



CITY OF  
**BETHANY,**  
**OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**THE CITY OF BETHANY, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

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**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 7-16 and 63-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed above are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021 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.

*Elfrink and Associates, PLLC*

Elfrink and Associates, PLLC

Tulsa, Oklahoma

June 7, 2021

**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

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**MANAGEMENT DISCUSSION AND ANALYSIS**



**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

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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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2020, the City's total net position increased by \$2,886,484 or 7.71% from the prior year.
- During the year, the City's expenses for governmental activities were \$12.6 million and were funded by program revenues of \$2.6 million and further funded with taxes and other general revenues that totaled \$9.6 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$1.3 million.
- At June 30, 2020, the General Fund reported an unassigned fund balance of \$1,579,408.
- For budgetary reporting purposes, the General Fund reported revenues above estimates of \$640,473 or 9.31%, while expenditures were under the final appropriations by \$4,067,038 or 27.47%.

***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, 2020**

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**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 useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.

**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

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- **Supplemental Information** – that provide 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 the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and 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, 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 by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic

**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental fund financial statement.

*Proprietary funds* - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all business-type activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

***A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE***

**Net Position**

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 \$40,316,561 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.)
	2020	Restated, 2019		2020	Restated, 2019		2020	Restated, 2019	
	Current assets	\$ 7,091	\$ 7,424	-4%	\$ 14,027	\$ 10,443	34%	\$ 21,118	\$ 17,867
Capital assets, net	12,250	12,630	-3%	30,637	31,849	-4%	42,887	44,479	-4%
Other non-current assets	36	279	100%	4,642	4,632	0%	4,678	4,911	-5%
<b>Total assets</b>	<b>19,377</b>	<b>20,333</b>	<b>-5%</b>	<b>49,306</b>	<b>46,924</b>	<b>5%</b>	<b>68,683</b>	<b>67,257</b>	<b>2%</b>
<b>Deferred outflows</b>	<b>2,711</b>	<b>2,827</b>	<b>-4%</b>	<b>1,016</b>	<b>909</b>	<b>12%</b>	<b>3,727</b>	<b>3,736</b>	<b>0%</b>
Current liabilities	1,517	1,336	14%	1,774	1,708	4%	3,291	3,044	8%
Non-current liabilities	13,828	14,977	-8%	10,819	11,459	-6%	24,647	26,436	-7%
<b>Total liabilities</b>	<b>15,345</b>	<b>16,313</b>	<b>-6%</b>	<b>12,593</b>	<b>13,167</b>	<b>-4%</b>	<b>27,938</b>	<b>29,480</b>	<b>-5%</b>
<b>Deferred inflows</b>	<b>1,857</b>	<b>1,452</b>	<b>28%</b>	<b>2,298</b>	<b>2,631</b>	<b>-13%</b>	<b>4,155</b>	<b>4,083</b>	<b>2%</b>
Net position									
Net investment capital assets	5,781	6,103	-5%	20,395	20,515	-1%	26,176	26,618	-2%
Restricted	3,435	4,969	-31%	529	541	-2%	3,964	5,510	-28%
Unrestricted (deficit)	(4,330)	(5,677)	-24%	14,507	10,979	32%	10,177	5,302	92%
<b>Total net positin</b>	<b>\$ 4,886</b>	<b>\$ 5,395</b>	<b>-9%</b>	<b>\$ 35,431</b>	<b>\$ 32,035</b>	<b>11%</b>	<b>\$ 40,317</b>	<b>\$ 37,430</b>	<b>8%</b>

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 2020, the net investment in capital assets amounted to \$26.2 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, 2020**

A major portion of the City's net position, \$4.0 million also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$10.2 million and can be used to pay general operating cost.

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

*Business-Type Activities:*

Current assets – Increase of \$3.7 million (34%) due to proceeds from a lawsuit settlement.

Net position unrestricted – Increase of \$3.5 million (32%) due to proceeds from a lawsuit settlement not restricted for use.

For the year ended June 30, 2020, net position of the primary government changed as follows:

**TABLE 2  
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
<b>Revenues</b>									
Charges for service	\$ 1,606	\$ 1,820	-12%	\$ 8,445	\$ 7,406	14%	\$ 10,051	\$ 9,226	9%
Operating grants and contributions	971	997	-3%	-	-	-	971	997	-3%
Capital grants and contributions	-	13	-100%	-	-	-	-	13	-100%
Taxes	7,282	6,686	9%	-	-	-	7,282	6,686	9%
Investment income	45	117	-62%	198	487	-59%	243	604	-60%
Miscellaneous	237	212	12%	3,856	172	2142%	4,093	384	966%
<b>Total revenues</b>	<b>10,141</b>	<b>9,845</b>	<b>3%</b>	<b>12,499</b>	<b>8,065</b>	<b>55%</b>	<b>22,640</b>	<b>17,910</b>	<b>26%</b>
<b>Expenses</b>									
General government	2,110	2,162	-2%	-	-	-	2,110	2,162	-2%
Public safety	7,656	6,568	17%	-	-	-	7,656	6,568	17%
Streets	947	925	2%	-	-	-	947	925	2%
Culture and recreation	1,048	725	45%	-	-	-	1,048	725	45%
Community development	642	773	-17%	-	-	-	642	773	-17%
Economic development	85	130	-35%	-	-	-	85	130	-35%
Interest on debt	150	159	-6%	-	-	-	150	159	-6%
Water	-	-	-	2,728	2,771	-2%	2,728	2,771	-2%
Wastewater	-	-	-	2,082	2,156	-3%	2,082	2,156	-3%
Sanitation	-	-	-	1,949	1,854	5%	1,949	1,854	5%
Hospital	-	-	-	356	404	-12%	356	404	-12%
<b>Total expenses</b>	<b>12,638</b>	<b>11,442</b>	<b>10%</b>	<b>7,115</b>	<b>7,185</b>	<b>-1%</b>	<b>19,753</b>	<b>18,627</b>	<b>-6%</b>
Excess (deficiency) before transfers	(2,497)	(1,597)	-56%	5,384	880	512%	2,887	(717)	-503%
Transfers	1,989	(1,586)	225%	(1,989)	1,586	-225%	-	-	-
<b>Change in net position</b>	<b>\$ (508)</b>	<b>\$ (3,183)</b>	<b>-84%</b>	<b>\$ 3,395</b>	<b>\$ 2,466</b>	<b>38%</b>	<b>\$ 2,887</b>	<b>\$ (717)</b>	<b>-503%</b>

Explanations of significant changes in Table 2 are as follows:

*Governmental Activities:*

Public Safety Expenditures – increases due to an increase in pension and OPEB costs related to public safety and an increase in operational cost

Transfers – increase of 225% due to an increase in operating transfers from business type activities.

**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

*Business-Type Activities:*

Miscellaneous revenue – increase of \$3.6 million due to proceeds from the settlement of a lawsuit.

Transfers – increase of 225% due to increase in operating transfers out to governmental activities.

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

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

	Total Expense		% Inc. (Dec.)	Net Revenue (Expense)		% Inc. (Dec.)
	of Services			of Services		
	2020	2019	2020	2019		
General government	\$ 2,110	\$ 2,162	-2%	\$ (1,258)	\$ (836)	51%
Public safety	7,657	6,568	17%	(6,537)	(5,466)	20%
Streets	947	925	2%	(484)	(634)	-24%
Culture, parks and recreation	1,048	725	45%	(1,048)	(704)	49%
Community development	642	774	-17%	(500)	(687)	-27%
Economic development	85	130	-35%	(85)	(127)	-33%
Interest on long-term debt	150	159	-6%	(150)	(158)	-5%
<b>Total</b>	<u>\$ 12,639</u>	<u>\$ 11,443</u>	10%	<u>\$ (10,062)</u>	<u>\$ (8,612)</u>	17%

For the year ended June 30, 2020 total expenses for governmental activities amounted to approximately \$12.6 million which was an increase from the prior year of 10%. See Table 2 above for explanations of changes.

**Business-type Activities**

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

	Total Expense		% Inc. Dec.	Net Revenue (Expense)		% Inc. Dec.
	of Services			of Services		
	2020	2019	2020	2019		
Water	\$ 2,728	\$ 2,771	-2%	\$ 524	\$ 26	1915%
Wastewater	2,082	2,156	-3%	400	92	335%
Sanitation	1,949	1,854	5%	546	289	89%
Hospital	356	404	-12%	(140)	(188)	-26%
<b>Total</b>	<u>\$ 7,115</u>	<u>\$ 7,185</u>	-1%	<u>\$ 1,330</u>	<u>\$ 219</u>	507%

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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 \$1,330,211 for the year ended June 30, 2020.

*A FINANCIAL ANALYSIS OF THE CITY'S FUNDS*

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$5.5 million or a 7.8% decrease of \$462,469 due to an increase in operational costs. The proprietary funds reported combined net position of \$35.4 million or a 10.6% increase from the prior year.

<b><u>Fund Balance/Net Position</u></b>			
Governmental Funds		Proprietary Funds	
Restricted	\$ 3,867,989	Net investment in capital assets	\$ 20,395,363
Assigned	48,009	Restricted for debt service and other	528,979
Unassigned	<u>1,574,913</u>	Unrestricted	<u>14,506,914</u>
Total Fund Balance	<u>\$ 5,490,911</u>	Total Net Position	<u>\$ 35,431,256</u>

**General Fund Budgetary Highlights**

For budgetary reporting purposes, the General Fund reported revenues above estimates of \$640,473 or 9.31%, while expenditures were under the final appropriations by \$4,067,038 or 27.47%.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2020, the City had \$42.9 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 \$1.6 million or 3.58% from the prior year.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,692	\$ 1,692	\$ 487	\$ 487	2,179	\$ 2,179
Buildings	7,436	557	5,936	6,343	13,372	6,900
Machinery, furniture and equipment	1,441	842	1,424	1,599	2,865	2,441
Infrastructure	1,618	1,887	22,731	20,504	24,349	22,391
Construction in progress	<u>63</u>	<u>7,652</u>	<u>60</u>	<u>2,916</u>	<u>123</u>	<u>10,568</u>
<b>Totals</b>	<u>\$ 12,250</u>	<u>\$ 12,630</u>	<u>\$ 30,638</u>	<u>\$ 31,849</u>	<u>\$ 42,888</u>	<u>\$ 44,479</u>

**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

This year's more significant capital asset additions included:

Sewer improvements	\$400,000
Library and park project completion	\$175,000

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 \$18.7 million in long-term debt outstanding which represents a \$1.5 million decrease, or 7.5%, 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>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accrued absences	\$ 839	\$ 824	\$ 121	\$ 114	\$ 960	\$ 938
General obligation bonds	6,890	7,320	-	-	6,890	7,320
Revenue Bonds	-	-	1,170	1,540	1,170	1,540
Bond Premium	145	154	-	-	145	154
Notes Payable - Direct borrowing	-	-	9,497	10,214	9,497	10,214
<b>Totals</b>	<u>\$ 7,874</u>	<u>\$ 8,298</u>	<u>\$ 10,788</u>	<u>\$ 11,868</u>	<u>\$ 18,662</u>	<u>\$ 20,166</u>

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 City will spend the upcoming year completing projects with an emphasis on the Library construction project and the all-inclusive playground. These projects are funded with general obligation bond proceeds.

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 our revenue base that will assist in operations.

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of the virus to the United States is reported to have begun in February 2020, causing business disruption through temporary business closures throughout the country. The impact of the virus on the tax revenues of the City had a minimal impact in 2020, and appears to be impacting 2021 minimally as well.



**CITY OF BETHANY, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2020**

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**Contacting the City's Financial Management**

This report is designed to provide our 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, 2020**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

**Statement of Net Position– June 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and equivalents	\$ 4,214,041	7,908,469	\$ 12,122,510
Investments	1,117,621	1,910,605	3,028,226
Interest receivable	874	3,699	4,573
Accounts receivable, net	720,901	637,246	1,358,147
Due from other governments	1,048,299	-	1,048,299
Other receivables	553	517,950	518,503
Internal balances	(90,346)	90,346	-
Prepaid expenses	78,528	25,259	103,787
Cash and equivalents, restricted	-	1,573,508	1,573,508
Investments - restricted	-	1,360,338	1,360,338
Net pension asset	35,598	-	35,598
Investment in joint venture	-	4,642,116	4,642,116
Capital Assets			
Land and construction in progress	1,755,312	546,608	2,301,920
Other capital assets, net of depreciation	10,494,786	30,090,267	40,585,053
Total assets	<u>19,376,167</u>	<u>49,306,411</u>	<u>68,682,578</u>
<b>DEFERRED OUTFLOWS:</b>			
Deferred amounts related to pensions	2,672,915	785,383	3,458,298
Deferred amounts related to OPEB	38,150	230,816	268,966
Total deferred outflows of resources	<u>2,711,065</u>	<u>1,016,199</u>	<u>3,727,264</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	990,483	509,111	1,499,594
Accrued interest payable	12,565	84,834	97,399
Long-term liabilities			
Due within one year	513,931	1,180,427	1,694,358
Due in more than one year	13,827,967	10,818,620	24,646,587
Total liabilities	<u>15,344,946</u>	<u>12,592,992</u>	<u>27,937,938</u>
<b>DEFERRED INFLOWS:</b>			
Deferred amounts related to pensions	1,401,672	273,666	1,675,338
Deferred amounts related to OPEB	455,309	72,020	527,329
Deferred lease revenue	-	1,952,676	1,952,676
Total deferred inflows of resources	<u>1,856,981</u>	<u>2,298,362</u>	<u>4,155,343</u>
<b>NET POSITION:</b>			
Net investment in capital assets	5,780,946	20,395,363	26,176,309
Restricted	3,434,576	528,979	3,963,555
Unrestricted (deficit)	(4,330,217)	14,506,914	10,176,697
Total net position	<u>\$ 4,885,305</u>	<u>\$ 35,431,256</u>	<u>\$ 40,316,561</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, 2020**

**Statement of Activities –Year Ended June 30, 2020**

<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>
<b>Primary government</b>							
Governmental Activities							
General Government	\$ 2,110,115	\$ 845,724	\$ 6,000	\$ -	\$ (1,258,391)	\$ -	\$ (1,258,391)
Public Safety	7,656,473	324,768	794,862	-	(6,536,843)	-	(6,536,843)
Public Works and Streets	946,913	292,499	170,466	-	(483,948)	-	(483,948)
Culture and Recreation	1,048,000	-	-	-	(1,048,000)	-	(1,048,000)
Community Development	642,370	142,240	-	-	(500,130)	-	(500,130)
Economic Development	84,663	445	-	-	(84,218)	-	(84,218)
Interest on Long-Term Debt	149,872	-	-	-	(149,872)	-	(149,872)
Total governmental activities	<u>12,638,406</u>	<u>1,605,676</u>	<u>971,328</u>	<u>-</u>	<u>(10,061,402)</u>	<u>-</u>	<u>(10,061,402)</u>
Business-type activities							
Water	2,728,155	3,252,806	-	-	-	524,651	524,651
Wastewater	2,081,856	2,481,597	-	-	-	399,741	399,741
Sanitation	1,948,637	2,494,828	-	-	-	546,191	546,191
Hospital	356,372	216,000	-	-	-	(140,372)	(140,372)
Total business-type activities	<u>7,115,020</u>	<u>8,445,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,330,211</u>	<u>1,330,211</u>
Total primary government	<u>\$ 19,753,426</u>	<u>\$ 10,050,907</u>	<u>\$ 971,328</u>	<u>\$ -</u>	<u>(10,061,402)</u>	<u>1,330,211</u>	<u>(8,731,191)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					5,737,739	-	5,737,739
Property tax					703,326	-	703,326
Franchise and public service taxes					703,592	-	703,592
Other taxes					136,921	-	136,921
Investment income					44,775	197,785	242,560
Miscellaneous					236,868	126,283	363,151
Proceeds from settlement of lawsuit					-	3,730,386	3,730,386
Transfers - internal activity					1,988,830	(1,988,830)	-
Total general revenues and transfers					<u>9,552,051</u>	<u>2,065,624</u>	<u>11,617,675</u>
Change in net position					(509,351)	3,395,835	2,886,484
Net position - beginning, restated					5,394,656	32,035,421	37,430,077
Net position - ending					<u>\$ 4,885,305</u>	<u>\$ 35,431,256</u>	<u>\$ 40,316,561</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, 2020**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

**Governmental Funds Balance Sheet - June 30, 2020**

	<u>General Fund</u>	<u>Library GO Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,679,385	\$ 612,254	\$ 1,922,402	\$ 4,214,041
Investments	350,767	516,444	250,410	1,117,621
Receivables:				
Accounts receivable	720,901	-	-	720,901
Due from other funds	5,743	-	7,556	13,299
Taxes	786,819	-	175,567	962,386
Interest	205	-	669	874
Other	86,466	-	-	86,466
Prepaid expenses	78,528	-	-	78,528
Total assets	<u>\$ 3,708,814</u>	<u>\$ 1,128,698</u>	<u>\$ 2,356,604</u>	<u>\$ 7,194,116</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 277,242	\$ 209,258	\$ 5,039	\$ 491,539
Wages payable	471,850	-	1,328	473,178
Due to other funds	93,407	-	10,238	103,645
Escrow liability	25,766	-	-	25,766
Total liabilities	<u>868,265</u>	<u>209,258</u>	<u>16,605</u>	<u>1,094,128</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	<u>583,909</u>	<u>-</u>	<u>25,168</u>	<u>609,077</u>
Fund balances:				
Restricted	677,232	919,440	2,271,317	3,867,989
Assigned	-	-	48,009	48,009
Unassigned	1,579,408	-	(4,495)	1,574,913
Total fund balances	<u>2,256,640</u>	<u>919,440</u>	<u>2,314,831</u>	<u>5,490,911</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,708,814</u>	<u>\$ 1,128,698</u>	<u>\$ 2,356,604</u>	<u>\$ 7,194,116</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, 2020

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Library GO Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 5,618,396	\$ -	\$ 1,611,482	\$ 7,229,878
Intergovernmental	1,005,703	-	35,647	1,041,350
Charges for services	633,876	-	87,781	721,657
Fines and forfeitures	782,882	-	41,501	824,383
Licenses and permits	142,240	-	-	142,240
Investment income	23,522	11,513	9,740	44,775
Miscellaneous	210,667	-	2,898	213,565
Total revenues	<u>8,417,286</u>	<u>11,513</u>	<u>1,789,049</u>	<u>10,217,848</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,098,835	-	-	2,098,835
Public Safety	7,324,608	-	116,841	7,441,449
Public works and streets	889,715	-	-	889,715
Culture and recreation	621,517	24,778	-	646,295
Economic development	459,895	-	64,338	524,233
Capital Outlay	151,245	191,131	540,259	882,635
Debt Service:				
Principal	-	-	430,000	430,000
Interest and other charges	-	-	159,675	159,675
Total expenditures	<u>11,545,815</u>	<u>215,909</u>	<u>1,311,113</u>	<u>13,072,837</u>
Excess (deficiency) of revenues over expenditures	(3,128,529)	(204,396)	477,936	(2,854,989)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,811,307	-	120,000	7,931,307
Transfers out	(5,001,307)	-	(537,480)	(5,538,787)
Total other financing sources and uses	<u>2,810,000</u>	<u>-</u>	<u>(417,480)</u>	<u>2,392,520</u>
Net change in fund balances	(318,529)	(204,396)	60,456	(462,469)
Fund balances - beginning, restated	2,575,169	1,123,836	2,254,375	5,953,380
Fund balances - ending	<u>\$ 2,256,640</u>	<u>\$ 919,440</u>	<u>\$ 2,314,831</u>	<u>\$ 5,490,911</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, 2020**

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund Balance – Net Position Reconciliation:**

Total fund balance, governmental funds	\$	5,490,911
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.		12,250,098
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.		609,077
Certain other long-term elements are not available to pay current fund liabilities and therefore they, along with deferred outflows, are deferred or not reported in the funds:		
Net pension asset		35,598
Pension related deferred outflows		2,672,915
OPEB related deferred outflows		38,150
Some liabilities are not due and payable in the current period and they, along with 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		(12,565)
Net pension liability		(5,377,980)
Pension related deferred inflows		(1,401,672)
Total OPEB liability		(1,089,970)
OPEB related deferred inflows		(455,309)
Accrued compensated absences		(839,313)
Unamortized debt premium		(144,635)
General obligation bond payable		(6,890,000)
Net Position of Governmental Activities in the Statement of Net Position	\$	4,885,305

See accompanying notes to the basic financial statements.



**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

**Changes in Fund Balances – Changes in Net Position Reconciliation:**

Net change in fund balances - total governmental funds:	\$	(462,469)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized		448,671
Depreciation expense		(828,565)
<p>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.</p>		
		(39,531)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		(50,838)
<p>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:</p>		
General obligation bond principal payments		430,000
<p>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:</p>		
Change in accrued interest payable		716
Change in accrued compensated absences		(15,151)
Change in total OPEB liability		(1,271)
Change in amortization of bond discount/premium		9,087
Change in net position of governmental activities	\$	(509,351)

See accompanying notes to the basic financial statements.

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Proprietary Funds Statement of Net Position - June 30, 2020**

	<u>Enterprise Funds</u>		
	<u>Bethany Public Works Authority</u>	<u>Bethany Hospital Trust</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,862,980	\$ 2,045,489	\$ 7,908,469
Cash and cash equivalents, restricted	1,573,508	-	1,573,508
Investments	1,009,570	901,035	1,910,605
Accounts receivable, net	637,246	-	637,246
Other receivable	517,950	-	517,950
Accrued interest receivable	1,811	1,888	3,699
Prepaid expense	25,259	-	25,259
Due from other funds	90,346	-	90,346
Total current assets	<u>9,718,670</u>	<u>2,948,412</u>	<u>12,667,082</u>
Non-current assets:			
Investments	-	1,360,338	1,360,338
Investment in joint venture	4,642,116	-	4,642,116
Capital assets:			
Land, construction in progress, and water rights	170,058	376,550	546,608
Other capital assets, net of accumulated depreciation	<u>25,717,615</u>	<u>4,372,652</u>	<u>30,090,267</u>
Total non-current assets	<u>30,529,789</u>	<u>6,109,540</u>	<u>36,639,329</u>
Total assets	<u>40,248,459</u>	<u>9,057,952</u>	<u>49,306,411</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	785,383	-	785,383
Deferred amounts related to OPEB	<u>230,816</u>	<u>-</u>	<u>230,816</u>
Total deferred outflows of resources	<u>1,016,199</u>	<u>-</u>	<u>1,016,199</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	402,177	-	402,177
Wages payable	106,934	-	106,934
Accrued interest payable	84,834	-	84,834
Accrued compensated absences	12,082	-	12,082
Refundable deposits	52,731	-	52,731
Notes payable	<u>1,115,614</u>	<u>-</u>	<u>1,115,614</u>
Total current liabilities	<u>1,774,372</u>	<u>-</u>	<u>1,774,372</u>
Non-current liabilities:			
Accrued compensated absences	108,738	-	108,738
Net pension liability	360,280	-	360,280
Total OPEB liability	319,016	-	319,016
Refundable deposits	479,679	-	479,679
Notes payable, net	<u>9,550,907</u>	<u>-</u>	<u>9,550,907</u>
Total non-current liabilities	<u>10,818,620</u>	<u>-</u>	<u>10,818,620</u>
Total liabilities	<u>12,592,992</u>	<u>-</u>	<u>12,592,992</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	273,666	-	273,666
Deferred amounts related to OPEB	72,020	-	72,020
Deferred amounts related hospital lease	<u>-</u>	<u>1,952,676</u>	<u>1,952,676</u>
Total deferred inflows of resources	<u>345,686</u>	<u>1,952,676</u>	<u>2,298,362</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,646,171	4,749,192	20,395,363
Restricted for debt service	528,979	-	528,979
Unrestricted	<u>12,150,830</u>	<u>2,356,084</u>	<u>14,506,914</u>
Total net position	<u>\$ 28,325,980</u>	<u>\$ 7,105,276</u>	<u>\$ 35,431,256</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, 2020

**Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2020**

	<b>Enterprise Funds</b>		<b>Total</b>
	<b>Bethany Public Works Authority</b>	<b>Bethany Hospital Trust</b>	
<b>REVENUES</b>			
Charges for services	\$ 8,229,231	\$ 216,000	\$ 8,445,231
Total operating revenues	<u>8,229,231</u>	<u>216,000</u>	<u>8,445,231</u>
<b>OPERATING EXPENSES</b>			
Personal services	2,226,174	-	2,226,174
Materials and supplies	744,491	-	744,491
Other services and charges	2,187,717	9,128	2,196,845
Depreciation expense	1,275,706	356,372	1,632,078
Total operating expenses	<u>6,434,088</u>	<u>365,500</u>	<u>6,799,588</u>
Operating income (loss)	<u>1,795,143</u>	<u>(149,500)</u>	<u>1,645,643</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	53,953	143,832	197,785
Miscellaneous	126,283	-	126,283
Proceeds from settlement of lawsuit	3,730,386	-	3,730,386
Interest expense and fiscal charges	(315,432)	-	(315,432)
Total non-operating revenue (expenses)	<u>3,595,190</u>	<u>143,832</u>	<u>3,739,022</u>
Income (loss) before contributions and transfers	<u>5,390,333</u>	<u>(5,668)</u>	<u>5,384,665</u>
Contributed capital from governmental activities	403,690	-	403,690
Transfers in	5,288,787	-	5,288,787
Transfers out	<u>(7,081,307)</u>	<u>(600,000)</u>	<u>(7,681,307)</u>
Change in net position	4,001,503	(605,668)	3,395,835
Total net position - beginning, restated	24,324,477	7,710,944	32,035,421
Total net position - ending	<u>\$ 28,325,980</u>	<u>\$ 7,105,276</u>	<u>\$ 35,431,256</u>

See accompanying notes to the basic financial statements.

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020**

	<u>Enterprise Funds</u>		
	<u>Bethany Public Works Authority</u>	<u>Bethany Hospital Trust</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 8,076,119	\$ -	\$ 8,076,119
Payments to suppliers	(2,936,536)	(9,128)	(2,945,664)
Payments to employees	(1,977,117)	-	(1,977,117)
Receipts from other funds	297,307	-	297,307
Receipts of customer meter deposits	146,778	-	146,778
Refunds of customer meter deposits	(112,400)	-	(112,400)
<b>Net cash provided by (used in) operating activities</b>	<u>3,494,151</u>	<u>(9,128)</u>	<u>3,485,023</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	5,288,787	-	5,288,787
Transfers to other funds	(7,081,307)	(600,000)	(7,681,307)
Proceeds from settlement of lawsuit	3,730,386	-	3,730,386
<b>Net cash provided by noncapital financing activities</b>	<u>1,937,866</u>	<u>(600,000)</u>	<u>1,337,866</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	(16,419)	-	(16,419)
Principal paid on debt	(1,087,644)	-	(1,087,644)
Interest and fiscal agent fees paid on debt	(330,198)	-	(330,198)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,434,261)</u>	<u>-</u>	<u>(1,434,261)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investments	182,827	335,963	518,790
Interest and dividends	45,473	147,022	192,495
<b>Net cash provided by investing activities</b>	<u>228,300</u>	<u>482,985</u>	<u>711,285</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,226,056	(126,143)	4,099,913
<b>Balances - beginning of year, restated</b>	<u>3,210,432</u>	<u>2,171,632</u>	<u>5,382,064</u>
<b>Balances - end of year</b>	<u>\$ 7,436,488</u>	<u>\$ 2,045,489</u>	<u>\$ 9,481,977</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 5,862,980	\$ 2,045,489	\$ 7,908,469
Restricted cash and cash equivalents - current	1,573,508	-	1,573,508
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 7,436,488</u>	<u>\$ 2,045,489</u>	<u>\$ 9,481,977</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 1,795,143	\$ (149,500)	\$ 1,645,643
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	1,275,706	356,372	1,632,078
Other nonoperating revenue	126,283	-	126,283
Change in assets and liabilities:			
Receivables, net	(153,973)	-	(153,973)
Other receivable	(125,422)	-	(125,422)
Due from other funds	297,307	-	297,307
Prepaid expenses	(25,259)	-	(25,259)
Deferred outflows related to pension	122,426	-	122,426
Deferred outflows related to OPEB	(229,586)	-	(229,586)
Accounts payable	20,931	-	20,931
Deferred inflows related to lease	-	(216,000)	(216,000)
Due to employees	28,273	-	28,273
Refundable deposits	34,378	-	34,378
Total OPEB liability	214,587	-	214,587
Net pension liability	222,832	-	222,832
Accrued compensated absences	7,296	-	7,296
Deferred inflows related to pension	(178,646)	-	(178,646)
Deferred inflows related to OPEB	61,875	-	61,875
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 3,494,151</u>	<u>\$ (9,128)</u>	<u>\$ 3,485,023</u>
<b>Noncash activities:</b>			
Asset contributed by others	403,690	-	403,690
	<u>\$ 403,690</u>	<u>\$ -</u>	<u>\$ 403,690</u>

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 issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. 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 53% 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 the proportion that the total revenues billed within the corporate limits of each said municipality bears 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, 2020, \$852,313 was remitted to the Bethany-Warr Acres Public Works Authority by the Bethany Public Works Authority.

For the year ended June 30, 2020, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture	\$4,631,900
Current year contributions	<u>10,216</u>
Ending investment in joint venture	<u>\$4,642,116</u>

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, 2020:

Total Assets	\$7,698,934
Deferred Outflows	\$6,910
Total Liabilities	\$307,035
Deferred Inflows	\$0
Total Net Position	\$7,398,809
Total Revenues	\$1,753,423
Total Expenses	\$1,734,148
Increase in Net Position	\$19,275

In addition, at June 30, 2020, the Bethany-Warr Acres Public Works Authority had no debt outstanding. Separate financial statements for the fiscal year ended June 30, 2020, 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 it cover all or most of the cost of these services it provides. 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 focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as 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 you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent 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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- Library GO Fund – is a capital project fund that accounts for a general obligation bond proceeds legally restricted for the construction of a library and park.

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.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and 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 services 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 includes 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, 2020 by these entities are as follows:

Type	Fair Value	Credit Rating	Maturities in Years		
			On Demand	Less Than One	1 - 5
Demand deposits	\$ 11,607,099	N/A	\$ 11,607,099	\$ -	\$ -
Cash on hand	1,072	N/A	1,072	-	-
Time deposits	1,712,388	N/A	-	1,457,024	255,364
Money Market Funds	3,347,143	Not rated	3,347,143	-	-
Sub-T total	<u>\$ 16,667,702</u>		<u>\$ 14,955,314</u>	<u>\$ 1,457,024</u>	<u>\$ 255,364</u>
Annuity	1,360,338				
Deposits with insurance pool	56,542				
Total Deposits and Investments	<u>\$ 18,084,582</u>				
<b>Reconciliation to Financial Statements:</b>					
Cash and cash equivalents	\$ 12,122,510				
Investments	3,028,226				
Cash and cash equivalents, restricted	1,573,508				
Investments, restricted	1,360,338				
	<u>\$ 18,084,582</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, 2020:

- Money Market Mutual Funds of \$3,347,143 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%.

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*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 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, 2020, the City was exposed to custodial credit risk at three financial institution by \$311,438.

*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, 2020, the investments held by the City mature between 2021 through 2022.

*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. The restricted assets as of June 30, 2020 are as follows:

Cash and cash equivalents:	
Restricted for Refundable deposits	\$ 534,676
Restricted for Construction	425,019
Restricted for Debt Service	613,813
	<u>\$ 1,573,508</u>

**4. Receivables**

Material receivables in the governmental fund types 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.

Business-type activities and the proprietary type fund 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.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 962,386	\$ -	\$ 962,386
Due from other governments	85,913	-	85,913
Court fines	6,760,381	(6,084,343)	676,038
Other	49,434	(4,018)	45,416
Total Governmental Activities	<u>\$ 7,858,114</u>	<u>\$ (6,088,361)</u>	<u>\$ 1,769,753</u>
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 720,901
Due from other governmental agencies			1,048,299
Other receivable			553
Total			<u>\$ 1,769,753</u>
Business-Type Activities:			
Utilities	<u>\$ 699,031</u>	<u>\$ (61,785)</u>	<u>\$ 637,246</u>

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**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, 2020, capital assets balances changed as follows:

	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,692,059	\$ -	\$ -	\$ 1,692,059
Construction in progress	7,652,598	184,501	7,773,846	63,253
Total capital assets not being depreciated	<u>9,344,657</u>	<u>184,501</u>	<u>7,773,846</u>	<u>1,755,312</u>
Other capital assets:				
Buildings	2,959,721	7,283,370	-	10,243,091
Infrastructure	13,508,946	-	-	13,508,946
Machinery, furniture and equipment	6,165,332	754,645	-	6,919,977
Total other capital assets at historical cost	<u>22,633,999</u>	<u>8,038,015</u>	<u>-</u>	<u>30,672,014</u>
Less accumulated depreciation for:				
Buildings	2,402,499	404,964	-	2,807,463
Infrastructure	11,622,345	268,193	-	11,890,538
Machinery, furniture and equipment	5,323,819	155,408	-	5,479,227
Total accumulated depreciation	<u>19,348,663</u>	<u>828,565</u>	<u>-</u>	<u>20,177,228</u>
Other capital assets, net	3,285,336	7,209,450	-	10,494,786
Governmental activities capital assets, net	<u>\$ 12,629,993</u>	<u>\$ 7,393,951</u>	<u>\$ 7,773,846</u>	<u>\$ 12,250,098</u>
	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 486,609	\$ -	\$ -	\$ 486,609
Construction in progress	2,916,595	399,423	3,256,019	59,999
Total capital assets not being depreciated	<u>3,403,204</u>	<u>399,423</u>	<u>3,256,019</u>	<u>546,608</u>
Other capital assets:				
Buildings and utility infrastructure	13,465,289	-	-	13,465,289
Machinery, furniture and equipment	3,497,088	16,419	-	3,513,507
Infrastructure	37,791,932	3,260,206	-	41,052,138
Total other capital assets at historical cost	<u>54,754,309</u>	<u>3,276,625</u>	<u>-</u>	<u>58,030,934</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	7,122,472	407,008	-	7,529,480
Machinery, furniture and equipment	1,897,819	191,808	-	2,089,627
Infrastructure	17,288,298	1,033,262	-	18,321,560
Total accumulated depreciation	<u>26,308,589</u>	<u>1,632,078</u>	<u>-</u>	<u>27,940,667</u>
Other capital assets, net	28,445,720	1,644,547	-	30,090,267
Business-type activities capital assets, net	<u>\$ 31,848,924</u>	<u>\$ 2,043,970</u>	<u>\$ 3,256,019</u>	<u>\$ 30,636,875</u>

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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. Depreciation expense has been allocated as follows:

<b>Governmental Activities:</b>			
General Government		\$	198,071
Public Safety			174,687
Streets			45,074
Culture and Recreation			409,337
Community Development			1,396
Total		\$	828,565
<b>Business-Type Activities:</b>			
Hospital		\$	356,372
Water			589,691
Wastewater			537,994
Sanitation			148,021
Total		\$	1,632,078

**6. Internal and Interfund Balances and Transfers**

**Internal and Interfund Balances:**

The City’s policy is to eliminate interfund receivable and payables between funds in the Statement of Net Position to avoid the grossing up of balances. Only the residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column.

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
BPWA	* CDBG Fund	\$ 4,495	To cover negative cash
General Fund	* BEDA	5,743	Posting correction
Debt Service Fund	General Fund	* 4,265	Posting correction
Juvenile Fund	General Fund	* 3,291	Posting correction
BPWA	* General Fund	* 85,851	Posting correction
Total		\$ 103,645	
	* Denotes major fund.		
		Due From Other Funds	Due To Other Funds
Reconciliation to Fund Financial Statements:		\$ 13,299	\$ 103,645
Governmental Funds		\$ 90,346	\$ (90,346)
Proprietary Funds		-	90,346
Total		\$ 103,645	\$ -

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**Internal and Interfund Transfers:**

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of 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, 2020 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
General Fund	BPWA	\$ 7,081,307	Operating subsidy/return of pledged sales tax
General Fund	E911	100,000	To correct posting
General Fund	BHT	600,000	Operating subsidy
General Fund	BHT	30,000	Operating subsidy
BDA	General Fund	120,000	Operating subsidy
BPWA	Capital Improvement Fund	407,480	Capital project
BPWA	General Fund	4,881,307	Pledged sales tax
		<u>\$ 13,220,094</u>	

<b>Reconciliation to fund financial statements:</b>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ (5,538,787)	\$ 7,931,307	\$ 2,392,520
Enterprise Funds	(7,681,307)	5,288,787	(2,392,520)
Totals	<u>\$ (13,220,094)</u>	<u>\$ 13,220,094</u>	<u>\$ -</u>

<b>Reconciliation to Statement of Activities:</b>		
Net Transfers		
Transfer of capital assets		(2,392,520)
Transfer of assets from Governmental Activities to Business Type Activities		403,690
Transfers - Internal Activity		<u>\$ (1,988,830)</u>

**7. Long-Term Debt**

The City's long term debt consists of revenue bonds and notes, capital lease obligations, accrued compensated absences and long-term deposits subject to refund.

For the year ended June 30, 2020, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 7,320,000	\$ -	\$ 430,000	\$ 6,890,000	\$ 430,000
General Obligation Bond Premium	153,722	-	9,087	144,635	-
Accrued Compensated Absences	824,162	15,151	-	839,313	83,931
Total Governmental Activities	<u>\$ 8,297,884</u>	<u>\$ 15,151</u>	<u>\$ 439,087</u>	\$ 7,873,948	\$ 513,931
Plus: Total OPEB liability				1,089,970	-
Net pension liability				5,377,980	-
				<u>\$ 14,341,898</u>	<u>\$ 513,931</u>
<b>Reconciliation to Statement of Net Position:</b>					
Due within one year				\$ 513,931	
Due in more than one year				13,827,967	
				<u>\$ 14,341,898</u>	



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<u>Type of Debt</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Notes Payable - Direct borrowings	\$ 10,214,165	\$ -	\$ 717,644	\$ 9,496,521	\$ 735,614
Revenue Bonds	1,540,000	-	370,000	1,170,000	380,000
Accrued Compensated Absences	<u>113,524</u>	<u>7,296</u>	<u>-</u>	<u>120,820</u>	<u>12,082</u>
Total Business-Type Activities	<u>\$ 11,867,689</u>	<u>\$ 7,296</u>	<u>\$ 1,087,644</u>	\$ 10,787,341	\$ 1,127,696
Plus: Total OPEB liability				319,016	-
Net pension liability				360,280	-
Refundable deposits				<u>532,410</u>	<u>52,731</u>
				<u>\$ 11,999,047</u>	<u>\$ 1,180,427</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,180,427	
Due in more than one year				<u>10,818,620</u>	
				<u>\$ 11,999,047</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 valorm taxes.

\$6,890,000

*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.

\$1,170,000

**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.

\$2,656,521

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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.

6,840,000

Total Notes Payable (direct borrowings)

\$9,496,521

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

**Governmental-Type Activities**

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2021	\$ 430,000	\$ 150,775
2022	430,000	142,175
2023	430,000	133,575
2024	430,000	124,978
2025	430,000	116,375
2026-2030	2,150,000	452,875
2031-2035	2,150,000	223,900
2036-2038	440,000	12,100
Total	<u>\$ 6,890,000</u>	<u>\$ 1,356,753</u>

**Business-Type Activities**

Year Ending June 30,	Notes Payable - Direct Borrowings		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2021	\$ 735,614	\$ 261,920	\$ 380,000	\$ 31,780
2022	758,589	240,309	390,000	19,840
2023	1,191,816	215,156	400,000	6,800
2024	1,225,146	180,581	-	-
2025	1,264,056	144,691	-	-
2026-2028	4,321,300	201,270	-	-
Total	<u>\$ 9,496,521</u>	<u>\$ 1,243,927</u>	<u>\$ 1,170,000</u>	<u>\$ 58,420</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 sales tax is pledged to pay the debt service on the bonds and the

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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 \$11,968,868. Net water revenues and sales tax received in the current year were \$6,137,386. Debt service payments of \$1,399,091 for the current fiscal year were 22.8% of pledged net utility revenues and sales tax.

**8. Deferred Revenue - Lease**

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 FY 2020, \$216,000 of costs were recognized as rental revenue. At June 30, 2020, \$1,952,676 of costs are recognized as deferred revenue.

**9. 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 first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

At June 30, 2020 net position restricted by enabling legislation totaled \$677,231.

*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 (a) not in spendable form or (b) 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.

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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.

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

	<b>Major Capital Project</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Fund</b>	<b>Library</b>		
	<b>Fund</b>	<b>GO Bonds</b>	<b>Fund</b>		
Fund Balance:					
Restricted For:					
Police operations	\$ -	\$ -		\$ 345,365	\$ 345,365
General obligation debt service	-			524,345	524,345
Capital improvements			919,440	868,253	1,787,693
Emergency Services	180,823			-	180,823
Stormwater management	496,409			-	496,409
Economic development	-			467,714	467,714
Cemetery improvements	-			65,640	65,640
Sub-total restricted	<u>677,232</u>		<u>919,440</u>	<u>2,271,317</u>	<u>3,867,989</u>
Assigned for:					
Capital improvements	-			48,009	48,009
Sub-total assigned	<u>-</u>			<u>48,009</u>	<u>48,009</u>
Unassigned:	1,579,408			(4,495)	1,574,913
<b>TOTAL FUND BALANCE</b>	<u>\$ 2,256,640</u>	<u>\$ 919,440</u>		<u>\$ 2,314,831</u>	<u>\$ 5,490,911</u>

At June 30, 2020, net position/fund balance was restated as follows:

	<b>Governmental Activities:</b>		<b>Business-type Activities:</b>
	<b>Government-wide</b>	<b>Fund Level</b>	<b>Fund Level/Government Wide</b>
<b>Statement of Activities:</b>			
Beginning net position as previously reported	\$5,673,056	\$6,231,780	\$31,757,021
Under (over) statement of cash and cash equivalents	(278,400)	(278,400)	278,400
Beginning net position, restated	<u>\$5,394,656</u>	<u>\$5,953,380</u>	<u>\$32,035,421</u>

## 10. 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 .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 funds. The .70 cents is 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, 2020, the City's net assessed valuation of taxable property was \$103,967,747. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2020 was \$6.76.

## 11. 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.

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- 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.

## 12. 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

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

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Deferred Outflows:			
Police Pension	\$ 709,298	\$ -	\$ 709,298
Fire Pension	1,352,896	-	1,352,896
OkMRF	610,721	785,383	1,396,104
Total	<u>\$ 2,672,915</u>	<u>\$ 785,383</u>	<u>\$ 3,458,298</u>
Deferred Inflows:			
Police Pension	\$ 171,315	\$ -	\$ 171,315
Fire Pension	835,054	-	835,054
OkMRF	395,303	273,666	668,969
Total	<u>\$ 1,401,672</u>	<u>\$ 273,666</u>	<u>\$ 1,675,338</u>
Net Pension Liability:			
Fire Pension	\$ 5,045,569	\$ -	\$ 5,045,569
OkMRF	332,411	360,280	692,691
Total	<u>\$ 5,377,980</u>	<u>\$ 360,280</u>	<u>\$ 5,738,260</u>
Net Pension Asset:			
Police Pension	\$ 35,598	\$ -	\$ 35,598
Total	<u>\$ 35,598</u>	<u>\$ -</u>	<u>\$ 35,598</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](http://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.

**C. Eligibility Factors and Benefit Provisions**

<u>Provision</u>	<u>As of 07/01/19 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

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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	86
Deferred Vested Former Employees	5
Retirees or Retiree Beneficiaries	46
Total	<u>137</u>

**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 16.51% of covered payroll as of July 1, 2019. For the year ended June 30, 2020, the City recognized \$511,119 of employer contributions to the plan which is in excess of the actuarially determined amount by \$13,651 based on covered payroll of \$4,176,896. Employees contribute 4.60% to the plan in accordance with the plan provisions adopted by the City Council. Employee contributions for fiscal 2020 were \$191,804.

**F. Actuarial Assumptions**

Date of Last Actuarial Valuation	July 1, 2019
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:



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Year 1:	225
Year 2:	140
Year 3:	100
Year 4:	70
Year 5:	40

j. Date of last experience study September 2012 for fiscal years 2007 thru 2011

**G. Discount Rate –**

The discount rate used to value benefits was the long-term expected rate of return on plan investments of 7.50% 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, 2019 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%

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**H. Changes in Net Pension Liability** – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2019 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, 2019 and the City’s report ending date of June 30, 2020, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances Beginning of Year</b>	\$ 26,679,527	\$ 26,443,190	\$ 236,337
<b>Changes for the Year:</b>			
Service cost	586,762	-	586,762
Interest expense	1,951,401	-	1,951,401
Benefit changes	-	-	-
Experience losses (gains) - (amortized over avg remain svc period of actives & inactive)	(94,319)	-	(94,319)
Changes of assumptions	401,239	-	401,239
Contributions--City	-	472,645	(472,645)
Contributions--members	-	189,929	(189,929)
Net investment income	-	1,782,115	(1,782,115)
Benefits paid	(1,346,023)	(1,346,023)	-
Plan administrative expenses	-	(55,960)	55,960
<b>Net Changes</b>	1,499,060	1,042,706	456,354
<b>Balances End of Year</b>	\$ 28,178,587	\$ 27,485,896	\$ 692,691

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-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	\$ 3,642,183	\$ 692,691	\$ 1,804,318

The City reported \$678,878 in pension expense for the year ended June 30, 2020. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 291,792
Changes of assumptions	486,379	-
Net difference between projected and actual earnings on pension plan investments	33,841	-
Changes in proportion and differences between City contributions and proportionate share of contributions	242,499	242,499
City contributions during measurement date	122,266	134,678
City contributions subsequent to the measurement date	511,119	-
Total	\$ 1,396,104	\$ 668,969

The \$511,119 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 year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$ 154,049
2022	(96,811)
2023	101,875
2024	56,903
	\$ 216,016

**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](http://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:

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Normal Retirement:

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty 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 \$232,244. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$501,694 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 \$485,616. 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, 2020, the City reported a liability of \$5,045,569 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was .4775%.

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For the year ended June 30, 2020, the City recognized pension expense of \$817,416. At June 30, 2020, 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	\$ 844,879	\$ 102,629
Changes of assumptions	-	129,618
Net difference between projected and actual earnings on pension plan investments	-	365,241
Changes in proportion and differences between City contributions and proportionate share of contributions	275,773	234,396
City contributions during the measurement date	-	3,170
City contributions subsequent to the measurement date	232,244	-
Total	\$ 1,352,896	\$ 835,054

In the year ending June 30, 2021, \$232,244 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:

Year ended June 30:

2021	\$	166,196
2022		9,040
2023		126,827
2024		19,125
2025		(35,590)
Total	\$	285,598

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

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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, 2019, 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%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 6,515,236	\$ 5,045,569	\$ 3,431,710

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

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

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**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.

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 \$259,305. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$231,292 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 \$220,585. 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, 2020, the City reported an asset of \$35,598 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension asset was based on the City's contributions

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received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was .5576%.

For the year ended June 30, 2020, the City recognized pension expense of \$424,807. At June 30, 2020, 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	\$ 21,363	\$ 168,074
Changes of assumptions	90,896	-
Net difference between projected and actual earnings on pension plan investments	325,296	-
Changes in proportion and differences between City contributions and proportionate share of contributions	11,880	1,104
City contributions during the measurement date	558	2,137
City contributions subsequent to the measurement date	259,305	-
Total	\$ 709,298	\$ 171,315

The \$259,305 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 (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	156,088
2022		(45,819)
2023		53,536
2024		109,175
2025		5,698
Total	\$	278,678

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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).



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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, 2019, 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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private equity	10.20%
Commodities	3.50%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 1,516,456	\$ (35,598)	\$ (1,347,879)

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

**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.

Under the plan the employer contributed 3% of compensation through December 2017 and 4% for January through June 2018 and continuing on through June 2020. Employees may voluntarily contribute to the plan. Employees are 100% vested in the plan. During the year ended June 30, 2020, employees contributed \$30,959 and the employer contributed \$11,901.

**ICMA Retirement Deferred Compensation Plan (the ICMA Plan)** – The City of Bethany makes available to all full-time employees a Section 457 deferred compensation 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, 2020, employees contributed \$104,771 and the employer contributed \$0 to the Plan.

**13. 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

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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 retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service in 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, 2020 were \$30,704.

*Employees Covered by Benefit Terms*

Active Employees	138
Inactive or beneficiaries receiving benefits	<u>9</u>
Total	<u>147</u>

*Total OPEB Liability* – The total OPEB liability was determined based on an actuarial valuation performed as of June 30, 2019.

*Actuarial Assumptions*- The City’s total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions:

- Actuarial cost method – Entry Age
- Discount rate – 3.50% 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%

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*Changes in Total OPEB Liability -*

	<b>Total OPEB Liability</b>
<b>Balances at Beginning of Year</b>	\$ 1,508,157
<b>Changes for the Year:</b>	
Service cost	71,166
Interest expense	61,120
Change in assumptions	(228,732)
Difference between expected and actual experience	27,979
Benefits paid	(30,704)
<b>Net Changes</b>	<b>(99,171)</b>
<b>Balances End of Year</b>	<b>\$ 1,408,986</b>

*OPEB liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2020, the City recognized OPEB expenses of \$81,841. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,005	\$ -
Changes of assumptions	-	296,413
Net difference between projected and actual earnings on OPEB plan investments	219,651	219,651
Change in proportion		
City Contributions during the measurement date	-	11,265
City Contributions subsequent to the measurement date	25,310	-
<b>Total</b>	<b>\$ 268,966</b>	<b>\$ 527,329</b>

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

<b>Year Ended June 30:</b>	
2021	\$ (52,310)
2022	(52,310)
2023	(52,310)
2024	(52,310)
2025	(41,070)
Thereafter	(33,363)
	<b>\$ (283,673)</b>

*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 1-percentage-point lower (2.50 percent) or 1- percentage point higher (4.50 percent) than the current discount rate:

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	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase ( 4.50%)
Employers' total OPEB liability	\$ 1,716,083	\$ 1,408,986	\$ 1,172,105

*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 1-percentage-point lower (5.90 percent decreasing to 3.87 percent) or 1- percentage point higher (7.09 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease 5.09% decreasing to 3.87%)	(6.02% decreasing to 4.87%)	1% Increase (7.09% decreasing to 5.87%)
Employers' total OPEB liability	\$ 1,179,006	\$ 1,408,986	\$ 1,699,232

#### **14. Commitments and Contingencies**

##### **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 2020, 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 23<sup>rd</sup> Street and the undeveloped area north of Northwest 39<sup>th</sup> Expressway and east of the Lake Hefner Canal and scattered redevelopment along Northwest 39<sup>th</sup> 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.

**15. Subsequent Events**

The city received \$1,481,559 in CARES Act Funding to assist with the global COVID-19 pandemic.

The city incurred to FEMA declared natural disasters. A major ice storm caused significant damage throughout the city in October 2020, resulting in debris clean up. The City is still cleaning up from this storm and final damage estimates are not available. In February 2021 a major snow storm hit the city causing \$192,231 in damages.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2020**

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 5,813,536	\$ 5,813,536	\$ 2,550,222	\$ (3,263,314)
<b>Resources (Inflows):</b>				
Taxes	5,020,500	5,020,500	5,549,556	529,056
Intergovernmental	254,600	254,600	276,113	21,513
Fees, licenses and permits	121,000	121,000	142,240	21,240
Charges for services	453,900	479,750	636,530	156,780
Fines and forfeitures	778,868	778,868	679,441	(99,427)
Interest earned	26,000	26,000	23,519	(2,481)
Miscellaneous	222,725	196,875	210,667	13,792
<b>Total Resources (Inflows)</b>	<u>6,877,593</u>	<u>6,877,593</u>	<u>7,518,066</u>	<u>640,473</u>
<b>Amounts available for appropriation</b>	<u>12,691,129</u>	<u>12,691,129</u>	<u>10,068,288</u>	<u>(2,622,841)</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government				
Management	1,188,250	1,188,250	948,435	239,815
Finance	422,032	422,032	418,558	3,474
Municipal court	540,018	540,018	559,917	(19,899)
Engineering	184,795	184,795	180,960	3,835
Administration	2,857,340	2,857,340	-	2,857,340
Community Development	631,758	631,758	458,617	173,141
Public Safety				
Police	4,472,685	4,472,685	4,038,670	434,015
Fire	2,750,898	2,750,898	2,623,518	127,380
Public Works and Streets				
Administration	233,199	233,199	171,892	61,307
Streets	718,639	718,639	650,370	68,269
Maintenance	125,704	125,704	64,488	61,216
Culture and Recreation				
Parks	682,743	682,743	625,598	57,145
<b>Total Charges to Appropriations</b>	<u>14,808,061</u>	<u>14,808,061</u>	<u>10,741,023</u>	<u>4,067,038</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	6,960,860	6,960,860	7,811,307	850,447
Transfers to other funds	(4,839,500)	(4,839,500)	(5,001,307)	(161,807)
<b>Total other financing sources (uses)</b>	<u>2,121,360</u>	<u>2,121,360</u>	<u>2,810,000</u>	<u>688,640</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 4,428</u>	<u>\$ 4,428</u>	<u>\$ 2,137,265</u>	<u>\$ 2,132,837</u>



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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.

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

	<u>Fund Balance</u> <u>July 1, 2019</u>	<u>Net Change in</u> <u>Fund Balance</u>	<u>Fund Balance</u> <u>June 30, 2020</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$2,575,169	(\$318,529)	\$2,256,640
Increases (Decreases):			
Revenues:			
Accounts receivable	(1,482,201)	(112,190)	(1,594,391)
State on behalf pension payments	(736,021)	3,035	(732,986)
Combining accounts	(7,709)	289	(7,420)
Expenditures:			
Accrued payroll	342,529	129,321	471,850
Other expenditures	1,122,434	(111,848)	1,010,586
State on behalf pension payments	736,021	(3,035)	732,986
Fund Balance - Budgetary Basis	<u>\$2,550,222</u>	<u>(\$412,957)</u>	<u>\$2,137,265</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>
City's proportion of the net pension liability	0.4666469%	0.4746469%	0.5068200%	0.4774980%
City's proportionate share of the net pension liability	\$ 5,701,081	\$ 5,969,747	\$ 5,704,991	\$ 5,045,569
City's covered-employee payroll	\$ 1,305,306	\$ 1,330,221	\$ 1,503,888	\$ 1,476,625
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	437%	449%	379%	342%
Plan fiduciary net position as a percentage of the total pension liability	64.87%	66.61%	70.73%	72.85%

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

**Notes to Schedule:**

Only the previous four 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>
Statutorially required contribution	\$ 179,255	\$ 182,743	\$ 186,231	\$ 210,544	\$ 206,728	\$ 232,244
Contributions in relation to the statutorially 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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%

**Notes to Schedule:**

Only the previous six 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 (ASS OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City's proportion of the net pension liability (asset)	0.5536%	0.5509%	0.5869%	0.5576%
City's proportionate share of the net pension liability (asset)	\$ 847,805	\$ 42,373	\$ (279,584)	\$ (35,598)
City's covered-employee payroll	\$ 1,591,163	\$ 1,642,700	\$ 1,790,307	\$ 1,813,284
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%
Plan fiduciary net position as a percentage of the total pension liability	93.50%	99.68%	101.89%	100.24%

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

**Notes to Schedule:**

Only the previous four 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>
Statutorially required contribution	\$ 195,488	\$ 206,851	\$ 213,551	\$ 232,740	\$ 235,728	\$ 259,305
Contributions in relation to the statutorially 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>
Contribution deficiency (excess)	<u>\$ (2,672)</u>	<u>\$ 6,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,503,757	\$ 1,591,163	\$ 1,642,700	\$ 1,790,307	\$ 1,813,284	\$ 1,993,346
Contributions as a percentage of covered-employee payroll	13.18%	12.61%	13.00%	13.00%	13.00%	13.01%

**Notes to Schedule:**

Only the previous six 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 Six Fiscal Years

	2015	2016	2017	2018	2019	2020
<b>Total pension liability</b>						
Service cost	\$ 350,458	\$ 385,355	\$ 504,132	\$ 525,983	\$ 548,968	\$ 586,762
Interest	1,732,533	1,759,621	1,761,976	1,829,496	1,876,797	1,951,401
Changes of benefit terms	-	-	-	821	-	-
Differences between expected and actual experience	-	(665,220)	(288,129)	(213,851)	(89,986)	(94,319)
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)
<b>Net change in total pension liability</b>	<u>1,130,490</u>	<u>(350,151)</u>	<u>923,628</u>	<u>1,503,885</u>	<u>999,502</u>	<u>1,499,060</u>
<b>Total pension liability - beginning</b>	<u>22,472,174</u>	<u>23,602,663</u>	<u>23,252,512</u>	<u>24,176,140</u>	<u>25,680,025</u>	<u>26,679,527</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 23,602,664</u>	<u>\$ 23,252,512</u>	<u>\$ 24,176,140</u>	<u>\$ 25,680,025</u>	<u>\$ 26,679,527</u>	<u>\$ 28,178,587</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 537,682	\$ 583,840	\$ 536,856	\$ 558,723	\$ 481,380	\$ 472,645
Contributions - member	150,355	153,204	157,696	164,120	181,058	189,929
Net investment income	3,380,397	650,013	203,962	2,815,616	1,852,623	1,782,115
Benefit payments, including refunds of member contributions	(952,501)	(1,829,907)	(1,054,351)	(1,161,143)	(1,336,277)	(1,346,023)
Administrative expense	(49,979)	(48,861)	(45,845)	(49,866)	(52,417)	(55,960)
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>3,065,954</u>	<u>(491,711)</u>	<u>(201,682)</u>	<u>2,327,450</u>	<u>1,126,367</u>	<u>1,042,706</u>
<b>Plan fiduciary net position - beginning</b>	<u>20,616,812</u>	<u>23,682,766</u>	<u>23,191,055</u>	<u>22,989,373</u>	<u>25,316,823</u>	<u>26,443,190</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 23,682,766</u>	<u>\$ 23,191,055</u>	<u>\$ 22,989,373</u>	<u>\$ 25,316,823</u>	<u>\$ 26,443,190</u>	<u>\$ 27,485,896</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (80,102)</u>	<u>\$ 61,457</u>	<u>\$ 1,186,767</u>	<u>\$ 363,202</u>	<u>\$ 236,337</u>	<u>\$ 692,691</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	100.34%	99.74%	95.09%	98.59%	99.11%	97.54%
<b>Covered employee payroll</b>	\$ 3,256,228	\$ 3,149,951	\$ 3,296,442	\$ 3,481,527	\$ 3,916,031	\$ 3,995,154
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	-2.46%	1.95%	36.00%	10.43%	6.04%	17.34%

\*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.

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

Schedule of Employer Contributions	Last Six Fiscal Years					
	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 583,839	\$ 536,856	\$ 537,293	\$ 478,931	\$ 462,833	\$ 497,468
Contributions in relation to the actuarially determined contribution	583,839	536,856	537,293	483,625	464,433	511,119
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (4,694)	\$ (1,600)	\$ (13,651)
Covered employee payroll	\$ 3,330,517	\$ 3,296,442	\$ 3,481,527	\$ 3,916,031	\$ 4,128,749	\$ 4,176,896
Contributions as a percentage of covered-employee payroll	17.53%	16.29%	15.43%	12.35%	11.25%	12.24%

**Notes to Schedule:**

1. Only the previous six fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2019
3. Actuarially determined contribution rate is calculated as of July 1, 2019  
 July 2019 through June 2020 contributions were at a rate of 11.91%.
4. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Remaining amortization period - 29 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%

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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>
Total OPEB Liability			
Service cost	\$ 83,719	\$ 75,082	\$ 71,166
Interest	40,545	54,508	61,120
Changes in assumptions	(115,440)	(44,424)	(228,732)
Experience Gain/(Loss)	-	-	27,979
Benefit payments	(31,435)	(24,504)	(30,704)
<b>Net change in total OPEB liability</b>	<u>(22,611)</u>	<u>60,662</u>	<u>(99,171)</u>
<b>Balances at Beginning of Year</b>	<u>1,470,106</u>	<u>1,447,495</u>	<u>1,508,157</u>
<b>Balances End of Year</b>	<u>\$ 1,447,495</u>	<u>\$ 1,508,157</u>	<u>\$ 1,408,986</u>
Covered employee payroll	\$ 10,760,000	\$ 7,418,658	\$ 7,196,000
Total OPEB liability as a percentage of covered- employee payroll	13.45%	20.33%	19.58%

**Notes to Schedule:**

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

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF BETHANY, OKLAHOMA  
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**Combining Balance Sheet – General Fund Accounts - June 30, 2020**

	GENERAL FUND	PREPAID INSPECTION ACCOUNT	PERFORMANCE BOND ACCOUNT	COURT ACCOUNT	CLEET AND OSBI ACCOUNT	TOTAL GENERAL FUND
<b>ASSETS</b>						
Cash and cash equivalents	\$ 779,959	\$ 25,766	\$ 27,863	\$ 741,884	\$ 103,913	\$ 1,679,385
Investments	350,767	-	-	-	-	350,767
Receivables:						
Accounts receivable	720,901	-	-	-	-	720,901
Due from other funds	5,743	-	-	-	-	5,743
Due from other accounts	779,465	-	-	103,353	-	882,818
Taxes receivable, net	786,819	-	-	-	-	786,819
Interest	205	-	-	-	-	205
Other receivables	86,466	-	-	-	-	86,466
Prepaid items	78,528	-	-	-	-	78,528
Total assets	<u>\$ 3,588,853</u>	<u>\$ 25,766</u>	<u>\$ 27,863</u>	<u>\$ 845,237</u>	<u>\$ 103,913</u>	<u>\$ 4,591,632</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 190,467	\$ -	\$ 27,863	\$ 58,912	\$ -	\$ 277,242
Wages payable	471,850	-	-	-	-	471,850
Due to other funds	93,407	-	-	-	-	93,407
Escrow liability	-	25,766	-	-	-	25,766
Due to other accounts	-	-	-	778,905	103,913	882,818
Total liabilities	<u>755,724</u>	<u>25,766</u>	<u>27,863</u>	<u>837,817</u>	<u>103,913</u>	<u>1,751,083</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	583,909	-	-	-	-	583,909
Fund balances:						
Restricted	677,232	-	-	-	-	677,232
Unassigned	1,571,988	-	-	7,420	-	1,579,408
Total fund balances	<u>2,249,220</u>	<u>-</u>	<u>-</u>	<u>7,420</u>	<u>-</u>	<u>2,256,640</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,588,853</u>	<u>\$ 25,766</u>	<u>\$ 27,863</u>	<u>\$ 845,237</u>	<u>\$ 103,913</u>	<u>\$ 4,591,632</u>



**CITY OF BETHANY, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund**  
**Accounts – Year Ended June 30, 2020**

	<u>General Fund</u>	<u>PREPAID INSPECTION ACCOUNT</u>	<u>PERFORMANCE BOND ACCOUNT</u>	<u>COURT ACCOUNT</u>	<u>CLEET AND OSBI ACCOUNT</u>	<u>TOTAL GENERAL FUND</u>
<b>REVENUES</b>						
Taxes	\$ 5,618,396	\$ -	\$ -	\$ -	\$ -	\$ 5,618,396
Intergovernmental	1,005,703	-	-	-	-	1,005,703
Charges for services	633,876	-	-	-	-	633,876
Fines and forfeitures	782,882	-	-	-	-	782,882
Licenses and permits	142,240	-	-	-	-	142,240
Investment income	23,522	-	-	-	-	23,522
Miscellaneous	210,667	-	-	-	-	210,667
Total revenues	<u>8,417,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,417,286</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,098,546	-	-	289	-	2,098,835
Public safety	7,324,608	-	-	-	-	7,324,608
Public works and streets	889,715	-	-	-	-	889,715
Culture and recreation	621,517	-	-	-	-	621,517
Community development	459,895	-	-	-	-	459,895
Capital Outlay	151,245	-	-	-	-	151,245
Total expenditures	<u>11,545,526</u>	<u>-</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>11,545,815</u>
Excess (deficiency) of revenues over expenditures	<u>(3,128,240)</u>	<u>-</u>	<u>-</u>	<u>(289)</u>	<u>-</u>	<u>(3,128,529)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	7,811,307	-	-	-	-	7,811,307
Transfers out	(5,001,307)	-	-	-	-	(5,001,307)
Total other financing sources and uses	<u>2,810,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,810,000</u>
Net change in fund balances	(318,240)	-	-	(289)	-	(318,529)
Fund balances - beginning, restated	2,567,460	-	-	7,709	-	2,575,169
Fund balances - ending	<u>\$ 2,249,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,420</u>	<u>\$ -</u>	<u>\$ 2,256,640</u>

**CITY OF BETHANY, OKLAHOMA**  
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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2020**

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		TOTALS
	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	
<b>ASSETS</b>											
Cash and cash equivalents	\$ 121,214	\$ 42,050	\$ -	\$ 152,023	\$ 65,990	\$ 60,981	\$ 413,804	\$ 513,007	\$ 48,009	\$ 505,324	\$ 1,922,402
Investments	-	-	-	-	-	-	-	-	-	250,410	250,410
Due from other governments	18,996	11,231	-	-	-	-	-	32,241	-	113,099	175,567
Due from other funds	-	-	-	3,291	-	-	-	4,265	-	-	7,556
Interest Receivable	-	-	-	-	-	-	-	-	-	669	669
Total assets	<u>\$ 140,210</u>	<u>\$ 53,281</u>	<u>\$ -</u>	<u>\$ 155,314</u>	<u>\$ 65,990</u>	<u>\$ 60,981</u>	<u>\$ 413,804</u>	<u>\$ 549,513</u>	<u>\$ 48,009</u>	<u>\$ 869,502</u>	<u>\$ 2,356,604</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>											
Liabilities:											
Accounts payable and accrued liabilities	\$ 1,642	\$ -	\$ -	\$ 1,798	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ 1,249	5,039
Due to other funds	-	-	4,495	-	-	-	5,743	-	-	-	10,238
Wages payable	-	-	-	-	-	-	1,328	-	-	-	1,328
Total liabilities	<u>1,642</u>	<u>-</u>	<u>4,495</u>	<u>1,798</u>	<u>350</u>	<u>-</u>	<u>7,071</u>	<u>-</u>	<u>-</u>	<u>1,249</u>	<u>16,605</u>
Deferred Inflows:											
Deferred revenue	-	-	-	-	-	-	-	25,168	-	-	25,168
Fund balances:											
Restricted	138,568	53,281	-	153,516	65,640	60,981	406,733	524,345	-	868,253	2,271,317
Assigned	-	-	-	-	-	-	-	-	48,009	-	48,009
Unassigned (deficit)	-	-	(4,495)	-	-	-	-	-	-	-	(4,495)
Total fund balances	<u>138,568</u>	<u>53,281</u>	<u>(4,495)</u>	<u>153,516</u>	<u>65,640</u>	<u>60,981</u>	<u>406,733</u>	<u>524,345</u>	<u>48,009</u>	<u>868,253</u>	<u>2,314,831</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 140,210</u>	<u>\$ 53,281</u>	<u>\$ -</u>	<u>\$ 155,314</u>	<u>\$ 65,990</u>	<u>\$ 60,981</u>	<u>\$ 413,804</u>	<u>\$ 549,513</u>	<u>\$ 48,009</u>	<u>\$ 869,502</u>	<u>\$ 2,356,604</u>

**CITY OF BETHANY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2020**

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		TOTALS	
	PUBLIC SAFETY FUND	€911 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
<b>REVENUES</b>											
Taxes	\$ -	\$ 52,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,215	\$ -	\$ 863,605	\$ 1,611,482
Intergovernmental	35,647	-	-	-	-	-	-	-	-	-	35,647
Charges for services	76,281	-	-	-	11,500	-	-	-	-	-	87,781
Investment income	-	-	-	-	-	-	3,532	-	12	6,196	9,740
Fines and forfeitures	41,501	-	-	-	-	-	-	-	-	-	41,501
Miscellaneous	2,898	-	-	-	-	-	-	-	-	-	2,898
Total revenues	<u>156,327</u>	<u>52,662</u>	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>-</u>	<u>3,532</u>	<u>695,215</u>	<u>12</u>	<u>869,801</u>	<u>1,789,049</u>
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	113,232	3,609	-	-	-	-	-	-	-	-	116,841
Economic development	-	-	-	-	-	28,408	35,930	-	-	-	64,338
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	700	-	20,325	-	-	519,234	540,259
Debt Service											
Principal retirement	-	-	-	-	-	-	-	430,000	-	-	430,000
Interest and fiscal charges	-	-	-	-	-	-	-	159,675	-	-	159,675
Total Expenditures	<u>113,232</u>	<u>3,609</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>28,408</u>	<u>56,255</u>	<u>589,675</u>	<u>-</u>	<u>519,234</u>	<u>1,311,113</u>
Revenues over (under) expenditures	43,095	49,053	-	-	10,800	(28,408)	(52,723)	105,540	12	350,567	477,936
<b>OTHER FINANCING SOURCES (USES)</b>											
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	120,000	-	-	-	-	120,000
Transfers out	-	(100,000)	-	(30,000)	-	-	-	-	-	(407,480)	(537,480)
Total other financing sources (uses)	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(407,480)</u>	<u>(417,480)</u>
Net change in fund balances	43,095	(50,947)	-	(30,000)	10,800	91,592	(52,723)	105,540	12	(56,913)	60,456
Fund balances - beginning, restated	95,473	104,228	(4,495)	183,516	54,840	(30,611)	459,456	418,805	47,997	925,166	2,254,375
Fund balances - ending	<u>\$ 138,568</u>	<u>\$ 53,281</u>	<u>\$ (4,495)</u>	<u>\$ 153,516</u>	<u>\$ 65,640</u>	<u>\$ 60,981</u>	<u>\$ 406,733</u>	<u>\$ 524,345</u>	<u>\$ 48,009</u>	<u>\$ 868,253</u>	<u>\$ 2,314,831</u>

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Combining Schedule of Net Position – Public Works Authority Accounts – June 30, 2020**

<u>Bethany Public Works Authority Accounts</u>			
	<u>BPWA</u>	<u>METER DEPOSIT</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,862,980	\$ -	\$ 5,862,980
Cash and cash equivalents, restricted	1,038,832	534,676	1,573,508
Investments	1,009,570	-	1,009,570
Accounts receivable, net	637,246	-	637,246
Other receivable	517,950	-	517,950
Accrued interest receivable	1,811	-	1,811
Prepaid expense	25,259	-	25,259
Due from other funds	90,346	-	90,346
Total current assets	<u>9,183,994</u>	<u>534,676</u>	<u>9,718,670</u>
Non-current assets:			
Investment in joint venture	4,642,116	-	4,642,116
Capital assets:			
Land, construction in progress, and water rights	170,058	-	170,058
Other capital assets, net of accumulated depreciation	25,717,615	-	25,717,615
Total non-current assets	<u>30,529,789</u>	<u>-</u>	<u>30,529,789</u>
Total assets	<u>39,713,783</u>	<u>534,676</u>	<u>40,248,459</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amounts related to pension	785,383	-	785,383
Deferred amounts related to OPEB	230,816	-	230,816
Total deferred outflows of resources	<u>1,016,199</u>	<u>-</u>	<u>1,016,199</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	402,177	-	402,177
Wages payable	106,934	-	106,934
Accrued interest payable	84,834	-	84,834
Accrued compensated absences	12,082	-	12,082
Refundable deposits	-	52,731	52,731
Notes payable	1,115,614	-	1,115,614
Total current liabilities	<u>1,721,641</u>	<u>52,731</u>	<u>1,774,372</u>
Non-current liabilities:			
Accrued compensated absences	108,738	-	108,738
Net pension liability	360,280	-	360,280
Total OPEB liability	319,016	-	319,016
Refundable deposits	-	479,679	479,679
Notes payable	9,550,907	-	9,550,907
Total non-current liabilities	<u>10,338,941</u>	<u>479,679</u>	<u>10,818,620</u>
Total liabilities	<u>12,060,582</u>	<u>532,410</u>	<u>12,592,992</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	273,666	-	273,666
Deferred amounts related to OPEB	72,020	-	72,020
Total deferred inflows of resources	<u>345,686</u>	<u>-</u>	<u>345,686</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,646,171	-	15,646,171
Restricted for debt service	528,979	-	528,979
Unrestricted	12,148,564	2,266	12,150,830
Total net position	<u>\$ 28,323,714</u>	<u>\$ 2,266</u>	<u>\$ 28,325,980</u>

**CITY OF BETHANY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Combining Schedule of Revenues, Expenses and Changes in Net Position – Public Works Authority**  
**Accounts - Year Ended June 30, 2020**

	<u>Bethany Public Works Authority Accounts</u>		
	<u>BPWA</u>	<u>METER DEPOSIT</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services	\$ 8,229,231	\$ -	\$ 8,229,231
Total operating revenues	<u>8,229,231</u>	<u>-</u>	<u>8,229,231</u>
<b>OPERATING EXPENSES</b>			
Personal services	2,226,174	-	2,226,174
Materials and supplies	744,491	-	744,491
Other services and charges	2,187,717	-	2,187,717
Depreciation expense	1,275,706	-	1,275,706
Total operating expenses	<u>6,434,088</u>	<u>-</u>	<u>6,434,088</u>
Operating income	<u>1,795,143</u>	<u>-</u>	<u>1,795,143</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	53,248	705	53,953
Miscellaneous	126,283	-	126,283
Proceeds from settlement of lawsuit	3,730,386	-	3,730,386
Interest expense and fiscal charges	(315,432)	-	(315,432)
Total non-operating revenue (expenses)	<u>3,594,485</u>	<u>705</u>	<u>3,595,190</u>
Income before contributions and transfers	<u>5,389,628</u>	<u>705</u>	<u>5,390,333</u>
Capital contributions	403,690	-	403,690
Transfers in	5,288,787	-	5,288,787
Transfers out	(7,081,307)	-	(7,081,307)
Change in net position	<u>4,000,798</u>	<u>705</u>	<u>4,001,503</u>
Total net position - beginning, restated	24,322,916	1,561	24,324,477
Total net position - ending	<u>\$ 28,323,714</u>	<u>\$ 2,266</u>	<u>\$ 28,325,980</u>

**CITY OF BETHANY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

**CITY OF BETHANY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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

To the 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, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 7, 2021.

**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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify deficiencies in internal control that we consider to a material weakness.

**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 financial statements. 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 an instance of noncompliance or other matter, as described in the accompanying schedule of findings and responses, that is required to be reported under *Government Auditing Standards*. [2020-01]





### **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.

*Elfrink and Associates, PLLC*

Elfrink and Associates, PLLC

Tulsa, Oklahoma

June 7, 2021

**CITY OF BETHANY, OKLAHOMA**  
**FISCAL YEAR ENDED JUNE 30, 2020**  
**SCHEDULE OF FINDINGS AND RESPONSES**

This schedule is presented as an addendum to accompany the “*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*”. Consideration of items listed should be made in conjunction with that report.

2020-01 – Collateralization of Uninsured Deposits

**CONDITION:** The City had certain funds on deposit with financial institutions that were not adequately insured or collateralized at June 30, 2020. City deposits of approximately \$210,403 and BEDA deposits of approximately \$101,035 were uninsured and uncollateralized.

**CRITERIA:** Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of a municipality to be properly insured and/or collateralized at all times to ensure that no public funds are lost in the event of a failure of the financial institution.

**EFFECT:** In the event of a failure of the financial institution, the City could lose the funds that were uninsured or uncollateralized.

**CAUSE:** The City did not have procedures in place to properly monitor the balances on deposit with financial institutions in relation to the amounts pledged by the financial institutions to ensure that all uninsured public funds are adequately collateralized at all times

**RECOMMENDATION:** Management should establish procedures to properly monitor the deposit and investment balances at each financial institution in relation to the amounts pledged by the financial institution as it relates to each entity with deposits to ensure that all public funds are adequately collateralized at all times.

**RESPONSE:** Over the last half of Fiscal Year 2020, the cash amounts held at First Bethany Bank rose dramatically. That, along with the employee turnover in the finance department, led to the under-collateralized position at June 30th, 2021. Since then, First Bethany has issued several new securities pledges to keep up with the rising bank balances and the city is currently fully collateralized.

**Update on a prior year finding:**

2019-01 – Water and Sewer Rate Tables

**CONDITION:** We performed a review of a random sample of 40 meter bill calculations for the month of June 2019 and, based on the water consumption shown as well as the rate tables provided by management, calculated the expected bill amount and compared it to the actual bill amount. 36 of the 40 records showed sewer charges in the month of June 2019. Of the 36, 16 accounts showed sewer consumption higher than water consumption and 7 accounts showed sewer consumption lower than water consumption. According to the utility billing clerk, sewer billings are based upon an average of 5,000 gallons usage until the customer establishes their own average usage based upon the December, January, and February actual usage. We did not see Council authorization for this practice in the sewer rate tables.

**CRITERIA:** City Code 50.02(C)(1) states “The City Council shall, by resolution, approve and set an effective date for any water rate structure or sewer user fee structure before it shall become effective”.

**CAUSE OF CONDITION:** Due to turnover in City personnel and staff shortages as well as potentially unclear direction to the staff, the conditions may have developed over time.

**POTENTIAL EFFECT OF CONDITION:** Utility rates could be applied incorrectly and/or inconsistently. A customer could be overcharged or undercharged.

**RECOMMENDATION:** Utility billing procedures should be reviewed, documented, and compared to the policies approved by the City Council. A reference guide for office personnel establishing new customers

should be developed. Existing accounts should be reviewed to assure that the rates are consistent with those approved by the City Council and applied evenly to all similar customers.

RESPONSE: Management is aware of the policy of basing sewer billing on a three-month winter water usage average and using a 5,000-gallon average in the absence of an established winter average. This has been the policy for many years. The current rate resolution does not include this policy, and we will present the City Council with a resolution to reflect this procedure.

UPDATE: The utility rate schedule was updated in April 2020. We selected 40 utility accounts on a random basis and reviewed the billing for the month of June 2020. We reviewed the calculation of the sewer volume winter average and noted all billings were consistent with the stated policy with the exception of 3 accounts with zero winter usage that were billed at a minimum volume level of 1,000 gallons. Although we believe that this practice should be clarified in the rate schedule, we do not consider it to be a significant deficiency. Consequently, this issue has been resolved.