

CITY OF BETHEL

Basic Financial Statements, Required Supplementary
Information, Additional Supplementary Information
and Compliance Reports

Year Ended June 30, 2019

CITY OF BETHEL

Basic Financial Statements, Required Supplementary
Information, Additional Supplementary Information
and Compliance Reports

Year Ended June 30, 2019

CITY OF BETHEL

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CITY OF BETHEL, ALASKA

Statement of Net Position

June 30, 2019

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|--------------------|
| Assets and Deferred Outflows of Resources | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 9,647,116 | 18,414,444 | 28,061,560 |
| Accounts receivable (net) | 2,555,199 | 965,874 | 3,521,073 |
| Inventory | 469,825 | 112,656 | 582,481 |
| Prepaid items | 215,863 | 225,000 | 440,863 |
| Internal balances | 3,678,263 | (3,678,263) | - |
| Investments | 2,737,379 | 247,870 | 2,985,249 |
| Total current assets | <u>19,303,645</u> | <u>16,287,581</u> | <u>35,591,226</u> |
| Long-Term Assets | | | |
| Restricted cash | - | 222,460 | 222,460 |
| Capital assets not being depreciated | 40,395,727 | 12,003,253 | 52,398,980 |
| Depreciable capital assets | 31,011,721 | 111,780,770 | 142,792,491 |
| Accumulated depreciation | (21,034,415) | (49,554,613) | (70,589,028) |
| Net capital assets | <u>50,373,033</u> | <u>74,229,410</u> | <u>124,602,443</u> |
| Deferred outflows of resources | | | |
| Pension and OPEB deferrals | 1,451,337 | 994,943 | 2,446,280 |
| Total long-term assets and deferred outflows of resources | <u>51,824,370</u> | <u>75,446,813</u> | <u>127,271,183</u> |
| Total assets and deferred outflows of resources | <u>\$ 71,128,015</u> | <u>91,734,394</u> | <u>162,862,409</u> |
| Liabilities, Deferred Inflows of Resources and Net Position | | | |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 639,505 | 457,453 | 1,096,958 |
| Accrued payroll | 271,758 | 97,729 | 369,487 |
| Accrued liabilities | 15,156 | - | 15,156 |
| Utility deposits | - | 370,601 | 370,601 |
| Unearned revenue | 3,726 | 595,211 | 598,937 |
| Accrued interest payable | - | 7,204 | 7,204 |
| Total current liabilities | <u>930,145</u> | <u>1,528,198</u> | <u>2,458,343</u> |
| Long-term liabilities | | | |
| Due within one year: | | | |
| Accrued leave | 378,187 | 180,454 | 558,641 |
| Bonds payable | - | 170,000 | 170,000 |
| Note payable-current | 59,455 | 14,316 | 73,771 |
| Due in more than one year: | | | |
| Bonds payable | - | 1,665,000 | 1,665,000 |
| Note payable | 814,965 | 898,684 | 1,713,649 |
| Unamortized bond premium | - | 238,471 | 238,471 |
| Landfill closure costs | - | 2,577,029 | 2,577,029 |
| Net pension and OBEB liability | 7,663,762 | 5,004,045 | 12,667,807 |
| Total long-term liabilities | <u>8,916,369</u> | <u>10,747,999</u> | <u>19,664,368</u> |
| Deferred inflows of resources | | | |
| Pension and OBEB deferrals | 755,404 | 360,184 | 1,115,588 |
| Total liabilities and deferred inflows of resources | <u>10,601,918</u> | <u>12,636,381</u> | <u>23,238,299</u> |
| Net position | | | |
| Net investment in capital assets | 49,498,613 | 72,155,939 | 121,654,552 |
| Restricted | 92,269 | 222,460 | 314,729 |
| Unrestricted | 10,935,215 | 6,719,614 | 17,654,829 |
| Total net position | <u>60,526,097</u> | <u>79,098,013</u> | <u>139,624,110</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 71,128,015</u> | <u>91,734,394</u> | <u>162,862,409</u> |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Statement of Activities

Year Ended June 30, 2019

| | | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|--------------------|-------------------------|--|--|--|-----------------------------|--------------------|
| | Expenses | Indirect Costs | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business type Activities | Total |
| Governmental activities: | | | | | | | | |
| General government | \$ 3,027,639 | (1,163,903) | 647,545 | 33,200 | - | (1,182,991) | - | (1,182,991) |
| Public safety | 4,824,167 | 73,955 | 369,085 | 384,705 | - | (4,144,332) | - | (4,144,332) |
| Public works | 2,447,653 | (78,256) | - | 98,445 | 5,490,203 | 3,219,251 | - | 3,219,251 |
| Community services | 360,833 | - | 5,225 | - | - | (355,608) | - | (355,608) |
| Total governmental activities | <u>10,660,292</u> | <u>(1,168,204)</u> | <u>1,021,855</u> | <u>516,350</u> | <u>5,490,203</u> | <u>(2,463,680)</u> | <u>-</u> | <u>(2,463,680)</u> |
| Business-type activities: | | | | | | | | |
| Water and sewer utility | 6,747,746 | 691,819 | 7,171,456 | 66,834 | - | - | (201,275) | (201,275) |
| Municipal dock | 1,406,966 | 91,975 | 1,120,213 | 5,657 | - | - | (373,071) | (373,071) |
| Rental property | 618,302 | 112,078 | 859,082 | - | - | - | 128,702 | 128,702 |
| Solid waste | 870,978 | 113,464 | 1,171,160 | 9,581 | - | - | 196,299 | 196,299 |
| Multi-use recreation facility | 2,097,917 | 99,252 | 617,119 | - | 3,557 | - | (1,576,493) | (1,576,493) |
| Public transit | 304,667 | 59,616 | 42,594 | 246,427 | - | - | (75,262) | (75,262) |
| Total business-type activities | <u>12,046,576</u> | <u>1,168,204</u> | <u>10,981,624</u> | <u>328,499</u> | <u>3,557</u> | <u>-</u> | <u>(1,901,100)</u> | <u>(1,901,100)</u> |
| Total primary government | <u>\$ 22,706,868</u> | <u>-</u> | <u>12,003,479</u> | <u>844,849</u> | <u>5,493,760</u> | <u>(2,463,680)</u> | <u>(1,901,100)</u> | <u>(4,364,780)</u> |
| General revenues: | | | | | | | | |
| Taxes, including penalties and interest | | | | | | 7,876,026 | - | 7,876,026 |
| Grants and entitlements not restricted to a specific purpose | | | | | | 1,129,341 | - | 1,129,341 |
| Investment income | | | | | | 481,628 | 52,526 | 534,154 |
| Other | | | | | | 14,253 | 7,968 | 22,221 |
| Transfers | | | | | | 370,456 | (370,456) | - |
| Transfer of capital assets | | | | | | (5,905,417) | 5,905,417 | - |
| Total general revenues and transfers | | | | | | <u>3,966,287</u> | <u>5,595,455</u> | <u>9,561,742</u> |
| Change in net position | | | | | | 1,502,607 | 3,694,355 | 5,196,962 |
| Net position, beginning of year | | | | | | <u>59,023,490</u> | <u>75,403,658</u> | <u>134,427,148</u> |
| Net Position, end of year | | | | | | <u>\$ 60,526,097</u> | <u>79,098,013</u> | <u>139,624,110</u> |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Balance Sheet - Governmental Funds

June 30, 2019

| | General Fund | USDA-RA Sewer Lagoon Jetty Special Revenue Fund | Institutional Corridor Capital Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---|--|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 7,724,809 | - | 5,829 | 1,916,478 | 9,647,116 |
| Receivables, net | 1,249,588 | 968,323 | - | 337,288 | 2,555,199 |
| Inventory | 199,818 | - | - | - | 199,818 |
| Prepaid items | 215,863 | - | - | - | 215,863 |
| Investments | 1,228,349 | - | - | 1,509,030 | 2,737,379 |
| Due from other funds | 1,258,027 | - | - | - | 1,258,027 |
| Due from enterprise funds | 1,828,852 | - | - | - | 1,828,852 |
| Advances to enterprise funds | 2,925,628 | - | - | - | 2,925,628 |
| Total assets | \$ 16,630,934 | 968,323 | 5,829 | 3,762,796 | 21,367,882 |
| Liabilities, Deferred Inflows and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | 394,369 | 149,202 | 5,829 | 84,396 | 633,796 |
| Accrued payroll | 256,345 | - | - | 6,723 | 263,068 |
| Accrued liabilities | 15,156 | - | - | - | 15,156 |
| Due to other funds | - | 819,121 | - | 438,906 | 1,258,027 |
| Unearned revenue | - | - | - | 3,726 | 3,726 |
| Total liabilities | 665,870 | 968,323 | 5,829 | 533,751 | 2,173,773 |
| Deferred inflows of resources | | | | | |
| Taxes | 126,201 | - | - | - | 126,201 |
| Fund balances | | | | | |
| Nonspendable | 3,341,309 | - | - | - | 3,341,309 |
| Restricted | - | - | - | 92,269 | 92,269 |
| Committed | - | - | - | 1,895,597 | 1,895,597 |
| Assigned | - | - | - | 1,302,535 | 1,302,535 |
| Unassigned | 12,497,554 | - | - | (61,356) | 12,436,198 |
| Total fund balances | 15,838,863 | - | - | 3,229,045 | 19,067,908 |
| Total liabilities, deferred inflows and fund balances | \$ 16,630,934 | 968,323 | 5,829 | 3,762,796 | 21,367,882 |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2019

| | | | |
|---|------------|----|--------------------------|
| Total fund balances for governmental funds | | \$ | 19,067,908 |
| Total net position reported for governmental activities in the Statement of Net Position is different because: | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of: | | | |
| Capital assets not being depreciated: | | | |
| Land | 39,481,784 | | |
| Construction in progress | 913,943 | | |
| Total capital assets not being depreciated | | | 40,395,727 |
| Depreciable capital assets: | | | |
| Improvements | 2,003,841 | | |
| Buildings | 12,542,773 | | |
| Equipment | 4,709,807 | | |
| Infrastructure | 9,777,649 | | |
| Vehicles | 1,977,651 | | |
| Total depreciable capital assets | | | 31,011,721 |
| Accumulated depreciation | | | (21,034,415) |
| Total capital assets | | | 50,373,033 |
| Sales taxes not collected within 60 days of year end are not deemed available and are reported as revenues in the fund statements. | | | |
| | | | 126,201 |
| Long term liabilities are not deemed due and payable in the current period and are therefore not reported as governmental fund liabilities. | | | |
| Long-term debt | | | (874,420) |
| Accrued leave | | | (368,037) |
| Changes in deferred inflows and outflows of resources are the results of timing difference in the actuarial report: | | | |
| Pension and OBEB related assets in the current fiscal year are presented as deferred outflows of resources | | | |
| | | | 1,451,337 |
| Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources | | | |
| | | | (755,404) |
| Proportional share of the collective net pension and OPEB liability | | | |
| | | | (7,663,762) |
| Internal service funds are used by the City to charge the cost of health insurance, and vehicle and equipment maintenance to individual funds. Internal service fund assets and liabilities are included with governmental activities in the Statement of Net Position. | | | |
| | | | (830,335) |
| Less amount reported for capital assets above | | | (424) |
| | | | (830,759) |
| Total net position of governmental activities | | \$ | <u><u>60,526,097</u></u> |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds

Year Ended June 30, 2019

| | General Fund | USDA-RA Sewer Lagoon Jetty Special Revenue Fund | Institutional Corridor Capital Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--|---|-----------------------------------|--------------------------------|
| Revenues: | | | | | |
| Intergovernmental: | | | | | |
| Federal sources | \$ 893,144 | 1,269,906 | - | 538,055 | 2,701,105 |
| State of Alaska | 498,261 | - | 3,435,515 | 603,393 | 4,537,169 |
| Local sources: | | | | | |
| Taxes | 7,824,934 | - | - | - | 7,824,934 |
| Charges for services | 222,014 | - | - | 147,071 | 369,085 |
| Rental income | 1,515 | - | - | - | 1,515 |
| Permits, licenses and fees | 651,255 | - | - | - | 651,255 |
| Income from investments | 446,925 | - | - | 34,703 | 481,628 |
| Miscellaneous | 14,253 | - | - | 20,307 | 34,560 |
| Total revenues | <u>10,552,301</u> | <u>1,269,906</u> | <u>3,435,515</u> | <u>1,343,529</u> | <u>16,601,251</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 1,872,547 | - | - | - | 1,872,547 |
| Public safety | 4,339,528 | - | - | 443,201 | 4,782,729 |
| Public works | 2,486,689 | 1,709,334 | - | 385 | 4,196,408 |
| Community services | 268,588 | - | - | 5,000 | 273,588 |
| Debt service | | | | | |
| Principal | 17,813 | - | - | - | 17,813 |
| Interest | 6,234 | - | - | - | 6,234 |
| Capital outlay | - | - | 3,554,633 | 924,585 | 4,479,218 |
| Total expenditures | <u>8,991,399</u> | <u>1,709,334</u> | <u>3,554,633</u> | <u>1,373,171</u> | <u>15,628,537</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,560,902</u> | <u>(439,428)</u> | <u>(119,118)</u> | <u>(29,642)</u> | <u>972,714</u> |
| Other Financing Sources (Uses) | | | | | |
| Debt proceeds | 142,328 | - | - | - | 142,328 |
| Transfers in | 295,620 | 913,000 | 119,118 | 242,879 | 1,570,617 |
| Transfers (out) | <u>(679,568)</u> | <u>(473,572)</u> | <u>-</u> | <u>(47,021)</u> | <u>(1,200,161)</u> |
| Net other financing sources (uses) | <u>(241,620)</u> | <u>439,428</u> | <u>119,118</u> | <u>195,858</u> | <u>512,784</u> |
| Net change in fund balances | 1,319,282 | - | - | 166,216 | 1,485,498 |
| Fund Balances, beginning of year | <u>14,519,581</u> | <u>-</u> | <u>-</u> | <u>3,062,829</u> | <u>17,582,410</u> |
| Fund Balances, end of year | <u>\$ 15,838,863</u> | <u>-</u> | <u>-</u> | <u>3,229,045</u> | <u>19,067,908</u> |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2019

| | | |
|--|------------------|-----------------------------------|
| Net change in fund balances - total governmental funds | | \$ 1,485,498 |
| The change in net position reported for governmental activities in the Statement of Activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay | 6,405,495 | |
| Depreciation | <u>(962,122)</u> | |
| | | 5,443,373 |
| Transfer of capital assets to business type-activities | | (5,905,417) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase (decrease) in unavailable tax revenue. | | |
| | | 51,092 |
| The issuance of long-term debt (e.g. bonds, notes, and accrued leave) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Difference in the treatment of long-term debt and related items include: | | |
| Accrued leave decrease | | 19,667 |
| Increase in the collective share of the net pension and OPEB liability | | (829,579) |
| Debt proceeds | | (142,328) |
| Debt payments | | 17,813 |
| Changes in deferred outflows and inflows of resources are the result of timing differences in the actuarial report. Contributions to the pension and OPEB plan in the current fiscal year are expenditures in the fund financial statements but are presented as changes in deferred outflows of resources in the government-wide statements. | | |
| | | 1,316,750 |
| Internal service funds are used by management to charge the cost of certain activities to individual funds. The net loss of the internal service funds (excluding the portion allocated to business-type activities) is reported within the governmental activities | | |
| | 43,935 | |
| Change attributable to depreciation above | <u>1,803</u> | |
| | | <u>45,738</u> |
| Change in net position of governmental activities | | \$ <u><u>1,502,607</u></u> |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Statements of Net Position

Proprietary Funds

June 30, 2019

| | Major Enterprise Funds | | | | | | | Internal Service Funds |
|--|-------------------------|-------------------|------------------|------------------|-----------------------------|--------------------------|------------------------|------------------------|
| | Water and Sewer Utility | Municipal Dock | Rental Property | Solid Waste | Multi-Use Recreation Center | Nonmajor Enterprise Fund | Total Enterprise Funds | |
| Assets and Deferred Outflows of Resources | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 3,734,460 | 4,537,674 | 1,634,236 | 4,580,615 | 3,927,459 | - | 18,414,444 | - |
| Accounts receivable (net) | 598,447 | 211,488 | 6,439 | 120,515 | 28,985 | - | 965,874 | - |
| Inventory | 70,651 | 1,366 | 7,128 | 3,531 | 24,983 | 4,997 | 112,656 | 270,007 |
| Prepaid expense | 225,000 | - | - | - | - | - | 225,000 | - |
| Investments | - | 247,870 | - | - | - | - | 247,870 | - |
| Total current assets | <u>4,628,558</u> | <u>4,998,398</u> | <u>1,647,803</u> | <u>4,704,661</u> | <u>3,981,427</u> | <u>4,997</u> | <u>19,965,844</u> | <u>270,007</u> |
| Long-term assets: | | | | | | | | |
| Restricted cash - bond reserve | - | - | 222,460 | - | - | - | 222,460 | - |
| Capital assets: | | | | | | | | |
| Land | - | 2,237,356 | 43,000 | 18,252 | - | - | 2,298,608 | - |
| Construction in progress | 9,645,026 | 42,200 | 17,419 | - | - | - | 9,704,645 | - |
| Depreciable assets | 42,997,604 | 33,987,998 | 9,876,329 | 1,256,457 | 23,297,167 | 365,215 | 111,780,770 | 86,902 |
| Less accumulated depreciation | (27,382,867) | (11,569,600) | (5,716,771) | (785,913) | (3,806,158) | (293,304) | (49,554,613) | (86,478) |
| Net capital assets | <u>25,259,763</u> | <u>24,697,954</u> | <u>4,219,977</u> | <u>488,796</u> | <u>19,491,009</u> | <u>71,911</u> | <u>74,229,410</u> | <u>424</u> |
| Total long-term assets | <u>25,259,763</u> | <u>24,697,954</u> | <u>4,442,437</u> | <u>488,796</u> | <u>19,491,009</u> | <u>71,911</u> | <u>74,451,870</u> | <u>424</u> |
| Deferred outflows of resources - | | | | | | | | |
| Pension and OPEB deferrals | 773,405 | 81,750 | - | 99,744 | - | 40,044 | 994,943 | - |
| Total assets and deferred outflows of resources | <u>\$ 30,661,726</u> | <u>29,778,102</u> | <u>6,090,240</u> | <u>5,293,201</u> | <u>23,472,436</u> | <u>116,952</u> | <u>95,412,657</u> | <u>270,431</u> |

(Continued)

CITY OF BETHEL, ALASKA

Statements of Net Position , Continued

Proprietary Funds

| | Major Enterprise Funds | | | | | | Total Enterprise Funds | Internal Service Funds |
|--|-------------------------|-------------------|------------------|------------------|-----------------------------|--------------------------|------------------------|------------------------|
| | Water and Sewer Utility | Municipal Dock | Rental Property | Solid Waste | Multi-Use Recreation Center | Nonmajor Enterprise Fund | | |
| Liabilities, Deferred Inflows of Resources and Net Position (Deficit) | | | | | | | | |
| Liabilities: | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts and claims payable | 128,025 | 93,028 | 12,498 | 90,881 | 129,523 | 3,498 | 457,453 | 5,709 |
| Accrued payroll | 67,226 | 12,532 | - | 12,313 | - | 5,658 | 97,729 | 8,690 |
| Accrued leave | 114,372 | 14,479 | - | 33,079 | - | 18,524 | 180,454 | 10,150 |
| Deposits | 370,601 | - | - | - | - | - | 370,601 | - |
| Unearned revenue | - | - | 595,211 | - | - | - | 595,211 | - |
| Due to other funds | - | - | - | - | 470,414 | 282,221 | 752,635 | 1,076,217 |
| Current portion - loans payable | 14,316 | - | - | - | - | - | 14,316 | - |
| Current portion - bonds payable | - | - | 170,000 | - | - | - | 170,000 | - |
| Accrued interest payable | - | - | 7,204 | - | - | - | 7,204 | - |
| Total current liabilities | <u>694,540</u> | <u>120,039</u> | <u>784,913</u> | <u>136,273</u> | <u>599,937</u> | <u>309,901</u> | <u>2,645,603</u> | <u>1,100,766</u> |
| Long-term liabilities | | | | | | | | |
| Advances from other funds | 1,996,668 | - | 928,960 | - | - | - | 2,925,628 | - |
| Loans payable, net of current portion | 898,684 | - | - | - | - | - | 898,684 | - |
| Bonds payable, net of current portion | - | - | 1,665,000 | - | - | - | 1,665,000 | - |
| Unamortized bond premium | - | - | 238,471 | - | - | - | 238,471 | - |
| Landfill closure costs | - | - | - | 2,577,029 | - | - | 2,577,029 | - |
| Net pension and OPEB liability | 3,843,487 | 407,986 | - | 506,241 | - | 246,331 | 5,004,045 | - |
| Total long-term liabilities | <u>6,738,839</u> | <u>407,986</u> | <u>2,832,431</u> | <u>3,083,270</u> | <u>-</u> | <u>246,331</u> | <u>13,308,857</u> | <u>-</u> |
| Deferred inflows of resources - | | | | | | | | |
| Pension and OPEB deferrals | 256,869 | 22,649 | - | 41,933 | - | 38,733 | 360,184 | - |
| Total liabilities and deferred inflows of resources | <u>7,690,248</u> | <u>550,674</u> | <u>3,617,344</u> | <u>3,261,476</u> | <u>599,937</u> | <u>594,965</u> | <u>16,314,644</u> | <u>1,100,766</u> |
| Net position | | | | | | | | |
| Net investment in capital assets | 25,259,763 | 24,697,954 | 2,146,506 | 488,796 | 19,491,009 | 71,911 | 72,155,939 | - |
| Restricted | - | - | 222,460 | - | - | - | 222,460 | - |
| Unrestricted | (2,288,285) | 4,529,474 | 103,930 | 1,542,929 | 3,381,490 | (549,924) | 6,719,614 | (830,335) |
| Total net position | <u>22,971,478</u> | <u>29,227,428</u> | <u>2,472,896</u> | <u>2,031,725</u> | <u>22,872,499</u> | <u>(478,013)</u> | <u>79,098,013</u> | <u>(830,335)</u> |
| Total liabilities and net position | <u>\$ 30,661,726</u> | <u>29,778,102</u> | <u>6,090,240</u> | <u>5,293,201</u> | <u>23,472,436</u> | <u>116,952</u> | <u>95,412,657</u> | <u>270,431</u> |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Statements of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2019

| | Major Enterprise Funds | | | | | | | Internal Service Funds |
|---------------------------------|-------------------------|------------------|-----------------|------------------|-----------------------------|--------------------------|------------------------|------------------------|
| | Water and Sewer Utility | Municipal Dock | Rental Property | Solid Waste | Multi-Use Recreation Center | Nonmajor Enterprise Fund | Total Enterprise Funds | |
| Operating revenues: | | | | | | | | |
| Charges for services | \$ 7,167,096 | 1,114,292 | 859,082 | 1,171,160 | 617,119 | 42,544 | 10,971,293 | 822,332 |
| Other | 4,360 | 5,921 | - | - | - | 50 | 10,331 | - |
| Total operating revenues | <u>7,171,456</u> | <u>1,120,213</u> | <u>859,082</u> | <u>1,171,160</u> | <u>617,119</u> | <u>42,594</u> | <u>10,981,624</u> | <u>822,332</u> |
| Operating expenses: | | | | | | | | |
| Personnel | 2,943,207 | 363,285 | - | 400,646 | - | 214,475 | 3,921,613 | 484,559 |
| Travel and training | 21,633 | 532 | - | 268 | - | - | 22,433 | 6,096 |
| Materials and supplies | 250,653 | 6,289 | - | 42,611 | - | 1,956 | 301,509 | 7,821 |
| Utilities and fuel | 822,909 | 46,069 | 142,560 | 37,638 | 329,398 | 36,062 | 1,414,636 | 56,443 |
| Claims | - | - | - | - | - | - | - | (20,446) |
| Minor equipment and tools | 183,743 | 8,406 | - | 35,430 | 845 | - | 228,424 | 22,708 |
| Depreciation | 1,231,100 | 842,410 | 340,702 | 73,694 | 815,218 | 23,734 | 3,326,858 | 1,803 |
| Other purchased services | 108,462 | 10,303 | 5,247 | 77,842 | 899,455 | 154 | 1,101,463 | 8,738 |
| Insurance | 147,650 | 15,391 | 31,271 | 7,885 | 39,105 | 8,900 | 250,202 | 96,500 |
| Repairs and maintenance | 652,766 | 106,027 | 98,522 | 132,825 | 17 | 19,386 | 1,009,543 | - |
| Other expenses | 308,863 | 8,254 | - | 2,208 | 13,879 | - | 333,204 | - |
| Landfill closure costs | - | - | - | 59,931 | - | - | 59,931 | - |
| Bad debt expense | 76,760 | - | - | - | - | - | 76,760 | - |
| Indirect cost | 691,819 | 91,975 | 112,078 | 113,464 | 99,252 | 59,616 | 1,168,204 | 114,175 |
| Total operating expenses | <u>7,439,565</u> | <u>1,498,941</u> | <u>730,380</u> | <u>984,442</u> | <u>2,197,169</u> | <u>364,283</u> | <u>13,214,780</u> | <u>778,397</u> |
| Income (loss) from operations | <u>(268,109)</u> | <u>(378,728)</u> | <u>128,702</u> | <u>186,718</u> | <u>(1,580,050)</u> | <u>(321,689)</u> | <u>(2,233,156)</u> | <u>43,935</u> |

(Continued)

CITY OF BETHEL, ALASKA

Statements of Revenues, Expenses and Changes in Fund Net Position, Continued

Proprietary Funds

Major Enterprise Funds

| | Water and Sewer Utility | Municipal Dock | Rental Property | Solid Waste | Multi-Use Recreation Center | Nonmajor Enterprise Fund | Total Enterprise Funds | Internal Service Funds |
|---|----------------------------|-------------------|------------------|------------------|-----------------------------------|-----------------------------|---------------------------|---------------------------|
| Nonoperating revenues (expenses): | | | | | | | | |
| Interest expense | - | - | (59,391) | - | - | - | (59,391) | - |
| Investment income | 22,970 | - | 5,015 | - | 83,932 | - | 111,917 | - |
| Other grant | - | - | - | - | 3,557 | - | 3,557 | - |
| Federal sources | - | - | - | - | - | 242,356 | 242,356 | - |
| State PERS relief | 66,834 | 5,657 | - | 9,581 | - | 4,071 | 86,143 | - |
| Refunding costs | - | - | (3,294) | - | - | - | (3,294) | - |
| Pension and OPEB benefit | - | 11,262 | - | - | - | - | 11,262 | - |
| Net nonoperating revenues (expenses) | 89,804 | 16,919 | (57,670) | 9,581 | 87,489 | 246,427 | 392,550 | - |
| Income (loss) before capital contributions and transfers | (178,305) | (361,809) | 71,032 | 196,299 | (1,492,561) | (75,262) | (1,840,606) | 43,935 |
| Capital contributions | 5,905,417 | - | - | - | - | - | 5,905,417 | - |
| Transfers in | - | - | - | - | 542,544 | - | 542,544 | - |
| Transfers out | (913,000) | - | - | - | - | - | (913,000) | - |
| Total transfers | (913,000) | - | - | - | 542,544 | - | (370,456) | - |
| Change in net position | 4,814,112 | (361,809) | 71,032 | 196,299 | (950,017) | (75,262) | 3,694,355 | 43,935 |
| Net position, beginning of year | 18,157,366 | 29,589,237 | 2,401,864 | 1,835,426 | 23,822,516 | (402,751) | 75,403,658 | (874,270) |
| Net Position end of year | \$ 22,971,478 | 29,227,428 | 2,472,896 | 2,031,725 | 22,872,499 | (478,013) | 79,098,013 | (830,335) |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Statements of Cash Flows

Proprietary Funds

Year Ended June 30, 2019

| | Major Enterprise Funds | | | | | | | Internal Service Funds |
|--|-------------------------|------------------|------------------|------------------|-----------------------------|--------------------------|------------------------|------------------------|
| | Water and Sewer Utility | Municipal Dock | Rental Property | Solid Waste | Multi-Use Recreation Center | Nonmajor Enterprise Fund | Total Enterprise Funds | |
| Cash flows from (for) operating activities: | | | | | | | | |
| Receipts from customers | \$ 7,289,320 | 1,255,281 | 1,399,954 | 1,167,222 | 588,134 | 42,594 | 11,742,505 | - |
| Receipts from interfund services provided | - | - | - | - | - | - | - | 822,332 |
| Payment to suppliers | (3,505,739) | (151,739) | (399,637) | (366,992) | (1,360,902) | (126,602) | (5,911,611) | (693,064) |
| Payment to employees | (3,203,360) | (381,719) | - | (424,843) | - | (231,722) | (4,241,644) | (490,751) |
| Net cash flows from (for) operating activities | <u>580,221</u> | <u>721,823</u> | <u>1,000,317</u> | <u>375,387</u> | <u>(772,768)</u> | <u>(315,730)</u> | <u>1,589,250</u> | <u>(361,483)</u> |
| Cash flows from (for) noncapital financing activities: | | | | | | | | |
| Operating and capital grants | 66,834 | 5,657 | - | - | 3,557 | 242,356 | 318,404 | - |
| Transfers in | (913,000) | - | - | - | 542,544 | - | (370,456) | - |
| Increase (decrease) due to central treasury | - | - | - | - | 470,414 | 73,374 | 543,788 | 361,483 |
| Net cash flows from (for) noncapital financing activities | <u>(846,166)</u> | <u>5,657</u> | <u>-</u> | <u>-</u> | <u>1,016,515</u> | <u>315,730</u> | <u>491,736</u> | <u>361,483</u> |
| Cash flows from (for) capital and related financing activities: | | | | | | | | |
| Acquisition and construction of capital assets | (439,656) | (83,813) | - | (70,192) | - | - | (593,661) | - |
| Principal paid on long-term debt | - | - | (165,000) | - | - | - | (165,000) | - |
| Proceeds from issuance of debt | 913,000 | - | - | - | - | - | 913,000 | - |
| Refunding costs | - | - | (3,294) | - | - | - | (3,294) | - |
| Interest paid on long-term debt | - | - | (89,750) | - | - | - | (89,750) | - |
| Net cash flows from (for) capital and related financing activities | <u>473,344</u> | <u>(83,813)</u> | <u>(258,044)</u> | <u>(70,192)</u> | <u>-</u> | <u>-</u> | <u>61,295</u> | <u>-</u> |
| Cash flows from investing activities - | | | | | | | | |
| Investment income received | 22,970 | 11,262 | 5,015 | - | 83,932 | - | 123,179 | - |
| Purchase of investments | - | 933,261 | - | - | - | - | 933,261 | - |
| Net cash flows from investing activities | <u>22,970</u> | <u>944,523</u> | <u>5,015</u> | <u>-</u> | <u>83,932</u> | <u>-</u> | <u>1,056,440</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 230,369 | 1,588,190 | 747,288 | 305,195 | 327,679 | - | 3,198,721 | - |
| Cash and cash equivalents, beginning of year | <u>3,504,091</u> | <u>2,949,484</u> | <u>1,109,408</u> | <u>4,275,420</u> | <u>3,599,780</u> | <u>-</u> | <u>15,438,183</u> | <u>-</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,734,460</u> | <u>4,537,674</u> | <u>1,856,696</u> | <u>4,580,615</u> | <u>3,927,459</u> | <u>-</u> | <u>18,636,904</u> | <u>-</u> |
| Composed of: | | | | | | | | |
| Cash and cash equivalents | \$ 3,734,460 | 4,537,674 | 1,634,236 | 4,580,615 | 3,927,459 | - | 18,414,444 | - |
| Restricted cash - bond reserve | - | - | 222,460 | - | - | - | 222,460 | - |
| Total cash and cash equivalents | <u>3,734,460</u> | <u>4,537,674</u> | <u>1,856,696</u> | <u>4,580,615</u> | <u>3,927,459</u> | <u>-</u> | <u>18,636,904</u> | <u>-</u> |

(Continued)

CITY OF BETHEL, ALASKA
 Statements of Cash Flows, Continued
 Proprietary Funds
 Year Ended June 30, 2019

| | Major Enterprise Funds | | | | | | | Internal Service Funds |
|---|----------------------------|----------------|------------------|----------------|-----------------------------------|-----------------------------|---------------------------|------------------------|
| | Water and Sewer Utility | Municipal Dock | Rental Property | Solid Waste | Multi-Use Recreation Center | Nonmajor Enterprise Fund | Total Enterprise Funds | |
| Reconciliation of income (loss) from operations to net cash flows from (for) operating activities: | | | | | | | | |
| Income (loss) from operations | \$ (268,109) | (378,728) | 128,702 | 186,718 | (1,580,050) | (321,689) | (2,233,156) | 43,935 |
| Adjustments to reconcile income (loss) from operations to net cash from (for) operating activities: | | | | | | | | |
| Depreciation | 1,231,100 | 842,410 | 340,702 | 73,694 | 815,218 | 23,734 | 3,326,858 | 1,803 |
| PERS on-behalf expense | (233,604) | (19,772) | - | (80,931) | - | (34,386) | (368,693) | - |
| (Increase) decrease in assets: | | | | | | | | |
| Accounts receivable | 105,791 | 135,068 | (3,204) | (3,938) | (28,985) | - | 204,732 | - |
| Inventory | (5,101) | 61,835 | (514) | (255) | (1,804) | (362) | 53,799 | (13,311) |
| Prepaid expenses | (225,000) | - | - | - | - | - | (225,000) | - |
| Increase (decrease) in liabilities: | | | | | | | | |
| Accounts and claims payable | (10,380) | 79,672 | (9,445) | 83,434 | 22,853 | (166) | 165,968 | (387,718) |
| Accrued leave | (18,947) | 2,570 | - | (2,671) | - | (6,230) | (25,278) | (4,515) |
| Accrued payroll | (7,602) | (1,232) | - | 2,380 | - | (859) | (7,313) | (1,677) |
| Deposits/unearned revenue | 12,073 | - | - | - | - | - | 12,073 | - |
| Unearned revenue | - | - | 544,076 | - | - | - | 544,076 | - |
| Unfunded pension and OPEB liability | - | - | - | 57,025 | - | 24,228 | 81,253 | - |
| Landfill closure costs | - | - | - | 59,931 | - | - | 59,931 | - |
| Net cash flows from (for) operating activities | \$ 580,221 | 721,823 | 1,000,317 | 375,387 | (772,768) | (315,730) | 1,589,250 | (361,483) |
| Noncash item - | | | | | | | | |
| Capital assets transferred from governmental activities | \$ 5,905,417 | - | - | - | - | - | 5,905,417 | - |

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bethel, Alaska (City) was incorporated in 1957 as a second-class city and operates under a Council-Manager form of government. The City provides a variety of services including water, sewer, refuse, police and fire protection, street maintenance, public transit, municipal dock and community services.

The City of Bethel, Alaska is governed by an elected council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Bethel, Alaska only. There are no component units.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles of the government are described below.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the City. *Governmental activities*, which normally are supported by local and intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on user fees and charges for support. The effect of interfund activity, for the most part, has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who use, purchase, or directly benefit from the goods, services or privileges provided by a given segment or function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported as *general revenues*. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements for governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, charges for services, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measured and available only when received by the government.

The City reports the following major governmental fund:

The *General Fund* is the City's primary operating fund – it accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *USDA-RA Sewer Lagoon Jetty Special Revenue Fund* – it accounts for activity related to the Lagoon Upgrade Design federal and state grants.

The *Institutional Corridor Capital Project Fund* – Accounts for the construction activities related to that project.

The City reports the following major enterprise funds:

The *Water and Sewer Utility Fund* – accounts for the distribution of water and sewer services for the City of Bethel.

The *Municipal Dock Fund* – accounts for all activities of the dock.

The *Rental Property Fund* – accounts for activities related to rents and leases of the Court complex and owned properties of the City of Bethel.

The *Solid Waste Fund* – accounts for solid waste disposal and the municipal landfill.

The *Multi-Use Recreation Center Fund* – accounts for the activities related to the Yukon-Kuskokwim recreational facility located in Bethel.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Additionally, the City reports the following fund types:

Internal Service Funds – the funds account for the employee health insurance benefits and vehicle and maintenance activities of the City and provide this service to other departments and agencies of the City on a cost-reimbursement basis. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, the useful lives of assets and related accumulated depreciation, accrued landfill closure and post-closure care costs, and health benefit claims incurred but not reported.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

D. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Allowable investments include the following:

- a. U.S. Treasury bills, notes and bonds.
- b. Obligations of agencies of the United States.
- c. Commercial paper with quality rating not lower than A-1/P-1.
- d. Banks acceptances issued by banks with a long-term bond rating of not less than "A" or by branches of banks, whose parent is rated not less than "A".
- e. Insured or fully collateralized certificates of deposit of financial institutions.
- f. Money market mutual funds or other short-term investment funds which serve to insure full investment on a daily basis. The funds must meet the criteria set forth in a-e above.
- g. The Alaska Municipal League Investment Pool, Inc. as authorized under Alaska Statutes 37.23.010 through 37.23.900. The Finance Director is authorized to enter into the agreements and perform all acts required for the City's membership in the Pool.
- h. Repurchase agreements secured by Treasury, Agency and Instrumentality securities.

The City participates in the Alaska Municipal League Investment Pool (AMLIP). AMLIP is not SEC registered and is unrated. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to its Board of Directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The AMLIP manager is required to produce monthly disclosure statements to the pool. The pool has also retained an investment advisor to monitor the performance of the investment manager and to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service.

E. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the City's investments. The carrying amount of the City's investments are determined based on quoted market prices.

The carrying amount of notes receivable and notes payable approximates fair value for those financial instruments with interest at variable rates, as those rates approximate current market rates for notes with similar maturities and credit quality.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

F. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either “due from other funds” or “due to other funds” (i.e., the current portion of interfund loans) or “advances to other funds” or “advances from other funds” (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All tax receivables and other receivables are shown net of an allowance for uncollectible receivables.

G. Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out (FIFO) method. The cost of governmental and business-type activities inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Unearned Revenues

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met are recorded as unearned revenue.

I. Restricted Assets

Monies or other resources, the use of which is restricted by legal or contractual requirements are recorded as restricted assets. Restricted assets include monies required by bond covenants.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost greater than or equal to \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the City, is depreciated using the straight-line method over the following estimated useful lives:

| | |
|--|-------|
| Dock, seawall, water and sewer line and improvements | 20-70 |
| Buildings and improvements | 30-35 |
| Motor vehicles and motorized equipment | 5-10 |
| Furniture, machinery and equipment | 5-10 |

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay is recorded when earned in proprietary funds and is reported as a fund liability. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental-fund type that will pay it. Amounts related to governmental-fund types not expected to be liquidated with expendable available financial resources are reported as long-term liabilities.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest on long-term obligations is recorded as an expenditure when due.

Pensions/OPEB. For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

The City follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

M. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints placed are either externally imposed by creditors (such as through debt covenants), grantors, contributors, provisions or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

N. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then committed, assigned, and unassigned—in order as needed.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and most Special Revenue Funds and Enterprise Funds. The Capital Project Funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The budget is prepared by fund, function and department. Budgetary control is exercised at the department or function level. The City Manager is authorized to transfer budget amounts up to \$5,000 between expenditure/expense categories within any department; however, any supplemental appropriations that amend the total expenditures/expenses of any department, or transfers exceeding \$5,000, require City Council approval.

Encumbrance accounting is employed in governmental fund types. Encumbrances, if any, (e.g., purchase orders, contracts) outstanding at year end are reported as appropriate constraints of fund balance if they meet the definitions described in the fund balance section of these notes.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations in the General Fund as follows:

| | Amount of Over Expenditure |
|--------------------|----------------------------------|
| Public works | \$ 356,937 |
| Debt service | 24,047 |
| Community services | 268,588 |

C. Deficit Fund Balance/Unrestricted Net Position

The following funds reported a fund deficit as of June 30, 2019:

| | Deficit Balance |
|---------------------------|-----------------|
| Special Revenue Funds: | |
| Police Asset Forfeiture | \$ 61,380 |
| Internal Service Funds – | |
| Employee Health Insurance | 795,416 |
| Vehicle and Equipment | 34,919 |
| Total | \$ 830,335 |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

In addition, the following Enterprise Funds are reporting deficits in the unrestricted net position category:

| | Unrestricted Deficit Balance |
|-------------------------|---------------------------------|
| Water and Sewer Utility | \$ 2,288,285 |
| Public Transit | 549,924 |

These deficits are expected to be covered by future operations or transfers from the General Fund, or in the case of the Health Insurance Fund, possible premium increases.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents, and Investments

All deposits are carried at cash value plus accrued interest. The City's deposit and investment policy requires all cash deposits to be fully insured or collateralized.

A portion of the City's investments are in the Alaska Municipal League Investment Pool (AMLIP). The investment in AMLIP represents the City's share of ownership in the pool rather than ownership of specific securities. The share value of investments in the AMLIP is approximately equal to fair value. To obtain a copy of AMLIP's financial statements contact Key Trust of Alaska at 101 West Benson Blvd., Room 412, Anchorage, Alaska 99503.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City requires all deposits to be insured or collateralized. At June 30, 2019, the City's bank deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remainder is collateralized by governmental securities held by the City's agent in the City's name.

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2019:

| | |
|--------------------------------------|----------------------|
| Bank deposits and money market funds | \$ 28,061,560 |
| Investments | 2,985,249 |
| Total cash and investments | \$ <u>31,046,809</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

| | Fair Value | Investment Maturities in Years | | |
|---|--------------|--------------------------------|-----------|-------------|
| | | Less than 1 | 1 – 5 | More than 5 |
| Investment subject to interest rate risk: | | | | |
| Fixed income | \$ 247,870 | - | 247,870 | - |
| U.S. government bonds | 2,737,379 | - | 2,737,379 | - |
| Total | \$ 2,985,249 | - | 2,985,249 | - |

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2019:

| | Total | Level 1 | Level 2 | Level 3 |
|---------------------------------|--------------|---------|-----------|---------|
| Investments by fair value level | | | | |
| Fixed income | \$ 247,870 | - | 247,870 | - |
| U.S. government bonds | 2,737,379 | - | 2,737,379 | - |
| Total investments | \$ 2,985,249 | - | 2,985,249 | - |

Credit Risk

The City does not have a formal investment policy that restricts investments based on credit risk. At June 30, 2019 the City's investments in Certificates of Deposit were unrated, U.S. Government Bonds were rated AAA by Moody's Credit Rating, and the Alaska Municipal League Investment Pool were rated AAAM by Standard & Poor's.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

IV. ACCOUNTS RECEIVABLE

Receivables at June 30, 2019, for the City's individual major funds and other nonmajor funds, including applicable allowance for doubtful accounts, are as follows:

| June 30, 2019 | General Fund | USDA-RA Sewer Lagoon Jetty Special Revenue Fund | Nonmajor Governmental Funds | Water and Sewer Utility Enterprise Fund |
|---|---|---|--------------------------------------|---|
| Grants receivable | \$ - | 968,323 | 10,579 | - |
| Accounts receivable | 213,892 | - | 326,709 | 659,744 |
| Taxes receivable | 1,054,272 | - | - | - |
| Less allowance for doubtful accounts | (18,576) | - | - | (61,297) |
| Net receivables | \$ 1,249,588 | 968,323 | 337,288 | 598,447 |
| | | | | |
| June 30, 2019 | Municipal Dock Enterprise Fund | Rental Property | Solid Waste Enterprise Fund | Nonmajor Enterprise Funds |
| Grants receivable | \$ - | - | - | - |
| Accounts receivable | 231,826 | 10,639 | 138,786 | 28,985 |
| Taxes receivable | - | - | - | - |
| Less allowance for doubtful accounts | (20,338) | (4,200) | (18,271) | - |
| Net receivables | \$ 211,488 | 6,439 | 120,515 | 28,985 |
| | | | | |
| June 30, 2019 | Totals | | | |
| Grants receivable | \$ 978,902 | | | |
| Accounts receivable | 1,601,581 | | | |
| Taxes receivable | 1,054,272 | | | |
| Less allowance for doubtful accounts | (122,682) | | | |
| Net receivables | \$ 3,512,073 | | | |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

V. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

| | Balance July 1, 2018 | Additions | (Deletions) and Transfers | Balance June 30, 2019 |
|---|-------------------------|-----------|------------------------------|--------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 39,481,784 | - | - | 39,481,784 |
| Construction in progress | 955,889 | 5,982,539 | (6,024,485) | 913,943 |
| Capital assets not being | 40,437,673 | 5,982,539 | (6,024,485) | 40,395,727 |
| Capital assets being depreciated: | | | | |
| Improvements | 2,003,841 | - | - | 2,003,841 |
| Buildings | 12,542,773 | - | - | 12,542,773 |
| Machinery and equipment | 4,541,234 | 168,573 | - | 4,709,807 |
| Infrastructure | 9,692,527 | 85,122 | - | 9,777,649 |
| Vehicles | 1,689,322 | 288,329 | - | 1,977,651 |
| Total capital assets being depreciated | 30,469,697 | 542,024 | - | 31,011,721 |
| Less accumulated depreciation for: | | | | |
| Improvements | 393,227 | 114,220 | - | 507,447 |
| Buildings | 6,114,358 | 313,456 | - | 6,427,814 |
| Machinery and equipment | 2,960,453 | 283,052 | - | 3,243,505 |
| Infrastructure | 9,224,851 | 98,663 | - | 9,323,514 |
| Vehicles | 1,379,404 | 152,731 | - | 1,532,135 |
| Total accumulated depreciation | 20,072,293 | 962,122 | - | 21,034,415 |
| Net capital assets being depreciated | 10,397,404 | (420,098) | - | 9,977,306 |
| Total governmental activities | \$ 50,835,077 | 5,562,441 | (6,024,485) | 50,373,033 |

*Governmental activities capital assets includes \$425 of capital assets, net of accumulated depreciation from internal service funds.

During the year the governmental funds transferred capital assets of \$5,905,417 to the business-type activities.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

| | Balance July 1, 2018 | Additions and Transfers | Deletions | Balance June 30, 2019 |
|--|-------------------------|----------------------------|--------------------|--------------------------|
| Business-type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,298,608 | - | - | 2,298,608 |
| Construction in progress | 12,499,612 | 5,449,064 | (8,244,029) | 9,704,647 |
| Capital assets not being depreciated | <u>14,798,220</u> | <u>5,449,064</u> | <u>(8,244,029)</u> | <u>12,003,255</u> |
| Capital assets being depreciated: | | | | |
| Seawall | 22,716,641 | - | - | 22,716,641 |
| Buildings, plants and lines | 72,455,888 | 8,244,029 | - | 80,699,917 |
| Machinery and equipment | 3,258,338 | 154,004 | - | 3,412,342 |
| Vehicles | 4,055,857 | 896,010 | - | 4,951,867 |
| Total capital assets being depreciated | <u>102,486,724</u> | <u>9,294,043</u> | <u>-</u> | <u>111,780,767</u> |
| Less accumulated depreciation for: | | | | |
| Seawall | 7,723,656 | 454,333 | - | 8,177,989 |
| Buildings, plants and lines | 34,147,102 | 2,366,699 | - | 36,513,801 |
| Machinery and equipment | 1,557,541 | 181,808 | - | 1,739,349 |
| Vehicles | 2,799,455 | 324,018 | - | 3,123,473 |
| Total accumulated depreciation | <u>46,227,754</u> | <u>3,326,858</u> | <u>-</u> | <u>49,554,612</u> |
| Net capital assets being depreciated | <u>56,258,970</u> | <u>5,967,185</u> | <u>-</u> | <u>62,226,155</u> |
| Total business-type activities | <u>\$ 71,057,190</u> | <u>11,416,249</u> | <u>(8,244,029)</u> | <u>74,229,410</u> |

Depreciation expense was charged to governmental functions as follows for the Year ended June 30, 2019:

Governmental Activities:

| | |
|--|-------------------|
| General government | \$ 279,417 |
| Public safety | 490,133 |
| Public works | <u>192,572</u> |
| Total depreciation expense – governmental activities | <u>\$ 962,122</u> |

Business-Type Activities:

| | |
|---|---------------------|
| Water and sewer | \$ 1,231,100 |
| Municipal dock | 842,410 |
| Rental property | 340,702 |
| Solid waste | 73,694 |
| Multi-use recreation Center | 815,218 |
| Public transit | <u>23,734</u> |
| Total depreciation expense – business-type activities | <u>\$ 3,326,858</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2019, is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|------------------------------|---------------------|
| General Fund | Non-major Governmental Funds | \$ 438,906 |
| | USDA-RA Sewer Lagoon Jetty | 819,121 |
| | Multi-use Recreation Center | 470,414 |
| | Non-major Enterprise Fund | 282,221 |
| | Internal Service funds | 1,076,217 |
| | | <u>\$ 3,086,879</u> |

The outstanding balances between funds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Certain interfund balances have been deemed long-term in nature. As a result these items have been classified as long-term advances to/from (receivable/payable) from other funds as follows as of June 30, 2019:

| | Advances to (Receivable) | Advances From (Payable) |
|---|--------------------------------|-------------------------------|
| General Fund | \$ 2,925,628 | - |
| Water and Sewer Utility Enterprise Fund | - | 1,996,668 |
| Rental Property Enterprise Fund | - | 928,960 |
| | <u>\$ 2,925,628</u> | <u>2,925,628</u> |

| | Transfers In | | | |
|--------------------------|-------------------|---------------------------|----------------------------|--------------------------------|
| | General Fund | Institutional Corridor | USDA-RA Jetty Lagoon | Other Governmental Funds |
| Transfers Out | | | | |
| General Fund | \$ - | 119,118 | - | 17,906 |
| Other Governmental Funds | 47,021 | - | - | - |
| Water and Sewer | - | - | 913,000 | - |
| USDA-RA Jetty Lagoon | 248,599 | - | - | 224,973 |
| | <u>\$ 295,620</u> | <u>119,118</u> | <u>913,000</u> | <u>242,879</u> |

| | Transfers In | |
|--------------------------|-----------------------------------|------------------|
| | Multi-use Recreation Center | Total |
| Transfers Out | | |
| General Fund | \$ 542,544 | 679,568 |
| Other Governmental Funds | - | 47,021 |
| Water and Sewer | - | 913,000 |
| USDA-RA Jetty Lagoon | - | 473,572 |
| | <u>\$ 542,544</u> | <u>2,113,161</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

VII. UNEARNED AND UNAVAILABLE REVENUES

Governmental funds report *unavailable revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned and unavailable revenues* reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|-----------------------------|--------------------|-----------------|----------------|
| General Fund | \$ 126,201 | - | 126,201 |
| Nonmajor Governmental Funds | - | 3,726 | 3,726 |
| | <u>126,201</u> | <u>3,726</u> | <u>129,927</u> |

VIII. LONG-TERM DEBT

During the year ended June 30, 2019, the following changes occurred in liabilities payable from governmental activities.

| | <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2019</u> | <u>Amount Due in One Year</u> |
|---------------|-------------------------------------|------------------|------------------|--------------------------------------|---------------------------------------|
| Accrued leave | \$ 410,771 | 397,221 | 429,805 | 378,187 | 378,187 |

* Long-term liabilities reported here include \$10,129 in accrued leave from the Internal Service Funds.

| | <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2019</u> |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Note payable Community First National Bank, guaranteed by fire truck. 15 years, 4% interest per year. | \$ 749,905 | - | - | 749,905 |

| | <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2019</u> |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Note payable Community First National Bank, guaranteed by Mack truck. 7 years, 4% interest per year. | \$ - | 142,328 | (17,813) | 124,515 |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

| Fiscal Year Ended June 30, | Principal | Interest | Total |
|-------------------------------|-------------------|----------------|------------------|
| 2020 | \$ 59,455 | 35,810 | 95,265 |
| 2021 | 61,924 | 33,341 | 95,265 |
| 2022 | 64,495 | 30,770 | 95,265 |
| 2023 | 67,173 | 28,092 | 95,265 |
| 2024 | 69,963 | 25,302 | 95,265 |
| 2025-2028 | 293,189 | 86,948 | 380,137 |
| 2029-2032 | 258,221 | 26,651 | 284,872 |
| | <u>\$ 874,420</u> | <u>266,914</u> | <u>1,141,334</u> |

During the year ended June 30, 2019, the following changes occurred in long-term debt of business-type activities:

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 | Amount Due in One Year |
|-----------------------------------|----------------------------|------------------|----------------|-----------------------------|------------------------------|
| Loans payable | \$ - | 913,000 | - | 913,000 | 14,316 |
| Bonds payable | 2,000,000 | - | 165,000 | 1,835,000 | 170,000 |
| Premium | 268,280 | - | 29,809 | 238,471 | - |
| Landfill closure | 2,517,096 | 59,933 | - | 2,577,029 | - |
| Accrued leave | 205,732 | 194,650 | 219,928 | 180,454 | 180,454 |
| Total business-type activities | <u>\$ 4,991,108</u> | <u>1,167,583</u> | <u>414,737</u> | <u>5,743,954</u> | <u>350,454</u> |

The loans payable of \$913,000 was received from USDA in November of 2018 and secured by a 2018 utility bond of the City. It requires annual payments of \$34,868 and has an expedited maturity date of November 2058 with an interest rate of 2.25% per year.

Annual payments to maturity of the loan payable is as follows:

| Fiscal Year Ended June 30, | Principal | Interest | Total |
|-------------------------------|-------------------|----------------|------------------|
| 2020 | \$ 14,316 | 20,541 | 34,858 |
| 2021 | 14,638 | 20,220 | 34,858 |
| 2022 | 14,967 | 19,891 | 34,858 |
| 2023 | 15,304 | 19,554 | 34,858 |
| 2024 | 15,648 | 19,210 | 34,858 |
| 2025-2029 | 83,685 | 90,607 | 174,292 |
| 2030-2034 | 93,532 | 80,760 | 174,292 |
| 2035-2039 | 104,539 | 69,753 | 174,292 |
| 2040-2044 | 116,841 | 57,451 | 174,292 |
| 2045-2049 | 130,590 | 43,702 | 174,292 |
| 2050-2054 | 145,958 | 28,334 | 174,292 |
| 2055-2059 | 162,982 | 11,310 | 174,292 |
| | <u>\$ 913,000</u> | <u>481,334</u> | <u>1,394,334</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

IX. LEASE REVENUE BONDS

In 2007, the City issued \$3,680,000 in 2007 Series Three General Obligation Bonds for the purpose of major renovations. The bonds were issued at a premium of \$145,048.

In November 2017, the City issued \$2,000,000 Series Three and Four General Obligation Bonds with an average interest rate of 4.82% to advance refund \$2,295,000 of outstanding 2007 Series Three bonds. The bonds were issued at a premium of \$327,897. The net proceeds of \$2,274,915 (after payments of \$52,982 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Series Three bonds. As a result, the 2007 Series Three bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2019, the amount of defeased debt still outstanding was \$2,110,000.

The City advance refunded the 2007 Series One bonds to reduce its total debt service payments over the next 11 years by \$417,413, and to obtain an economic gain (difference of the present value of the debt service payments on the old and new debt) of \$377,924.

The bond premium is amortized over the life of the bond. \$29,808 is amortized each year through December 1, 2028.

Annual payments to maturity of the Lease Revenue Bonds is as follows:

| Fiscal Year ended June 30, | Principal | Interest | Total |
|----------------------------|---------------------|----------------|------------------|
| 2020 | \$ 170,000 | 83,050 | 253,050 |
| 2021 | 175,000 | 76,150 | 251,150 |
| 2022 | 185,000 | 68,950 | 253,950 |
| 2023 | 190,000 | 60,500 | 250,500 |
| 2024 | 205,000 | 50,625 | 255,625 |
| 2025-2029 | 910,000 | 94,000 | 1,004,000 |
| | <u>\$ 1,835,000</u> | <u>433,275</u> | <u>2,268,275</u> |

X. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Requirements come from the Environmental Protection Agency rule "Solid Waste Disposal Facility Criteria" parts 257 and 258. These requirements are being enforced by the United States Environmental Protection Agency and the State of Alaska Department of Environmental Conservation. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require that the City report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based upon an engineering study updated in 2017, at present fill rates, the landfill is expected to reach capacity in 2042, or approximately 25 years. The cost of landfill closure and post closure is estimated to be \$3,955,440. The City accrued \$59,933 in landfill closure costs for the year ended June 30, 2019, and has accrued a total liability of \$2,577,029 at June 30, 2019. These amounts are based on what it would cost to perform all the closure and post-closure functions in 2019. Actual costs of closure and post-closure care may be higher due to inflation, changes in technology, or changes in laws and regulations.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Currently, no assets of the City are restricted for payment of closure and post-closure care costs. Future inflation costs and additional costs that might arise from changes in closure and post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

XI. FUND BALANCES

Fund balances, reported for the major funds and the non-major funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

| | General Fund | Nonmajor Funds | Totals |
|---------------------------|----------------------|-------------------|-------------------|
| Non-spendable: | | | |
| Inventory | \$ 199,818 | - | 199,818 |
| Prepaid items | 215,863 | - | 215,863 |
| Advances to other funds | 2,925,628 | - | 2,925,628 |
| Total nonspendable | <u>3,341,309</u> | <u>-</u> | <u>3,341,309</u> |
| Restricted: | | | |
| Rasmuson | - | 4,430 | 4,430 |
| E-911 Surcharges | - | 87,839 | 87,839 |
| Total restricted | <u>-</u> | <u>92,269</u> | <u>92,269</u> |
| Committed: | | | |
| Endowment | - | 1,895,597 | 1,895,597 |
| Assigned: | | | |
| Land Planning Development | - | 21,173 | 21,173 |
| Park Development | - | 40,845 | 40,845 |
| Capital projects | - | 1,240,517 | 1,240,517 |
| Total Assigned | <u>-</u> | <u>1,302,535</u> | <u>1,302,535</u> |
| Unassigned: | | | |
| | 12,497,554 | (61,356) | 12,436,198 |
| Total Fund Balances | <u>\$ 15,838,863</u> | <u>3,229,045</u> | <u>19,067,908</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

XII. NET POSITION

A. Designated Net Position

The City assesses a fee for the use of the petroleum dock facility. In 2017, the City Council amended BMC 14.03.410 to transfer \$0.06 of each dollar of fuel thru-put revenue generated by the Port to be designated to various accounts. \$0.02 of this revenue generated shall be transferred to the designated seawall maintenance account, \$0.02 of this revenue shall be transferred to the designated deferred municipal dock fund, and the remaining \$0.02 of revenue shall be transferred to a small boat harbor designated fund.

The designations in the Municipal Dock Fund for each of these purposes are as follows:

| | | |
|------------------------------|----|---------|
| Deferred seawall maintenance | \$ | 13,418 |
| Deferred municipal dock | \$ | 633,959 |
| Small boat harbor | \$ | 134,603 |

XIII. ENDOWMENT PERMANENT FUND

The city established an Endowment Permanent Fund to maximize income for the continuing operations of the general government. The Endowment Fund principal may not be spent by the City without approval of a majority of the voters at a general or special election. However, in accordance with the City Council's ordinance establishing the Endowment Fund, 70% of the Fund's prior year investment earnings are to be transferred to the General Fund on an annual basis to help offset operating costs. In 2019, the net contribution to the General Fund was \$19,432.

XIV. DEFINED BENEFIT PENSION PLAN

The City follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, PERS also administers other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

PERS acts as the common investment and administrative agencies for the following multiple-employer plans:

| Plan Name | Type of Plan |
|--|---|
| Defined Benefit Pension Plan (DB) | Cost-sharing, Defined Benefit Pension |
| Defined Contribution Pension Plan (DC) | Defined Contribution Pension |
| Defined Benefit Other Postemployment Benefits (OPEB): | |
| Occupational Death and Disability Plan | Defined Benefit OPEB |
| Alaska Retiree Healthcare Trust Plan | Defined Benefit OPEB |
| Retiree Medical Plan | Defined Benefit OPEB |
| Defined Contribution Other Postemployment Benefits (DC): | |
| Healthcare Reimbursement Arrangement Plan | Cost-sharing, Defined Contribution OPEB |

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2019 the employer contribution rate is 0.26%.

Membership in the plan consisted of the following at June 30, 2018 (latest available report):

| Membership | PERS |
|-------------------------|--------|
| Active plan members | 20,811 |
| Participating employers | 157 |

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2018 (latest available information) employer contributions were 4.88% of annual payroll. Membership in the plan consisted of the following at June 30, 2018 (latest report available):

| Membership | PERS |
|---|--------|
| Inactive plan members or beneficiaries currently receiving benefits | 35,139 |
| Inactive plan members entitled to but not yet receiving benefits | 5,606 |
| Inactive plan members not entitled to benefits | 11,128 |
| Active plan members | 13,611 |
| Total plan membership | 65,484 |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2019 employer contributions were 0.94%. Membership in the plan consists of the following at June 30, 2018 (latest available report):

| Membership | PERS |
|---|--------|
| Inactive plan members or beneficiaries currently receiving benefits | 11 |
| Inactive plan members entitled to but not yet receiving benefits | 1,183 |
| Inactive plan members not entitled to benefits | 11,896 |
| Active plan members | 20,811 |
| Total plan membership | 33,901 |

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan. Membership in the plan consists of the following at June 30, 2018 (latest available report):

| Membership | PERS |
|---|--------|
| Inactive plan members or beneficiaries currently receiving benefits | 19 |
| Inactive plan members entitled to but not yet receiving benefits | 1,175 |
| Inactive plan members not entitled to benefits | 11,896 |
| Active plan members | 20,811 |
| Total plan membership | 33,901 |

Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2018 (latest available report) for the DB Plan for PERS is 8.26%, for the ARHCT is 8.35%, for the Occupational Death and Disability Plan is 8.06%, and for the Retiree Medical Plan is 7.89%.

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

<http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

The long-term expected rate of return on pension and OPEB plan investments was determined using the 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 adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|---|
| Domestic Equity | 8.90% |
| Global Ex- U.S. Equity | 7.85% |
| Fixed Income | 1.25% |
| Opportunistic | 4.76% |
| Real Assets | 6.20% |
| Absolute Return | 4.76% |
| Private Equity | 12.08% |
| Cash Equivalents | 0.66% |

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities is 8.00%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities were 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 and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Employer and Other Contribution Rates. There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% discount rate.

Employer Contribution rates for the year ended June 30 2018 (latest available actuarial report) are as follows:

| | Employer Effective Rate | ARM Board Adopted Rate | State Contribution Rate | GASB Rate |
|-------------------------------|-------------------------------|---------------------------------|-------------------------------|----------------|
| PERS: | | | | |
| Pension | 16.17% | 20.28% | 5.58% | 32.11% |
| OPEB | 5.83% | 7.30% | 0% | 87.90% |
| Total PERS contribution rates | <u>22%</u> | <u>27.58%</u> | <u>5.58%</u> | <u>120.01%</u> |

Termination Costs. If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2019 the past service rate for PERS is 16.53%.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities in the June 30, 2018 (latest available) actuarial valuation was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. These assumptions were the result of an experience study performed as of June 30, 2013.

| | |
|-----------------------------------|--|
| Investment return / discount rate | 8% per year (geometric), compounded annually, net of expenses |
| Salary scale | Inflation – 3.12% per year Productivity – 0.50% per year |
| Payroll growth | 3.62% per year (inflation + productivity) |
| Total inflation | Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually. |
| Mortality (Pre-termination) | Based upon 2010-2013 actual mortality experience, 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. |
| Mortality (Post-termination) | 96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018. |
| Total turnover | Based upon the 2010-2013 actual withdrawal experience. |
| Disability | Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. |
| Retirement | Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers II and III deferred vested members are assumed to retire at age 60. |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

| | |
|-----------------------------|--|
| Marriage and age difference | Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married. |
| Healthcare cost trend rates | Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0% |

Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The City participates in the Alaska Public Employees’ Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee’s Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/drb/pers>.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 157 employers participating in PERS defined benefit plan, including the State of Alaska and 154 political subdivisions and public organizations.

The DB Plan’s membership consisted of the following at June 30, 2018 (latest available report):

| | |
|---|---------------|
| Inactive plan members or beneficiaries currently receiving benefits | 35,139 |
| Inactive plan members entitled to but not receiving benefits | 5,606 |
| Inactive members not entitled to benefits | 11,128 |
| Active plan members | <u>13,611</u> |
| Total DB plan membership | <u>65,484</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for peace officers/firefighters members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Employee Contribution Rate. The City's PERS active members are required to contribute 6.75% (4.97% pension costs and 1.78% OPEB) of their annual covered salary.

Employer contributions for the year ended June 30, 2019, were:

| | Pensions (DB) | Other Post-Employment Benefits (DB) | Total |
|----|------------------|--|-----------|
| \$ | 828,332 | 362,520 | 1,190,852 |

Public Employees Retirement Plans

For the year ended June 30, 2019 the State of Alaska contributed \$424,031 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2018 to a total of \$225,520, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2019, the City reported liabilities that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the City were as follows:

| | | |
|--|----|-------------------|
| Defined Benefit: | | <u>Pension</u> |
| City's proportionate share of the net pension liability | \$ | 10,518,576 |
| State's proportionate share of the net pension liability | | <u>3,047,830</u> |
| Total | \$ | <u>13,566,406</u> |
| | | <u>OPEB</u> |
| City's proportionate share of the ARHCT OPEB liability | \$ | 2,172,501 |
| State's proportionate share of the ARHCT OPEB liability | | <u>630,828</u> |
| Total | \$ | <u>2,803,329</u> |
| City's proportionate share of the ODD OPEB liability | \$ | <u>(67,486)</u> |
| City's proportionate share of the RMP OPEB liability | \$ | <u>44,216</u> |
| Total City's share of net pension and OPEB liabilities | \$ | <u>12,667,807</u> |

The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation as of that date. The City's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

The City's proportionate share and changes in the pension and OPEB liabilities were as follows:

| | June 30, 2017 Measurement | June 30, 2018 Measurement | Change |
|---------|------------------------------|------------------------------|-----------|
| Pension | 0.1889% | 0.2117% | 0.0228% |
| OPEB: | | | |
| ARHCT | 0.1889% | 0.2117% | 0.0228% |
| ODD | 0.3487% | 0.3475% | (0.0012)% |
| RMP | 0.3487% | 0.3475% | (0.0012)% |

Based on the measurement date of June 30, 2018, the City recognized pension and OPEB expense of \$261,352 and \$382,199, respectively, for the year ended June 30, 2019. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| | Pension | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Defined Benefit: | | |
| Differences between expected and actual experience | \$ - | 263,996 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 232,307 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 487,020 | - |
| City contributions subsequent to the measurement date | 828,332 | - |
| Total | \$ <u>1,547,659</u> | <u>263,996</u> |
| | | |
| | OPEB ARHCT | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | 232,471 |
| Changes of assumptions | 329,590 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 460,372 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 184,246 | 128,695 |
| City contributions subsequent to the measurement date | 297,351 | - |
| Total | \$ <u>811,187</u> | <u>821,538</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

| | OPEB ODD | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | 18,672 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 2,374 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 1,781 | - |
| City contributions subsequent to the measurement date | <u>18,895</u> | <u>-</u> |
| Total | <u>\$ 20,676</u> | <u>21,046</u> |

| | OPEB RMP | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | 2,364 |
| Changes of assumptions | 20,484 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 6,449 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - | 195 |
| City contributions subsequent to the measurement date | <u>46,274</u> | <u>-</u> |
| Total | <u>\$ 66,758</u> | <u>9,008</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

\$828,332 and \$362,520 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities in the year ended June 30, 2019 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

| Year Ended June 30, | | Pension | OPEB ARHCT | OPEB ODD | OPEB RMP |
|------------------------|----|----------------|------------------|-----------------|---------------|
| 2019 | \$ | 518,488 | (105,497) | (2,875) | 46 |
| 2020 | | 127,025 | (42,018) | (2,875) | 46 |
| 2021 | | (179,995) | (150,093) | (2,875) | 46 |
| 2022 | | (10,187) | (10,094) | (2,105) | 2,248 |
| 2023 | | - | - | (2,089) | 2,209 |
| Thereafter | | - | - | (6,446) | 6,881 |
| Total | \$ | <u>455,331</u> | <u>(307,702)</u> | <u>(19,265)</u> | <u>11,476</u> |

For the year ended June 30, 2019, the City recognized (\$373,852) and (\$37,828) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the plan calculated using the discount rate of 8%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

| | | 1% Decrease (7%) | Current Rate (8%) | 1% Increase (9%) |
|--------------------------------|----|---------------------|----------------------|---------------------|
| Net pension liability | \$ | <u>13,929,249</u> | <u>10,518,576</u> | <u>7,633,599</u> |
| Net OPEB ARHCT liability | \$ | <u>4,398,226</u> | <u>2,172,501</u> | <u>306,889</u> |
| Net OPEB ODD liability (asset) | \$ | <u>(63,372)</u> | <u>(67,486)</u> | <u>(70,871)</u> |
| Net OPEB RMP liability (asset) | \$ | <u>132,040</u> | <u>44,216</u> | <u>(24,285)</u> |

Sensitivity of the City's proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates. The following present the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | | 1% Decrease | Current Rate | 1% Increase |
|--------------------------------|----|-----------------|------------------|------------------|
| Net OPEB ARHCT liability | \$ | <u>42,172</u> | <u>2,172,501</u> | <u>4,738,690</u> |
| Net OPEB ODD liability (asset) | | <u>N/A</u> | <u>(67,486)</u> | <u>N/A</u> |
| Net OPEB RMP liability (asset) | | <u>(37,593)</u> | <u>44,216</u> | <u>153,701</u> |

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. City's and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.94% for the retiree medical plan (DB), 0.26% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

The City contributed \$385,945 for the year ended June 30, 2019, which included forfeitures of \$188,305 which have been applied as employer contributions.

XV. RISK MANAGEMENT

The City is exposed to various risks of loss related to workers' compensation, torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Alaska Public Entity Insurance Association (APEI) which covers property and contents, torts, general and auto liability, public officials and employees' liability, and workers compensation. APEI is a public entity risk pool, which reinsures risk above certain levels, thereby relieving members of the need for additional assessments. APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. APEI made no supplemental assessments during the year ended June 30, 2019. Coverage limits and deductibles on policies have remained relatively constant for the last several years. No settlements in excess of insurance coverage have been realized over the past three years.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

The City maintains a health and medical benefit program which covers all full time employees. The City has retained a major portion of the risk for this plan and, accordingly, is liable for any employee health claims that are approved for payment. Stop loss coverage limits were \$95,000 for individual claims and \$1,463,849 for aggregate claims up to a maximum reimbursement of \$1,000,000. The amount of insurance settlements has not exceeded the amount of the stop-loss coverage limits for each of the past three fiscal years. Health insurance expense for the year ended June 30, 2019 consisted of paid claims, stop-loss premiums, and administrative costs.

Accruals were made based upon estimates of the health claims at year end including claims incurred but not reported and are included in "Accounts and Claims Payable" in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the claims liability for the years ended June 30, 2019 follows:

| | Balance at <u>Beginning of Year</u> | <u>Claims Expense</u> | <u>Claims Paid</u> | Balance at <u>End of Year</u> |
|------|--|-----------------------|--------------------|----------------------------------|
| 2019 | \$ 372,121 | - | 372,121 | - |

XVI. LEASES

The City of Bethel leases various properties, including land, buildings, office and residential premises to the State of Alaska, local individuals, businesses and not-for-profit organizations. Lease terms vary from month to month for residential premises to 20 years for land and buildings. Rental rates are periodically adjusted to fair market value as determined by appraisal. All revenues and expenses associated with these activities are accounted for in the Rental Property Enterprise Fund.

The following is a summary of significant leases in effect at June 30, 2019:

| <u>Property</u> | <u>Monthly Rate</u> | <u>Lease Term</u> |
|---|---------------------|-------------------|
| Courthouse – Office space | \$ 51,135 | December 2019 |
| Courthouse – Department of Law and Corrections | 11,900 | April 2022 |
| Courthouse – Department of Health and Social Services | 4,045 | Month to month |

XIX. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 87 *Leases*. Effective for fiscal years beginning after December 15, 2019.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2019.
- GASB 91 *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2020.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

GASB Statement No. 87, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89 requires interest costs incurred before the end of a construction period to be recognized as an expenditure or expense in the period in which the cost is incurred for financial statements prepared under the current financial resources measurement focus or the economic resource measurement focus.

GASB Statement No. 90 requires a majority equity interest in a legally separate entity should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. Those governments and funds should measure the majority interests at fair value. For all other holdings of majority interests in a legally separate entity, a government should report the legal separate entity as a component unit.

GASB Statement No. 90 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

XX. CHANGE IN ESTIMATE

In FY18 the City received notice from the State of Alaska, Department of Administration, Division of Retirement and Benefits, that forfeitures from the defined contribution plan for the Public Employees' Retirement System (PERS) can be offset against future contributions effective July 1, 2018. The change in estimate decreased current year expenditures related to payroll benefits and liabilities of \$200,395.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF BETHEL

Schedule of City's Proportionate Share of the Net Pension Liability

Public Employees' Retirement System (PERS)

June 30, 2019

| Year | City's Proportion of the Net Pension Liability | City's Proportionate Share of the Net Pension Liability | State of Alaska Proportionate Share of the Net Pension Liability | Total Net Pension Liability | City's Covered Payroll | City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|--|---|--|-----------------------------|------------------------|--|--|
| 2015 | 0.1582% | \$ 7,379,341 | \$ 6,839,395 | \$ 14,218,736 | \$ 5,703,334 | 129% | 62.37% |
| 2016 | 0.2095% | \$ 10,160,037 | \$ 2,721,922 | \$ 12,881,959 | \$ 6,158,985 | 165% | 63.96% |
| 2017 | 0.2351% | \$ 13,139,649 | \$ 1,656,986 | \$ 14,796,635 | \$ 7,779,335 | 169% | 59.55% |
| 2018 | 0.1888% | \$ 9,761,520 | \$ 3,636,551 | \$ 13,398,071 | \$ 8,126,472 | 120% | 63.37% |
| 2019 | 0.2117% | \$ 10,518,576 | \$ 3,047,830 | \$ 13,566,406 | \$ 9,256,532 | 114% | 65.19% |

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the City implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF BETHEL

Schedule of City's Proportionate Share of the Net OPEB Liability

Public Employees' Retirement System (PERS)

June 30, 2019

| Year | City's Proportion of the Net OPEB Liability (Asset) | City's Proportionate Share of the Net OPEB Liability (Asset) | State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | Total Net OPEB Liability (Asset) | City's Covered Payroll | City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) |
|--|---|--|---|----------------------------------|------------------------|---|---|
| Alaska Retiree Healthcare Trust Plan (ARHCT): | | | | | | | |
| 2018 | 0.1889% | \$ 1,595,287 | \$ 595,216 | \$ 2,190,503 | \$ 8,126,472 | 19.63% | 89.68% |
| 2019 | 0.2117% | \$ 2,172,501 | \$ 630,828 | \$ 2,803,329 | \$ 9,256,532 | 23.47% | 88.12% |
| Occupational Death and Disability (ODD): | | | | | | | |
| 2018 | 0.3487% | \$ 49,480 | \$ - | \$ 49,480 | \$ 3,630,095 | 1.36% | 212.97% |
| 2019 | 0.3475% | \$ (67,486) | \$ - | \$ (67,486) | \$ 9,256,532 | -0.73% | 270.62% |
| Retiree Medical Plan (RMP): | | | | | | | |
| 2018 | 0.3487% | \$ 18,186 | \$ - | \$ 18,186 | \$ 3,630,095 | 0.50% | 93.98% |
| 2019 | 0.3475% | \$ 44,216 | \$ - | \$ 44,216 | \$ 1,754,295 | 2.52% | 88.71% |

Notes to Schedule:

- Information presented for 2019 is based upon Plan measurement date June 30, 2018.
- Measurement is one year prior to fiscal year end for all years presented.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF BETHEL
 Schedule of City's Contributions (Pensions)
 Public Employees' Retirement System (PERS)

June 30, 2019

| Year | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | City's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------|---|---|--|------------------------------|---|
| 2015 | \$ 580,937 | \$ (580,937) | \$ - | \$ 6,158,985 | 9.43% |
| 2016 | \$ 583,637 | \$ (583,637) | \$ - | \$ 7,779,335 | 7.50% |
| 2017 | \$ 672,658 | \$ (672,658) | \$ - | \$ 8,126,472 | 8.28% |
| 2018 | \$ 800,182 | \$ (800,182) | \$ - | \$ 9,256,532 | 8.64% |
| 2019 | \$ 836,064 | \$ (828,332) | \$ 7,732 | \$ 7,167,259 | 11.67% |

Notes to schedule

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the City implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the City included pension DBUL into the contractually required contribution. This will be a prospective change.

CITY OF BETHEL

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2019

| Year | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | City's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|---|---|--|------------------------------|---|
| Alaska Retiree Healthcare Trust Plan (ARHCT): | | | | | |
| 2018 | \$ 221,976 | \$ (221,976) | \$ - | \$ 9,256,532 | 2.40% |
| 2019 | \$ 297,351 | \$ (297,351) | \$ - | \$ 7,167,259 | 4.15% |
| Occupational Death and Disability (ODD): | | | | | |
| 2018 | \$ 8,354 | \$ (8,354) | \$ - | \$ 9,256,532 | 0.09% |
| 2019 | \$ 18,895 | \$ (18,895) | \$ - | \$ 7,167,259 | 0.26% |
| Retiree Medical Plan (RMP): | | | | | |
| 2018 | \$ 11,586 | \$ (11,586) | \$ - | \$ 1,754,295 | 0.66% |
| 2019 | \$ 46,274 | \$ (46,274) | \$ - | \$ 1,754,295 | 2.64% |

Notes to schedule

- Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
- Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Equivalent single amortization period: 17 years.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
- Inflation: 3.12% per annum.
- Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
- Investment rate of return: 8%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF BETHEL, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual

Year Ended June 30, 2019

| | Original and Final Budget | Actual | Variance |
|--|------------------------------|-------------------|----------------|
| Revenues: | | | |
| Intergovernmental - | | | |
| Federal sources - payment in lieu of taxes | \$ 886,218 | 893,144 | 6,926 |
| State of Alaska: | | | |
| State PERS relief | - | 262,064 | 262,064 |
| Community revenue sharing | 193,551 | 193,287 | (264) |
| Motor vehicle registration tax | 63,000 | 42,910 | (20,090) |
| Total State of Alaska | 256,551 | 498,261 | 241,710 |
| Local sources: | | | |
| Taxes, including penalty and interest | 7,746,000 | 7,824,934 | 78,934 |
| Charges for services: | | | |
| Public safety | 299,400 | 222,011 | (77,389) |
| Community services | - | 3 | 3 |
| Total charges for services | 299,400 | 222,014 | (77,386) |
| Rental income | 1,600 | 1,515 | (85) |
| Permits, licenses and fees: | | | |
| Gaming fees | 414,000 | 440,156 | 26,156 |
| Taxi permits | 160,000 | 149,360 | (10,640) |
| Business licenses | 40,000 | 36,150 | (3,850) |
| Animal control licenses/fees | 3,500 | 2,325 | (1,175) |
| Planning fees | 1,600 | 455 | (1,145) |
| Plat and recording fees | 1,400 | 465 | (935) |
| Site reviews | 560 | 9,760 | 9,200 |
| Parks and recreation | - | 5,225 | 5,225 |
| Other | 5,600 | 7,359 | 1,759 |
| Total permits, licenses and fees | 626,660 | 651,255 | 24,595 |
| Income from investments | 154,000 | 446,925 | 292,925 |
| Miscellaneous: | | | |
| Police department | 6,000 | 2,721 | (3,279) |
| Restitution payments | 500 | 1,598 | 1,098 |
| Other | 31,300 | 9,934 | (21,366) |
| Total miscellaneous | 37,800 | 14,253 | (23,547) |
| Total local sources | 8,865,460 | 9,160,896 | 295,436 |
| Total revenues | 10,008,229 | 10,552,301 | 544,072 |

(Continued)

CITY OF BETHEL, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual, Continued

| | Original and Final Budget | Actual | Variance |
|--------------------------|------------------------------|----------------|---------------|
| Expenditures: | | | |
| General government: | | | |
| Administration: | | | |
| Personnel | \$ 486,983 | 477,015 | 9,968 |
| Travel and training | 10,000 | 18,590 | (8,590) |
| Supplies | 6,700 | 3,560 | 3,140 |
| Utilities and fuel | 74,300 | 60,066 | 14,234 |
| Special projects | 10,000 | 6,597 | 3,403 |
| Repairs and maintenance | 12,759 | 10,048 | 2,711 |
| Other purchased services | 71,660 | 64,727 | 6,933 |
| Equipment | 4,000 | 2,193 | 1,807 |
| Insurance | 10,000 | 10,021 | (21) |
| Other expenditures | 4,200 | 30,205 | (26,005) |
| Indirect cost recovery | (243,211) | (238,141) | (5,070) |
| Total administration | <u>447,391</u> | <u>444,881</u> | <u>2,510</u> |
| City clerk: | | | |
| Personnel | 170,354 | 166,584 | 3,770 |
| Travel and training | 25,300 | 14,696 | 10,604 |
| Supplies | 4,000 | 994 | 3,006 |
| Utilities and fuel | 275 | - | 275 |
| Other purchased services | 19,960 | 17,150 | 2,810 |
| Equipment | 26,000 | 17,131 | 8,869 |
| Insurance | 1,589 | 1,594 | (5) |
| Other expenditures | 23,100 | 20,991 | 2,109 |
| Indirect cost recovery | (68,551) | (95,875) | 27,324 |
| Total city clerk | <u>202,027</u> | <u>143,265</u> | <u>58,762</u> |
| Finance: | | | |
| Personnel | 767,323 | 448,638 | 318,685 |
| Travel and training | 36,000 | 31,678 | 4,322 |
| Supplies | 8,000 | 36,524 | (28,524) |
| Utilities and fuel | 2,200 | 1,188 | 1,012 |
| Repairs and maintenance | 1,359 | 2,454 | (1,095) |
| Other purchased services | 170,594 | 283,276 | (112,682) |
| Equipment | 30,348 | 4,444 | 25,904 |
| Insurance | 3,600 | 3,605 | (5) |
| Other expenditures | 42,500 | 102,160 | (59,660) |
| Indirect cost recovery | (528,351) | (403,373) | (124,978) |
| Total finance | <u>533,573</u> | <u>510,594</u> | <u>22,979</u> |

(Continued)

CITY OF BETHEL, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual, Continued

| | Original and Final Budget | Actual | Variance |
|---------------------------------|------------------------------|------------------|-----------------|
| Expenditures, continued: | | | |
| General government, continued: | | | |
| Planning: | | | |
| Personnel | \$ 216,312 | 224,307 | (7,995) |
| Travel and training | 5,000 | 3,189 | 1,811 |
| Supplies | 5,900 | 7,737 | (1,837) |
| Utilities and fuel | 66,000 | 7,019 | 58,981 |
| Repairs and maintenance | 1,359 | 1,833 | (474) |
| Other purchased services | 64,720 | 31,492 | 33,228 |
| Equipment | 6,500 | 2,757 | 3,743 |
| Insurance | 1,900 | 1,903 | (3) |
| Other expenditures | 3,440 | 38,210 | (34,770) |
| Indirect cost recovery | 17,008 | 16,151 | 857 |
| Total planning | <u>388,139</u> | <u>334,598</u> | <u>53,541</u> |
| Technology: | | | |
| Personnel | 137,568 | 126,251 | 11,317 |
| Travel and training | 5,000 | - | 5,000 |
| Supplies | 4,500 | 1,138 | 3,362 |
| Utilities and fuel | 3,040 | 252,130 | (249,090) |
| Repairs and maintenance | 1,359 | 1,286 | 73 |
| Other purchased services | 455,000 | 192,496 | 262,504 |
| Equipment | 65,000 | 54,007 | 10,993 |
| Insurance | 1,500 | 1,501 | (1) |
| Other expenditures | 1,000 | 7,248 | (6,248) |
| Indirect cost recovery | (430,386) | (408,503) | (21,883) |
| Total technology | <u>243,581</u> | <u>227,554</u> | <u>16,027</u> |
| City attorney: | | | |
| Personnel | 187,830 | 191,835 | (4,005) |
| Travel and training | 6,500 | 5,392 | 1,108 |
| Utilities and fuel | - | 5 | (5) |
| Supplies | 3,000 | 972 | 2,028 |
| Other purchased services | 32,660 | 29,360 | 3,300 |
| Insurance | 1,000 | 1,018 | (18) |
| Other expenditures | 2,700 | 17,235 | (14,535) |
| Indirect cost recovery | (36,593) | (34,162) | (2,431) |
| Total city attorney | <u>197,097</u> | <u>211,655</u> | <u>(14,558)</u> |
| Total general government | <u>2,011,808</u> | <u>1,872,547</u> | <u>139,261</u> |

(Continued)

CITY OF BETHEL, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual, Continued

| | Original and Final Budget | Actual | Variance |
|---------------------------------|------------------------------|------------------|----------------|
| Expenditures, continued: | | | |
| Public safety: | | | |
| Fire department: | | | |
| Personnel | \$ 1,061,035 | 1,057,657 | 3,378 |
| Travel and training | 19,878 | 26,647 | (6,769) |
| Supplies | 38,187 | 40,611 | (2,424) |
| Utilities and fuel | 70,760 | 55,365 | 15,395 |
| Repairs and maintenance | 45,009 | 44,577 | 432 |
| Other purchased services | 58,900 | 34,988 | 23,912 |
| Equipment | 16,800 | 18,935 | (2,135) |
| Insurance | 53,000 | 53,170 | (170) |
| Other expenditures | 9,824 | 45,238 | (35,414) |
| Indirect cost recovery | 17,008 | 16,151 | 857 |
| Total fire department | <u>1,390,401</u> | <u>1,393,339</u> | <u>(2,938)</u> |
| Police department: | | | |
| Personnel | 2,640,629 | 2,450,241 | 190,388 |
| Travel and training | 46,000 | 46,926 | (926) |
| Supplies | 46,250 | 22,477 | 23,773 |
| Utilities and fuel | 144,560 | 119,642 | 24,918 |
| Repairs and maintenance | 30,119 | 26,346 | 3,773 |
| Other purchased services | 25,000 | 28,308 | (3,308) |
| Equipment | 27,900 | 30,634 | (2,734) |
| Insurance | 122,972 | 123,490 | (518) |
| Other expenditures | 1,000 | 40,321 | (39,321) |
| Indirect cost recovery | 60,904 | 57,804 | 3,100 |
| Total police department | <u>3,145,334</u> | <u>2,946,189</u> | <u>199,145</u> |
| Total public safety | <u>4,535,735</u> | <u>4,339,528</u> | <u>196,207</u> |
| Public works: | | | |
| Administration: | | | |
| Personnel | 61,121 | 52,358 | 8,763 |
| Travel and training | 5,000 | - | 5,000 |
| Supplies | 1,000 | 1,485 | (485) |
| Utilities and fuel | 15,183 | 10,607 | 4,576 |
| Repairs and maintenance | 3,718 | 4,219 | (501) |
| Other purchased services | 3,820 | 8,746 | (4,926) |
| Equipment | - | - | - |
| Insurance | - | 130 | (130) |
| Other expenditures | 1,000 | 303 | 697 |
| Indirect cost recovery | 15,634 | 14,841 | 793 |
| Total administration | <u>106,476</u> | <u>92,689</u> | <u>13,787</u> |

(Continued)

CITY OF BETHEL, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual, Continued

| | Original and Final Budget | Actual | Variance |
|---------------------------------|------------------------------|------------------|------------------|
| Expenditures , continued | | | |
| Public works, continued: | | | |
| Operations: | | | |
| Personnel | \$ 681,812 | 672,881 | 8,931 |
| Travel and training | - | - | - |
| Supplies | 135,800 | 453,702 | (317,902) |
| Utilities and fuel | 130,920 | 146,596 | (15,676) |
| Repairs and maintenance | 203,890 | 184,729 | 19,161 |
| Other purchased services | 10,000 | 3,902 | 6,098 |
| Equipment | - | 3,315 | (3,315) |
| Insurance | 21,000 | 20,370 | 630 |
| Other expenditures | 700 | 371,252 | (370,552) |
| Indirect cost recovery | 14,260 | 13,536 | 724 |
| Total operations | <u>1,198,382</u> | <u>1,870,283</u> | <u>(671,901)</u> |
| Property maintenance: | | | |
| Personnel | 581,092 | 501,253 | 79,839 |
| Travel and training | 4,000 | 1,400 | 2,600 |
| Supplies | 59,700 | 28,834 | 30,866 |
| Utilities and fuel | 75,100 | 89,920 | (14,820) |
| Repairs and maintenance | 28,236 | 59,688 | (31,452) |
| Other purchased services | 31,320 | 38,989 | (7,669) |
| Equipment | 8,000 | 13,807 | (5,807) |
| Insurance | 7,300 | 7,299 | 1 |
| Other expenditures | 3,000 | 3,335 | (335) |
| Indirect cost recovery | 27,146 | (220,808) | 247,954 |
| Total property maintenance | <u>824,894</u> | <u>523,717</u> | <u>301,177</u> |
| Total public works | <u>2,129,752</u> | <u>2,486,689</u> | <u>(356,937)</u> |
| Debt services: | | | |
| Principal | - | 17,813 | (17,813) |
| Interest | - | 6,234 | (6,234) |
| Total debt service | <u>-</u> | <u>24,047</u> | <u>(24,047)</u> |

CITY OF BETHEL, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual, Continued

| | Original and Final Budget | Actual | Variance |
|---|------------------------------|----------------------|------------------|
| Expenditures , continued | | | |
| Community services: | | | |
| Special projects: | | | |
| Library contribution | \$ - | 184,600 | (184,600) |
| Other expenditures | - | 83,988 | (83,988) |
| Total special projects | <u>-</u> | <u>268,588</u> | <u>(268,588)</u> |
| Total community services | <u>-</u> | <u>268,588</u> | <u>(268,588)</u> |
| Total expenditures | <u>8,677,295</u> | <u>8,991,399</u> | <u>(314,104)</u> |
| Excess of revenues over expenditures | <u>1,330,934</u> | <u>1,560,902</u> | <u>229,968</u> |
| Other financing sources (uses) | | | |
| Debt proceeds | - | 142,328 | 142,328 |
| Transfers in: | | | |
| Endowment Permanent Fund | - | 19,432 | 19,432 |
| USDA-RA Sewer Lagoon Jetty | - | 248,599 | 248,599 |
| Other governmental funds | - | 27,589 | 27,589 |
| Total transfers in | <u>-</u> | <u>295,620</u> | <u>295,620</u> |
| Transfers out: | | | |
| Institutional Corridor capital project fund | - | (119,118) | (119,118) |
| Other governmental funds | - | (17,906) | (17,906) |
| Enterprise funds | - | (542,544) | (542,544) |
| Total transfers out | <u>-</u> | <u>(679,568)</u> | <u>(679,568)</u> |
| Net other financing sources (uses) | <u>-</u> | <u>(241,620)</u> | <u>(241,620)</u> |
| Net change in fund balance | <u>\$ 1,330,934</u> | <u>1,319,282</u> | <u>(11,652)</u> |
| Fund Balance, beginning of year | | <u>14,519,581</u> | |
| Fund Balance, end of year | | <u>\$ 15,838,863</u> | |

CITY OF BETHEL, ALASKA

USDA-RA Sewer Lagoon Jetty Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Original and Final Budget and Actual

Year Ended June 30, 2019

| | Original and Final Budget | Actual | Variance |
|---|------------------------------|------------------|------------------|
| Revenues - | | | |
| Intergovernmental - | | | |
| Federal sources | \$ 1,669,358 | 1,269,906 | (399,452) |
| Expenditures - | | | |
| Public works: | | | |
| Travel and training | 10,000 | 220 | 9,780 |
| Equipment | 500,000 | 746,808 | (246,808) |
| Other expenditures | 254,396 | 149,202 | 105,194 |
| Capital outlay - professional services | 1,817,962 | 813,104 | 1,004,858 |
| Total expenditures | <u>2,582,358</u> | <u>1,709,334</u> | <u>873,024</u> |
| Excess (deficiency) of revenues over expenditures | (913,000) | (439,428) | 473,572 |
| Other financing sources - | | | |
| Transfers in | 913,000 | 913,000 | - |
| Transfer out | - | (473,572) | (473,572) |
| Total transfers | <u>913,000</u> | <u>439,428</u> | <u>(473,572)</u> |
| Net change in fund balance | \$ <u>-</u> | - | <u>-</u> |
| Fund balance , beginning of year | | - | |
| Fund balance , end of year | | \$ <u>-</u> | |

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

CITY OF BETHEL, ALASKA
 Institutional Corridor Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Year Ended June 30, 2019

| | Budget | Actual | Variance |
|---|--------------|-----------|-------------|
| Revenues - | | | |
| Intergovernmental - | | | |
| State of Alaska | \$ 7,000,000 | 3,435,515 | (3,564,485) |
| Expenditures - | | | |
| Capital outlay | 7,000,000 | 3,554,633 | 3,445,367 |
| Excess (deficiency) of revenues over expenditures | - | (119,118) | (119,118) |
| Other financing sources - | | | |
| Transfers in | - | 119,118 | 119,118 |
| Net change in fund balance | \$ - | - | - |
| Fund balance , beginning of year | | - | |
| Fund balance , end of year | | \$ - | |

CITY OF BETHEL, ALASKA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2019

| | Special Revenue Funds | | | | | | |
|--|----------------------------|--------------|-----------------------------|----------------------|-------------------|------------------------------|----------------------|
| | Police Asset Forfeiture | Rasmuson | Community Service Patrol | Homeland Security | 911 Surcharges | Volunteer Fire Assistance | APEI Safety Grant |
| Assets: | | | | | | | |
| Cash and cash equivalents | \$ 5,401 | 7,315 | - | - | 95,652 | 3,726 | - |
| Accounts receivable, net | - | - | 10,579 | 7,150 | - | - | 385 |
| Investments | - | - | - | - | - | - | - |
| Total Assets | \$ 5,401 | 7,315 | 10,579 | 7,150 | 95,652 | 3,726 | 385 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | - | 2,885 | 2,977 | 2,750 | 4,809 | - | 385 |
| Accrued payroll | - | - | 3,704 | - | 3,004 | - | - |
| Due to other funds | 66,781 | - | 3,898 | 4,400 | - | - | - |
| Unearned revenue | - | - | - | - | - | 3,726 | - |
| Total liabilities | 66,781 | 2,885 | 10,579 | 7,150 | 7,813 | 3,726 | 385 |
| Fund balances: | | | | | | | |
| Restricted | - | 4,430 | - | - | 87,839 | - | - |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | (61,380) | - | - | - | - | - | - |
| Total fund balances | (61,380) | 4,430 | - | - | 87,839 | - | - |
| Total liabilities and fund balances | \$ 5,401 | 7,315 | 10,579 | 7,150 | 95,652 | 3,726 | 385 |

(Continued)

CITY OF BETHEL, ALASKA
 Nonmajor Governmental Funds
 Combining Balance Sheet, Continued

| | Permanent | Capital Project Funds | | | | | Total Nonmajor Governmental Funds |
|--|---------------------|------------------------------|---------------------|----------------------|---------------------------|------------------------------|---|
| | Fund | Land Planning Development | Park Development | Fleet Replacement | Public Safety Building | Lagoon Upgrades Design | |
| | Endowment | | | | | | |
| Assets: | | | | | | | |
| Cash and cash equivalents | \$ 439,879 | 21,173 | 102,815 | 1,240,517 | - | - | 1,916,478 |
| Accounts receivable, net | - | - | - | - | 40,209 | 278,965 | 337,288 |
| Investments | 1,509,030 | - | - | - | - | - | 1,509,030 |
| Total Assets | \$ 1,948,909 | 21,173 | 102,815 | 1,240,517 | 40,209 | 278,965 | 3,762,796 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | - | - | 61,970 | - | - | 8,620 | 84,396 |
| Accrued payroll | - | - | - | - | 15 | - | 6,723 |
| Due to other funds | 53,312 | - | - | - | 40,170 | 270,345 | 438,906 |
| Unearned revenue | - | - | - | - | - | - | 3,726 |
| Total Liabilities | 53,312 | - | 61,970 | - | 40,185 | 278,965 | 533,751 |
| Fund Balances | | | | | | | |
| Restricted | - | - | - | - | - | - | 92,269 |
| Committed | 1,895,597 | - | - | - | - | - | 1,895,597 |
| Assigned | - | 21,173 | 40,845 | 1,240,517 | - | - | 1,302,535 |
| Unassigned | - | - | - | - | 24 | - | (61,356) |
| Total Fund Balances | 1,895,597 | 21,173 | 40,845 | 1,240,517 | 24 | - | 3,229,045 |
| Total Liabilities and Fund Balances | \$ 1,948,909 | 21,173 | 102,815 | 1,240,517 | 40,209 | 278,965 | 3,762,796 |

CITY OF BETHEL, ALASKA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Year Ended June 30, 2019

| | Special Revenue Funds | | | | | |
|--|----------------------------|----------------|-----------------------------|----------------------|----------------|--|
| | Police Asset Forfeiture | Rasmuson | Community Service Patrol | Homeland Security | 911 Surcharges | Volunteer Firefighter Assistance |
| Revenues: | | | | | | |
| Intergovernmental: | | | | | | |
| Federal sources | \$ - | - | - | 49,500 | - | 7,470 |
| State of Alaska | - | - | 254,604 | - | - | - |
| Local sources: | | | | | | |
| Charges for services | - | - | - | - | 147,071 | - |
| Income from investments | 2 | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | <u>2</u> | <u>-</u> | <u>254,604</u> | <u>49,500</u> | <u>147,071</u> | <u>7,470</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | 267,499 | 49,500 | 118,721 | 7,481 |
| Public works | - | - | - | - | - | - |
| Community services | - | 5,000 | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>5,000</u> | <u>267,499</u> | <u>49,500</u> | <u>118,721</u> | <u>7,481</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2</u> | <u>(5,000)</u> | <u>(12,895)</u> | <u>-</u> | <u>28,350</u> | <u>(11)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 5,000 | 12,895 | - | - | 11 |
| Transfers (out) | - | - | - | - | - | - |
| Net other financing sources (uses) | <u>-</u> | <u>5,000</u> | <u>12,895</u> | <u>-</u> | <u>-</u> | <u>11</u> |
| Net change in fund balances | 2 | - | - | - | 28,350 | - |
| Fund balances, beginning of year | <u>(61,382)</u> | <u>4,430</u> | <u>-</u> | <u>-</u> | <u>59,489</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ (61,380)</u> | <u>4,430</u> | <u>-</u> | <u>-</u> | <u>87,839</u> | <u>-</u> |

(Continued)

CITY OF BETHEL, ALASKA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued

| | Special Revenue Funds | Permanent Fund | Capital Project Funds | |
|--|-----------------------------|-------------------|------------------------------|---------------------|
| | APEI | Endowment | Land Planning Development | Park Development |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Federal sources | \$ - | - | - | - |
| State of Alaska | - | - | - | - |
| Locals sources: | | | | |
| Charges for services | - | - | - | - |
| Income from investments | - | 34,701 | - | - |
| Miscellaneous | 385 | - | - | 19,922 |
| Total revenues | <u>385</u> | <u>34,701</u> | <u>-</u> | <u>19,922</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Public works | 385 | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | 82,627 |
| Total expenditures | <u>385</u> | <u>-</u> | <u>-</u> | <u>82,627</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>34,701</u> | <u>-</u> | <u>(62,705)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (19,432) | - | - |
| Net other financing sources (uses) | <u>-</u> | <u>(19,432)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | 15,269 | - | (62,705) |
| Fund balances, beginning of year | <u>-</u> | <u>1,880,328</u> | <u>21,173</u> | <u>103,550</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>1,895,597</u> | <u>21,173</u> | <u>40,845</u> |

(Continued)

CITY OF BETHEL, ALASKA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued

| | Capital Project Funds | | | | | Total Nonmajor Governmental Funds |
|--|-----------------------|----------------------|---------------------------|----------------------------|------------------------------|---|
| | Sewage Lagoon | Fleet Replacement | Public Safety Building | Land Water Conservation | Lagoon Upgrades Design | |
| Revenues: | | | | | | |
| Intergovernmental: | | | | | | |
| Federal sources | \$ - | - | - | - | 481,085 | 538,055 |
| State of Alaska | 122,740 | - | 674 | 65,014 | 160,361 | 603,393 |
| Local sources: | | | | | | |
| Charges for services | - | - | - | - | - | 147,071 |
| Income from investments | - | - | - | - | - | 34,703 |
| Miscellaneous | - | - | - | - | - | 20,307 |
| Total revenues | <u>122,740</u> | <u>-</u> | <u>674</u> | <u>65,014</u> | <u>641,446</u> | <u>1,343,529</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | - | - | - | 443,201 |
| Public works | - | - | - | - | - | 385 |
| Community services | - | - | - | - | - | 5,000 |
| Capital outlay | 122,740 | - | 650 | 77,122 | 641,446 | 924,585 |
| Total expenditures | <u>122,740</u> | <u>-</u> | <u>650</u> | <u>77,122</u> | <u>641,446</u> | <u>1,373,171</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 24 | (12,108) | - | (29,642) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 224,973 | - | - | - | 242,879 |
| Transfers (out) | - | - | - | (27,589) | - | (47,021) |
| Net other financing sources (uses) | <u>-</u> | <u>224,973</u> | <u>-</u> | <u>(27,589)</u> | <u>-</u> | <u>195,858</u> |
| Net change in fund balances | - | 224,973 | 24 | (39,697) | - | 166,216 |
| Fund balances, beginning of year | <u>-</u> | <u>1,015,544</u> | <u>-</u> | <u>39,697</u> | <u>-</u> | <u>3,062,829</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>1,240,517</u> | <u>24</u> | <u>-</u> | <u>-</u> | <u>3,229,045</u> |

CITY OF BETHEL, ALASKA

Police Asset Forfeiture Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|--------------------|---------------------------|-----------------|
| Revenues - | | | |
| Local sources - income from investments | \$ <u>-</u> | <u>2</u> | <u>2</u> |
| Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | \$ <u><u>-</u></u> | <u>2</u> | <u><u>2</u></u> |
| Fund balance, beginning of year | | <u>(61,382)</u> | |
| Fund balance, end of year | | \$ <u><u>(61,380)</u></u> | |

CITY OF BETHEL, ALASKA
 Rasmuson Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Year Ended June 30, 2019

| | Budget | Actual | Variance |
|---|--------|----------|----------|
| Revenues | \$ - | - | - |
| Expenditures: | | | |
| Community services - | | | |
| Other purchased services | - | 5,000 | (5,000) |
| Excess (deficiency) of revenues over expenditures | - | (5,000) | (5,000) |
| Other financing sources: | | | |
| Transfer in | - | 5,000 | 5,000 |
| Net change in fund balance | \$ - | - | - |
| Fund Balance, beginning of year | | 4,430 | |
| Fund Balance, end of year | | \$ 4,430 | |

CITY OF BETHEL, ALASKA

Community Service Patrol Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------|-----------------|-----------------|
| Revenues: | | | |
| Intergovernmental - State of Alaska | \$ 289,669 | 254,604 | (35,065) |
| Expenditures: | | | |
| Public safety: | | | |
| Personnel | 275,669 | 255,146 | 20,523 |
| Supplies | 3,000 | 4,728 | (1,728) |
| Utilities and fuel | 9,000 | 6,576 | 2,424 |
| Equipment | 2,000 | 699 | 1,301 |
| Other purchased services | - | 350 | (350) |
| Total expenditures | <u>289,669</u> | <u>267,499</u> | <u>22,170</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(12,895)</u> | <u>(12,895)</u> |
| Other financing sources: | | | |
| Transfer in | <u>-</u> | <u>12,895</u> | <u>12,895</u> |
| Net change in fund balance | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Fund balance , beginning of year | | <u>-</u> | |
| Fund balance , end of year | | <u>\$ -</u> | |

CITY OF BETHEL, ALASKA

Homeland Security Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|---------------|---------------|-----------------|
| Revenues - | | | |
| Intergovernmental - | | | |
| Federal sources | \$ - | 49,500 | 49,500 |
| Expenditures - | | | |
| Public safety - equipment | - | 49,500 | (49,500) |
| Excess of revenues over expenditures | <u>\$ -</u> | - | <u>-</u> |
| Fund balance , beginning of year | | <u>-</u> | |
| Fund balance , end of year | | <u>\$ -</u> | |

CITY OF BETHEL, ALASKA

911 Surcharges Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|-------------------------|----------------------|
| Revenues - | | | |
| Local sources - charges for services | \$ <u>144,000</u> | <u>147,071</u> | <u>3,071</u> |
| Expenditures: | | | |
| Public safety: | | | |
| Personnel | 97,632 | 55,655 | 41,977 |
| Other purchased services | 40,500 | 57,022 | (16,522) |
| Rents and leases | 4,800 | 4,800 | - |
| Insurance | 1,240 | 1,244 | (4) |
| Total expenditures | <u>144,172</u> | <u>118,721</u> | <u>25,451</u> |
| Excess (deficiency) of revenues over expenditures | \$ <u><u>(172)</u></u> | 28,350 | <u><u>28,522</u></u> |
| Fund balance , beginning of year | | <u>59,489</u> | |
| Fund balance , end of year | | \$ <u><u>87,839</u></u> | |

CITY OF BETHEL, ALASKA

Volunteer Fire Assistance Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|--------------------|--------------------|-----------------|
| Revenues - | | | |
| Intergovernmental - | | | |
| Federal sources | \$ <u>7,470</u> | <u>7,470</u> | <u>-</u> |
| Expenditures | | | |
| Public safety - minor equipment | <u>7,470</u> | <u>7,481</u> | <u>(11)</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(11)</u> | <u>(11)</u> |
| Other financing sources: | | | |
| Transfer in | <u>-</u> | <u>11</u> | <u>11</u> |
| Net change in fund balance | \$ <u><u>-</u></u> | <u>-</u> | <u><u>-</u></u> |
| Fund balance , beginning of year | | <u>-</u> | |
| Fund balance , end of year | | \$ <u><u>-</u></u> | |

CITY OF BETHEL, ALASKA
 APEI Safety Grant Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Year Ended June 30, 2019

| | Budget | Actual | Variance |
|---|--------|--------|----------|
| Revenues - | | | |
| Local sources - miscellaneous | \$ - | 385 | 385 |
| Expenditures | | | |
| Public works - supplies | - | 385 | (385) |
| Excess of revenues over expenditures | \$ - | - | - |
| Fund balance , beginning of year | | - | |
| Fund balance , end of year | | \$ - | |

CITY OF BETHEL, ALASKA

Endowment Permanent Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

9Year Ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-----------------|---------------------|-----------------|
| Revenues - | | | |
| Local sources - investment income | \$ 28,254 | 34,701 | 6,447 |
| Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>28,254</u> | <u>34,701</u> | <u>(6,447)</u> |
| Other financing uses - | | | |
| Transfers out | <u>(19,778)</u> | <u>(19,432)</u> | <u>(346)</u> |
| Net change in fund balance | <u>\$ 8,476</u> | 15,269 | <u>(6,793)</u> |
| Fund balance , beginning of year | | <u>1,880,328</u> | |
| Fund balance , end of year | | <u>\$ 1,895,597</u> | |

CITY OF BETHEL, ALASKA
Water and Sewer Utility Enterprise Fund
Schedule of Net Position
June 30, 2019

Assets and Deferred Outflows of Resources

Current assets:

| | |
|--|------------------|
| Cash and cash equivalents | \$ 3,734,460 |
| Accounts receivable (net of allowance) | 598,447 |
| Prepaid expense | 225,000 |
| Inventory | 70,651 |
| Total current assets | <u>4,628,558</u> |

Capital assets:

| | |
|-------------------------------|---------------------|
| Construction in progress | 9,645,026 |
| Depreciable assets | 42,997,604 |
| Less accumulated depreciation | <u>(27,382,867)</u> |
| Net capital assets | <u>25,259,763</u> |

Deferred outflows of resources -

| | |
|----------------------------|----------------|
| Pension and OPEB deferrals | <u>773,405</u> |
|----------------------------|----------------|

Total assets and deferred outflows of resources \$ 30,661,726

Liabilities, Deferred Inflows of Resources and Net Position

Liabilities:

Current liabilities:

| | |
|----------------------------------|----------------|
| Accounts payable | 128,025 |
| Accrued payroll | 67,226 |
| Accrued leave | 114,372 |
| Security deposits | 370,601 |
| Current portion - loans payable | 14,316 |
| Total current liabilities | <u>694,540</u> |

Long-term Liabilities:

| | |
|------------------------------------|------------------|
| Advances from other funds | 1,996,668 |
| Loans payable | 898,684 |
| Net pension and OPEB liability | <u>3,843,487</u> |
| Total long-term liabilities | <u>6,738,839</u> |

Total liabilities 7,433,379

Deferred inflows of resources -

| | |
|----------------------------|----------------|
| Pension and OPEB deferrals | <u>256,869</u> |
|----------------------------|----------------|

Net position:

| | |
|----------------------------------|--------------------|
| Net investment in capital assets | 25,259,763 |
| Unrestricted | <u>(2,288,285)</u> |
| Total net position | <u>22,971,478</u> |

Total liabilities, deferred inflows of resources and net position \$ 30,661,726

CITY OF BETHEL, ALASKA

Water and Sewer Utility Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

| | |
|---|----------------------|
| Operating revenues: | |
| Charges for services | \$ 7,167,096 |
| Other | 4,360 |
| Total operating revenues | <u>7,171,456</u> |
| Operating expenses: | |
| Personnel | 2,943,207 |
| Travel and training | 21,633 |
| Materials and supplies | 250,653 |
| Utilities and fuel | 822,909 |
| Minor equipment and tools | 183,743 |
| Depreciation | 1,231,100 |
| Other purchased services | 108,462 |
| Insurance | 147,650 |
| Repairs and maintenance | 652,766 |
| Other expenses | 308,863 |
| Bad debt expense | 76,760 |
| Indirect cost | 691,819 |
| Total operating expenses | <u>7,439,565</u> |
| Loss from operations | (268,109) |
| Nonoperating revenues - | |
| State PERS relief | 66,834 |
| Investment income | 22,970 |
| Loss before transfers and contributions | (178,305) |
| Transfers- | |
| Transfer out - RA Sewer Lagoon Jelly Special Revenue Fund | (913,000) |
| Capital contributions | <u>5,905,417</u> |
| Change in net position | 4,814,112 |
| Net position, beginning of year | <u>18,157,366</u> |
| Net position, end of year | <u>\$ 22,971,478</u> |

CITY OF BETHEL, ALASKA
Water and Sewer Utility Enterprise Fund
Schedule of Cash Flows
Year Ended June 30, 2019

| | |
|--|---------------------|
| Cash flows from (for) operating activities: | |
| Receipts from customers | \$ 7,289,320 |
| Payment to suppliers | (3,505,739) |
| Payment to employees | <u>(3,203,360)</u> |
| Net cash flows from operating activities | <u>580,221</u> |
| Cash flows from (for) noncapital financing activities: | |
| State sources - grants | 66,834 |
| Transfers out | <u>(913,000)</u> |
| Net cash flows (for) noncapital financing activities | <u>(846,166)</u> |
| Cash Flows from (for) Capital and Related Financing Activities: | |
| Proceeds from issuance of debt | 913,000 |
| Acquisition of capital assets | <u>(439,656)</u> |
| Net cash flows (for) capital and related financing activities | <u>473,344</u> |
| Cash Flows from Investing Activities: | |
| Interest and dividends received | <u>22,970</u> |
| Net increase in cash and cash equivalents | <u>230,369</u> |
| Cash and cash equivalents, beginning of year | <u>3,504,091</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,734,460</u> |
| Reconciliation of loss from operations to net cash flows from operating activities: | |
| Loss from operations | \$ (268,109) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | |
| Depreciation | 1,231,100 |
| Pension and OPEB expense | (233,604) |
| (Increase) decrease in assets: | |
| Accounts receivable | 105,791 |
| Prepaid expense | (225,000) |
| Inventory | (5,101) |
| Increase (decrease) in liabilities: | |
| Accounts payable | (10,380) |
| Accrued payroll | (7,602) |
| Accrued leave | (18,947) |
| Deposits | 12,073 |
| Net cash flows from operating activities | <u>\$ 580,221</u> |
| Noncash items: | |
| Capital contribution from other fund | <u>\$ 5,905,417</u> |

CITY OF BETHEL, ALASKA

Municipal Dock Enterprise Fund

Schedule of Net Position

June 30, 2019

Assets and Deferred Outflows of Resources**Current assets:**

| | |
|--|------------------|
| Cash and cash equivalents | \$ 4,537,674 |
| Investments | 247,870 |
| Accounts receivable (net of allowance) | 211,488 |
| Inventory | 1,366 |
| Total current assets | <u>4,998,398</u> |

Capital assets:

| | |
|-------------------------------|---------------------|
| Land | 2,237,356 |
| Construction in progress | 42,200 |
| Depreciable assets | 33,987,998 |
| Less accumulated depreciation | <u>(11,569,600)</u> |
| Net capital assets | <u>24,697,954</u> |

Deferred outflows of resources -

| | |
|----------------------------|---------------|
| Pension and OPEB deferrals | <u>81,750</u> |
|----------------------------|---------------|

| | |
|--|-----------------------------|
| Total assets and deferred outflows of resources | <u><u>\$ 29,778,102</u></u> |
|--|-----------------------------|

Liabilities, Deferred Inflows of Resources and Net Position**Current liabilities:**

| | |
|----------------------------------|----------------|
| Accounts payable | 93,028 |
| Accrued payroll | 12,532 |
| Accrued leave | 14,479 |
| Total current liabilities | <u>120,039</u> |

Long-term liabilities -

| | |
|--------------------------------|----------------|
| Net pension and OPEB liability | <u>407,986</u> |
|--------------------------------|----------------|

| | |
|--------------------------|----------------|
| Total liabilities | <u>528,025</u> |
|--------------------------|----------------|

Deferred inflows of resources -

| | |
|----------------------------|---------------|
| Pension and OPEB deferrals | <u>22,649</u> |
|----------------------------|---------------|

Net position:

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 24,697,954 |
| Unrestricted | <u>4,529,474</u> |
| Total net position | <u>29,227,428</u> |

| | |
|--|-----------------------------|
| Total liabilities, deferred inflows of resources and net position | <u><u>\$ 29,778,102</u></u> |
|--|-----------------------------|

CITY OF BETHEL, ALASKA

Municipal Dock Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

| | |
|--|----------------------|
| Operating revenues: | |
| Charges for services | \$ 1,114,292 |
| Other | 5,921 |
| Total operating revenues | <u>1,120,213</u> |
| Operating expenses: | |
| Personnel | 363,285 |
| Travel and training | 532 |
| Materials and supplies | 6,289 |
| Utilities and fuel | 46,069 |
| Minor equipment and tools | 8,406 |
| Depreciation | 842,410 |
| Other purchased services | 10,303 |
| Insurance | 15,391 |
| Repairs and maintenance | 106,027 |
| Other expenses | 8,254 |
| Indirect cost | 91,975 |
| Total operating expenses | <u>1,498,941</u> |
| Income from operations | (378,728) |
| Nonoperating revenues: | |
| State PERS relief | 5,657 |
| Investment income | 11,262 |
| Total nonoperating revenues | <u>16,919</u> |
| Change in net position | <u>(361,809)</u> |
| Net position, beginning of year | <u>29,589,237</u> |
| Net position, end of year | <u>\$ 29,227,428</u> |

CITY OF BETHEL, ALASKA
Municipal Dock Enterprise Fund
Schedule of Cash Flows
Year Ended June 30, 2019

| | |
|--|---------------------|
| Cash flows from (for) operating activities: | |
| Receipts from customers | \$ 1,255,281 |
| Payment to suppliers | (151,739) |
| Payment to employees | (381,719) |
| Net cash flows from operating activities | <u>721,823</u> |
| Cash flows (for) investing activities - | |
| Interest and dividends received | 11,262 |
| Sale of investments | 933,261 |
| Net cash flows from investing activities | <u>944,523</u> |
| Cash flows (for) noncapital financing activities: | |
| State sources - grants | <u>5,657</u> |
| Cash flows (for) capital and related financing activities: | |
| Acquisition of capital assets | <u>(83,813)</u> |
| Net increase in cash and cash equivalents | 1,588,190 |
| Cash and cash equivalents, beginning of year | <u>2,949,484</u> |
| Cash and cash equivalents, end of year | <u>\$ 4,537,674</u> |
| Reconciliation of income from (for) operations to net cash flows from operating activities: | |
| Loss from operations | \$ (378,728) |
| Adjustments to reconcile income from operations to net cash flows from operating activities: | |
| Depreciation | 842,410 |
| Pension and OPEB expense | (19,772) |
| (Increase) decrease in assets: | |
| Accounts receivable | 135,068 |
| Inventory | 61,835 |
| Increase (decrease) in liabilities: | |
| Accounts payable | 79,672 |
| Accrued payroll | (1,232) |
| Accrued leave | 2,570 |
| Net cash flows from operating activities | <u>\$ 721,823</u> |

CITY OF BETHEL, ALASKA
Rental Property Enterprise Fund
Schedule of Net Position
June 30, 2019

Assets**Current assets:**

| | |
|--|------------------|
| Cash and cash equivalents | \$ 1,634,236 |
| Accounts receivable (net of allowance) | 6,439 |
| Inventory | 7,128 |
| Total current assets | <u>1,647,803</u> |

Long-term assets -

| | |
|--------------------------------|----------------|
| Restricted cash - bond reserve | <u>222,460</u> |
|--------------------------------|----------------|

Capital assets:

| | |
|-------------------------------|--------------------|
| Construction in progress | 17,419 |
| Land | 43,000 |
| Depreciable assets | 9,876,329 |
| Less accumulated depreciation | <u>(5,716,771)</u> |
| Net capital assets | <u>4,219,977</u> |

| | |
|-------------------------------|------------------|
| Total long-term assets | <u>4,442,437</u> |
|-------------------------------|------------------|

| | |
|---------------------|---------------------|
| Total assets | <u>\$ 6,090,240</u> |
|---------------------|---------------------|

Liabilities and Net Position**Liabilities****Current liabilities:**

| | |
|----------------------------------|----------------|
| Accounts payable | 12,498 |
| Current portion - bonds payable | 170,000 |
| Accrued interest payable | 7,204 |
| Unearned revenue | 595,211 |
| Total current liabilities | <u>784,913</u> |

Long-term Liabilities:

| | |
|---------------------------------------|------------------|
| Advances from other funds | 928,960 |
| Bonds payable, net of current portion | 1,665,000 |
| Unamortized bond premium | 238,471 |
| Total long-term liabilities | <u>2,832,431</u> |

| | |
|--------------------------|------------------|
| Total liabilities | <u>3,617,344</u> |
|--------------------------|------------------|

Net position:

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 2,146,506 |
| Restricted - bond reserve | 222,460 |
| Unrestricted | 103,930 |
| Total net position | <u>2,472,896</u> |

| | |
|---|---------------------|
| Total liabilities and net position | <u>\$ 6,090,240</u> |
|---|---------------------|

CITY OF BETHEL, ALASKA

Rental Property Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

| | |
|---|----------------------------|
| Operating revenues: | |
| Charges for services | \$ <u>859,082</u> |
| Operating expenses: | |
| Utilities and fuel | 142,560 |
| Depreciation | 340,702 |
| Other purchased services | 5,247 |
| Insurance | 31,271 |
| Repairs and maintenance | 98,522 |
| Indirect costs | <u>112,078</u> |
| Total operating expenses | <u>730,380</u> |
| Income from operations | 128,702 |
| Nonoperating revenues (expenses): | |
| Investment income | 5,015 |
| Interest expense | (59,391) |
| Refunding costs | <u>(3,294)</u> |
| Net nonoperating revenues (expenses) | <u>(57,670)</u> |
| Change in net position | 71,032 |
| Net position, beginning of year | <u>2,401,864</u> |
| Net position, end of year | <u>\$ <u>2,472,896</u></u> |

CITY OF BETHEL, ALASKA
Rental Property Enterprise Fund
Schedule of Cash Flows
Year Ended June 30, 2019

| | |
|--|---------------------|
| Cash flows from (for) operating activities: | |
| Receipts from customers | \$ 1,399,954 |
| Payment to suppliers | (399,637) |
| Net cash flows from operating activities | <u>1,000,317</u> |
| Cash flows (for) capital and related financing activities: | |
| Payments on long-term debt | (165,000) |
| Refunding costs | (3,294) |
| Interest paid on long-term debt | (89,750) |
| Net cash flows (for) capital and related financing activities | <u>(258,044)</u> |
| Investment income | <u>5,015</u> |
| Net increase in cash and cash equivalents | 747,288 |
| Cash and cash equivalents, beginning of year | <u>1,109,408</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,856,696</u> |
| Reconciliation of income from operations to net cash flows from operating activities: | |
| Income from operations | \$ 128,702 |
| Adjustments to reconcile income from operations to net cash flows from operating activities: | |
| Depreciation | 340,702 |
| (Increase) decrease in assets: | |
| Accounts receivable | (3,204) |
| Inventory | (514) |
| Increase (decrease) in liabilities: | |
| Accounts payable | (9,445) |
| Unearned revenue | 544,076 |
| Net cash flows from operating activities | <u>\$ 1,000,317</u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | |
| Cash and cash equivalents | \$ 1,634,236 |
| Restricted cash - bond reserve | 222,460 |
| | <u>\$ 1,856,696</u> |

CITY OF BETHEL, ALASKA

Solid Waste Enterprise Fund

Schedule of Net Position

June 30, 2019

Assets and Deferred Outflows of Resources**Current assets:**

| | |
|---------------------------------------|------------------|
| Cash and cash equivalents | \$ 4,580,615 |
| Accounts receivable, net of allowance | 120,515 |
| Inventory | 3,531 |
| Total current assets | <u>4,704,661</u> |

Capital assets:

| | |
|-------------------------------|----------------|
| Land | 18,252 |
| Depreciable assets | 1,256,457 |
| Less accumulated depreciation | (785,913) |
| Net capital assets | <u>488,796</u> |

Deferred outflows of resources -

| | |
|----------------------------|---------------|
| Pension and OPEB deferrals | <u>99,744</u> |
|----------------------------|---------------|

Total assets and deferred outflows of resources \$ 5,293,201

Liabilities, deferred inflows of resources and net position**Liabilities:****Current liabilities:**

| | |
|----------------------------------|----------------|
| Accounts payable | 90,881 |
| Accrued payroll | 12,313 |
| Accrued leave | 33,079 |
| Total current liabilities | <u>136,273</u> |

Long-term liabilities:

| | |
|------------------------------------|------------------|
| Landfill closure costs | 2,577,029 |
| Net pension and OPEB liability | 506,241 |
| Total long-term liabilities | <u>3,083,270</u> |

Total liabilities 3,219,543

Deferred inflows of resources -

| | |
|----------------------------|---------------|
| Pension and OPEB deferrals | <u>41,933</u> |
|----------------------------|---------------|

Net position

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 488,796 |
| Unrestricted | 1,542,929 |
| Total net position | <u>2,031,725</u> |

Total liabilities, deferred inflows of resources and net position \$ 5,293,201

CITY OF BETHEL, ALASKA

Solid Waste Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

| | |
|--|----------------------------|
| Operating revenues: | |
| Charges for services | \$ <u>1,171,160</u> |
| Operating expenses: | |
| Personnel | 400,646 |
| Travel and training | 268 |
| Materials and supplies | 42,611 |
| Utilities and fuel | 37,638 |
| Minor equipment and tools | 35,430 |
| Depreciation | 73,694 |
| Other purchased services | 77,842 |
| Insurance | 7,885 |
| Repairs and maintenance | 132,825 |
| Landfill closure costs | 59,931 |
| Other expenses | 2,208 |
| Indirect cost | 113,464 |
| Total operating expenses | <u>984,442</u> |
| Income from operations | <u>186,718</u> |
| Nonoperating revenues - | |
| State PERS relief | <u>9,581</u> |
| Change in net position | 196,299 |
| Net position, beginning of year | <u>1,835,426</u> |
| Net position, end of year | <u>\$ <u>2,031,725</u></u> |

CITY OF BETHEL, ALASKA

Solid Waste Enterprise Fund

Schedule of Cash Flows

Year Ended June 30, 2019

| | |
|--|----------------------------|
| Cash flows from (for) operating activities: | |
| Receipts from customers | \$ 1,167,222 |
| Payment to suppliers | (366,992) |
| Payment to employees | (424,843) |
| Net cash flows from operating activities | <u>375,387</u> |
| Cash flows (for) capital related financing activities: | |
| Acquisition of capital assets | <u>(70,192)</u> |
| Net increase in cash and cash equivalents | 305,195 |
| Cash and cash equivalents, beginning of year | <u>4,275,420</u> |
| Cash and cash equivalents, end of year | \$ <u><u>4,580,615</u></u> |
| Reconciliation of income from operations to net cash flows from operating activities: | |
| Income from operations | 186,718 |
| Adjustments to reconcile income from operations to net cash flows from operating activities: | |
| Depreciation | 73,694 |
| Pension and OPEB expense | (80,931) |
| (Increase) decrease in assets: | |
| Accounts receivable | (3,938) |
| Inventory | (255) |
| Increase (decrease) in liabilities: | |
| Accounts payable | 83,434 |
| Accrued payroll | 2,380 |
| Accrued leave | (2,671) |
| Landfill closure costs | 59,931 |
| Unfunded pension and OPEB liability | 57,025 |
| Net cash flows from operating activities | \$ <u><u>375,387</u></u> |

CITY OF BETHEL, ALASKA

Multi-Use Recreation Center Enterprise Fund

Schedule of Net Position

June 30, 2019

Assets**Current assets:**

| | |
|-----------------------------|------------------|
| Cash and cash equivalents | \$ 3,927,459 |
| Accounts receivable | 28,985 |
| Inventory | 24,983 |
| Total current assets | <u>3,981,427</u> |

Capital assets:

| | |
|-------------------------------|--------------------|
| Depreciable assets | 23,297,167 |
| Less accumulated depreciation | <u>(3,806,158)</u> |
| Net capital assets | <u>19,491,009</u> |

| | |
|---------------------|------------------------------------|
| Total assets | \$ <u><u>23,472,436</u></u> |
|---------------------|------------------------------------|

Liabilities and Net Position**Liabilities:****Current liabilities:**

| | |
|----------------------------------|----------------|
| Accounts payable | 129,523 |
| Due to other funds | 470,414 |
| Total current liabilities | <u>599,937</u> |

Net position:

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 19,491,009 |
| Unrestricted | 3,381,490 |
| Total net position | <u>22,872,499</u> |

| | |
|---|------------------------------------|
| Total liabilities and net position | \$ <u><u>23,472,436</u></u> |
|---|------------------------------------|

CITY OF BETHEL, ALASKA

Multi-Use Recreation Center Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

Operating Revenues:

Charges for services:

| | |
|---------------------------------|----------------|
| Pro-shop and concession revenue | \$ 109,767 |
| Facility rental income | 49,874 |
| Permits, licenses and fees | 457,478 |
| Total operating revenues | <u>617,119</u> |

Operating expenses:

| | |
|---------------------------------|------------------|
| Repairs and maintenance | 17 |
| Other purchased services | 899,455 |
| Depreciation | 815,218 |
| Insurance | 39,105 |
| Utilities and fuel | 329,398 |
| Minor equipment and tools | 845 |
| Other expenses | 13,879 |
| Indirect costs | 99,252 |
| Total operating expenses | <u>2,197,169</u> |

| | |
|----------------------|-------------|
| Loss from operations | (1,580,050) |
|----------------------|-------------|

Nonoperating revenues:

| | |
|------------------------------------|---------------|
| Other grant | 3,557 |
| Investment income | 83,932 |
| Total nonoperating revenues | <u>87,489</u> |

| | |
|---|-------------|
| Loss before contributions and transfers | (1,492,561) |
|---|-------------|

| | |
|------------------------------------|----------------|
| Transfers in - General fund | <u>542,544</u> |
|------------------------------------|----------------|

| | |
|------------------------|-----------|
| Change in net position | (950,017) |
|------------------------|-----------|

| | |
|--|-------------------|
| Net position, beginning of year | <u>23,822,516</u> |
|--|-------------------|

| | |
|----------------------------------|----------------------|
| Net position, end of year | <u>\$ 22,872,499</u> |
|----------------------------------|----------------------|

CITY OF BETHEL, ALASKA

Multi-Use Recreation Center Enterprise Fund

Schedule of Cash Flows

Year Ended June 30, 2019

| | |
|--|---------------------|
| Cash flows from (for) operating activities: | |
| Receipts from customers | \$ 588,134 |
| Payment to suppliers | (1,360,902) |
| Net cash flows (for) operating activities | <u>(772,768)</u> |
| Cash flows from noncapital financing activities: | |
| Capital grants | 3,557 |
| Transfers in - General Fund | 542,544 |
| Increase (decrease) in due to central treasury | 470,414 |
| Net cash flows from noncapital financing activities | <u>1,016,515</u> |
| Cash flows from investing activities - | |
| Investment income received | <u>83,932</u> |
| Net change in cash and cash equivalents | 327,679 |
| Cash and cash equivalents, beginning of year | <u>3,599,780</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,927,459</u> |
| Reconciliation of loss from (for) operations to net cash flows for operating activities: | |
| Loss from operations | \$ (1,580,050) |
| Adjustments to reconcile loss from operations to net cash flows from (for) operating activities: | |
| Depreciation | 815,218 |
| (Increase) decrease in assets: | |
| Accounts receivable | (28,985) |
| Inventory | (1,804) |
| Increase (decrease) in liabilities: | |
| Accounts payable | 22,853 |
| Net cash flows (for) operating activities | <u>\$ (772,768)</u> |

CITY OF BETHEL, ALASKA
Public Transit Enterprise Fund
Schedule of Net Position
June 30, 2019

Assets and Deferred Outflows of Resources

| | |
|--|---------------------------------|
| Current assets: | |
| Inventory | \$ <u>4,997</u> |
| Capital assets: | |
| Depreciable assets | 365,215 |
| Less accumulated depreciation | <u>(293,304)</u> |
| Net capital assets | <u>71,911</u> |
| Deferred outflows of resources - | |
| Pension and OPEB deferrals | <u>40,044</u> |
| Total assets and deferred outflows of resources | \$ <u><u>116,952</u></u> |

Liabilities, Deferred Inflows of Resources and Net Position

| | |
|--|---------------------------------|
| Current liabilities: | |
| Accounts payable | 3,498 |
| Accrued payroll | 5,658 |
| Accrued leave | 18,524 |
| Due to other funds | <u>282,221</u> |
| Total current liabilities | <u>309,901</u> |
| Long-term- | |
| Net pension and OPEB liability | <u>246,331</u> |
| Total liabilities | <u>556,232</u> |
| Deferred inflows of resources - | |
| Pension and OPEB deferrals | <u>38,733</u> |
| Total liabilities and deferred inflows of resources | <u>594,965</u> |
| Net position: | |
| Net investment in capital assets | 71,911 |
| Unrestricted | <u>(549,924)</u> |
| Total net position | <u>(478,013)</u> |
| Total liabilities, deferred inflows of resources and net position | \$ <u><u>116,952</u></u> |

CITY OF BETHEL, ALASKA

Public Transit Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

| | |
|--|---------------------|
| Operating revenues - | |
| Charges for services | \$ 42,544 |
| Other | 50 |
| Total Operating Revenues | <u>42,594</u> |
| Operating expenses: | |
| Personnel | 214,475 |
| Materials and supplies | 1,956 |
| Utilities and fuel | 36,062 |
| Depreciation and amortization | 23,734 |
| Other purchased services | 154 |
| Insurance | 8,900 |
| Repairs and maintenance | 19,386 |
| Indirect costs | 59,616 |
| Total operating expenses | <u>364,283</u> |
| Loss from operations | (321,689) |
| Nonoperating revenues: | |
| Federal sources | 242,356 |
| State PERS relief | 4,071 |
| Total nonoperating revenues | <u>246,427</u> |
| Change in net position | <u>(75,262)</u> |
| Net position, beginning of year | <u>(402,751)</u> |
| Net position, end of year | <u>\$ (478,013)</u> |

CITY OF BETHEL, ALASKA
Public Transit Enterprise Fund
Schedule of Cash Flows
Year Ended June 30, 2019

| | |
|---|----------------------------|
| Cash flows from (for) operating activities: | |
| Receipts from customers | \$ 42,594 |
| Payment to suppliers | (126,602) |
| Payment to employees | (231,722) |
| Net cash flows (for) operating activities | <u>(315,730)</u> |
| Cash flows from (for) noncapital financing activities: | |
| Operating grants received | 242,356 |
| Increase (decrease) in due to central treasury | 73,374 |
| Net cash flows from noncapital financing activities | <u>315,730</u> |
| Net increase in cash and cash equivalents | - |
| Cash and cash equivalents, beginning of year | <u>-</u> |
| Cash and cash equivalents, end of year | <u><u>\$ -</u></u> |
| Reconciliation of loss from (for) operations to net cash flows (for) operating activities: | |
| Loss from operations | \$ (321,689) |
| Adjustments to reconcile loss from operations to net cash flows (for) operating activities: | |
| Depreciation | 23,734 |
| Pension and OPEB expense | (34,386) |
| (Increase) decrease in assets: | |
| Inventory | (362) |
| Increase (decrease) in liabilities: | |
| Accounts payable | (166) |
| Accrued payroll | (859) |
| Accrued leave | (6,230) |
| Unfunded pension liability | 24,228 |
| Net cash flows (for) operating activities | <u><u>\$ (315,730)</u></u> |

CITY OF BETHEL, ALASKA
Internal Service Funds
Combining Schedule of Net Position
June 30, 2019

| | <u>Employee Health Insurance</u> | <u>Vehicle and Equipment</u> | <u>Total Internal Service Funds</u> |
|---|--------------------------------------|----------------------------------|---|
| Assets | | | |
| Current assets - | | | |
| Inventory | - | 270,007 | 270,007 |
| Total current assets | <u>-</u> | <u>270,007</u> | <u>270,007</u> |
| Capital assets: | | | |
| Depreciable assets | - | 86,902 | 86,902 |
| Less accumulated depreciation | - | (86,478) | (86,478) |
| Net capital assets | <u>-</u> | <u>424</u> | <u>424</u> |
| Total assets | \$ <u>-</u> | <u>270,431</u> | <u>270,431</u> |
| Liabilities and net position: | | | |
| Current liabilities: | | | |
| Accounts and claims payable | - | 5,709 | 5,709 |
| Accrued payroll | - | 8,690 | 8,690 |
| Accrued leave | - | 10,150 | 10,150 |
| Due to other funds | 795,416 | 280,801 | 1,076,217 |
| Total current liabilities | <u>795,416</u> | <u>305,350</u> | <u>1,100,766</u> |
| Net position - unrestricted | <u>(795,416)</u> | <u>(34,919)</u> | <u>(830,335)</u> |
| Total liabilities and net position | \$ <u>-</u> | <u>270,431</u> | <u>270,431</u> |

CITY OF BETHEL, ALASKA

Internal Service Funds

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

| | <u>Employee Health Insurance</u> | <u>Vehicle and Equipment</u> | <u>Total Internal Service Funds</u> |
|--|--------------------------------------|----------------------------------|---|
| Operating revenues - | | | |
| Interfund charges for services | \$ 186,686 | 635,646 | 822,332 |
| Operating expenses: | | | |
| Personnel | - | 484,559 | 484,559 |
| Claims (recovery) | (20,446) | - | (20,446) |
| Travel and training | - | 6,096 | 6,096 |
| Materials and supplies | - | 7,821 | 7,821 |
| Utilities and fuel | - | 56,443 | 56,443 |
| Minor equipment and tools | - | 22,708 | 22,708 |
| Depreciation | - | 1,803 | 1,803 |
| Other purchased services | - | 8,738 | 8,738 |
| Insurance | 74,462 | 22,038 | 96,500 |
| Indirect costs | - | 114,175 | 114,175 |
| Total operating expenses | <u>54,016</u> | <u>724,381</u> | <u>778,397</u> |
| Income (loss) from operations | 132,670 | (88,735) | 43,935 |
| Net position, beginning of year | <u>(928,086)</u> | <u>53,816</u> | <u>(874,270)</u> |
| Net position, end of year | \$ <u><u>(795,416)</u></u> | <u><u>(34,919)</u></u> | <u><u>(830,335)</u></u> |

CITY OF BETHEL, ALASKA
Internal Service Funds
Combining Schedule of Cash Flows
Year Ended June 30, 2019

| | <u>Employee Health Insurance</u> | <u>Vehicle and Equipment</u> | <u>Total Internal Service Funds</u> |
|---|--------------------------------------|----------------------------------|---|
| Cash flows from (for) operating activities: | | | |
| Receipts from interfund services provided | \$ 186,686 | 635,646 | 822,332 |
| Payment to suppliers | (431,078) | (261,986) | (693,064) |
| Payment to employees | - | (490,751) | (490,751) |
| Net cash flows from (for) operating activities | <u>(244,392)</u> | <u>(117,091)</u> | <u>(361,483)</u> |
| Cash flows from noncapital financing activities - | | | |
| Increase in due to other funds | <u>244,392</u> | <u>117,091</u> | <u>361,483</u> |
| Net increase in cash and cash equivalents | - | - | - |
| Cash and cash equivalents, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and cash equivalents, end of year | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Reconciliation of loss from operations to net cash flows (for) operating activities: | | | |
| Income (loss) from operations | 132,670 | (88,735) | 43,935 |
| Adjustments to reconcile loss from operations to net cash flows (for) operating activities: | | | |
| Depreciation | - | 1,803 | 1,803 |
| (Increase) decrease in assets: | | | |
| Inventory | - | (13,311) | (13,311) |
| Increase (decrease) in liabilities: | | | |
| Accounts and claims payable | (377,062) | (10,656) | (387,718) |
| Accrued payroll | - | (1,677) | (1,677) |
| Accrued leave | - | (4,515) | (4,515) |
| Net cash flows (for) operating activities | <u>\$ (244,392)</u> | <u>(117,091)</u> | <u>(361,483)</u> |

CITY OF BETHEL, ALASKA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2019

| <u>Federal Grant Title</u> | <u>Grant/Passthrough Number</u> | <u>Catalog of Federal Domestic Assistance</u> | <u>Total Grant Award</u> | <u>Federal Share of Expenditures</u> |
|---|---------------------------------|---|------------------------------|--|
| U.S. Department of Agriculture | | | | |
| Passed through the State of Alaska Department of Natural Resources - | | | | |
| Volunteer Firefighter Assistance VFA 2019 | None | 10.664 | \$ 7,470 | 7,470 |
| Direct | | | | |
| Water and Waste System Grant | None | 10.760 | 1,669,358 | 1,269,906 |
| Water and Waste System Loan | None | 10.760 | 913,000 | 913,000 |
| Total CFDA # 10.760 | | | <u>2,582,358</u> | <u>2,182,906</u> |
| Total Department of Agriculture | | | <u>2,589,828</u> | <u>2,190,376</u> |
| U.S. Department of the Interior | | | | |
| Passed through the State of Alaska Department of Commerce, Community, and Economic Development - | | | | |
| Payment in Lieu of Taxes | None | 15.226 | 893,144 | 893,144 |
| U.S. Department of Transportation | | | | |
| Passed through the State of Alaska Department of Transportation and Public Facilities - | | | | |
| Formula Grants for Other Than Urbanized Areas - Rural Public Transit | AK-2016-008 | 20.509 | - | 242,356 |
| Environmental Protection Agency | | | | |
| Passed through the State of Alaska Department of Environmental Conservation - | | | | |
| Village Safe Water Program | 16EP29 | 66.202 | 1,673,138 | 137,901 |
| Village Safe Water Program | 17EP77 | 66.202 | 225,028 | 218,168 |
| Village Safe Water Program | 18EQ57 | 66.202 | 375,000 | 40,125 |
| Total CFDA # 66.202 | | | <u>2,273,166</u> | <u>396,194</u> |
| Village Safe Water Program | 18AQ36 | 66.458 | 675,000 | 84,891 |
| Total Department of Environmental Conservation | | | <u>2,948,166</u> | <u>481,085</u> |
| U.S. Department of Homeland Security | | | | |
| Passed through the State of Alaska Department of Military and Veterans Affairs - | | | | |
| State Homeland Security | EMW-2017-SS-00048-S01 | 97.067 | 111,055 | 49,500 |
| Total Expenditures of Federal Awards | | | <u>\$ 6,542,193</u> | <u>3,856,461</u> |
| Reconciliation to Statement of Revenues, Expenditures and changes in Fund Balances - Governmental Funds | | | | |
| Less: | | | | |
| Federal sources per Exhibit C-2 | | | | (242,356) |
| Water and Waste System Loan | | | | (913,000) |
| Total sources per Exhibit B-3 | | | \$ | <u>2,701,105</u> |

CITY OF BETHEL

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Bethel under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City of Bethel, it is not intended to and does not present the basic financial statements of the City of Bethel.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City of Bethel has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

Note 3. Passed Through Awards

No amounts were passed through to subrecipients.

Note 4. Federal Loan Balances

The federal portion of the outstanding balances for the USDA Water and Sewer System Loan is \$913,000.

CITY OF BETHEL, ALASKA
 Schedule of State Financial Assistance
 Year Ended June 30, 2019

| <u>State Grant Title</u> | <u>Grant Number</u> | <u>Total Grant Award</u> | <u>State Share of Expenditures</u> |
|---|---------------------|--------------------------|------------------------------------|
| Department of Commerce, Community and Economic Development | | | |
| * Community Revenue Sharing | None | 193,287 | 193,287 |
| * Sewer and Water Project Institutional Corridor | 14-DC-042 | 7,000,000 | 3,435,515 |
| LED Streetlights | 12-DC-334 | 328,800 | 674 |
| Sewage Lagoon | 15-DC-038 | 700,000 | 122,740 |
| Total Department of Commerce, Community and Economic Development | | 8,222,087 | 3,752,216 |
| Department of Administration | | | |
| Motor Vehicle Registration Tax | None | 42,910 | 42,910 |
| * PERS on Behalf | None | 424,031 | 424,031 |
| Total Department of Administration | | 466,941 | 466,941 |
| Department of Health and Social Services | | | |
| * Community Service Patrol | 602-203-19002 | 323,081 | 254,604 |
| Department of Environmental Conservation | | | |
| Village Safe Water Program | 16EP29 | 557,713 | 45,967 |
| Village Safe Water Program | 17EP77 | 75,009 | 72,722 |
| Village Safe Water Program | 18AQ36 | 225,000 | 28,297 |
| Village Safe Water Program | 18EQ57 | 125,000 | 13,375 |
| Total Department of Environmental Conservation | | 982,722 | 160,361 |
| Department of Natural Resources | | | |
| Pinky's Park Improvements | LWCF #02-00411 | 125,000 | 65,014 |
| Total State Financial Assistance | | | \$ 4,699,136 |
| Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | | | |
| State Financial Assistance per Schedule | | | \$ 4,699,136 |
| Adjustments: | | | |
| State financial assistance recorded in proprietary funds | | | (86,143) |
| PERS on-behalf adjustment for full accrual pension expense under GASB 68 | | | (75,824) |
| Total State of Alaska revenues per exhibit B-3 | | | \$ 4,537,169 |

CITY OF BETHEL

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of the City of Bethel under programs of the State of Alaska for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the City of Bethel, it is not intended to and does not present the basic financial statements of the City of Bethel.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City of Bethel's basic financial statements.

Note 3. Subrecipients

No state funds were passed through to Subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Members of the Council
City of Bethel, Alaska
Bethel, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethel, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Bethel's basic financial statements and have issued our report thereon dated March 17, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying federal schedule of findings and questioned costs that we consider to be material weaknesses as items 2019-001, and 2019-002.

Members of the Council
City of Bethel, Alaska

Compliance and Other Matters

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

City of Bethel's Response to Findings

City of Bethel's response to the findings identified in our audit is described in the accompanying federal schedule of findings and questioned costs and corrective action plan. City of Bethel's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Anchorage, Alaska
March 17, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance as Required by the *Uniform Guidance*

Independent Auditor's Report

Members of the Council
City of Bethel, Alaska
Bethel, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Bethel, Alaska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Bethel, Alaska's major federal programs for the year ended June 30, 2019. City of Bethel, Alaska's major federal program is identified in the summary of auditor's results section of the accompanying Federal Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Members of the Council
City of Bethel, Alaska

Opinion on Each major Federal Program

In our opinion, the City of Bethel complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Bethel, Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bethel, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bethel, Alaska's internal control over compliance.

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

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

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



Anchorage, Alaska
March 17, 2020

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Is a going concern emphasis-of-matter paragraph Included in the audit report?

Yes x No

Internal control over financial reporting:

Material weakness(es) identified?

x Yes No

Significant deficiency(ies) identified?

Yes x None reported

Noncompliance material to financial statements noted?

Yes x No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified (2 CFR 200.516 (a)(1))?

Yes x No

Significant deficiency(ies) identified (2 CFR 200.516 (a)(1))?

Yes x None reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

Yes x No

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200, Section .516(a) (3) or (4)?

Yes x No

Identification of major program:

CFDA Number
15.226
10.760

Name of Federal Program
Payment in Lieu of Taxes
Water and Waste System

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes x No

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

Finding 2019-001
Material Weakness

Internal Controls Over Harbor Billing

Criteria: The City should follow its policies and procedures for all Harbor billing transactions to ensure they are recorded correctly and for the correct amount.

Condition and context: During internal control testwork over Harbor Billing we found five errors of the City failing to follow policies and procedures, and miscalculation of valuation for charges, and lack of support for transactions. We attempted to test 40 transactions out of the Harbor billing, but abandoned testwork after finding three errors within the first few transactions reviewed. The errors related to incorrect rate charges for services rendered and clerical calculation errors of total charges and in some instances, lacking any form of support for the transaction.

Cause: Policies and procedures were not followed for updated 2019 billing rates, lack of adequate review resulted in miscalculation of charges, as well as lacking adequate supporting documentation.

Effect: Could result in misstatements to the Harbor revenue.

Repeat Finding: This finding is repeated from finding 2018-001.

Recommendation: Greater oversight and review of the Harbor billing process.

Management Response: Management agrees with this finding, see corrective action plan.

Finding 2019-002
Material Weakness

Internal Control over P-cards

Criteria: The City should maintain adequate supporting documentation for all transactions.

Condition and context: There is a lack of internal controls over the P-cards at the City. There was no list of open P-cards maintained and documentation of reconciliation or review of the charges could not be provided. We haphazardly selected 5 of the master P-card statements to test and sampled transactions for that statement. None of the transactions tested had documented approval. Also, less than half of the 21 transactions tested across the 5 statements had supporting receipts. Due to the failure to meet our audit objectives, we were unable to rely on controls over P-card transactions.

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

Cause: Insufficient document retention and review over P-card transactions.

Effect: Could result in unapproved charges and miscoding of expenditures.

Repeat Finding: This finding is repeated from finding 2018-002.

Recommendation: The City should review all P-card transactions and statements and document approval over those transactions.

Management Response: Management agrees with the finding, see corrective action plan.

Section III – Federal Award Findings and Questioned Costs

The City of Bethel did not have any findings related to the federal awards

Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Independent Auditor's Report

Members of the Council
City of Bethel, Alaska
Bethel, Alaska

Report on Compliance for Each Major State Program

We have audited the City of Bethel, Alaska's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City of Bethel, Alaska's major state programs for the year ended June 30, 2019. The City of Bethel, Alaska's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Bethel, Alaska's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Bethel, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Members of the Council
City of Bethel, Alaska

Opinion on Each Major State Program

In our opinion, the City of Bethel complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City of Bethel, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bethel's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bethel's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
March 17, 2020

City of Bethel, Alaska

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X Yes No

Significant deficiency(ies) identified?

Yes X None reported

Is a material noncompliance disclosed?

Yes X No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?

Yes X No

Significant deficiency(ies) identified?

Yes X None reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Dollar threshold used to distinguish
a state major program:

\$ 150,000

Section II – Financial Statement Findings

See Federal Schedule of Findings and Questioned Costs

Section III – State Award Findings and Questioned Costs

The City of Bethel did not have any findings related to state awards.



City of Bethel
City Manager's Office
PO Box 1388
Bethel AK 99559
(907) 543-1373 / (907) 543-1394 (fax)
www.cityofbethel.org

Summary of Prior Audit Findings

June 30, 2019

Section III – Summary of Prior Audit Findings

Financial Statement Findings

Finding 2018-001
Material Weakness

Internal Controls Over Harbor Billing

Condition:

During internal control testwork over Harbor Billing we found three errors of the City failing to follow policies and procedures, and miscalculation of valuation for charges, and lack of support for transactions. This is a repeat finding of 2017-002.

Status:

This finding was repeated as finding 2019-001.

Finding 2018-002
Material Weakness

Internal Control over P-cards

Condition:

There is a lack of internal controls over the P-cards at the City. There was no list of open P-cards maintained and documentation of reconciliation or review of the charges could not be provided. This is a repeat of finding 2017-004.

Status:

This finding was repeated as finding 2019-002.

Finding 2018-003
Material Weakness

Internal Control over Material Journal Entries

Condition:

Internal controls over Material Journal entries failed due to a lack of approval process and support over journal entries. There were three correcting material journal entries throughout the year that were made without support, review, or approval.

Status:

This finding was resolved

CITY OF BETHEL, ALASKA

Summary of Prior Audit Findings, Continued

Federal Award Findings

Finding 2018-004
**Material Weakness/
Material Noncompliance**

Internal Control Over Reporting – U.S. Department of Interior and U.S. Bureau of Indian Affairs – CFDA #15.226 Passed through the State of Alaska Department of Commerce, Community and Economic Development – Payment in Lieu of Taxes – Award Year 2017 and U.S. Environmental Protection Agency – CFDA #66.202 Passed through the State of Alaska Department of Environmental Conservation – Village Safe Water Program – Grant numbers 14EP70, 15EQ92, 16EP29 and 18EQ57

Condition:

The Organization did not adhere to the OMB Uniform Guidance requirement of submitting the reporting package within the earlier of 30 days after receipt of the audit report, or nine months after the end of the audit period. The organization did not retain an audit firm with sufficient time to complete the audit before the reporting deadline. This finding is repeated from Finding 2017-007.

Status:

This finding was resolved

State Award Findings

Finding 2018-005
**Material Weakness/
Material Non Compliance**

Internal Control over Reporting – All Major State Programs

Condition:

The Organization did not adhere to the State of Alaska Audit Guide requirement of submitting the reporting package within the earlier of 30 days after receipt of the audit report, or nine months after the end of the audit period.

Status:

This finding was resolved



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Corrective Action Plan

June 30, 2019

Financial Statement Findings

Finding 2019-001

Internal Controls Over Harbor Billing

Name of Contact Person: Christine Blake

Corrective Action Plan: The City will implement improved processes and internal controls prior to the end of fiscal year 2020, with the intent of resolving this finding prior to the next audit.

Proposed Completion Date: March 31, 2020.

Finding 2019-002

Internal Controls Over P-cards

Name of Contact Person: Christine Blake

Corrective Action Plan: The City will implement improved processes and internal controls prior to the end of fiscal year 2020, with the intent of resolving this finding prior to the next audit.

Proposed Completion Date: March 31, 2020.