



**CITY OF
BETHANY,
OKLAHOMA**

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

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

THE CITY OF BETHANY, OKLAHOMA

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

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

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethany, Oklahoma (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 4 and Note 8 to the financial statements, in 2023 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 94, public-private and public-public partnerships and availability payment arrangements. Our opinion is not modified with respect to this matter.

Other Matters – Prior Period Financial Statements

The 2022 financial statements were audited by other auditors whose report dated December 28, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Arledge & Associates PC

Edmond, Oklahoma
May 31, 2024



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**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2023, the City's total net position increased by \$1,700,430 or 3.62% from the prior year.
- During the year, the City's expenses for governmental activities were \$13.3 million and were funded by program revenues of \$3.6 million and further funded with taxes and other general revenues that totaled \$9.9 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$2.1 million.
- At June 30, 2023, the General Fund reported an unassigned fund balance of \$7,705.
- For budgetary reporting purposes, the General Fund reported revenues above estimates of \$635,489 or 7.0%, while expenditures were over the final appropriations by \$456,841 or 3.9%.

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 eight-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, 2023**

Primary Government:

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

Blended Component Units:

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

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

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

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

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

Using This Annual Report

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

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

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

- **Management's Discussion and Analysis** – that provides a useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **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, 2023**

- **Supplemental Information** – that provides additional information about specified elements of the financial statements, such as budgetary comparison information, and capital assets and long-term debt information.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and Statement of Activities report information about the activities of the City as a whole that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

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

As mentioned above, in the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sanitation activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and/or bond covenants, but many other funds are established by the City Council to help control and manage money for particular purposes or to show that the City is meeting its legal responsibilities for using certain taxes, grants and other money.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on the flow of resources in and out of these funds and the character of any remaining balances at year-end that are available for spending. These funds are reported using a method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources available in the near future to finance the City's programs. The difference in results between the Governmental Fund and the Government-Wide financial statements is described in a reconciliation following each Governmental Fund financial statement.

Proprietary funds - When the City charges customers for services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City's enterprise funds are essentially the same as the business-type activities reported in the government-wide statements, but provide more detail including cash flow information. Proprietary funds use the same basis of accounting as the business-type activities at the government-wide level and are presented in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$48,624,405 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.)
	2023	2022		2023	2022		2023	2022	
Current assets	\$ 16,278	\$ 12,598	29%	\$ 14,059	\$ 13,937	1%	\$ 30,337	\$ 26,535	14%
Capital assets, net	12,475	11,457	9%	24,821	25,418	-2%	37,296	36,875	1%
Other non-current assets	15,435	4,935	213%	12,546	10,890	15%	27,981	15,825	77%
Total assets	44,188	28,990	52%	51,426	50,245	2%	95,614	79,235	21%
Deferred outflows	4,847	2,540	91%	1,213	483	151%	6,060	3,023	100%
Current liabilities	5,328	2,820	89%	2,049	2,387	-14%	7,377	5,207	42%
Non-current liabilities	29,923	10,877	175%	6,935	7,967	-13%	36,858	18,844	96%
Total liabilities	35,251	13,697	157%	8,984	10,354	-13%	44,235	24,051	84%
Deferred inflows	1,792	1,330	35%	7,023	3,413	106%	8,815	4,743	86%
Net position									
Net investment capital assets	5,623	5,301	6%	19,674	18,962	4%	25,297	24,263	4%
Restricted	5,129	4,251	21%	4,049	4,374	-7%	9,178	8,625	6%
Unrestricted (deficit)	1,240	411	202%	12,909	13,625	-5%	14,149	14,036	1%
Total net position, restated*	\$ 11,992	\$ 9,963	20%	\$ 36,632	\$ 36,961	-1%	\$ 48,624	\$ 46,924	4%

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 2023, the net investment in capital assets amounted to \$5.6 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, 2023**

A major portion of the City's net position, \$5.1 million also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a surplus of \$1.2 million.

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

Governmental Activities:

Current Assets – Increase of \$3.7 million (71%) due to an increase in cash and investment balances

Non-Current Assets – Increase of \$10.5 million (213%) due to an increase in restricted cash balances related to proceeds from the issuance of General Obligation bonds

Current Liabilities- Increase of \$2.5 million (89%) due to a significant increase in unearned revenue related to grants.

Non-Current Liabilities- Increase of \$19.1 million (175%) due to a significant increase in General Obligation debt outstanding.

Deferred Outflows- Increase of \$2.3 million (91%) due to pension activity.

Business-Type Activities:

Non-Current Assets– Increase of \$1.7 million (15%) due to the implementation of GASB 94 and the booking of the related receivable.

Deferred Inflows- Increase of \$3.6 million (106%) due to the implementation of new deferred inflows related to GASB 94 as well as pension and OPEB activity.

For the year ended June 30, 2023, 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.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for service	\$ 1,903	\$ 1,779	7%	\$ 10,022	\$ 10,198	-2%	\$ 11,925	\$ 11,977	0%
Operating grants and contributions	1,139	2,258	-50%	-	-	-	1,139	2,258	-50%
Capital grants and contributions	563	-	100%	-	-	-	563	-	100%
Taxes	8,962	8,416	6%	-	-	-	8,962	8,416	6%
Investment income (loss)	291	15	1,840%	(819)	256	-420%	(528)	271	-295%
Miscellaneous	696	225	209%	159	126	26%	855	351	144%
Total revenues	13,554	12,693	7%	9,362	10,580	-12%	22,916	23,273	-2%
Expenses									
General government	2,868	1,952	47%	-	-	-	2,868	1,952	47%
Public safety	7,694	5,643	36%	-	-	-	7,694	5,643	36%
Streets	1,139	841	35%	-	-	-	1,139	841	35%
Culture and recreation	407	803	-49%	-	-	-	407	803	-49%
Community development	634	491	29%	-	-	-	634	491	29%
Economic development	59	60	-2%	-	-	-	59	60	-2%
Interest on debt	489	140	249%	-	-	-	489	140	249%
Water	-	-	-	3,382	2,503	35%	3,382	2,503	35%
Wastewater	-	-	-	2,502	2,282	10%	2,502	2,282	10%
Sanitation	-	-	-	1,997	1,686	18%	1,997	1,686	18%
Hospital	-	-	-	45	273	-84%	45	273	-84%
Total expenses	13,290	9,930	34%	7,926	6,744	18%	21,216	16,674	27%
Excess (deficiency) before transfers	264	2,763	90%	1,436	3,836	-63%	1,700	6,599	-74%
Transfers	1,765	2,108	-16%	(1,765)	(2,108)	-16%	-	-	-
Change in net position, restated*	\$ 2,029	\$ 4,871	-58%	\$ (329)	\$ 1,728	-119%	\$ 1,700	\$ 6,599	-74%

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

Public safety - increase of \$2.0 million (36%) due to an increase in fire and police pension expenses.

Business-Type Activities:

Investment income (loss) - Decrease of \$1.0 (420%) million due mainly to loss in investment in joint venture between Bethany and Warr Acres.

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2023	2022		2023	2022	
General government	\$ 2,868	\$ 1,952	47%	\$ (1,302)	\$ 476	-373%
Public safety	7,694	5,643	36%	(6,455)	(4,686)	38%
Streets	1,139	841	35%	(466)	(319)	46%
Culture, parks and recreation	407	803	-49%	(407)	(803)	-49%
Community development	634	491	29%	(505)	(361)	40%
Economic development	59	60	-2%	(59)	(60)	-2%
Interest on long-term debt	489	140	249%	(489)	(140)	249%
Total	\$ 13,290	\$ 9,930	34%	\$ (9,683)	\$ (5,893)	64%

For the year ended June 30, 2023 total expenses for governmental activities amounted to approximately \$13.3 million which was an increase from the prior year of 34%. See Table 2 above for explanations of changes.

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

Business-type Activities

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

	Total Expense		% Inc. Dec.	Net Revenue		% Inc. Dec.
	of Services			(Expense)		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 3,382	\$ 2,660	27%	\$ 721	\$ 1,277	-44%
Wastewater	2,502	2,157	16%	390	577	-32%
Sanitation	1,997	2,504	-20%	922	304	203%
Hospital	45	273	-84%	64	(57)	-212%
Total	<u>\$ 7,926</u>	<u>\$ 7,594</u>	4%	<u>\$ 2,097</u>	<u>\$ 2,101</u>	0%

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 \$2.1 million for the year ended June 30, 2023.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined total fund balance of \$24.3 million or a 193.4% increase due to \$8.3 million proceeds of cash related to General Obligation debt. The proprietary funds reported combined net position of \$36.6 million or a 0.9% decrease of \$0.3 million from the prior year.

Fund Balance/Net Position

Governmental Funds		Proprietary Funds	
Restricted	\$ 20,281,389	Net investment in capital assets	\$ 19,673,801
Assigned	4,430,107	Restricted for debt service and other	4,049,002
Unassigned (deficit)	<u>(393,896)</u>	Unrestricted	<u>12,909,077</u>
Total Fund Balance	<u>\$ 24,317,600</u>	Total Net Position	<u>\$ 36,631,880</u>

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$37.3 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 increase of \$0.4 million or 1.13% from the prior year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,692	\$ 1,692	\$ 487	\$ 487	\$ 2,179	\$ 2,179
Buildings	7,225	7,172	2,107	2,215	9,332	9,387
Machinery, furniture and equipment	1,890	1,076	1,483	1,417	3,373	2,493
Infrastructure	1,397	1,504	20,243	21,242	21,640	22,746
Construction in progress	271	13	501	60	772	73
Totals, restated*	<u>\$ 12,475</u>	<u>\$ 11,457</u>	<u>\$ 24,821</u>	<u>\$ 25,421</u>	<u>\$ 37,296</u>	<u>\$ 36,878</u>

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 \$29.6 million in long-term debt outstanding which represents a \$14.2 million increase, or 91.6%, 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)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Accrued absences	\$ 728	\$ 741	\$ 126	\$ 168	\$ 854	\$ 909
General obligation bonds	20,600	6,030	-	-	20,600	6,030
Revenue Bonds	-	-	-	400	-	400
Bond Premium	751	126	-	-	751	126
Notes Payable - Direct borrowing	624	-	6,811	8,002	7,435	8,002
Totals	<u>\$ 22,703</u>	<u>\$ 6,897</u>	<u>\$ 6,937</u>	<u>\$ 8,570</u>	<u>\$ 29,640</u>	<u>\$ 15,467</u>

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

**CITY OF BETHANY, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023**

The Upcoming Year

The primary sources of revenue for the City of Bethany are Sales Tax and Water and Wastewater revenue. Sales tax requires a vote of the people and cannot be adjusted without the people's consent. In the forthcoming year, the City plans to begin spending their newly acquired cash related to the issuance of General Obligation debt. The City continues to look for ways to enhance its revenue base to assist in operations.

Contacting the City's Financial Management

This report is designed to provide citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City of Bethany, Finance Director, P.O. Box 219, Bethany, OK 73008.

**CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Net Position– June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 9,105,020	7,320,770	\$ 16,425,790
Investments	2,140,929	6,662,402	8,803,331
Accounts receivable, net	813,803	632,802	1,446,605
Due from other governments	2,864,763	-	2,864,763
Leases receivable, current portion	-	100,993	100,993
Other receivables	203,210	493,322	696,532
Internal balances	1,151,012	(1,151,012)	-
Cash and equivalents, restricted	13,021,837	1,564,177	14,586,014
Investments - restricted	2,000,000	983,465	2,983,465
Lease receivable	-	1,695,287	1,695,287
Public-private partnership receivable	-	4,731,140	4,731,140
Net pension asset	413,544	-	413,544
Investment in joint venture	-	3,571,624	3,571,624
Capital Assets			
Land and construction in progress	1,963,060	987,586	2,950,646
Other capital assets, net of depreciation	10,512,291	23,833,495	34,345,786
Total assets	44,189,469	51,426,051	95,615,520
DEFERRED OUTFLOWS:			
Deferred amounts related to pensions	4,509,505	1,013,686	5,523,191
Deferred amounts related to OPEB	337,172	199,501	536,673
Total deferred outflows of resources	4,846,677	1,213,187	6,059,864
LIABILITIES			
Accounts payable and accrued liabilities	1,009,359	677,899	1,687,258
Unearned revenue	3,364,007	-	3,364,007
Accrued interest payable	394,284	46,719	441,003
Due to other governments	-	11,140	11,140
Long-term liabilities			
Due within one year	560,834	1,313,593	1,874,427
Due in more than one year	29,922,703	6,935,003	36,857,706
Total liabilities	35,251,187	8,984,354	44,235,541
DEFERRED INFLOWS:			
Deferred amounts related to pensions	1,061,216	396,458	1,457,674
Deferred amounts related to OPEB	731,218	245,493	976,711
Deferred amounts related to leases	-	1,758,251	1,758,251
Deferred amounts related to public-private partnerships	-	4,622,802	4,622,802
Total deferred inflows of resources	1,792,434	7,023,004	8,815,438
NET POSITION:			
Net investment in capital assets	5,622,988	19,673,801	25,296,789
Restricted	5,128,768	4,049,002	9,177,770
Unrestricted	1,240,769	12,909,077	14,149,846
Total net position	\$ 11,992,525	\$ 36,631,880	\$ 48,624,405

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Activities –Year Ended June 30, 2023

<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>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government							
Governmental Activities							
General Government	\$ 2,867,527	\$ 1,079,389	\$ 88,102	\$ 398,209	\$ (1,301,827)	\$ -	\$ (1,301,827)
Public Safety	7,694,069	373,771	865,191	-	(6,455,107)	-	(6,455,107)
Public Works and Streets	1,138,670	322,798	185,421	164,927	(465,524)	-	(465,524)
Culture and Recreation	407,154	-	-	-	(407,154)	-	(407,154)
Community Development	633,917	128,338	-	-	(505,579)	-	(505,579)
Economic Development	59,118	-	-	-	(59,118)	-	(59,118)
Interest on Long-Term Debt	488,915	-	-	-	(488,915)	-	(488,915)
Total governmental activities	<u>13,289,370</u>	<u>1,904,296</u>	<u>1,138,714</u>	<u>563,136</u>	<u>(9,683,224)</u>	<u>-</u>	<u>(9,683,224)</u>
Business-type activities							
Water	3,382,008	4,102,642	-	-	-	720,634	720,634
Wastewater	2,502,489	2,892,570	-	-	-	390,081	390,081
Sanitation	1,997,024	2,919,025	-	-	-	922,001	922,001
Hospital	44,767	108,338	-	-	-	63,571	63,571
Total business-type activities	<u>7,926,288</u>	<u>10,022,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,096,287</u>	<u>2,096,287</u>
Total primary government	<u>\$ 21,215,658</u>	<u>\$ 11,926,871</u>	<u>\$ 1,138,714</u>	<u>\$ 563,136</u>	<u>(9,683,224)</u>	<u>2,096,287</u>	<u>(7,586,937)</u>
General revenues:							
Taxes:							
Sales and use taxes					7,350,940	-	7,350,940
Property tax					543,667	-	543,667
Franchise and public service taxes					855,016	-	855,016
Other taxes					212,020	-	212,020
Investment income (loss)					290,563	(819,496)	(528,933)
Miscellaneous					695,767	158,890	854,657
Transfers - internal activity					1,764,904	(1,764,904)	-
Total general revenues and transfers					<u>11,712,877</u>	<u>(2,425,510)</u>	<u>9,287,367</u>
Change in net position					2,029,653	(329,223)	1,700,430
Net position - beginning, restated					9,962,872	36,961,103	46,923,975
Net position - ending					<u>\$ 11,992,525</u>	<u>\$ 36,631,880</u>	<u>\$ 48,624,405</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, 2023**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Balance Sheet - June 30, 2023

	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>2022A GO Bonds</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,212,973	\$ 3,083,860	\$ 9,124,242	\$ 456,044	\$ 6,249,738	\$ 22,126,857
Investments	1,378,118	-	1,399,800	254,725	1,108,286	4,140,929
Receivables:						
Accounts receivable	813,361	-	-	-	-	813,361
Due from other accounts	3,196,738	-	-	-	-	3,196,738
Due from other funds	8,162,587	-	-	-	91,846	8,254,433
Due from other governments	937,891	397,106	-	136,831	54,995	1,526,823
Other	1,533,736	-	-	7,853	-	1,541,589
Total assets	\$ 19,235,404	\$ 3,480,966	\$ 10,524,042	\$ 855,453	\$ 7,504,865	\$ 41,600,730
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 342,908	\$ 109,106	\$ 63,456	\$ 95,538	\$ 224,015	\$ 835,023
Wages payable	147,031	-	-	-	1,328	148,359
Unearned revenue	-	3,371,860	-	-	-	3,371,860
Due to other funds	7,098,926	-	-	-	4,495	7,103,421
Escrow liability	25,977	-	-	-	-	25,977
Due to other accounts	3,196,738	-	-	-	-	3,196,738
Total liabilities	10,811,580	3,480,966	63,456	95,538	229,838	14,681,378
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	2,193,629	397,106	-	-	11,017	2,601,752
Fund balances:						
Restricted	1,840,716	-	10,460,586	759,915	7,220,172	20,281,389
Assigned	4,381,774	-	-	-	48,333	4,430,107
Unassigned (deficit)	7,705	(397,106)	-	-	(4,495)	(393,896)
Total fund balances	6,230,195	(397,106)	10,460,586	759,915	7,264,010	24,317,600
Total liabilities, deferred inflows and fund balances	\$ 19,235,404	\$ 3,480,966	\$ 10,524,042	\$ 855,453	\$ 7,504,865	\$ 41,600,730

See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2023

	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>2022A GO Bonds</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 7,218,415	\$ -	\$ -	\$ 1,043,293	\$ 670,864	\$ 8,932,572
Intergovernmental	1,138,091	-	-	157,074	122,545	1,417,710
Charges for services	662,799	-	-	-	123,544	786,343
Fines and forfeitures	904,956	-	-	-	92,828	997,784
Licenses and permits	128,338	-	-	-	-	128,338
Investment income	26,480	-	175,931	2,142	86,010	290,563
Miscellaneous	391,013	1,103	-	80,000	4,530	476,646
Total revenues	<u>10,470,092</u>	<u>1,103</u>	<u>175,931</u>	<u>1,282,509</u>	<u>1,100,321</u>	<u>13,029,956</u>
EXPENDITURES						
Current:						
General government	2,089,446	-	-	-	-	2,089,446
Public Safety	7,811,408	-	-	-	77,924	7,889,332
Public works and streets	936,130	-	-	-	-	936,130
Culture and recreation	440,408	-	-	-	-	440,408
Economic development	560,236	-	-	-	59,118	619,354
Capital outlay	339,642	398,209	263,265	1,633,740	7,600	2,642,456
Debt Service:						
Principal	-	-	-	-	430,000	430,000
Interest and other charges	-	-	-	84,084	133,875	217,959
Bond issuance costs	-	-	403,355	-	178,531	581,886
Total expenditures	<u>12,177,270</u>	<u>398,209</u>	<u>666,620</u>	<u>1,717,824</u>	<u>887,048</u>	<u>15,846,971</u>
Excess (deficiency) of revenues over expenditures	(1,707,178)	(397,106)	(490,689)	(435,315)	213,273	(2,817,015)
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	10,500,000	679,236	4,500,000	15,679,236
Premium on debt issuance	-	-	451,275	-	201,068	652,343
Transfers in	8,538,735	-	-	39,000	95,000	8,672,735
Transfers out	(6,039,543)	-	-	-	(117,722)	(6,157,265)
Total other financing sources and uses	<u>2,499,192</u>	<u>-</u>	<u>10,951,275</u>	<u>718,236</u>	<u>4,678,346</u>	<u>18,847,049</u>
Net change in fund balances	792,014	(397,106)	10,460,586	282,921	4,891,619	16,030,034
Fund balances - beginning	5,438,181	-	-	476,994	2,372,391	8,287,566
Fund balances - ending	<u>\$ 6,230,195</u>	<u>\$ (397,106)</u>	<u>\$ 10,460,586</u>	<u>\$ 759,915</u>	<u>\$ 7,264,010</u>	<u>\$ 24,317,600</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, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	24,317,600
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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.		12,475,351
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Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred or not reported in the funds.		2,609,608
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Certain other long-term elements are not available to pay current fund liabilities and therefore they, along with pension and OPEB related deferred outflows, are not reported in the funds:

Pension related deferred outflows		4,509,505
OPEB related deferred outflows		337,172

Some liabilities are not due and payable in the current period and they, along with certain deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

Interest payable		(394,284)
Net pension liability		(6,705,995)
Pension related deferred inflows		(1,061,216)
Total OPEB liability		(1,074,922)
OPEB related deferred inflows		(731,218)
Accrued compensated absences		(728,263)
Unamortized debt premium		(750,691)
General obligation bond payable		(20,600,000)
Notes payable		(623,666)

Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>11,992,525</u>
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See accompanying notes to the basic financial statements.

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 16,030,034

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,894,874
Depreciation expense	(876,998)

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.

532,598

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

Change in unavailable revenue	596,042
Grants	7,852

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:

Note principal payments	55,570
General obligation bond principal payments	430,000
Bond premium	(652,343)
Debt proceeds	(15,679,236)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	(383,153)
Change in accrued compensated absences	12,596
Change in total OPEB liability	33,703
Amortization of bond discount/premium	28,114

Change in net position of governmental activities	\$ 2,029,653
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See accompanying notes to the basic financial statements.

**CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position - June 30, 2023

	<u>Enterprise Funds</u>		
	<u>Bethany Public Works Authority</u>	<u>Bethany Hospital Trust</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,219,293	\$ 3,101,477	\$ 7,320,770
Cash and cash equivalents, restricted	1,564,177	-	1,564,177
Investments	6,134,744	527,658	6,662,402
Accounts receivable, net	632,562	-	632,562
Leases receivable, current portion	100,993	-	100,993
Accrued interest receivable	240	-	240
Other receivable	493,322	-	493,322
Due from other funds	7,011,575	-	7,011,575
Total current assets	<u>20,156,906</u>	<u>3,629,135</u>	<u>23,786,041</u>
Non-current assets:			
Leases receivable	1,695,287	-	1,695,287
Public-private partnerships receivable	-	4,731,140	4,731,140
Investments	-	983,465	983,465
Investment in joint venture	3,571,624	-	3,571,624
Capital assets:			
Land, construction in progress, and water rights	611,036	376,550	987,586
Other capital assets, net of accumulated depreciation	23,423,892	409,603	23,833,495
Total non-current assets	<u>29,301,839</u>	<u>6,500,758</u>	<u>35,802,597</u>
Total assets	<u>49,458,745</u>	<u>10,129,893</u>	<u>59,588,638</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	1,013,686	-	1,013,686
Deferred amounts related to OPEB	199,501	-	199,501
Total deferred outflows of resources	<u>1,213,187</u>	<u>-</u>	<u>1,213,187</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	637,885	-	637,885
Wages payable	40,014	-	40,014
Due to other funds	8,162,587	-	8,162,587
Due to other governments	11,140	-	11,140
Accrued interest payable	46,719	-	46,719
Accrued compensated absences	12,605	-	12,605
Refundable deposits	75,842	-	75,842
Notes payable	1,225,146	-	1,225,146
Total current liabilities	<u>10,211,938</u>	<u>-</u>	<u>10,211,938</u>
Non-current liabilities:			
Accrued compensated absences	113,450	-	113,450
Net pension liability	299,635	-	299,635
Total OPEB liability	254,072	-	254,072
Refundable deposits	682,491	-	682,491
Notes payable, net	5,585,355	-	5,585,355
Total non-current liabilities	<u>6,935,003</u>	<u>-</u>	<u>6,935,003</u>
Total liabilities	<u>17,146,941</u>	<u>-</u>	<u>17,146,941</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	396,458	-	396,458
Deferred amounts related to OPEB	245,493	-	245,493
Deferred amounts related to leases	1,758,251	-	1,758,251
Deferred amounts related to public-private partnerships	-	4,622,802	4,622,802
Total deferred inflows of resources	<u>2,400,202</u>	<u>4,622,802</u>	<u>7,023,004</u>
NET POSITION			
Net investment in capital assets	18,887,587	786,214	19,673,801
Restricted for debt service	318,616	-	318,616
Restricted for other purposes	3,730,386	-	3,730,386
Unrestricted	8,188,200	4,720,877	12,909,077
Total net position	<u>\$ 31,124,789</u>	<u>\$ 5,507,091</u>	<u>\$ 36,631,880</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, 2023

Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2023

	Enterprise Funds		Total
	Bethany Public Works Authority	Bethany Hospital Trust	
REVENUES			
Charges for services	\$ 9,914,237	\$ 108,338	\$ 10,022,575
Total operating revenues	<u>9,914,237</u>	<u>108,338</u>	<u>10,022,575</u>
OPERATING EXPENSES			
Personal services	1,770,233	-	1,770,233
Materials and supplies	900,099	-	900,099
Other services and charges	3,663,973	-	3,663,973
Depreciation expense	1,350,090	44,767	1,394,857
Total operating expenses	<u>7,684,395</u>	<u>44,767</u>	<u>7,729,162</u>
Operating income	<u>2,229,842</u>	<u>63,571</u>	<u>2,293,413</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income (loss)	(945,119)	125,623	(819,496)
Miscellaneous	158,890	-	158,890
Interest expense and fiscal charges	(197,126)	-	(197,126)
Capital assets transferred to governmental activities	(1,496)	-	(1,496)
Total non-operating revenue (expenses)	<u>(984,851)</u>	<u>125,623</u>	<u>(859,228)</u>
Income before contributions and transfers	<u>1,244,991</u>	<u>189,194</u>	<u>1,434,185</u>
Capital assets transferred from governmental activities	752,062	-	752,062
Transfers in	5,905,543	-	5,905,543
Transfers out	(8,421,013)	-	(8,421,013)
Change in net position	<u>(518,417)</u>	<u>189,194</u>	<u>(329,223)</u>
Total net position - beginning, restated	31,643,206	5,317,897	36,961,103
Total net position - ending	<u>\$ 31,124,789</u>	<u>\$ 5,507,091</u>	<u>\$ 36,631,880</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, 2023

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	<u>Enterprise Funds</u>		
	<u>Bethany Public Works Authority</u>	<u>Bethany Hospital Trust</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 10,265,524	\$ -	\$ 10,265,524
Payments to suppliers	(5,146,256)	-	(5,146,256)
Payments to employees	(1,253,221)	-	(1,253,221)
Receipts from other funds	5,040,749	-	5,040,749
Receipts of customer meter deposits	244,683	-	244,683
Refunds of customer meter deposits	(127,486)	-	(127,486)
Net cash provided by operating activities	<u>9,023,993</u>	<u>-</u>	<u>9,023,993</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	6,657,605	-	6,657,605
Transfers to other funds	(8,422,509)	-	(8,422,509)
Net cash provided by (used in) noncapital financing activities	<u>(1,764,904)</u>	<u>-</u>	<u>(1,764,904)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(797,223)	-	(797,223)
Principal paid on debt	(1,591,817)	-	(1,591,817)
Interest and fiscal agent fees paid on debt	(221,954)	-	(221,954)
Net cash provided by (used in) capital and related financing activities	<u>(2,610,994)</u>	<u>-</u>	<u>(2,610,994)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(5,121,752)	365,610	(4,756,142)
Interest and dividends	239,037	125,623	364,660
Net cash provided by (used in) investing activities	<u>(4,882,715)</u>	<u>491,233</u>	<u>(4,391,482)</u>
Net increase (decrease) in cash and cash equivalents	(234,620)	491,233	256,613
Balances - beginning of year	<u>6,018,090</u>	<u>2,610,244</u>	<u>8,628,334</u>
Balances - end of year	<u>\$ 5,783,470</u>	<u>\$ 3,101,477</u>	<u>\$ 8,884,947</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,219,293	\$ 3,101,477	\$ 7,320,770
Restricted cash and cash equivalents - current	1,564,177	-	1,564,177
Total cash and cash equivalents, end of year	<u>\$ 5,783,470</u>	<u>\$ 3,101,477</u>	<u>\$ 8,884,947</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,229,842	\$ 63,571	\$ 2,293,413
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,350,090	44,767	1,394,857
Other nonoperating revenue	158,890	-	158,890
Change in assets, liabilities, and deferrals:			
Receivables, net	176,231	-	176,231
Other receivable	35,678	-	35,678
Leases receivable	99,626	-	99,626
Public-private partnership receivable	-	(108,338)	(108,338)
Due from other funds	(3,029,753)	-	(3,029,753)
Net pension asset	1,337,276	-	1,337,276
Deferred outflows related to pension	(792,287)	-	(792,287)
Deferred outflows related to OPEB	61,892	-	61,892
Accounts payable	128,049	-	128,049
Deferred inflows related to leases	(119,138)	-	(119,138)
Due to other funds	8,070,502	-	8,070,502
Due to employees	(613)	-	(613)
Due to other governments	11,140	-	11,140
Refundable deposits	117,197	-	117,197
Total OPEB liability	(174,339)	-	(174,339)
Net pension liability	299,635	-	299,635
Accrued compensated absences	(41,459)	-	(41,459)
Deferred inflows related to pension	(1,033,711)	-	(1,033,711)
Deferred inflows related to OPEB	139,245	-	139,245
Net cash provided by operating activities	<u>\$ 9,023,993</u>	<u>\$ -</u>	<u>\$ 9,023,993</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 eight-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

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

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

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

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

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

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State Law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through the issuance of revenue bonds and/or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. The Authorities generally retain title to assets which

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are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Participation in Joint Venture

The City participates (with equity interest) in the general operations portion of the Bethany-Warr Acres Public Works Authority. The City maintains approximately 66% equity interest in the Bethany-Warr Acres Public Works Authority.

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

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

The Bethany-Warr Acres Public Works Authority is jointly governed by the two governments. The governments do not exercise specific control over the budgeting and financing of the Authority's activities, and do not have a specified equity interest in the joint venture. For the year ended June 30, 2023, \$1,341,985 was remitted to the Bethany-Warr Acres Public Works Authority by the Bethany Public Works Authority.

For the year ended June 30, 2023, the "investment in joint venture" balance changed as follows:

Beginning investment in joint venture	\$4,755,780
Current year contributions	<u>(1,184,156)</u>
Ending investment in joint venture	<u>\$3,571,624</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, 2023:

Total Assets	\$6,565,905
Total Liabilities	\$522,018
Total Net Position	\$6,043,887
Total Revenues	\$2,274,007
Total Expenses	\$4,068,182
Decrease in Net Position	(\$1,794,175)

In addition, at June 30, 2023, the Bethany-Warr Acres Public Works Authority had no debt outstanding. Separate financial statements for the fiscal year ended June 30, 2023, are available from the Finance Department, P.O. Box 219, Bethany, OK 73008-0219.

2. Basis of Presentation and Accounting

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

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

Government-Wide Financial Statements:

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

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

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

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

Fund Financial Statements:

Governmental Funds:

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

Major Funds:

- **General Fund** – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes, the General Fund includes the activities of the Prepaid Inspection Account, Performance Bond Account, the Court Account and the CLEET/OSBI Account. The General Fund's major funding sources are sales tax, franchise fees, hotel/motel tax, and miscellaneous charges for services.
- **Federal Grants Fund**- is a special revenue fund that accounts for proceeds and expenditures related to grants from the Federal Government.

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- 2022A GO Bonds Fund- accounts for general obligation bond proceeds legally restricted for the construction of street improvements, recreational facilities, and public safety buildings.
- Capital Improvement Fund- accounts for sales tax restricted for city capital improvements.

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:
 - Street/Park CIP Fund accounts for revenues restricted for street and park improvements.
 - Library GO Fund – accounts for general obligation bond proceeds legally restricted for the construction of a library and park.
 - 2022B GO Bonds Fund- accounts for general obligation bond proceeds legally restricted for the construction of various economic development and community projects as well as storm drainage facilities.

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

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

Proprietary Funds:

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

The City’s proprietary funds include the following:

Enterprise Funds

Major Funds:

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

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3. Cash and Cash Equivalents, Deposits and Investments

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

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

Deposits and Investments Risks

The City of Bethany primary government and component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2023 by these entities are as follows:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 15,789,728	N/A	\$ 15,789,728	\$ -
Cash on hand	1,393	N/A	1,393	-
Time deposits	22,249,593	N/A	-	22,249,593
Money Market Funds	3,772,814	Not rated	3,772,814	-
Sub-Total	<u>\$ 41,813,528</u>		<u>\$ 19,563,935</u>	<u>\$ 22,249,593</u>
Annuity	983,465			
Deposits with insurance pool	1,607			
Total Deposits and Investments	<u>\$ 42,798,600</u>			
Reconciliation to Financial Statements:				
Cash and cash equivalents	\$ 16,425,790			
Investments	8,803,331			
Cash and cash equivalents, restricted	14,586,014			
Investments, restricted	2,983,465			
	<u>\$ 42,798,600</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, 2023:

- Money Market Mutual Funds of \$3,772,814 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, 2023, the City was not exposed to custodial credit risk at any of their financial institutions.

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, 2023, the investments held by the City mature between 2023 through 2024.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed).

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Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the BPWA Enterprise Fund in accounts for the revenue bonds/notes and other accounts with restricted uses and certain investments of the Bethany Hospital Trust Authority. The restricted assets as of June 30, 2023 are as follows:

Cash and cash equivalents:		
Restricted for Refundable deposits	\$	760,966
Restricted for Construction		437,876
Restricted for Debt Service		365,335
		<u>1,564,177</u>
Investments:		
Hospital Trust Annuity	\$	983,465
		<u>983,465</u>

4. Receivables

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

Proprietary funds and business-type activities consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The accounts receivable at June 30, 2023 are as follows:

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 1,113,024	\$ -	\$ 1,113,024
Due from other governments	1,751,739	-	1,751,739
Court fines	7,708,400	(6,937,561)	770,839
Other	246,430	(256)	246,174
Total Governmental Activities	<u>\$ 10,819,593</u>	<u>\$ (6,937,817)</u>	<u>\$ 3,881,776</u>
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 813,803
Due from other governmental agencies			2,864,763
Other receivable			203,210
Total			<u>\$ 3,881,776</u>
Business-Type Activities:			
Leases- BPWA	\$ 1,796,280	\$ -	\$ 1,796,280
Public-private partnerships- BHT	4,731,140	-	4,731,140
Utilities	635,263	(2,461)	632,802
Other	493,322	-	493,322
Total Business-type Activities	<u>\$ 7,656,005</u>	<u>\$ (2,461)</u>	<u>\$ 7,653,544</u>

Leases:

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

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$145,282.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received.

Public-Private Partnerships

The City has entered into one public-private partnership agreement in which the operators will operate, maintain, and improve the City's assets while providing a public use. The agreement that is currently active extends through 2066. At the end of the agreement, operations and the related assets will be transferred back to the City. The measurement of the related public-private partnership (PPP) receivable is based on the present value of future fixed payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator. Based on the length of term of each agreement, an incremental borrowing rate of 3.8% to was used to measure the PPP receivable.

Cedar Ridge Hospital

During fiscal year 2015, the Bethany Hospital Trust (BHT) leased the Cedar Ridge Hospital building to an outside party to provide health services and improve the assets of the hospital. The agreement calls for monthly payments of \$18,000 through 2026 and \$20,000 monthly through 2029. For the operator to make substantial infrastructure improvements to the building, the agreement called for the abatement of rents up to \$2,000,000 for these improvements. 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. The current agreement between the City and the operator extends through 2066. As of June 30, 2023, the city recognized a receivable of \$4.7 million for the fixed annual payments and recognized a deferred inflow of resources in the amount of \$4.6 million, which is being amortized straight-line over the term of the arrangement.

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

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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, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022	Additions	Deductions	Balance at June 30, 2023
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,692,059	\$ -	\$ -	\$ 1,692,059
Construction in progress	12,686	667,789	409,474	271,001
Total capital assets not being depreciated	<u>1,704,745</u>	<u>667,789</u>	<u>409,474</u>	<u>1,963,060</u>
Other capital assets:				
Buildings	10,870,108	504,322	-	11,374,430
Machinery, furniture and equipment	7,203,832	1,132,237	-	8,336,069
Infrastructure	13,508,955	-	-	13,508,955
Total other capital assets at historical cost	<u>31,582,895</u>	<u>1,636,559</u>	<u>-</u>	<u>33,219,454</u>
Less accumulated depreciation for:				
Buildings	3,698,319	450,721	-	4,149,040
Machinery, furniture and equipment	6,127,383	318,868	-	6,446,251
Infrastructure	12,004,463	107,409	-	12,111,872
Total accumulated depreciation	<u>21,830,165</u>	<u>876,998</u>	<u>-</u>	<u>22,707,163</u>
Other capital assets, net	<u>9,752,730</u>	<u>759,561</u>	<u>-</u>	<u>10,512,291</u>
Governmental activities capital assets, net	<u>\$ 11,457,475</u>	<u>\$ 1,427,350</u>	<u>\$ 409,474</u>	<u>\$ 12,475,351</u>
	Balance at July 1, 2022	Additions	Deductions	Balance at June 30, 2023
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 486,609	\$ -	\$ -	\$ 486,609
Construction in progress	59,999	440,978	-	500,977
Total capital assets not being depreciated	<u>546,608</u>	<u>440,978</u>	<u>-</u>	<u>987,586</u>
Other capital assets:				
Buildings and utility infrastructure	9,126,641	-	-	9,126,641
Machinery, furniture and equipment	3,879,131	278,229	-	4,157,360
Infrastructure	41,619,061	78,016	-	41,697,077
Total other capital assets at historical cost	<u>54,624,833</u>	<u>356,245</u>	<u>-</u>	<u>54,981,078</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	6,911,495	108,284	-	7,019,779
Machinery, furniture and equipment	2,464,636	210,150	-	2,674,786
Infrastructure	20,376,596	1,076,423	-	21,453,019
Total accumulated depreciation	<u>29,752,727</u>	<u>1,394,857</u>	<u>-</u>	<u>31,147,583</u>
Other capital assets, net	<u>24,872,106</u>	<u>(1,038,612)</u>	<u>-</u>	<u>23,833,495</u>
Business-type activities capital assets, net	<u>\$ 25,418,714</u>	<u>\$ (597,634)</u>	<u>\$ -</u>	<u>\$ 24,821,081</u>

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

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- Machinery, furniture, and equipment 3–20 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. For the year ended June 30, 2023 depreciation expense has been allocated as follows:

Governmental Activities:	
General Government	\$ 162,428
Public Safety	217,817
Streets	40,231
Culture and Recreation	456,145
Community Development	377
Total	\$ 876,998
Business-Type Activities:	
Hospital	\$ 44,767
Water	462,457
Wastewater	670,554
Sanitation	217,079
Total	\$ 1,394,857

6. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

The City’s policy is to eliminate interfund receivables and payables between funds in the Statement of Net Position to ensure the fair presentation of account balances. Only residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column. The internal balances at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
Public Safety	General Fund	\$ 9,290	Posting correction
Debt Service Fund	General Fund	4,265	Posting correction
Juvenile Fund	General Fund	3,291	Posting correction
BEDA	General Fund	75,000	Operating subsidy
BPWA	General Fund	7,007,080	Posting correction and to cover negative cash and related interfund activity
General fund	BPWA	8,162,587	To cover negative balance in pooled cash
BPWA	CDBG Fund	4,495	
Total		\$ 15,266,008	

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 8,254,433	\$ 7,103,421	\$ 1,151,012
Proprietary Funds	7,011,575	8,162,587	(1,151,012)
Total	\$ 15,266,008	\$ 15,266,008	\$ -

Internal and Interfund Transfers:

The City’s policy is to eliminate interfund transfers between funds in the Statement of Activities to ensure the fair presentation of account balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2023 were as follows:

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<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
General Fund	BPWA	\$ 8,421,013	Operating subsidy / return of pledged sales tax
General Fund	Public Safety	117,722	Operating subsidy
Capital improvement fund	General Fund	39,000	Operating subsidy
BEDA	General Fund	75,000	Operating subsidy
BDA	General Fund	20,000	Operating subsidy
BPWA	General Fund	5,905,543	Pledged sales tax
		<u>\$ 14,578,278</u>	

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Reconciliation to fund financial statements:			
Governmental Funds	\$ (6,157,265)	\$ 8,672,735	\$ 2,515,470
Enterprise Funds	(8,421,013)	5,905,543	(2,515,470)
Totals	<u>\$ (14,578,278)</u>	<u>\$ 14,578,278</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:			
Net Transfers			\$ 2,515,470
Transfer of assets from Business-type activities to Governmental activities			1,496
Transfer of assets from Governmental Activities to Business Type Activities			(752,062)
Transfers - Internal Activity			<u>\$ 1,764,904</u>

7. Long-Term Debt

The City's long term debt consists of revenue bonds and notes and accrued compensated absences. For the year ended June 30, 2023, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,030,000	\$ 15,000,000	\$ 430,000	\$ 20,600,000	\$ 430,000
General Obligation Bond Premium	126,461	652,343	28,113	750,691	-
Accrued Compensated Absences	740,859	-	12,596	728,263	72,827
Notes Payable - Direct borrowings	-	679,236	55,570	623,666	58,007
Total Governmental Activities	<u>\$ 6,897,320</u>	<u>\$ 16,331,579</u>	<u>\$ 526,279</u>	<u>\$ 22,702,620</u>	<u>\$ 560,834</u>
Plus: Total OPEB liability				1,074,922	-
Net pension liability				6,705,995	-
				<u>\$ 30,483,537</u>	<u>\$ 560,834</u>
Reconciliation to Statement of Net Position:					
Due within one year				560,834	
Due in more than one year				29,922,703	
				<u>\$ 30,483,537</u>	

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<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable - Direct borrowings	\$ 8,002,319	\$ -	\$ 1,191,816	\$ 6,810,503	\$ 1,225,146
Revenue Bonds	400,000	-	400,000	-	-
Accrued Compensated Absences	167,513	-	41,460	126,053	12,605
Total Business-Type Activities	<u>\$ 8,569,832</u>	<u>\$ -</u>	<u>\$ 1,633,276</u>	\$ 6,936,556	\$ 1,237,751
Plus: Total OPEB liability				254,072	-
Net pension liability				299,635	-
Refundable deposits				758,333	75,842
				<u>\$ 8,248,596</u>	<u>\$ 1,313,593</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,313,593	
Due in more than one year				6,935,003	
				<u>\$ 8,248,596</u>	

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

General Obligation Bonds Payable –

2016 General Obligation Bond for \$8,180,000 with interest from 2.00% to 2.75% Debt service payments are due semi-annually through June 2036. Proceeds were used to construct, equip, and furnish the Bethany Library. Bonds are secured with ad valorem taxes.	\$5,600,000
2022A General Obligation Bond for \$10,500,000 with interest at 4.125% Debt service payments are due semi-annually through December 2042. Proceeds are being used to construct streets, recreational facilities, and public safety buildings. Bonds are secured with ad valorem taxes.	\$10,500,000
2022B General Obligation Bond for \$4,500,000 with interest at 4.125% Debt service payments are due semi-annually through December 2042. Proceeds are being used to construct economic and community development projects and new storm drainage facilities. Bonds are secured with ad valorem taxes.	<u>\$4,500,000</u>
Total General Obligation Bonds Payable	<u>\$20,600,000</u>

Notes Payable (direct borrowings)

Pierce Financial note payable for \$679,236 with interest at 4.30% for purchase of a fire truck. Debt service payments are due annually through June 2032. Note is secured by the fire truck as collateral.	<u>\$623,666</u>
Total Notes Payable (direct borrowings) –	<u>\$623,666</u>

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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:

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.

\$1,835,503

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.

\$4,975,000

Total Notes Payable (direct borrowings)

\$6,810,503

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

Governmental Activities					
<u>Year Ending June 30,</u>	<u>General Obligation Bonds Payable</u>		<u>Notes Payable - Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 430,000	\$ 1,112,069	\$ 58,007	\$ 25,683	
2025	980,000	763,438	60,551	23,139	
2026	1,230,000	727,838	63,207	20,484	
2027	1,230,000	683,238	65,979	17,712	
2028	1,230,000	634,638	68,873	14,818	
2029-2033	6,150,000	2,440,963	307,050	27,711	
2034-2038	5,300,000	1,291,013	-	-	
2039-2043	4,050,000	417,281	-	-	
Total	<u>\$ 20,600,000</u>	<u>\$ 8,070,475</u>	<u>\$ 623,666</u>	<u>\$ 129,547</u>	

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Business-Type Activities		
Year Ending June 30,	Notes Payable - Direct Borrowings	
	Principal	Interest
2024	\$ 1,225,146	\$ 180,581
2025	1,264,056	144,691
2026	1,303,090	107,794
2027	1,345,042	67,121
2028	1,387,212	25,342
2029	285,957	1,013
Total	\$ 6,810,503	\$ 526,542

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 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 and 2028, respectively. The 3.00 cents sales tax is pledged to pay the debt service on the bonds and the three cents is sent back to the general fund if not needed for debt service. The total principal and interest payable for the remainder of the life of these notes is \$7,337,044. Net water revenues and sales tax received in the current year were \$3,950,395. Debt service payments of \$1,803,535 for the current fiscal year were 45.65% of pledged net utility revenues and sales tax.

8. Net Position and Fund Balances

Government-wide net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to use restricted net position prior to unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

At June 30, 2023 net position restricted by enabling legislation totaled \$7,917,103.

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Fund Balance:

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

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

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

Restatements

	Business-type Activities:
	Fund Level / Government
	Wide
Statement of Activities:	
Beginning net position as previously reported	\$38,813,119
Implementation of GASB Statement 94, Public-private and public-public partnerships and availability payment arrangements	(1,852,016)
Beginning net position, restated	\$36,961,103

In the prior fiscal year, the city’s PPP arrangement was considered a lease under the accounting standard GASB 87. Due to the implementation of GASB 94 in fiscal year 2023, the GASB 87 lease receivable, deferred inflows, and related assets were reconsidered under GASB 94. The change is reported as a restatement of beginning net position.

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

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	General Fund	Federal Grants Fund	2022A GO Bonds	Capital Improvement Fund	Other Governmental Funds	Total
Fund Balance:						
Restricted For:						
Police operations	\$ -	\$ -	\$ -	\$ -	\$ 616,535	\$ 616,535
General obligation debt service	-	-	10,460,586	-	5,955,245	16,415,831
Capital improvements	-	-	-	759,915	-	759,915
Emergency Services	372,824	-	-	-	-	372,824
Stormwater management	1,467,892	-	-	-	-	1,467,892
Economic development	-	-	-	-	547,052	547,052
Cemetery improvements	-	-	-	-	101,340	101,340
Sub-total restricted	<u>1,840,716</u>	<u>-</u>	<u>10,460,586</u>	<u>759,915</u>	<u>7,220,172</u>	<u>20,281,389</u>
Assigned for:						
Capital improvements	-	-	-	-	48,333	48,333
Stabilization reserve	3,932,838	-	-	-	-	3,932,838
Supplement next year's budget	448,936	-	-	-	-	448,936
Sub-total assigned	<u>4,381,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,333</u>	<u>4,430,107</u>
Unassigned (deficit):	7,705	(397,106)	-	-	(4,495)	(393,896)
TOTAL FUND BALANCE	<u>\$ 6,230,195</u>	<u>\$ (397,106)</u>	<u>\$ 10,460,586</u>	<u>\$ 759,915</u>	<u>\$ 7,264,010</u>	<u>\$ 24,317,600</u>

9. Revenues

Program Revenues:

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

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

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

Sales Tax Revenue:

Sales tax revenue represents a 4.00 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City. The sales tax is deposited 3.00 cents in the general fund and 1.00 cents in the Capital Improvement Fund. The entire sales tax initially reported in the General Fund is then transferred to the BPWA per the bond indenture pledge then transferred back to the general fund. The 1.00 cents are legally restricted for capital improvement purposes by a vote of the citizens.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City's property taxes are billed and collected by the County and remitted to the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2023, the City's net assessed valuation of taxable property was \$118,417,413. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$4.59.

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

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

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

11. Retirement Plan Participation

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

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

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

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	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Deferred Outflows:			
Police Pension	\$ 879,175	\$ -	\$ 879,175
Fire Pension	1,856,501	-	1,856,501
OkMRF	1,773,829	1,013,686	2,787,515
Total	<u>\$ 4,509,505</u>	<u>\$ 1,013,686</u>	<u>\$ 5,523,191</u>
Deferred Inflows:			
Police Pension	\$ 49,854	\$ -	\$ 49,854
Fire Pension	326,367	-	326,367
OkMRF	684,995	396,458	1,081,453
Total	<u>\$ 1,061,216</u>	<u>\$ 396,458</u>	<u>\$ 1,457,674</u>
Net Pension Liability:			
Fire Pension	6,176,740	-	6,176,740
OkMRF	529,255	299,635	828,890
Total	<u>\$ 6,705,995</u>	<u>\$ 299,635</u>	<u>\$ 7,005,630</u>
Net Pension Asset:			
Police Pension	\$ 413,544	\$ -	\$ 413,544
Total	<u>\$ 413,544</u>	<u>\$ -</u>	<u>\$ 413,544</u>
Pension Expense (benefit):			
Police Pension	\$ 101,660	\$ -	\$ 101,660
Fire Pension	871,119	-	871,119
OkMRF	(142,168)	(80,488)	(222,656)
Total	<u>\$ 830,611</u>	<u>\$ (80,488)</u>	<u>\$ 750,123</u>

Oklahoma Municipal Retirement Plan (OkMRF) – Defined Benefit Plan

A. Plan Description

The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

B. Summary of Significant Accounting Policies

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

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C. Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/22</u> <u>OkMRF Plan</u>
a. Eligible to participate	-Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	-10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service, split COLA, hybrid -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service for married employees
d. Benefit Determination Base	-Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-3.0% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 10 Years Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	-Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

D. Employees Covered by Benefit Terms

Active Employees	70
Deferred Vested Former Employees	9
Retirees or Retiree Beneficiaries	<u>49</u>
Total	<u>128</u>

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E. Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 8.39% of covered payroll as of July 1, 2022. For the year ended June 30, 2023, the City recognized \$321,732 of employer contributions to the plan which is above the actuarially determined amount by \$24,181 based on covered payroll of \$3,538,629. Employees contribute 4.60% to the plan in accordance with the plan provisions adopted by the City Council. Employee contributions for fiscal 2023 were \$215,384.

F. Actuarial Assumptions

Date of Last Actuarial Valuation	-July 1, 2022
a. Actuarial cost method	-Entry age normal
b. Rate of Return on Investments and Discount Rate	-7.50%
c. Projected Salary Increase	-Varies between 7.50% and 4.50% based on age
d. Post Retirement cost-of-Living Increase	-None
e. Inflation Rate	-2.75%
f. Mortality Table	-PubG-2010 with projected mortality improvement
g. Percent of married employees	-100%
h. Spouse age difference	-3 years (female spouses younger)
i. Turnover	-Select and ultimate rates -Ultimate rates are age-related as shown -Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	-September 2012 for fiscal years 2007 thru 2011

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G. Discount Rate –

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2022 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

H. Changes in Net Pension Liability (Asset) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 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, 2022 and the City’s report ending date of June 30, 2023, that would have had a significant impact on the net pension liability (asset).

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

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 30,305,665	\$ 34,092,190	\$ (3,786,525)
Changes for the Year:			
Service cost	444,741	-	444,741
Interest expense	2,200,425	-	2,200,425
Benefit changes	-	-	-
Experience losses (gains) - (amortized over avg remain service period of actives & inactive)	(426,420)	-	(426,420)
Changes of assumptions	(1,225,833)	-	(1,225,833)
Contributions-- City	-	317,425	(317,425)
Contributions-- Members	-	215,385	(215,385)
Net investment income (loss)	-	(4,097,539)	4,097,539
Benefits paid, including refunds of employee contributions	(1,968,930)	(1,968,930)	-
Plan administrative expenses	-	(57,773)	57,773
Net Changes	<u>(976,017)</u>	<u>(5,591,432)</u>	<u>4,615,415</u>
Balances End of Year	<u>\$ 29,329,648</u>	<u>\$ 28,500,758</u>	<u>\$ 828,890</u>

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 3,642,309	\$ 828,890	\$ (1,573,161)

The City reported (\$226,656) in pension expense (benefit) for the year ended June 30, 2023. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,588	\$ 314,309
Changes of assumptions	29,721	737,453
Net difference between projected and actual earnings on pension plan investments	2,386,639	-
Changes in proportion and differences between City contributions and proportionate share of contributions	14,668	14,668
City contributions during measurement date	22,167	15,023
City contributions subsequent to the measurement date	321,732	-
Total	<u>\$ 2,787,515</u>	<u>\$ 1,081,453</u>

The \$321,732 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction (addition) of the net pension liability (asset) in the year ended June 30, 2024. Any other amounts reported

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

Year ended June 30:

2024	\$	(226,552)
2025		69,539
2026		221,456
2027		1,319,887
		1,384,330
	\$	1,384,330

Oklahoma Firefighter’s Pension – Statewide Cost Sharing Plan

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

Summary Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS’s fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Normal Retirement:

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly

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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 \$228,063. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$539,826 that is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$483,858. 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, 2023, the City reported a liability of \$6,176,740 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was .4723%. For the year ended June 30, 2023, the City recognized pension expense of \$871,119.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 792,927	\$ 31,182
Changes of assumptions	-	39,382
Net difference between projected and actual earnings on pension plan investments	717,804	-
Changes in proportion and differences between City contributions and proportionate share of contributions	112,771	255,486
City contributions during the measurement date	4,936	317
City contributions subsequent to the measurement date	228,063	-
Total	<u>\$ 1,856,501</u>	<u>\$ 326,367</u>

The \$22,803 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

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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:		
	2024	\$ 350,754
	2025	267,706
	2026	45,502
	2027	638,109
	Total	<u>\$ 1,302,071</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the 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, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

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

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

	Decrease 6.50%	Discount Rate 7.50%	Increase 8.50%
Employers' net pension liability	\$ 7,959,212	\$ 6,176,740	\$ 4,685,798

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

Oklahoma Police Pension – Statewide Cost Sharing Plan

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

Summary of significant accounting policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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Survivor’s benefits are payable in full to the participant’s beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees’ annual pay. Contributions to the pension plan from the City were \$243,484. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$229,527. 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 \$205,493. 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, 2023, the City reported an asset of \$413,544 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City’s proportion of the net pension asset was based on the City’s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City’s proportion was .5157%

For the year ended June 30, 2023, the City recognized pension expense of 101,660. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 202,848	\$ 45,046
Changes of assumptions	14,397	-
Net difference between projected and actual earnings on pension plan investments	403,535	-
Changes in proportion and differences between City contributions and proportionate share of contributions	8,669	4,494
City contributions during the measurement date	6,242	314
City contributions subsequent to the measurement date	243,484	-
Total	\$ 879,175	\$ 49,854

The \$243,484 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction (addition) of the net pension liability (asset) in the year ended June 30, 2024.

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

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Year ended June 30:

2024	\$	133,115
2025		37,421
2026		(108,607)
2027		497,308
2028		26,600
Total	\$	585,837

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.75%
- Salary increases: 3.5% to 12% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
- Mortality rates:
 - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
 - Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
 - Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

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

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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

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

	Decrease 6.50%	Discount Rate 7.50%	Increase 8.50%
Employers' net pension liability (asset)	\$ 1,198,161	\$ (413,544)	\$ (1,755,830)

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

City of Bethany 457 Deferred Compensation Plan (DC Plan)

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

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Under the plan the employer contributed 3% of compensation through December 2017 and 4% for January through June 2018 and continuing on through June 2023. Employees may voluntarily contribute to the plan. Employees are 100% vested in the plan. During the year ended June 30, 2023, employees contributed \$5,903 and the employer contributed \$8,553.

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

Funding Policy – Plan participants may contribute up to \$18,500 of eligible compensation per year. During the year ended June 30, 2023, employees contributed \$120,258 and the employer contributed \$0 to the Plan.

12. Postemployment Healthcare Plan

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

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

The amount of benefit payments during fiscal year June 30, 2023 were \$60,362.

Employees Covered by Benefit Terms

Active Employees	120
Inactive or beneficiaries receiving benefits	<u>16</u>
Total	<u>136</u>

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Total OPEB Liability – The total OPEB liability was determined based on an actuarial valuation performed as of June 30, 2022.

Actuarial Assumptions- The City’s total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial cost method – Entry Age
- Discount rate – 4.09% 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 –

2025	5.86%
2030	5.01%
2035	4.97%
2040	4.81%
2045	4.70%
2050	4.64%
2060	4.54%
2065	4.50%

Changes in Total OPEB Liability –

	Total OPEB Liability
Balances at Beginning of Year	\$ 1,731,994
Changes for the Year:	
Service cost	108,293
Interest expense	39,750
Change in assumptions	(160,888)
Difference between expected and actual experience	(340,957)
Benefits paid	(49,198)
Net Changes	(403,000)
Balances End of Year	\$ 1,328,994

OPEB liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the City recognized OPEB expenses of \$38,338. At June 30, 2023, 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	\$ 50,002	\$ 284,847
Changes of assumptions	175,214	430,899
Net difference between projected and actual earnings on OPEB plan investments	-	-
Change in proportion	248,893	248,893
City Contributions during the measurement date	2,203	12,072
City Contributions subsequent to the measurement date	60,361	-
Total	\$ 536,673	\$ 976,711

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

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Year Ended June 30:		
2024	\$	(99,101)
2025		(87,861)
2026		(78,938)
2027		(48,007)
2028		(62,233)
Thereafter		(124,259)
	<u>\$</u>	<u>(500,399)</u>

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.09 percent) or one percentage point higher (5.09 percent) than the current discount rate:

	1% Decrease 3.09%	Discount Rate 4.09%	1% Increase 5.09%
Employers' total OPEB liability	\$ 1,462,169	\$ 1,328,994	\$ 1,211,424

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are approximately one percentage-point lower (4.96 percent decreasing to 2.94 percent) or approximately one percentage point higher (6.96 percent decreasing to 4.94 percent) than the current healthcare cost trend rates:

	1% Decrease 4.96% Grading to 2.94%	5.96% Grading to 3.94%	1% Increase 6.96% Grading to 4.94%
Employers' total OPEB liability	\$ 1,225,368	\$ 1,328,994	\$ 1,450,615

13. Commitments, contingencies, and subsequent events

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Programs

The City of Bethany participates in various federal or state grant/loan programs from year to year. In 2023, the City's involvement in federal and state award programs is relatively material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any

noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Improvement Districts

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

Opioid Settlement Funds

In June 2022, drug manufacturer distributors reached a \$308 billion-dollar nationwide settlement related to opioid lawsuit(s). These funds will be disbursed to each litigating party over an 18-year period according to an allocation agreement reached with all participating states.

Oklahoma's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 25% of Net Opioid Funds to Litigating Political Subdivisions (10% of this allocation to establish an appeal fund)
- 75% to the State of Oklahoma

The City as a litigating party received \$19,053 as part of this settlement in fiscal year 2023. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2023.

14. Tax Abatements

The City enters into sales tax rebate agreements with a local business as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

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

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following businesses had rebate agreements with the City as of June 30, 2023:

- A local convenience store received rebated sales tax during 2023. The agreement is for seven years and will not extend beyond June 30, 2029. The rebate is calculated by remitting 62% of the reported sales tax generated by the store for the first three years of the agreement. For the next three years of the agreement, the store will receive 52% of the reported sales tax generated by the store.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BETHANY, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 4,302,430	\$ 4,302,430	\$ 6,205,045	\$ 1,902,615
Resources (Inflows):				
Taxes	7,040,083	7,040,083	7,218,415	178,332
Intergovernmental	299,984	356,930	369,008	12,078
Fees, licenses and permits	108,911	108,911	128,338	19,427
Charges for services	632,339	632,339	662,799	30,460
Fines and forfeitures	750,000	750,000	904,956	154,956
Interest earned	1,625	1,625	26,146	24,521
Miscellaneous	160,682	175,299	391,013	215,714
Total Resources (Inflows)	<u>8,993,624</u>	<u>9,065,187</u>	<u>9,700,676</u>	<u>635,489</u>
Amounts available for appropriation	<u>13,296,054</u>	<u>13,367,617</u>	<u>15,905,721</u>	<u>2,538,104</u>
Charges to Appropriations (Outflows):				
General Government				
Management	873,188	763,548	1,005,030	(241,482)
Finance	393,240	400,537	398,432	2,105
Municipal court	612,106	624,963	581,130	43,833
Engineering	233,097	112,068	121,575	(9,507)
Community Development	566,766	575,722	560,236	15,486
Public Safety				
Police	4,274,341	4,711,439	4,787,443	(76,004)
Fire	2,750,303	2,826,149	3,326,870	(500,721)
Public Works and Streets				
Administration	158,708	161,630	151,619	10,011
Streets	814,797	807,452	709,905	97,547
Maintenance	88,639	106,222	94,577	11,645
Culture and Recreation				
Parks	598,042	594,654	440,408	154,246
Contingency	250,000	36,000	-	36,000
Total Charges to Appropriations	<u>11,613,227</u>	<u>11,720,384</u>	<u>12,177,225</u>	<u>(456,841)</u>
Other financing sources (uses)				
Transfers from other funds	3,607,650	2,879,249	8,538,735	5,659,486
Transfers to other funds	(993,547)	(1,050,184)	(6,039,543)	(4,989,359)
Total other financing sources (uses)	<u>2,614,103</u>	<u>1,829,065</u>	<u>2,499,192</u>	<u>670,127</u>
Ending Budgetary Fund Balance	<u>\$ 4,296,930</u>	<u>\$ 3,476,298</u>	<u>\$ 6,227,688</u>	<u>\$ 2,751,390</u>

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	Federal Grants Fund			
	Budgeted Amounts		Actual Amounts (Budget basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Fees, licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earned	-	-	-	-
Miscellaneous	-	-	1,103	1,103
Total Resources (Inflows)	<u>-</u>	<u>-</u>	<u>1,103</u>	<u>1,103</u>
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>1,103</u>	<u>1,103</u>
Charges to Appropriations (Outflows):				
Capital Outlay	1,726,000	1,726,000	398,209	1,327,791
Total Charges to Appropriations	<u>1,726,000</u>	<u>1,726,000</u>	<u>398,209</u>	<u>1,327,791</u>
Other financing sources (uses)				
Transfers from other funds	418,000	418,000	-	(418,000)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>418,000</u>	<u>418,000</u>	<u>-</u>	<u>(418,000)</u>
Ending Budgetary Fund Balance	<u>\$ (1,308,000)</u>	<u>\$ (1,308,000)</u>	<u>\$ (397,106)</u>	<u>\$ 910,894</u>

Schedule of Footnotes to Budgetary Comparison:

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

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector. During the fiscal year ended June 30, 2023 the City had expenditures exceeding appropriation in the General Fund Transfers by \$4,989,359.

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

	Fund Balance July 1, 2022	Net Change in Fund Balance	Fund Balance June 30, 2023
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$5,438,181	\$792,014	\$6,230,195
Increases (Decreases):			
Revenues:			
Accounts receivable	(3,863,372)	578,384	(3,284,988)
State on behalf pension payments	(686,846)	(82,237)	(769,083)
Combining accounts	(7,416)	(289)	(7,705)
Expenditures:			
Accrued payroll	93,407	53,624	147,031
Other expenditures	4,544,245	(1,401,090)	3,143,155
State on behalf pension payments	686,846	82,237	769,083
Fund Balance - Budgetary Basis	<u>\$6,205,045</u>	<u>\$22,643</u>	<u>\$6,227,688</u>

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Pension Information

Schedules of Required Supplementary Information

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

	<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>
City's proportion of the net pension liability	0.4666469%		0.4746469%		0.5068200%		0.4774980%		0.4991460%		0.4869520%		0.4723241%
City's proportionate share of the net pension liability	\$ 5,701,081	\$	5,969,747	\$	5,704,991	\$	5,045,569	\$	6,149,052	\$	3,206,901	\$	6,176,740
City's covered-employee payroll	\$ 1,305,306	\$	1,330,221	\$	1,503,888	\$	1,476,625	\$	1,656,853	\$	1,581,704	\$	1,563,053
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	437%		449%		379%		342%		371%		203%		395%
Plan fiduciary net position as a percentage of the total pension liability	64.87%		66.61%		70.73%		72.85%		69.98%		84.24%		69.49%

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

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorily required contribution	\$ 179,255	\$ 182,743	\$ 186,231	\$ 210,544	\$ 206,728	\$ 232,244	\$ 221,576	\$ 218,873	\$ 228,063
Contributions in relation to the statutorily required contribution	179,255	182,743	186,231	210,544	206,728	232,244	221,576	218,873	228,063
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,280,394	\$ 1,305,306	\$ 1,330,221	\$ 1,503,888	\$ 1,476,625	\$ 1,656,853	\$ 1,581,704	\$ 1,563,053	\$ 1,629,015
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%	14.01%	14.00%	14.00%

Notes to Schedule:

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

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Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF BETHANY PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net pension liability (asset)	0.5536%	0.5509%	0.5869%	0.5576%	0.5740%	0.5182%	0.5157%
City's proportionate share of the net pension liability (asset)	\$ 847,805	\$ 42,373	\$ (279,584)	\$ (35,598)	\$ 659,211	\$ (2,485,965)	\$ (413,544)
City's covered-employee payroll	\$ 1,591,163	\$ 1,642,700	\$ 1,790,307	\$ 1,813,284	\$ 1,993,346	\$ 1,901,208	\$ 1,748,640
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.28%	2.58%	-15.62%	-1.96%	33.07%	-130.76%	-23.65%
Plan fiduciary net position as a percentage of the total pension liability	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

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

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorially required contribution	\$ 195,488	\$ 206,851	\$ 213,551	\$ 232,740	\$ 235,728	\$ 259,305	\$ 247,157	\$ 227,323	\$ 238,125
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>	<u>232,358</u>	<u>240,177</u>	<u>243,484</u>
Contribution deficiency (excess)	<u>\$ (2,672)</u>	<u>\$ 6,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,799</u>	<u>\$ (12,854)</u>	<u>\$ (5,359)</u>
City's covered-employee payroll	\$ 1,503,757	\$ 1,591,163	\$ 1,642,700	\$ 1,790,307	\$ 1,813,284	\$ 1,993,346	\$ 1,901,208	\$ 1,748,640	\$ 1,831,732
Contributions as a percentage of covered-employee payroll	13.18%	12.61%	13.00%	13.00%	13.00%	13.01%	12.22%	13.74%	13.29%

Notes to Schedule:

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

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

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

Last Nine Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 350,458	\$ 385,355	\$ 504,132	\$ 525,983	\$ 548,968	\$ 586,762	\$ 618,999	\$ 636,125	\$ 444,741
Interest	1,732,533	1,759,621	1,761,976	1,829,496	1,876,797	1,951,401	2,058,987	2,124,097	2,200,425
Changes of benefit terms	-	-	-	821	-	-	37,227	-	-
Differences between expected and actual experience	-	(665,220)	(288,129)	(213,851)	(89,986)	(94,319)	(292,648)	55,995	(426,420)
Changes of assumptions	-	-	-	522,579	-	401,239	-	-	(1,225,833)
Benefit payments, including refunds of member contributions	(952,501)	(1,829,907)	(1,054,351)	(1,161,143)	(1,336,277)	(1,346,023)	(1,477,560)	(1,634,144)	(1,968,930)
Net change in total pension liability	1,130,490	(350,151)	923,628	1,503,885	999,502	1,499,060	945,005	1,182,073	(976,017)
Total pension liability - beginning	22,472,174	23,602,663	23,252,512	24,176,140	25,680,025	26,679,527	28,178,587	29,123,592	30,305,665
Total pension liability - ending (a)	\$ 23,602,664	\$ 23,252,512	\$ 24,176,140	\$ 25,680,025	\$ 26,679,527	\$ 28,178,587	\$ 29,123,592	\$ 30,305,665	\$ 29,329,648
Plan fiduciary net position									
Contributions - employer	\$ 537,682	\$ 583,840	\$ 536,856	\$ 558,723	\$ 481,380	\$ 472,645	\$ 477,415	\$ 309,130	\$ 317,425
Contributions - member	150,355	153,204	157,696	164,120	181,058	189,929	184,401	224,342	215,385
Net investment income	3,380,397	650,013	203,962	2,815,616	1,852,623	1,782,115	1,110,225	7,528,643	(4,097,539)
Benefit payments, including refunds of member contributions	(952,501)	(1,829,907)	(1,054,351)	(1,161,143)	(1,336,277)	(1,346,023)	(1,477,560)	(1,634,144)	(1,968,930)
Administrative expense	(49,979)	(48,861)	(45,845)	(49,866)	(52,417)	(55,960)	(58,885)	(57,273)	(57,773)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,065,954	(491,711)	(201,682)	2,327,450	1,126,367	1,042,706	235,596	6,370,698	(5,591,432)
Plan fiduciary net position - beginning	20,616,812	23,682,766	23,191,055	22,989,373	25,316,823	26,443,190	27,485,896	27,721,492	34,092,190
Plan fiduciary net position - ending (b)	\$ 23,682,766	\$ 23,191,055	\$ 22,989,373	\$ 25,316,823	\$ 26,443,190	\$ 27,485,896	\$ 27,721,492	\$ 34,092,190	\$ 28,500,758
Net pension liability (asset) - ending (a) - (b)	\$ (80,102)	\$ 61,457	\$ 1,186,767	\$ 363,202	\$ 236,337	\$ 692,691	\$ 1,402,100	\$ (3,786,525)	\$ 828,890
Plan fiduciary net position as a percentage of the total pension liability	100.34%	99.74%	95.09%	98.59%	99.11%	97.54%	95.19%	112.49%	97.17%
Covered employee payroll	\$ 3,256,228	\$ 3,149,951	\$ 3,296,442	\$ 3,481,527	\$ 3,916,031	\$ 3,995,154	\$ 3,688,284	\$ 3,538,629	\$ 3,538,629
Net pension liability (asset) as a percentage of covered-employee payroll	-2.46%	1.95%	36.00%	10.43%	6.04%	17.34%	38.01%	-107.01%	23.42%

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

Notes to Schedule:

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

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last Nine Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 583,839	\$ 536,856	\$ 537,293	\$ 478,931	\$ 462,833	\$ 497,468	\$ 506,479	\$ 326,044	\$ 296,891
Contributions in relation to the actuarially determined contribution	583,839	536,856	537,293	483,625	464,433	511,119	317,603	317,426	321,732
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (4,694)	\$ (1,600)	\$ (13,651)	\$ 188,876	\$ 8,618	\$ (24,841)
Covered employee payroll	\$ 3,330,517	\$ 3,296,442	\$ 3,481,527	\$ 3,916,031	\$ 4,128,749	\$ 4,176,896	3,791,013	3,688,284	3,538,629
Contributions as a percentage of covered-employee payroll	17.53%	16.29%	15.43%	12.35%	11.25%	12.24%	8.38%	8.61%	9.09%

Notes to Schedule:

- Only the previous nine fiscal years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2022
- Actuarially determined contribution rate is calculated as of July 1, 2022
July 2021 through June 2022 contributions were at a rate of 8.39%.
- Methods and assumptions used to determine contribution rates:
Actuarial cost method - Entry age normal
Amortization method - Level percent of payroll, closed
Remaining amortization period - 28 years
Asset valuation method - Actuarial:
Smoothing period - 4 years
Recognition method - Non-asymptotic
Corridor - 70% - 130%
Salary increases - 4.00% to 7.42% (varies by attained age)
Investment rate of return - 7.50%

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Schedule of Changes in Total OPEB Liability and Related Ratios
 Postemployment Health Insurance Implicit Rate Subsidy Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>	<u>2023</u>
Total OPEB Liability						
Service cost	\$ 83,719	\$ 75,082	\$ 71,166	\$ 76,288	\$ 86,295	\$ 108,293
Interest	40,545	54,508	61,120	51,985	38,772	39,750
Changes in assumptions	(115,440)	(44,424)	(228,732)	121,978	(170,271)	(340,957)
Experience Gain/(Loss)	-	-	27,979	34,172	140,399	(160,888)
Benefit payments	(31,435)	(24,504)	(30,704)	(25,310)	(31,300)	(49,198)
Net change in total OPEB liability	<u>(22,611)</u>	<u>60,662</u>	<u>(99,171)</u>	<u>259,113</u>	<u>63,895</u>	<u>(403,000)</u>
Balances at Beginning of Year	<u>1,470,106</u>	<u>1,447,495</u>	<u>1,508,157</u>	<u>1,408,986</u>	<u>1,668,099</u>	<u>1,731,994</u>
Balances End of Year	<u>\$ 1,447,495</u>	<u>\$ 1,508,157</u>	<u>\$ 1,408,986</u>	<u>\$ 1,668,099</u>	<u>\$ 1,731,994</u>	<u>\$ 1,328,994</u>
Covered employee payroll	\$ 10,760,000	\$ 7,418,658	\$ 7,196,000	\$ 6,918,000	\$ 6,641,000	\$ 6,918,000
Total OPEB liability as a percentage of covered- employee payroll	13.45%	20.33%	19.58%	24.11%	26.08%	19.21%

Notes to Schedule:

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

*Ending balance changed from the previous presented amount to account for the changes in the draft versus the final actuarial report from 2022 for fiscal year 2023

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OTHER SUPPLEMENTARY INFORMATION

**CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Balance Sheet – General Fund Accounts - June 30, 2023

	<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>
ASSETS						
Cash and cash equivalents	\$ 1,319,426	\$ 25,977	\$ 27,863	\$ 1,506,592	\$ 333,115	\$ 3,212,973
Investments	1,378,118	-	-	-	-	1,378,118
Receivables:						
Accounts receivable	813,361	-	-	-	-	813,361
Due from other funds	108,547	-	-	8,054,040	-	8,162,587
Due from other accounts	2,871,668	-	-	325,070	-	3,196,738
Taxes receivable, net	937,891	-	-	-	-	937,891
Other receivables	1,533,736	-	-	-	-	1,533,736
Total assets	<u>\$ 8,962,747</u>	<u>\$ 25,977</u>	<u>\$ 27,863</u>	<u>\$ 9,885,702</u>	<u>\$ 333,115</u>	<u>\$ 19,235,404</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 231,190	\$ -	\$ 27,863	\$ 76,370	\$ 7,485	\$ 342,908
Wages payable	147,031	-	-	-	-	147,031
Due to other funds	168,407	-	-	6,930,519	-	7,098,926
Escrow liability	-	25,977	-	-	-	25,977
Due to other accounts	-	-	-	2,871,108	325,630	3,196,738
Total liabilities	<u>546,628</u>	<u>25,977</u>	<u>27,863</u>	<u>9,877,997</u>	<u>333,115</u>	<u>10,811,580</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>2,193,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,193,629</u>
Fund balances:						
Restricted	1,840,716	-	-	-	-	1,840,716
Assigned	4,381,774	-	-	-	-	4,381,774
Unassigned	-	-	-	7,705	-	7,705
Total fund balances	<u>6,222,490</u>	<u>-</u>	<u>-</u>	<u>7,705</u>	<u>-</u>	<u>6,230,195</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,962,747</u>	<u>\$ 25,977</u>	<u>\$ 27,863</u>	<u>\$ 9,885,702</u>	<u>\$ 333,115</u>	<u>\$ 19,235,404</u>

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2023

	<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>
REVENUES						
Taxes	\$ 7,218,415	\$ -	\$ -	\$ -	\$ -	\$ 7,218,415
Intergovernmental	1,138,091	-	-	-	-	1,138,091
Charges for services	662,799	-	-	-	-	662,799
Fines and forfeitures	904,956	-	-	-	-	904,956
Licenses and permits	128,338	-	-	-	-	128,338
Investment income	26,146	-	-	334	-	26,480
Miscellaneous	391,013	-	-	-	-	391,013
Total revenues	<u>10,469,758</u>	<u>-</u>	<u>-</u>	<u>334</u>	<u>-</u>	<u>10,470,092</u>
EXPENDITURES						
Current:						
General government	2,089,401	-	-	45	-	2,089,446
Public safety	7,811,408	-	-	-	-	7,811,408
Public works and streets	936,130	-	-	-	-	936,130
Culture and recreation	440,408	-	-	-	-	440,408
Community development	560,236	-	-	-	-	560,236
Capital Outlay	339,642	-	-	-	-	339,642
Total expenditures	<u>12,177,225</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>12,177,270</u>
Excess (deficiency) of revenues over expenditures	<u>(1,707,467)</u>	<u>-</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>(1,707,178)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	8,538,735	-	-	-	-	8,538,735
Transfers out	(6,039,543)	-	-	-	-	(6,039,543)
Total other financing sources and uses	<u>2,499,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,499,192</u>
Net change in fund balances	791,725	-	-	289	-	792,014
Fund balances - beginning	5,430,765	-	-	7,416	-	5,438,181
Fund balances - ending	<u>\$ 6,222,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,705</u>	<u>\$ -</u>	<u>\$ 6,230,195</u>

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2023

	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	2022B GO BONDS		LIBRARY GO BONDS
ASSETS												
Cash and cash equivalents	\$ 281,620	\$ 147,029	\$ -	\$ 150,449	\$ 101,340	\$ 143,764	\$ 347,253	\$ 465,917	\$ 48,333	\$ 3,997,785	\$ 566,248	\$ 6,249,738
Investments	-	-	-	-	-	-	-	-	-	600,200	508,086	1,108,286
Due from other governments	16,693	23,764	-	-	-	-	-	14,538	-	-	-	54,995
Due from other funds	9,290	-	-	3,291	-	-	75,000	4,265	-	-	-	91,846
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 307,603</u>	<u>\$ 170,793</u>	<u>\$ -</u>	<u>\$ 153,740</u>	<u>\$ 101,340</u>	<u>\$ 143,764</u>	<u>\$ 422,253</u>	<u>\$ 484,720</u>	<u>\$ 48,333</u>	<u>\$ 4,597,985</u>	<u>\$ 1,074,334</u>	<u>\$ 7,504,865</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ 5,377	\$ -	\$ -	\$ 10,224	\$ -	\$ 12,000	\$ 5,637	\$ -	\$ -	\$ -	\$ 190,777	\$ 224,015
Due to other funds	-	-	4,495	-	-	-	-	-	-	-	-	4,495
Wages payable	-	-	-	-	-	-	1,328	-	-	-	-	1,328
Total liabilities	<u>5,377</u>	<u>-</u>	<u>4,495</u>	<u>10,224</u>	<u>-</u>	<u>12,000</u>	<u>6,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,777</u>	<u>229,838</u>
Deferred Inflows:												
Unavailable revenue	-	-	-	-	-	-	-	11,017	-	-	-	11,017
Fund balances:												
Restricted	302,226	170,793	-	143,516	101,340	131,764	415,288	473,703	-	4,597,985	883,557	7,220,172
Assigned	-	-	-	-	-	-	-	-	48,333	-	-	48,333
Unassigned (deficit)	-	-	(4,495)	-	-	-	-	-	-	-	-	(4,495)
Total fund balances	<u>302,226</u>	<u>170,793</u>	<u>(4,495)</u>	<u>143,516</u>	<u>101,340</u>	<u>131,764</u>	<u>415,288</u>	<u>473,703</u>	<u>48,333</u>	<u>4,597,985</u>	<u>883,557</u>	<u>7,264,010</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 307,603</u>	<u>\$ 170,793</u>	<u>\$ -</u>	<u>\$ 153,740</u>	<u>\$ 101,340</u>	<u>\$ 143,764</u>	<u>\$ 422,253</u>	<u>\$ 484,720</u>	<u>\$ 48,333</u>	<u>\$ 4,597,985</u>	<u>\$ 1,074,334</u>	<u>\$ 7,504,865</u>

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds – Year Ended June 30, 2023

	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	2022B GO BONDS		LIBRARY GO BONDS
REVENUES												
Taxes	\$ -	\$ 52,748	\$ -	\$ -	\$ -	\$ 60,783	\$ -	\$ 557,333	\$ -	\$ -	\$ -	670,864
Intergovernmental	122,545	-	-	-	-	-	-	-	-	-	-	122,545
Charges for services	109,944	-	-	-	13,600	-	-	-	-	-	-	123,544
Investment income	-	-	-	-	-	-	3,855	-	2	75,448	6,705	86,010
Fines and forfeitures	92,828	-	-	-	-	-	-	-	-	-	-	92,828
Miscellaneous	4,530	-	-	-	-	-	-	-	-	-	-	4,530
Total revenues	<u>329,847</u>	<u>52,748</u>	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>60,783</u>	<u>3,855</u>	<u>557,333</u>	<u>2</u>	<u>75,448</u>	<u>6,705</u>	<u>1,100,321</u>
EXPENDITURES												
Current:												
Public safety	77,924	-	-	-	-	-	-	-	-	-	-	77,924
Economic development	-	-	-	-	-	20,000	39,118	-	-	-	-	59,118
Capital Outlay	4,800	-	-	-	2,800	-	-	-	-	-	-	7,600
Debt Service												
Principal retirement	-	-	-	-	-	-	-	430,000	-	-	-	430,000
Interest and fiscal charges	-	-	-	-	-	-	-	133,875	-	-	-	133,875
Bond issuance costs	-	-	-	-	-	-	-	-	-	178,531	-	178,531
Total Expenditures	<u>82,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,800</u>	<u>20,000</u>	<u>39,118</u>	<u>563,875</u>	<u>-</u>	<u>178,531</u>	<u>-</u>	<u>887,048</u>
Revenues over (under) expenditures	247,123	52,748	-	-	10,800	40,783	(35,263)	(6,542)	2	(103,083)	6,705	213,273
OTHER FINANCING SOURCES (USES)												
Debt proceeds	-	-	-	-	-	-	-	-	-	4,500,000	-	4,500,000
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	201,068	-	201,068
Transfers in	-	-	-	-	-	20,000	75,000	-	-	-	-	95,000
Transfers out	(117,722)	-	-	-	-	-	-	-	-	-	-	(117,722)
Total other financing sources (uses)	<u>(117,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>4,701,068</u>	<u>-</u>	<u>4,678,346</u>
Net change in fund balances	129,401	52,748	-	-	10,800	60,783	39,737	(6,542)	2	4,597,985	6,705	4,891,619
Fund balances - beginning	172,825	118,045	(4,495)	143,516	90,540	70,981	375,551	480,245	48,331	-	876,852	2,372,391
Fund balances - ending	<u>\$ 302,226</u>	<u>\$ 170,793</u>	<u>\$ (4,495)</u>	<u>\$ 143,516</u>	<u>\$ 101,340</u>	<u>\$ 131,764</u>	<u>\$ 415,288</u>	<u>\$ 473,703</u>	<u>\$ 48,333</u>	<u>\$ 4,597,985</u>	<u>\$ 883,557</u>	<u>\$ 7,264,010</u>

CITY OF BETHANY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Schedule of Net Position – Public Works Authority Accounts – June 30, 2023

Bethany Public Works Authority Accounts				
	BPWA	Water System Improvement	Meter Deposit	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 488,907	\$ 3,730,386	\$ -	\$ 4,219,293
Cash and cash equivalents, restricted	803,210	-	760,967	1,564,177
Investments	6,134,744	-	-	6,134,744
Accounts receivable, net	632,562	-	-	632,562
Leases receivable, current portion	100,993	-	-	100,993
Accrued interest receivable	240	-	-	240
Other receivable	493,322	-	-	493,322
Due from other funds	7,011,575	-	-	7,011,575
Total current assets	<u>15,665,553</u>	<u>3,730,386</u>	<u>760,967</u>	<u>20,156,906</u>
Non-current assets:				
Leases receivable	1,695,287	-	-	1,695,287
Investment in joint venture	3,571,624	-	-	3,571,624
Capital assets:				
Land, construction in progress, and water rights	611,036	-	-	611,036
Other capital assets, net of accumulated depreciation	23,423,892	-	-	23,423,892
Total non-current assets	<u>29,301,839</u>	<u>-</u>	<u>-</u>	<u>29,301,839</u>
Total assets	<u>44,967,392</u>	<u>3,730,386</u>	<u>760,967</u>	<u>49,458,745</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pension	1,013,686	-	-	1,013,686
Deferred amounts related to OPEB	199,501	-	-	199,501
Total deferred outflows of resources	<u>1,213,187</u>	<u>-</u>	<u>-</u>	<u>1,213,187</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	512,647	125,238	-	637,885
Wages payable	40,014	-	-	40,014
Due to other funds	8,162,587	-	-	8,162,587
Due to other governments	11,140	-	-	11,140
Accrued interest payable	46,719	-	-	46,719
Accrued compensated absences	12,605	-	-	12,605
Refundable deposits	-	-	75,842	75,842
Notes payable	1,225,146	-	-	1,225,146
Total current liabilities	<u>10,010,858</u>	<u>125,238</u>	<u>75,842</u>	<u>10,211,938</u>
Non-current liabilities:				
Accrued compensated absences	113,450	-	-	113,450
Net pension liability	299,635	-	-	299,635
Total OPEB liability	254,072	-	-	254,072
Refundable deposits	-	-	682,491	682,491
Notes payable	5,585,355	-	-	5,585,355
Total non-current liabilities	<u>6,252,512</u>	<u>-</u>	<u>682,491</u>	<u>6,935,003</u>
Total liabilities	<u>16,263,370</u>	<u>125,238</u>	<u>758,333</u>	<u>17,146,941</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	396,458	-	-	396,458
Deferred amounts related to leases	1,758,251	-	-	1,758,251
Deferred amounts related to OPEB	245,493	-	-	245,493
Total deferred inflows of resources	<u>2,400,202</u>	<u>-</u>	<u>-</u>	<u>2,400,202</u>
NET POSITION				
Net investment in capital assets	18,887,587	-	-	18,887,587
Restricted for debt service	318,616	-	-	318,616
Restricted for other purposes	-	3,730,386	-	3,730,386
Unrestricted (deficit)	8,310,804	(125,238)	2,634	8,188,200
Total net position	<u>\$ 27,517,007</u>	<u>\$ 3,605,148</u>	<u>\$ 2,634</u>	<u>\$ 31,124,789</u>

**CITY OF BETHANY, OKLAHOMA
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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Public Works Authority
Accounts - Year Ended June 30, 2023**

	Bethany Public Works Authority Accounts			
	Water System			Total
	BPWA	Improvement	Meter Deposit	
REVENUES				
Charges for services	\$ 9,914,237	\$ -	\$ -	\$ 9,914,237
Total operating revenues	<u>9,914,237</u>	<u>-</u>	<u>-</u>	<u>9,914,237</u>
OPERATING EXPENSES				
Personal services	1,770,233	-	-	1,770,233
Materials and supplies	900,099	-	-	900,099
Other services and charges	3,538,735	125,238	-	3,663,973
Depreciation expense	1,350,090	-	-	1,350,090
Total operating expenses	<u>7,559,157</u>	<u>125,238</u>	<u>-</u>	<u>7,684,395</u>
Operating income	<u>2,355,080</u>	<u>(125,238)</u>	<u>-</u>	<u>2,229,842</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	(945,236)	-	117	(945,119)
Miscellaneous	158,890	-	-	158,890
Interest expense and fiscal charges	(197,126)	-	-	(197,126)
Capital assets transferred to governmental activities	(1,496)	-	-	(1,496)
Total non-operating revenue (expenses)	<u>(984,968)</u>	<u>-</u>	<u>117</u>	<u>(984,851)</u>
Income before contributions and transfers	<u>1,370,112</u>	<u>(125,238)</u>	<u>117</u>	<u>1,244,991</u>
Capital assets contributed from governmental activities	752,062	-	-	752,062
Transfers in	5,905,543	-	-	5,905,543
Transfers out	(8,421,013)	-	-	(8,421,013)
Change in net position	<u>(393,296)</u>	<u>(125,238)</u>	<u>117</u>	<u>(518,417)</u>
Total net position - beginning	27,910,303	3,730,386	2,517	31,643,206
Total net position - ending	<u>\$ 27,517,007</u>	<u>\$ 3,605,148</u>	<u>\$ 2,634</u>	<u>\$ 31,124,789</u>