-	-	-	-	(2,000)	-	-	-	-	(319,000)
Total other financing sources (uses)	(317,000)	-	-	-	-	-	73,000	-	-	50,000	-	(194,000)
Net change in fund balances	(186,610)	49,272	-	-	11,700	(20,000)	29,580	(61,497)	22	(187,986)	(5,262)	(370,781)
Fund balances - beginning	359,435	68,773	(4,495)	143,516	78,840	90,981	345,971	541,742	48,309	664,980	882,114	3,220,166
Fund balances - ending	\$ 172,825	\$ 118,045	\$ (4,495)	\$ 143,516	\$ 90,540	\$ 70,981	\$ 375,551	\$ 480,245	\$ 48,331	\$ 476,994	\$ 876,852	\$ 2,849,385

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Schedule of Net Position – Public Works Authority Accounts – June 30, 2022

	Bethany Public Works Authority Accounts			
	BPWA	Water System Improvement	Meter Deposit	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 503,581	\$ 3,730,386	\$ -	\$ 4,233,967
Cash and cash equivalents, restricted	1,140,470	-	643,653	1,784,123
Investments	1,012,992	-	-	1,012,992
Accounts receivable, net	808,793	-	-	808,793
Other receivable	529,000	-	-	529,000
Accrued interest receivable	240	-	-	240
Due from other funds	3,981,822	-	-	3,981,822
Total current assets	7,976,898	3,730,386	643,653	12,350,937
Non-current assets:				
Lease receivable	1,895,906	-	-	1,895,906
Net pension asset	1,337,276	-	-	1,337,276
Investment in joint venture	4,755,780	-	-	4,755,780
Capital assets:				
Land, construction in progress, and water rights	170,058	-	-	170,058
Other capital assets, net of accumulated depreciation	24,417,737	-	-	24,417,737
Total non-current assets	32,576,757	-	-	32,576,757
Total assets	40,553,655	3,730,386	643,653	44,927,694
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pension	221,399	-	-	221,399
Deferred amounts related to OPEB	261,393	-	-	261,393
Total deferred outflows of resources	482,792	-	-	482,792
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	509,836	-	-	509,836
Wages payable	40,627	-	-	40,627
Due to other governments	92,085	-	-	92,085
Accrued interest payable	71,547	-	-	71,547
Accrued compensated absences	16,752	-	-	16,752
Refundable deposits	-	-	64,056	64,056
Notes payable	1,591,816	-	-	1,591,816
Total current liabilities	2,322,663	-	64,056	2,386,719
Non-current liabilities:				
Accrued compensated absences	150,762	-	-	150,762
Total OPEB liability	428,411	-	-	428,411
Refundable deposits	-	-	577,080	577,080
Notes payable	6,810,502	-	-	6,810,502
Total non-current liabilities	7,389,675	-	577,080	7,966,755
Total liabilities	9,712,338	-	641,136	10,353,474
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	1,430,169	-	-	1,430,169
Deferred amounts related to leases	1,877,389	-	-	1,877,389
Deferred amounts related to OPEB	106,248	-	-	106,248
Total deferred inflows of resources	3,413,806	-	-	3,413,806
NET POSITION				
Net investment in capital assets	16,610,811	-	-	16,610,811
Restricted for debt service	643,727	-	-	643,727
Restricted for other purposes	-	3,730,386	-	3,730,386
Unrestricted	10,655,765	-	2,517	10,658,282
Total net position	\$ 27,910,303	\$ 3,730,386	\$ 2,517	\$ 31,643,206

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Schedule of Revenues, Expenses and Changes in Net Position – Public Works Authority
Accounts - Year Ended June 30, 2022

	Bethany Public Works Authority Accounts			
	BPWA	Water System Improvement	Meter Deposit	Total
REVENUES				
Charges for services	\$ 9,981,777	\$ -	\$ -	\$ 9,981,777
Total operating revenues	9,981,777	-	-	9,981,777
OPERATING EXPENSES				
Personal services	1,559,295	-	-	1,559,295
Materials and supplies	754,291	-	-	754,291
Other services and charges	2,596,770	-	-	2,596,770
Depreciation expense	1,302,865	-	-	1,302,865
Total operating expenses	6,213,221	-	-	6,213,221
Operating income	3,768,556	-	-	3,768,556
NON-OPERATING REVENUES (EXPENSES)				
Investment income	165,825	-	126	165,951
Miscellaneous	144,005	-	-	144,005
Interest expense and fiscal charges	(257,872)	-	-	(257,872)
Total non-operating revenue (expenses)	51,958	-	126	52,084
Income before contributions and transfers	3,820,514	-	126	3,820,640
Capital contributions	542,168	-	-	542,168
Transfers in	5,762,304	3,730,386	-	9,492,690
Transfers out	(12,142,565)	-	-	(12,142,565)
Change in net position	(2,017,579)	3,730,386	126	1,712,933
Total net position - beginning	29,927,882	-	2,391	29,930,273
Total net position - ending	\$ 27,910,303	\$ 3,730,386	\$ 2,517	\$ 31,643,206

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



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 Honorable Mayor and City Council
City of Bethany, Oklahoma

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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethany, Oklahoma ("City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 28, 2022.

Internal Control over Financial Reporting

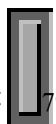
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but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

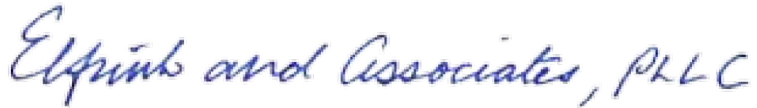
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 blue ink that reads "Elfrink and Associates, PLLC". The script is cursive and fluid.

Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 28, 2022



Elfrink and Associates, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Bethany, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited City of Bethany, Oklahoma's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bethany, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Other Matters

The results of our auditing procedures disclosed no instance of noncompliance which is required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal



program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 28, 2022

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

CITY OF BETHANY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA# Number	Pass-through Identifying Number	Federal Expenditures
FEDERAL AWARDS:			
<u>U. S. DEPARTMENT OF JUSTICE:</u>			
<i>Passed through the Oklahoma District Attorneys Council</i>			
Bulletproof Vest Partnership Program	16.738	JAG-LLE-2021-BETHANY-CI-00052	\$8,172
Total US Department of Justice			<u>8,172</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through the Oklahoma Department of Highway Safety</i>			
State and Community Highway Safety	20.600	PT-22-03-02-08	<u>33,165</u>
Total US Department of Transportation			<u>33,165</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Oklahoma Department of Emergency Management</i>			
Disaster Grants - Public Assistance	97.036	FEMA DR 4575	<u>1,474,980</u>
Total US Department of Homeland Security			<u>1,474,980</u>
TOTAL FEDERAL AWARDS			<u><u>\$1,516,317</u></u>

Note 1. Basis of Presentation

This schedule includes the federal grant activity of the City of Bethany, Oklahoma under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the City of Bethany, Oklahoma, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Bethany, Oklahoma.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting which may be different from other information contained in the City's financial statements.

Note 3. De Minimis Indirect Cost Rate

The 10% de minimis indirect cost rate as covered in 2 CFR section 200.414 of the Uniform Guidance was not used as the programs listed above were not eligible for indirect cost reimbursement.

