

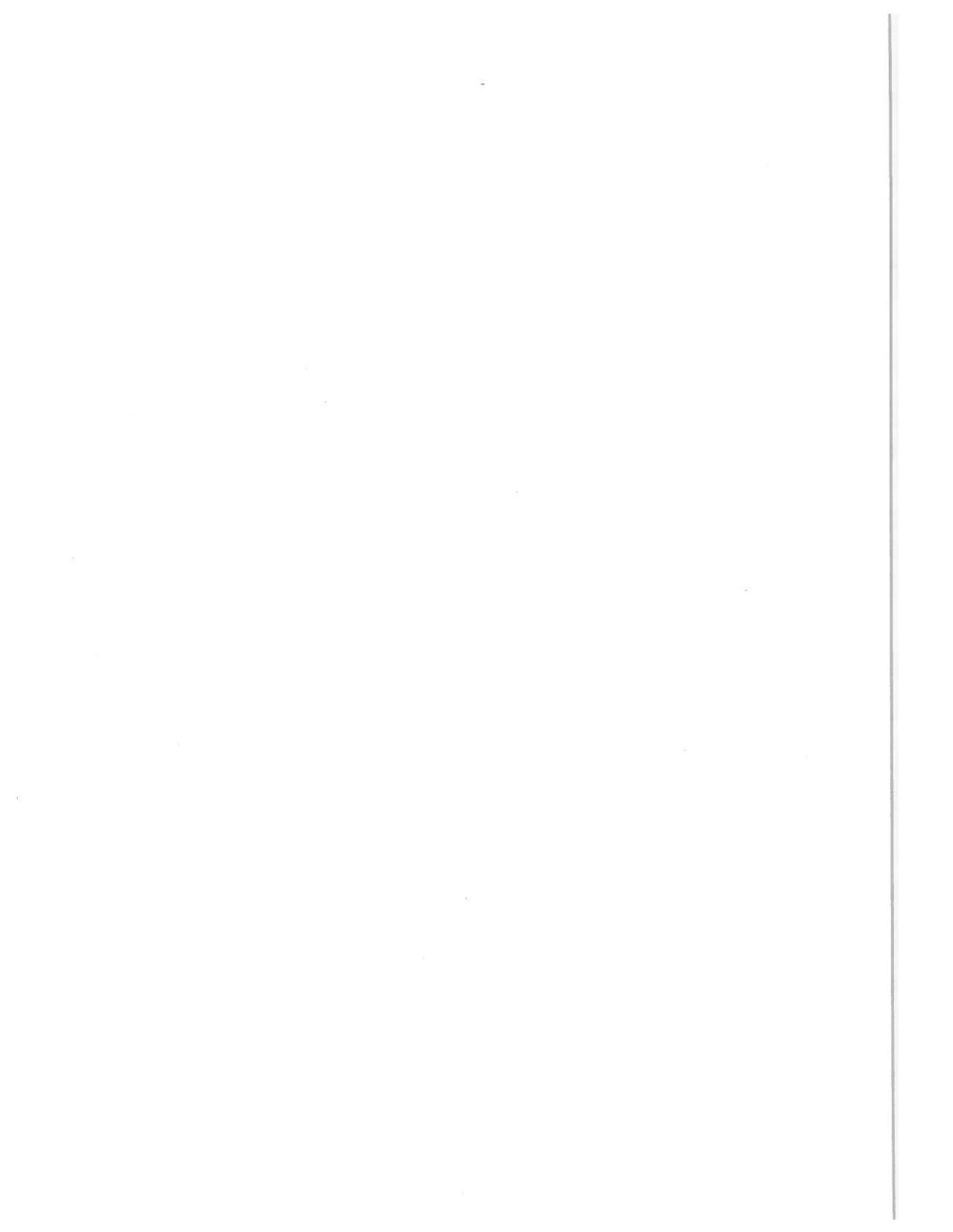


City of Bethel, Alaska

Basic Financial Statements,
Required Supplementary Information,
Additional Supplementary Information, and
Single Audit Reports
Year Ended June 30, 2013

City of Bethel, Alaska

Basic Financial Statements, Required Supplementary Information,
Additional Supplementary Information, and Single Audit Reports
Year Ended June 30, 2013



City of Bethel, Alaska

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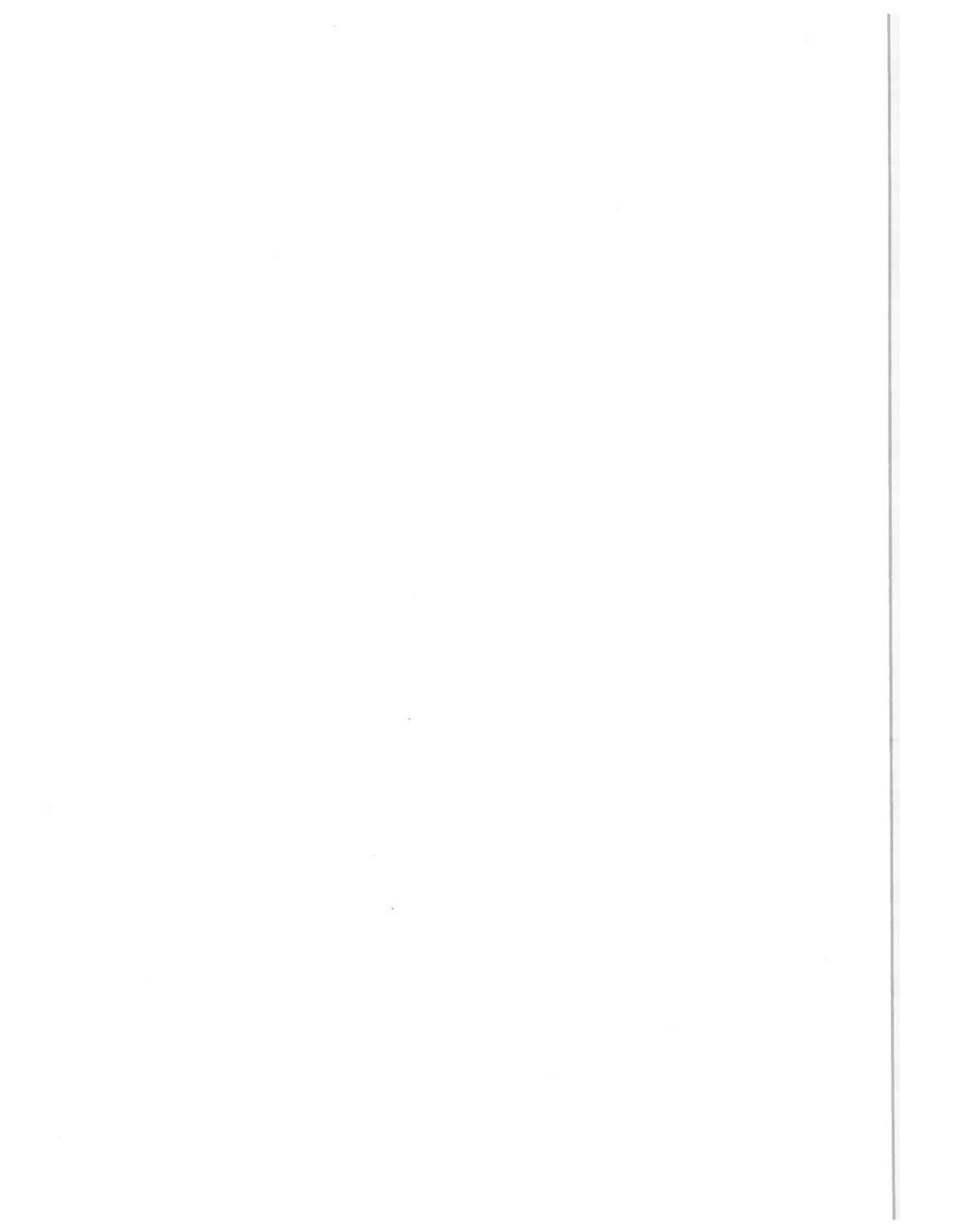
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Independent Auditor's Report

Honorable Mayor and City Council
City of Bethel, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bethel, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bethel, Alaska, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013, City of Bethel adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Bethel's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

City of Bethel's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated November 21, 2012, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated November 21, 2012, stated that the individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of City of Bethel's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bethel's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 6, 2013

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Management's Discussion and Analysis

City of Bethel, Alaska

Management's Discussion and Analysis

June 30, 2013

As management of the City of Bethel, we present to the readers of these Financial Statements a narrative overview and analysis of the City's financial activities for the fiscal year ending June 30, 2013. Comparable information from the previous fiscal year which ended June 30, 2012 has been provided to allow the reader to better understand the City's overall financial position.

Financial Highlights

- The assets of the City of Bethel exceeded its liabilities at the close of the most current fiscal year by \$116,533,500 (total net position). Of this amount, \$11,389,984 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- In total, net position increased \$12,759,939. The net increase was derived from a governmental activities increase of \$13,671,449 coupled with a net asset decrease of \$(911,510) in the business type activities.
- The City had \$11,462,854 in expenses related to governmental activities; these expenses were offset by \$17,150,988 by program specific charges for services, grants and contributions. Governmental activities reported general revenues, transfers, and extraordinary loss items of \$7,983,315 (primarily from taxes, state-shared revenues, investments, and rentals). Overall, governmental activities net position increased by \$13,671,449 from current year activities.
- The City had \$10,939,518 in expenses related to business-type activities; \$9,360,400 of these expenses were offset by program specific charges for services, grants and contributions. General revenues and transfers were recorded at \$667,608. Total business-type activities net position decreased by \$(911,510) from current year activities.
- In the fund financial statements, the General Fund had \$11,402,632 in revenues. General Fund expenditures were \$9,546,569 and net transfers to other funds from General Fund were \$1,259,551. The General Fund's fund balance increased by \$596,512 from current operations resulting in ending fund balance of \$9,548,592.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. City of Bethel's basic financial statements are comprised of 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City's activities.

- *Government-wide financial statements* provide both short-term and long-term information about the City's overall financial status.
- *Fund financial statements* focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

Fund financial statements include the governmental fund statements which tell how basic services, such as, City Administration, Public Safety, Public Works, Etc., were financed in the short-term as well as what remains for future spending.

City of Bethel, Alaska

Management's Discussion and Analysis

June 30, 2013

The financial statements include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by two sections: 1) supplementary information and 2) compliance reports.

Government-wide Statements

The Government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities, with the differences between the two reported as net position.

The two Government-wide statements report the City's *net position* and how they have changed. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial position, you need to consider additional nonfinancial factors such as the condition of buildings and other facilities.

The government-wide financial statements include all the City's *governmental activities*, which accounts for all of the City's basic services such as Administration, Public Works, Public Safety, etc. The *business-type activities* account for the operations of the City's Water, Sewer, Municipal Dock, Rental Properties and other enterprise activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of revenue and spending on particular programs. Some funds are required by state law and/or by governmental accounting standards. The City establishes other funds to control and manage money for a particular purpose or to show that it is properly using certain fund revenues (such as federal grants).

The City has two kinds of funds:

- ***Governmental Funds:*** Most of the City's basic services are included in governmental funds. Unlike the Government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as balances of spendable resources left at fiscal year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spend in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and

City of Bethel, Alaska
Management's Discussion and Analysis
June 30, 2013

changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Bethel maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and individual budget to actual schedules elsewhere in this report.

- *Proprietary Funds:* When the City charges customers for the services it provides, both to outside customers and to other units of the City, these services are generally reported in the proprietary funds. Proprietary funds are reported in the same manner in the Statement of Net position and the Statement of Activities. The City's *Enterprise Funds* (one type of proprietary fund) are the same as the business-type activities reported in the Government-wide statements but provide more detail. The City uses two *Internal Service Funds* (the other kind of proprietary fund) to report activities of the City's Employee Health Insurance Benefit and Vehicle and Equipment Replacement.

Table 1 provides a summary of the City's net position for 2013 compared to 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	\$ 23,390,901	\$ 17,081,547	\$ 3,633,173	\$ 3,108,638	\$ 27,024,074	\$ 20,190,185
Capital assets	61,044,762	48,916,685	41,692,279	43,162,213	102,737,041	92,078,898
Total assets	84,435,663	65,998,232	45,325,452	46,270,851	129,761,115	112,269,083
Liabilities:						
Current liabilities	7,080,504	2,317,213	1,017,142	960,706	8,097,646	3,277,919
Long-term liabilities	507,883	505,192	4,622,086	4,712,411	5,129,969	5,217,603
Total liabilities	7,588,387	2,822,405	5,639,228	5,673,117	13,227,615	8,495,522
Net position:						
Net investment in capital assets	61,044,762	48,916,685	38,510,743	39,838,425	99,555,505	88,755,110
Restricted	5,588,011	4,714,703	-	-	5,588,011	4,714,703
Unrestricted	10,214,503	9,544,439	1,175,481	759,309	11,389,984	10,303,748
Total net position	76,847,276	63,175,827	39,686,224	40,597,734	116,533,500	103,773,561

City of Bethel, Alaska
Management's Discussion and Analysis
June 30, 2013

Table 2 shows the changes in net position for fiscal years 2013 and 2012

Table 2
Change in Net position

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,194,898	\$ 8,612,380	\$ 9,807,278	\$ 1,358,624	\$ 8,928,752	\$ 10,287,376
Operating grants and contributions	1,280,576	651,290	1,931,866	923,950	669,872	1,593,822
Capital grants and contributions	14,675,514	96,730	14,772,244	1,448,865	266,052	1,714,917
Total program revenues	17,150,988	9,360,400	2,6511,388	3,731,439	9,864,676	13,596,115
General revenues:						
Taxes	9,016,627	-	9,016,627	8,874,839	-	8,874,839
Payment in lieu of tax	807,352	-	807,352	832,360	-	832,360
Interest and investment earnings (expense)	34,551	21,070	55,621	32,440	23,893	56,333
Grants and entitlements	571,703	-	571,703	535,527	-	535,527
Other	102,265	7,252	109,517	30,203	7,252	37,455
Gain on disposal of assets	-	-	-	-	-	-
Total general revenues	10,532,498	28,322	10,560,820	10,305,369	31,145	10,336,514
Total revenues	27,683,486	9,388,722	37,072,208	14,036,808	9,895,821	23,932,629
Transfers	(639,286)	639,286	-	(635,042)	635,042	-
Extraordinary item	(1,909,897)	-	(1,909,897)	-	-	-
Total revenues, transfers and extraordinary item	25,134,303	10,028,008	35,162,311	13,401,766	10,530,863	23,932,629

City of Bethel, Alaska

Management's Discussion and Analysis June 30, 2013

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Expenses:						
General						
government	\$ 2,676,433	\$ -	\$ 2,676,433	\$ 2,460,225	\$ -	\$ 2,460,225
Public safety	4,733,395	-	4,733,395	4,468,134	-	4,468,134
Public works	3,138,499	-	3,138,499	2,317,399	-	2,317,399
Community services	914,527	-	914,527	949,789	-	949,789
Water and sewer utility	-	7,363,806	7,363,806	-	6,887,473	6,887,473
Municipal dock	-	1,380,536	1,380,536	-	1,364,732	1,364,732
Rental property	-	972,940	972,940	-	971,884	971,884
Solid waste	-	880,366	880,366	-	832,965	832,965
Public transportation	-	341,870	341,870	-	480,519	480,519
Total expenses	11,462,854	10,939,518	22,402,372	10,195,547	10,537,573	20,733,120
Changes In Net Assets						
	\$ 13,671,449	\$ (911,510)	\$ 12,759,939	\$ 3,206,219	\$ (6,710)	\$ 3,199,509

In FY13, capital grants was, by far the largest revenue source. In a typical year, taxes and charges for services generally represent the largest revenue streams. The larger of these two capital grants affecting revenue for the fiscal year were (1) the Aquatic Health and Safety Center grant and (2) the Salmonberry Police Station Renovation grant.

Compared to the prior fiscal year, the City's tax revenue increased \$141,788 from fiscal year 2012 which represents a 2% increase. Revenue generated from charges for services decreased \$163,726 in the governmental activities from the prior year, and \$316,372 in the business type activities. It is also noteworthy to point out that FY14 is the final year of authorization for the Payment in Lieu of Tax program with the federal government. During FY13, Payment in Lieu of Tax (PILT) represented \$807,352 in revenue. Should PILT not be reauthorized before FY15, the City would potentially lose this revenue.

Expenses from governmental activities were \$1,267,307 higher than the prior fiscal year representing an increase of 12%. Expenses in the business-type activities were \$401,945 higher than FY12, an increase of 4%. As the City moves forward in future years, it would be highly advisable to look closely at future increases in tax based revenues compared to expenses from governmental activities. It appears that expenses from governmental activities are rising in cost at a higher rate than revenues from taxes which is obviously our most constant source of revenue.

City of Bethel, Alaska

Management's Discussion and Analysis

June 30, 2013

Financial Analysis of the City's Major Funds

In 2013, the City reported three separate major governmental funds: the General Fund and three capital project funds. There are four major business-type funds, Water and Sewer, Municipal Dock, Rental Property, and Solid Waste enterprise funds.

The General Fund is accounted for using the modified accrual basis. The General Fund is responsible for generating only 44% of total governmental fund revenues in FY13. This compares, historically, to 80% or more in prior years. The Multi-Use Rec Center Fund generated \$9.6 million in FY13, representing 37% of governmental fund revenues.

Significant revenues in the general fund were: Taxes, \$8.3 million (73% of general fund revenue), and State and Federal Grants, \$1.9 million (17%).

Of the \$9.5 million in General Fund expenditures, personnel and related benefit costs make up the majority of costs at \$6.8 million or 72% of the total. In addition to regular expenses, the general fund recorded net transfers to other funds of \$1,275,333.

In 2013 the City's Water and Sewer Utility, Municipal Dock, and Rental Property funds reported a negative change in net position. The Water and Sewer Utility fund reported a net loss of \$735,090. Municipal Dock and Rental Property funds reported net losses of \$272,894 and \$141,565, respectively.

The Solid Waste fund achieved a net income of \$193,721. The net income in the Solid Waste fund was accomplished after having set aside the annual amortization for landfill closure costs.

General Fund Budgetary Highlights

The City's budget is prepared according to Alaska law using a basis of accounting that is consistent with accounting principles generally accepted in the United States of America. The most significant budgeted fund is the General Fund.

The City Council amended the General Fund for fiscal year 2013. The amended budget provided for increase in expenditures totaling \$57,497. General government administration and public works administration received the largest share of the increases, while other functions received overall decreases.

The actual revenues were \$388,958 greater than the amount budgeted. Tax revenue exceeded the budget by \$122,784 and State of Alaska funding exceeded the budget by \$269,891.

The actual expenditures were \$113,429 over budget. Budget variances by functions are shown on exhibit D-1 to the financial statements. The City did budget for the PERS On Behalf allocation in FY13, but that budget amount was significantly lower than the actual amount contributing to many departments ending up over budget. This allocation represents no actual cash outlay to the City but is an internal allocation only. It is not possible to accurately budget for PERS On Behalf due to the fact that the City has no control over the amount determined by the State of Alaska. We currently budget the prior year amount for the current fiscal year.

City of Bethel, Alaska

Management's Discussion and Analysis June 30, 2013

Capital Assets

At June 30, 2013, the City's capital assets had a total net book value of \$102,737,041. A number of capital assets were placed into service during fiscal year 2013. Some of the most notable of those assets included the QFC Sewer Liftstation and Force Main Upgrades to the piped sewer system, the purchase of a new refuse truck, construction work in process of the Salmonberry Police Station renovation, and the purchase of two new Ford Escapes for the Police Department.

The table below compares the net book values at June 30, 2013 and June 30, 2012.

Capital Assets and Debt Administration

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 39,422,784	\$ 41,332,681	\$ 2,268,608	\$ 2,245,310	\$ 41,691,392	\$ 43,577,991
Construction in progress	11,492,359	4,640,385	1,201,001	604,272	12,693,360	5,244,657
Seawall	-	-	17,264,649	17,718,982	17,264,649	17,718,982
Improvements	66,714	72,936	-	-	66,714	72,936
Buildings, plants and lines	7,845,187	1,093,031	19,997,224	21,411,731	27,842,411	22,504,762
Machinery and equipment	881,276	489,055	417,297	533,439	1,298,573	1,022,494
Infrastructure	831,198	907,876	-	-	831,198	907,876
Vehicles	505,244	380,721	543,500	648,479	1,048,744	1,029,200
	\$ 61,044,762	\$ 48,916,685	\$ 41,692,279	\$ 43,162,213	\$ 102,737,041	\$ 92,078,898

Additional information on the City's capital assets can be found in the notes to the financial statements.

The Finance Department of the City conducted a full-scale audit of capital assets as a part of our year-end closing activities. We conduct this audit every two years.

Debt Administration

Lease revenue bond payable of \$3,080,000 is recorded in the Business-type Activities column of the Statement of Net position. Additional information relating to debt is summarized in the Notes to the Financial Statements.

City of Bethel, Alaska

Management's Discussion and Analysis

June 30, 2013

Debt Outstanding at June 30th

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Landfill closure	\$ -	\$ -	\$ 1,264,850	\$ 1,226,410	\$ 1,264,850	\$ 1,226,410
Lease revenue						
bonds payable	-	-	3,080,000	3,215,000	3,080,000	3,215,000
Accrued leave	507,882	505,192	175,700	162,213	683,582	667,405
	\$ 507,882	\$ 505,192	\$ 4,520,550	\$ 4,603,623	\$ 5,028,432	\$ 5,108,815

Economic Condition Summary

The City continues to enjoy a relatively stable economic condition of its municipal finances. The City has experienced no issues with cash flow management. It has maintained very little debt compared to its revenues.

This fiscal year, we did manage to clear the cash deficits in both the Employee Group Benefits Fund and the Vehicle and Equipment Maintenance Fund which had been an issue for several years. The City continues to focus on clearing of prior year deficits which are now due to the Central Treasury both in the Water and Sewer Enterprise Fund and the Leased Properties Enterprise Fund.

With the implementation of the Tobacco Tax during FY13, the City should have considerably higher tax revenues in future fiscal years. However, with the potential end of the Payment in Lieu of Tax Program representing over \$800,000 from the federal government and the start-up of the Aquatic Center, the City will need to address a higher demand for funds in a time when revenue growth is at least challenging.

Contacting the City's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Bethel, Attention: Finance Director, City of Bethel, P.O. Box 1388, Bethel, Alaska 99559.

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Basic Financial Statements

City of Bethel, Alaska
Statement of Net Position

<i>June 30, 2013</i>	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 9,623,643	\$ 7,406,078	\$ 17,029,721
Accounts receivable (net)	7,994,116	1,078,270	9,072,386
Prepaid items	12,095	-	12,095
Inventory	374,315	143,749	518,064
Internal balances	5,386,732	(5,386,732)	-
Restricted cash and investments	-	391,808	391,808
Total current assets	23,390,901	3,633,173	27,024,074
Long-term assets:			
Capital assets not being depreciated	50,915,143	3,469,609	54,384,752
Depreciable capital assets	27,986,356	72,924,336	100,910,692
Accumulated depreciation	(17,856,737)	(34,701,666)	(52,558,403)
Total long-term assets	61,044,762	41,692,279	102,737,041
Total Assets	\$ 84,435,663	\$ 45,325,452	\$ 129,761,115
Liabilities and Net Position			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 5,951,955	\$ 117,861	\$ 6,069,816
Accrued liabilities	271,174	54,177	325,351
Utility deposits	-	239,948	239,948
Unearned revenue	237,358	605,156	842,514
Retainage payable	620,017	-	620,017
Total current liabilities	7,080,504	1,017,142	8,097,646
Long-term liabilities:			
Due within one year:			
Accrued leave	507,883	175,700	683,583
Bonds payable	-	140,000	140,000
Due in more than one year:			
Bonds payable	-	2,940,000	2,940,000
Unamortized bond premium	-	101,536	101,536
Liabilities for landfill closure	-	1,264,850	1,264,850
Total long-term liabilities	507,883	4,622,086	5,129,969
Total liabilities	7,588,387	5,639,228	13,227,615
Net position:			
Net investment in capital assets	61,044,762	38,510,743	99,555,505
Restricted	5,588,011	-	5,588,011
Unrestricted	10,214,503	1,175,481	11,389,984
Total net position	76,847,276	39,686,224	116,533,500
Total Liabilities and Net Position	\$ 84,435,663	\$ 45,325,452	\$ 129,761,115

City of Bethel, Alaska
Statement of Activities

Year Ended June 30, 2013	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines & Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Govern- mental Activities	Business- type Activities	Total
Functions							
Governmental activities:							
General government	\$ 2,676,433	\$ 751,084	\$ 194,545	\$ -	\$ (1,730,804)	\$ -	\$ (1,730,804)
Public safety	4,733,395	432,998	667,623	3,744,221	111,447	-	111,447
Public works	3,138,499	-	353,116	1,034,738	(1,750,645)	-	(1,750,645)
Community services	914,527	10,816	65,292	9,896,555	9,058,136	-	9,058,136
Total governmental activities	11,462,854	1,194,898	1,280,576	14,675,514	5,688,134	-	5,688,134
Business-type activities:							
Water and sewer utility	7,363,806	5,755,270	270,048	96,730	-	(1,241,758)	(1,241,758)
Municipal dock	1,380,536	1,027,523	36,940	-	-	(316,073)	(316,073)
Rental property	972,940	732,963	-	-	-	(239,977)	(239,977)
Solid waste	880,366	1,069,139	45,510	-	-	234,283	234,283
Public transit	341,870	27,485	298,792	-	-	(15,593)	(15,593)
Total business-type activities	10,939,518	8,612,380	651,290	96,730	-	(1,579,118)	(1,579,118)
Total Primary Government	\$ 22,402,372	\$ 9,807,278	\$ 1,931,866	\$14,772,244	5,688,134	(1,579,118)	4,109,016
General revenues:							
Taxes, including penalties and interest					9,016,627	-	9,016,627
Payments in lieu of taxes					807,352	-	807,352
Grants and entitlements not restricted to a specific purpose					571,703	-	571,703
Investment income					27,677	21,070	48,747
Restricted investment earnings - endowment					6,874	-	6,874
Other					102,265	7,252	109,517
Transfers					(639,286)	639,286	-
Extraordinary item - loss on land dispute					(1,909,897)	-	(1,909,897)
Total general revenues and transfers					7,983,315	667,608	8,650,923
Change in net position					13,671,449	(911,510)	12,759,939
Net Position beginning of year					63,175,827	40,597,734	103,773,561
Net Position end of year					\$76,847,276	\$ 39,686,224	\$ 116,533,500

City of Bethel, Alaska
Balance Sheet - Governmental Funds

<i>June 30, 2013</i>	General Fund	City Shop Floor Capital Project Fund	Multi-Use Recreation Center Capital Project Fund	New Bethel Police Station Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 2,797,391	\$ -	\$ 3,697,189	\$ -	\$ 2,892,395	\$ 9,386,975
Receivables, net	1,233,366	1,010,101	4,681,280	944,509	124,560	7,993,816
Inventory	74,769	-	-	-	32,778	107,547
Prepaid items	12,095	-	-	-	-	12,095
Due from other funds	849,072	-	-	-	-	849,072
Advances to other funds	5,164,633	-	-	-	-	5,164,633
Total Assets	\$ 10,131,326	\$ 1,010,101	\$ 8,378,469	\$ 944,509	\$ 3,049,733	\$ 23,514,138
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 211,889	\$ 658,799	\$ 4,641,947	\$ 93,061	\$ 103,759	\$ 5,709,455
Accrued payroll	-	-	-	-	3,262	3,262
Accrued liabilities	260,531	-	-	-	-	260,531
Due to other funds	-	351,302	-	231,431	187,467	770,200
Unearned revenue	29,268	-	-	-	208,090	237,358
Retainage payable	-	-	-	620,017	-	620,017
Total liabilities	501,688	1,010,101	4,641,947	944,509	502,578	7,600,823
Deferred Inflows of resources- sales taxes	81,046	-	-	-	-	81,046
Fund balances:						
Nonspendable	5,251,497	-	-	-	32,778	5,284,275
Restricted	-	-	3,736,522	-	1,851,489	5,588,011
Assigned	-	-	-	-	764,390	764,390
Unassigned	4,297,095	-	-	-	(101,502)	4,195,593
Total fund balances	9,548,592	-	3,736,522	-	2,547,155	15,832,269
Total Liabilities and Fund Balances	\$ 10,131,326	\$ 1,010,101	\$ 8,378,469	\$ 944,509	\$ 3,049,733	\$ 23,514,138

City of Bethel, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2013

Total fund balances for governmental funds \$ 15,832,269

Total net position reported for governmental activities in the
Statement of Net Position are 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	\$ 39,422,784	
Construction in progress	11,492,359	
Total capital assets not being depreciated	\$ 50,915,143	

Depreciable capital assets:

Improvements	98,155	
Buildings	12,478,304	
Equipment	3,354,242	
Infrastructure	9,593,208	
Vehicles	2,462,447	
Total depreciable capital assets	27,986,356	
Accumulated depreciation	(17,856,737)	
Total capital assets	61,044,762	

Sales taxes not collected within 60 days of year end are not
deemed available and are deferred in the fund statements. 81,046

Long term liabilities are not deemed due and payable in
the current period and are therefore not reported as
governmental fund liabilities. (488,769)

Accrued leave

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. 377,968

Total net position of governmental activities **\$ 76,847,276**

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

<i>Year Ended June 30, 2013</i>	General Fund	City Shop Floor Capital Project Fund	Multi-Use Recreation Center Capital Project Fund	New Bethel Police Station Capital Project Fund	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Revenues:						
Federal sources	\$ 807,352	\$ -	\$ -	\$ -	\$ 54,184	\$ 861,536
State of Alaska	1,135,263	1,010,101	8,965,143	2,186,919	1,630,890	14,928,316
Local sources:						
Taxes	8,329,784	-	682,658	-	-	9,012,442
Charges for services	192,273	-	-	-	194,315	386,588
Rental income	2,675	-	-	-	-	2,675
Permits, licenses and fees	737,899	-	-	-	-	737,899
Income from investments	27,385	-	291	-	6,874	34,550
Miscellaneous	170,001	-	-	-	64,534	234,535
Total revenues	11,402,632	1,010,101	9,648,092	2,186,919	1,950,797	26,198,541
Expenditures:						
Current:						
General government	2,440,361	-	-	-	-	2,440,361
Public safety	4,104,266	-	-	-	535,762	4,640,028
Public works	2,197,330	-	-	-	922,326	3,119,656
Community services	804,612	-	-	-	32,270	836,882
Capital outlay	-	1,010,101	9,165,095	2,192,298	756,165	13,123,659
Total expenditures	9,546,569	1,010,101	9,165,095	2,192,298	2,246,523	24,160,586
Excess of revenues over expenditures	1,856,063	-	482,997	(5,379)	(295,726)	2,037,955
Other financing sources (uses):						
Transfers in	15,782	-	-	5,379	400,000	421,161
Transfers out	(1,275,333)	-	-	-	(15,782)	(1,291,115)
Net other financing sources (uses)	(1,259,551)	-	-	5,379	384,218	(869,954)
Net change in fund balances	596,512	-	482,997	-	88,492	1,168,001
Fund Balances, beginning of year	8,952,080	-	3,253,525	-	2,458,663	14,664,268
Fund Balances, end of year	\$ 9,548,592	\$ -	\$ 3,736,522	\$ -	\$ 2,547,155	\$ 15,832,269

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, 2013

Net change in fund balances - total governmental funds \$ 1,168,001

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	\$ 14,428,688	
Extraordinary loss on land dispute	(1,909,897)	
Depreciation	<u>(390,714)</u>	
		12,128,077

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 in deferred tax revenue. 4,185

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. Differences in the treatment of long-term debt and related items include:

Accrued leave	(8,043)
---------------	---------

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net income of the internal service funds (excluding the portion allocated to business-type activities) is reported within the governmental activities. 379,229

Change in net position of governmental activities \$ 13,671,449

City of Bethel, Alaska
Statement of Net Position
Proprietary Funds

June 30, 2013	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Govern- mental Activities
	Water and Sewer Utility	Municipal Dock	Rental Property	Solid Waste	Public Transit		Internal Service Funds
Assets							
Current assets:							
Cash and investments	\$ -	\$ 5,205,115	\$ -	\$ 2,200,963	\$ -	\$ 7,406,078	\$ 236,668
Accounts receivable (net)	592,220	286,757	6,711	107,215	85,367	1,078,270	300
Inventory	79,103	48,822	10,728	5,096	-	143,749	266,768
Total current assets	671,323	5,540,694	17,439	2,313,274	85,367	8,628,097	503,736
Long-term assets:							
Restricted cash - bond reserve	-	-	391,808	-	-	391,808	-
Capital assets:							
Land	-	2,207,356	43,000	18,252	-	2,268,608	-
Construction in progress	701,001	500,000	-	-	-	1,201,001	-
Depreciable assets	35,280,106	26,230,820	9,794,679	1,327,317	291,414	72,924,336	8,746
Less accumulated depreciation	(22,474,252)	(7,336,820)	(3,703,527)	(1,033,010)	(154,057)	(34,701,666)	(144)
Net capital assets	13,506,855	21,601,356	6,134,152	312,559	137,357	41,692,279	8,602
Total long-term assets	13,506,855	21,601,356	6,525,960	312,559	137,357	42,084,087	8,602
Total Assets	\$ 14,178,178	\$ 27,142,050	\$ 6,543,399	\$ 2,625,833	\$ 222,724	\$ 50,712,184	\$ 512,338
Liabilities and Net Position							
Liabilities:							
Current liabilities:							
Accounts and claims payable	\$ 72,085	\$ 8,550	\$ 25,580	\$ 10,551	\$ 1,095	\$ 117,861	\$ 242,500
Accrued payroll	38,427	7,506	-	5,176	3,068	54,177	7,381
Accrued leave	118,715	8,714	-	45,676	2,595	175,700	19,114
Deposits	239,948	-	-	-	-	239,948	-
Unearned revenue	-	605,156	-	-	-	605,156	-
Due to other funds	-	-	-	-	78,872	78,872	-
Current portion - bonds payable	-	-	140,000	-	-	140,000	-
Total current liabilities	469,175	629,926	165,580	61,403	85,630	1,411,714	268,995
Long-term liabilities:							
Advances from other funds	4,254,775	-	909,858	-	-	5,164,633	-
Bonds payable, net of current portion	-	-	2,940,000	-	-	2,940,000	-
Unamortized bond premium	-	-	101,536	-	-	101,536	-
Liabilities for landfill closure	-	-	-	1,264,850	-	1,264,850	-
Total long-term liabilities	4,254,775	-	3,951,394	1,264,850	-	9,471,019	-
Total liabilities	4,723,950	629,926	4,116,974	1,326,253	85,630	10,882,733	268,995
Net position:							
Net investment in capital assets	13,506,855	21,601,356	2,952,616	312,559	137,357	38,510,743	-
Restricted - bond reserve	-	-	391,808	-	-	391,808	-
Unrestricted (deficits)	(4,052,627)	4,910,768	(917,999)	987,021	(263)	926,900	243,343
Total net position	9,454,228	26,512,124	2,426,425	1,299,580	137,094	39,829,451	243,343
Total Liabilities and Net Position	\$ 14,178,178	\$ 27,142,050	\$ 6,543,399	\$ 2,625,833	\$ 222,724	\$ 50,712,184	\$ 512,338
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(143,227)	
Net Position of Business-Type Activities						\$ 39,686,224	

City of Bethel, Alaska
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year Ended June 30, 2013	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
	Water and Sewer Utility	Municipal Dock	Rental Property	Solid Waste	Public Transit		
Operating revenues:							
Charges for services	\$ 5,528,863	\$ 1,009,986	\$ 732,963	\$ 1,069,139	\$ 27,463	\$ 8,368,414	\$ 2,760,224
Other	226,407	17,537	-	-	22	243,966	9,862
Total operating revenues	5,755,270	1,027,523	732,963	1,069,139	27,485	8,612,380	2,770,086
Operating expenses:							
Personnel	3,264,883	421,764	-	529,575	217,557	4,433,779	703,694
Travel and training	8,072	4,100	-	4,297	192	16,661	3,430
Materials and supplies	167,496	9,033	2,237	6,411	4,882	190,059	166,847
Utilities and fuel	1,714,839	79,022	388,067	97,794	38,629	2,318,351	112,299
Claims	-	-	-	-	-	-	1,003,341
Minor equipment and tools	47,544	13,164	500	3,691	-	64,899	12,209
Depreciation and amortization	1,133,853	606,173	326,906	57,035	33,001	2,156,968	144
Other purchased services	156,859	52,453	9,261	21,185	4,190	243,948	53,820
Insurance	123,776	21,710	15,643	12,272	7,256	180,657	510,657
Repairs and maintenance	603,717	143,312	71,982	67,556	24,813	911,380	8,532
Landfill closure costs	-	-	-	38,440	-	38,440	-
Other overhead	157,232	35,900	-	47,611	14,070	254,813	35,316
Other expenses	82,826	963	-	61	1,290	85,140	601
Total operating expenses	7,461,097	1,387,594	814,596	885,928	345,880	10,895,095	2,610,890
Income (loss) from operations	(1,705,827)	(360,071)	(81,633)	183,211	(318,395)	(2,282,715)	159,196
Nonoperating revenues (expenses):							
Interest expense	-	-	(158,344)	-	-	(158,344)	-
Amortization of bond premium	-	-	7,252	-	-	7,252	-
Investment income	-	12	21,058	-	-	21,070	-
FTA grant	-	-	-	-	214,191	214,191	-
Local grant	-	-	-	-	67,693	67,693	-
State PERS relief	270,048	36,940	-	45,510	16,908	369,406	58,203
Net nonoperating revenues (expenses)	270,048	36,952	(130,034)	45,510	298,792	521,268	58,203
Income (loss) before contributions and transfers	(1,435,779)	(323,119)	(211,667)	228,721	(19,603)	(1,761,447)	217,399
Capital contributions	120,190	30,225	-	-	-	150,415	-
Transfers in	650,499	50,000	70,102	-	-	770,601	284,353
Transfers out	(70,000)	(30,000)	-	(35,000)	(50,000)	(185,000)	-
Change in net position	(735,090)	(272,894)	(141,565)	193,721	(69,603)	(1,025,431)	501,752
Net Position (Deficit), beginning of year	10,189,318	26,785,018	2,567,990	1,105,859	206,697		(258,409)
Net Position, end of year	\$ 9,454,228	\$ 26,512,124	\$ 2,426,425	\$ 1,299,580	\$ 137,094		\$ 243,343
						113,921	
						\$ (911,510)	

City of Bethel, Alaska
Statement of Cash Flows
Proprietary Funds

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Govern- mental Activities Internal Service Funds
	2013						
Year Ended June 30, 2013	Water and Sewer Utility	Municipal Dock	Rental Property	Solid Waste	Public Transit		
Cash Flows from Operating Activities							
Receipts from customers	\$ 5,733,890	\$ 1,201,779	\$ 739,138	\$ 1,066,129	\$ 15,358	\$ 8,756,294	\$ 3,029,059
Payment to suppliers	(3,047,670)	(364,648)	(482,635)	(258,322)	(94,915)	(4,248,190)	(2,267,035)
Payment to employees	(2,942,620)	(375,398)	-	(481,124)	(197,567)	(3,996,709)	(643,462)
Net cash flows from operating activities	(256,400)	461,733	256,503	326,683	(277,124)	511,395	118,562
Cash Flows from Noncapital Financing Activities							
Operating grants	-	-	-	-	296,019	296,019	-
Transfers in	650,499	50,000	70,102	-	-	770,601	284,353
Transfers out	(70,000)	(30,000)	-	(35,000)	(50,000)	(185,000)	-
(Increase) decrease in receivable from central treas.	21,878	3,619,486	-	1,909,280	-	5,550,644	92,785
Increase (decrease) in payable to central treasury	-	-	-	-	44,427	44,427	-
Decrease in advances from other funds	(277,370)	-	(36,506)	-	-	(313,876)	(250,286)
Net cash flows from noncapital financing activities	325,007	3,639,486	33,596	1,874,280	290,446	6,162,815	126,852
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	(96,729)	(523,298)	-	-	(13,322)	(633,349)	(8,746)
Capital contributions received	28,122	-	-	-	-	28,122	-
Principal paid on long-term debt	-	-	(135,000)	-	-	(135,000)	-
Interest paid on long-term debt	-	-	(158,344)	-	-	(158,344)	-
Net cash flows from capital and related financing activities	(68,607)	(523,298)	(293,344)	-	(13,322)	(898,571)	(8,746)
Cash Flows from Investing Activities							
Investment income received	-	12	21,058	-	-	21,070	-
Net increase (decrease) in cash and cash equivalents	-	3,577,933	17,813	2,200,963	-	5,796,709	236,668
Cash and Cash Equivalents, beginning of year	-	1,627,182	373,995	-	-	2,001,177	-
Cash and Cash Equivalents, end of year	\$ -	\$ 5,205,115	\$ 391,808	\$ 2,200,963	\$ -	\$ 7,797,886	\$ 236,668
Composed of:							
Cash and cash equivalents	\$ -	\$ 5,205,115	\$ -	\$ 2,200,963	\$ -	\$ 7,406,078	\$ 236,668
Cash and cash equivalents bond reserve	-	-	391,808	-	-	391,808	-
Total Cash and Cash Equivalents	\$ -	\$ 5,205,115	\$ 391,808	\$ 2,200,963	\$ -	\$ 7,797,886	\$ 236,668
Reconciliation of income (loss) from operations to net cash flows from operating activities:							
Operating income (loss)	\$ (1,705,827)	\$ (360,071)	\$ (81,633)	\$ 183,211	\$ (318,395)	\$ (2,282,715)	\$ 159,196
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:							
Depreciation and amortization	1,133,853	606,173	326,906	57,035	33,001	2,156,968	144
PERS on-behalf expense	270,048	36,940	-	45,510	16,908	369,406	58,203
Increase (decrease) in allowance for doubtful ac	(14,998)	-	5,246	-	-	(9,752)	-
(Increase) decrease in assets:							
Accounts receivable	4,336	172,821	929	(3,010)	-	175,076	258,973
Inventory	(4,308)	(70)	(1,046)	(527)	-	(5,951)	(98,358)
Increase (decrease) in liabilities:							
Accounts payable	18,999	(4,921)	6,101	3,083	407	23,669	(261,625)
Accrued leave	13,788	1,920	-	(2,235)	14	13,487	(5,352)
Accrued payroll	38,427	7,506	-	5,176	3,068	54,177	7,381
Deposits/unearned revenue	(10,718)	1,435	-	-	(12,127)	(21,410)	-
Landfill closure costs	-	-	-	38,440	-	38,440	-
Net cash flows from operating activities	\$ (256,400)	\$ 461,733	\$ 256,503	\$ 326,683	\$ (277,124)	\$ 511,395	\$ 118,562

City of Bethel, Alaska

Notes to Basic Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

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, garbage, police and fire protection, and street maintenance.

The City of Bethel 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 only. There are no component units based on operational and financial relationship criteria.

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.

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.

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.

City of Bethel, Alaska

Notes to Basic Financial Statements

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 90 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 funds based on the required quantitative criteria:

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 *City Shop Floor Capital Project Fund* - accounts for activities related to the construction of the City shop floor.

The *Multi-Use Recreation Center Capital Project Fund* - accounts for activities related to the construction of the Bethel Recreation Center facility.

The *New Bethel Police Station Capital Project Fund* - accounts for activities related to the construction of the City's new police station.

The City reports the following major enterprise funds based on the required quantitative criteria:

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.

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.

City of Bethel, Alaska

Notes to Basic Financial Statements

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 of the City's internal service fund 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.

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.

City of Bethel, Alaska

Notes to Basic Financial Statements

- 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.

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 "receivable from central treasury" or "payable to central treasury" (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.

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.

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.

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 of more than \$5,000. Such assets are recorded at historical cost or estimated historical if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

City of Bethel, Alaska

Notes to Basic Financial Statements

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

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 debt.

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issuance 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.

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.

City of Bethel, Alaska

Notes to Basic Financial Statements

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 delegated authority to the City Manager 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 unrestricted resources—committed, assigned, and unassigned—in order as needed.

Comparative Data

Comparative data for the prior year have been presented in some of the accompanying individual financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain amounts in the prior year data have been reclassified to conform to the current year's presentation.

Change in Accounting Principle

The City adopted newly issued Governmental Accounting Standards Board (GASB) pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows of resources. A deferred outflow of resources represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows of resources. A deferred inflow of resources

City of Bethel, Alaska

Notes to Basic Financial Statements

represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows of resources. In the government-wide financial statements the residual net of all of the accounts is now called net position. The adoption of these statements has no effect on previously reported Net Position.

2. Stewardship, Compliance, and Accountability

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. 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.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, expenditures and transfers out exceeded appropriations in the General Fund as follows:

	Amount of Over Expenditure
General government:	
Administration	\$ 47,972
Finance	10,320
Technology	7,866
Public safety:	
Fire department	45,129
Police department	19,099
Public works:	
Administration	17,288
Operations	25,103
Property maintenance	38,967
Community services -	
Teen center	12,372
Transfers Out	383,533

City of Bethel, Alaska

Notes to Basic Financial Statements

Deficit Fund Balance

The following fund had a fund deficit as of June 30, 2013:

Special Revenue Fund - Police Asset Forfeiture	\$ 64,315
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This deficit is expected to be covered by future operations or transfers from the General Fund.

3. Cash 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.

<i>June 30, 2013</i>	Carrying Balance
Bank deposits	\$ 5,463,633
Cash on-hand	1,283
Money market funds	5,840,070
Investments	6,116,543
Total Cash And Investments	\$ 17,421,529

Cash and investments reported in the Statement of Net Position are as follows:

<i>June 30, 2013</i>	Carrying Balance
Cash and investments	\$ 17,029,721
Restricted cash and investments	391,808
Total Cash And Investments	\$ 17,421,529

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 to it. The City requires all deposits to be insured or collateralized. At June 30, 2013, 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.

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.

City of Bethel, Alaska

Notes to Basic Financial Statements

June 30, 2013 Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1-5	More than 5
Investment subject to interest rate risk:				
Certificates of deposit	\$ 3,865,085	\$ 742,612	\$ 2,730,665	\$ 391,808
U.S. government bonds	2,137,163	1,237,260	642,837	257,066
U.S. agency securities	114,295	-	114,295	-
Total	\$ 6,116,543	\$ 1,979,872	\$ 3,487,797	\$ 648,874

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City of Bethel, Alaska

Notes to Basic Financial Statements

4. Accounts Receivable

Receivables at June 30, 2013, for the City's individual major funds and other nonmajor funds, including applicable allowance for doubtful accounts, are as follows:

June 30, 2013	General Fund	City Shop Floor Capital Project Funds	Multi-use Recreation Center Capital Project Fund	New Bethel Police Station Capital Project Fund	Nonmajor Governmental Funds	Water and Sewer Utility	Municipal Dock	Rental Properties	Solid Waste	Nonmajor Public Transit	Internal Service Funds	Totals
Grants receivable	\$ -	1,010,101	4,681,280	944,509	124,560	96,730	-	-	-	85,367	-	6,942,547
Accounts receivable:												
Taxes						547,029	316,082	12,828	115,018	-	300	991,257
Lodging	139,478											139,478
Sales	1,514,606											1,514,606
Gaming	108,483											108,483
Tobacco	49,447											49,447
Other	22,862											22,862
Less allowance for doubtful accounts	(601,510)					(51,539)	(29,325)	(6,117)	(7,803)			(696,294)
Net Receivables	\$ 1,233,366	1,010,101	4,681,280	944,509	124,560	592,220	286,757	6,711	107,215	85,367	300	9,072,386

City of Bethel, Alaska

Notes to Basic Financial Statements

5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

<i>Year ended June 30,</i>	Balance July 1, 2012	Additions and Reclassifi- cations	Deletions and Reclassifi- cations	Balance June 30, 2013
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 41,332,681	\$ -	\$ (1,909,897)	\$ 39,422,784
Construction in progress	4,640,385	12,579,974	(5,728,000)	11,492,359
Total capital assets not being depreciated	45,973,066	12,579,974	(7,637,897)	50,915,143
<i>Capital assets being depreciated</i>				
Improvements	98,155	-	-	98,155
Buildings	5,661,159	6,817,145	-	12,478,304
Machinery and equipment*	2,701,260	601,392	51,590	3,354,242
Infrastructure	9,593,208	-	-	9,593,208
Vehicles	2,355,860	158,177	(51,590)	2,462,447
Total capital assets being depreciated	20,409,642	7,576,714	-	27,986,356
<i>Less accumulated depreciation for:</i>				
Improvements	25,219	6,222	-	31,441
Buildings	4,568,128	64,989	-	4,633,117
Machinery and equipment*	2,212,205	164,338	96,423	2,472,966
Infrastructure	8,685,332	76,678	-	8,762,010
Vehicles	1,975,139	78,487	(96,423)	1,957,203
Total accumulated depreciation	17,466,023	390,714	-	17,856,737
Net capital assets being depreciated	2,943,619	7,186,000	-	10,129,619
Total Governmental Activities				
Capital Assets, Net	\$ 48,916,685	\$ 19,765,974	\$ (7,637,897)	\$ 61,044,762
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,245,310	\$ 23,298	\$ -	\$ 2,268,608
Construction in progress	604,272	596,729	-	1,201,001
Total capital assets not being depreciated	2,849,582	620,027	-	3,469,609
<i>Capital assets being depreciated</i>				
Seawall	22,716,644	-	-	22,716,644
Buildings, plants and lines	44,120,994	-	-	44,120,994
Machinery and equipment	1,611,418	-	-	1,611,418
Vehicles	4,408,273	67,007	-	4,475,280
Total capital assets being depreciated	72,857,329	67,007	-	72,924,336

City of Bethel, Alaska

Notes to Basic Financial Statements

<i>Year ended June 30,</i>	Balance July 1, 2012	Additions and Reclassifi- cations	Deletions and Reclassifi- cations	Balance June 30, 2013
Business-type Activities, continued				
Less accumulated depreciation for:				
Seawall	\$ 4,997,662	\$ 454,333	\$ -	\$ 5,451,995
Buildings, plants and lines	22,709,263	1,414,507	-	24,123,770
Machinery and equipment	1,077,979	116,142	-	1,194,121
Vehicles	3,759,794	171,986	-	3,931,780
Total accumulated depreciation	32,544,698	2,156,968	-	34,701,666
Net capital assets being depreciated	40,312,631	(2,089,961)	-	38,222,670
Total Business-type Activities				
Capital Assets, Net	\$ 43,162,213	\$ (1,469,934)	\$ -	\$ 41,692,279

*Governmental activities capital assets includes \$8,602 capital assets, net of accumulated depreciation from internal service funds.

Depreciation expense was charged to governmental functions as follows:

June 30, 2013

Governmental Activities	
General government	\$ 53,971*
Public safety	106,352
Public works	142,727
Community services	87,664
Total Depreciation Expense - Governmental Activities	\$ 390,714

*Includes \$144 from internal service funds.

Business Type Activities	
Water and sewer	\$ 1,133,853
Municipal dock	606,173
Rental property	326,906
Solid waste	57,035
Public transit	33,001
Total Depreciation Expense - Business Type Activities	\$ 2,156,968

In 2013, the City obtained new documentation related to a lot that had been contributed to the City. Based on this new documentation, the City incurred an extraordinary loss and reduced its governmental activities land capital assets by \$1,909,897. This loss is shown on the statement of activities, part of the government-wide financial statements.

City of Bethel, Alaska

Notes to Basic Financial Statements

6. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due From/To other Funds:

Due to the General Fund from:

City Shop Floor Capital Project Fund for short-term operating advances	\$	351,302
New Bethel Police Station Capital Project Fund for short-term operating advances		231,431
Nonmajor governmental funds for short-term operating advances		187,467
Nonmajor enterprise fund for short-term operating advances		78,872

Total Due to the General Fund		849,072
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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:

<i>June 30, 2013</i>	Advances To (Receivable)	Advances From (Payable)
General Fund	\$ 5,164,633	\$ -
Water and Sewer Utility Enterprise Fund	-	4,254,775
Rental Property Enterprise Fund	-	909,858
Total	\$ 5,164,633	\$ 5,164,633

June 30, 2013

Transfers

From the General Fund to:

Water and Sewer Utility Enterprise Fund for operating subsidies	\$	561,381
Water and Sewer Utility Enterprise Fund for capital projects		89,118
Rental Property Enterprise Fund for operating subsidies		70,102
New Bethel Police Station Capital Projects Fund for capital projects		5,379
Nonmajor governmental funds for operating subsidies and capital projects		265,000
Vehicle and Equipment Internal Service Fund for operating subsidies		284,353
From nonmajor governmental funds to the General Fund for annual budget operating subsidy		15,782
From the Water and Sewer Utility Enterprise Fund to Fleet Replacement Capital Project Fund for capital projects		70,000

City of Bethel, Alaska

Notes to Basic Financial Statements

June 30, 2013

Transfers, continued

From the Municipal Dock Enterprise Fund to Fleet Replacement Capital Project Fund for capital projects	\$ 30,000
From nonmajor enterprise fund to Municipal Dock Enterprise Fund for capital projects	50,000
From the Solid Waste Enterprise Fund to Fleet Replacement Capital Project Fund for capital projects	35,000
Total Transfers to Other Funds	\$ 1,476,115

Capital assets transferred from Fleet Replacement Capital Project Fund to:

Water and Sewer Utility Enterprise Fund	\$ 23,460
Municipal Dock Enterprise Fund	30,225
Total Transfers from Fleet Replacement Capital Project Fund	\$ 53,685

7. Long-term Debt

During the year ended June 30, 2013, the following changes occurred in liabilities payable from governmental funds.

<i>June 30, 2013</i>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due in One Year
Accrued leave	\$ 505,192	\$ 260,235	\$ (257,545)	\$ 507,882	\$ 507,882*

* Long-term liabilities reported here include \$19,114 in accrued leave from the Internal Service Funds.

Lease Revenue Bonds

The bonds payable, with an outstanding balance of \$3,080,000 as of June 30, 2013 is recorded in the Rental Property Enterprise Fund. The initial principal amount of the bond was \$3,680,000. Interest payments are payable semi-annually on September 1st and March 1st, and principal payments are payable annually on September 1st. Interest is charged at a variable rate, currently at 4.5%. The bond covenants require a reserve account be established at the maximum annual debt service requirement over the life of the bond in order. The balance of the reserve at June 30, 2013 is \$391,808, which exceeds the minimum requirement of \$299,750. Because the funds are held in a separate bank account, the entire balance of the account has been reflected as restricted on the Statement of Net Position.

City of Bethel, Alaska

Notes to Basic Financial Statements

Fiscal Year ended June 30,	Principal	Interest	Total
2014	\$ 140,000	\$ 152,413	\$ 292,413
2015	150,000	145,225	295,225
2016	155,000	136,838	291,838
2017	165,000	128,038	293,038
2018	175,000	119,125	294,125
2019-2023	1,005,000	452,625	1,457,625
2024-2028	1,290,000	167,500	1,457,500
	\$ 3,080,000	\$ 1,301,764	\$ 4,381,764

Bond premiums of \$145,048 are amortized over the life of the lease revenue bonds. For the year ended June 30, 2013 amortization of \$7,252 was recorded. The remaining unamortized balance is \$101,536.

Changes in Long-term Debt - Business-type Activities

During the year ended June 30, 2013, the following changes occurred in long-term debt of enterprise funds:

<i>June 30, 2013</i>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due in One Year
Bonds payable	\$ 3,215,000	\$ -	\$ 135,000	\$ 3,080,000	\$ 140,000
Landfill closure	1,226,410	38,440	-	1,264,850	-
Accrued leave	162,213	13,487	-	175,700	175,700
Total Business-Type Activities	\$ 4,603,623	\$ 51,927	\$ 135,000	\$ 4,520,550	\$ 315,700

8. 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 2009, at present fill rates, the landfill is expected to reach capacity in 2038, or approximately 25 years. The cost of landfill closure is estimated to be \$1,767,420 and post-closure monitoring costs is estimated to be approximately \$14,000 per year for 30 years (\$420,000). The City accrued \$38,440 in landfill closure costs for the year ended June 30, 2013, and has accrued a total liability of \$1,264,850 at June 30, 2013. These amounts are based on what it would cost to perform all the closure and

City of Bethel, Alaska

Notes to Basic Financial Statements

post-closure functions in 2013. Actual costs of closure and post-closure care may be higher due to inflation, changes in technology, or changes in laws and regulations.

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.

9. Fund Balances

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

<i>June 30, 2013</i>	General Fund	Multi-Use Recreation Center Capital Project Fund	Nonmajor Funds	Totals
Nonspendable:				
Inventory	\$ 74,769	\$ -	\$ 32,778	\$ 107,547
Prepaid items	12,095	-	-	12,095
Advances to other funds	5,164,633	-	-	5,164,633
Total nonspendable	5,251,497	-	32,778	5,284,275
Restricted:				
Endowment	-	-	1,851,489	1,851,489
Multi-use recreation center	-	3,736,522	-	3,736,522
Total restricted	-	3,736,522	1,851,489	5,588,011
Assigned:				
Capital projects	-	-	485,982	485,982
Public safety	-	-	278,408	278,408
Total assigned	-	-	764,390	764,390
Unassigned (deficit)	4,297,095	-	(101,502)	4,195,593
Total Fund Balances	\$ 9,548,592	\$ 3,736,522	\$ 2,547,155	\$ 15,832,269

10. Net Position

Designated Net Position

The City assesses a fee for the use of the petroleum dock facility. In 1997, the City Council authorized the designation of 50% of the fuel throughput revenue for future maintenance of the seawall. Net position under this designation had a balance of \$ 3,574,482 at June 30, 2013.

In 2010, the City passed an ordinance establishing a bank account to hold cash associated with the designated net position for the seawall. At June 30, 2013, that account had a balance of \$1,262,944.

City of Bethel, Alaska

Notes to Basic Financial Statements

11. 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. The transfer for the year ended June 30, 2013 was \$9,000.

12. Defined Benefit Pension Plan

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers.

That same year, the State of Alaska passed additional 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 attributable to the defined contribution plan described later in these footnotes.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare).

Employer and Other Contribution Rates

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

City of Bethel, Alaska

Notes to Basic Financial Statements

Contractual Rate: This is the required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap. There are no constraints or restrictions on the actuarial cost method or other assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditure within the financial statements.

GASB 43 Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

<i>June 30, 2013</i>	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
Total contribution rate	22.00%	35.84%	64.88%

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$991,168 as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

City of Bethel, Alaska

Notes to Basic Financial Statements

<i>Year Ended June 30,</i>	Annual Pension Cost	Annual OPEB Cost	Annual Total Benefit Cost (TBC)	City Contributions	% of TBC Contributed
2013	\$ 518,365	\$ 661,078	\$ 1,179,443	\$ 1,179,443	100%
2012	539,199	592,859	1,132,058	1,132,058	100%
2011	408,438	736,228	1,144,666	1,144,666	100%

13. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan is administered by the State of Alaska, Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

Employee Contribution Rates

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rates

The City is required to contribute the following amounts based on covered salary:

<i>June 30, 2013</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee, and \$1.18 per hour for part-time employees.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2013 were \$313,465 and \$282,894, respectively.

City of Bethel, Alaska

Notes to Basic Financial Statements

14. 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, 2013. 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.

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 \$60,000 for individual claims and \$1,266,001 for aggregate claims. 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, 2013 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, 2013 and 2012 follows:

<i>June 30,</i>	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
2013	\$ 484,060	\$ 1,003,341	\$ 1,250,733	\$ 236,668
2012	\$ 200,512	\$ 1,281,591	\$ 998,043	\$ 484,060

15. 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.

City of Bethel, Alaska

Notes to Basic Financial Statements

The following is a summary of significant leases in effect at June 30, 2013:

Property	Monthly Rate	Lease Term
Courthouse - office space	\$ 30,231	January 2017
Courthouse - Department of Law and Corrections	12,826	Month to month

The City currently leases computer equipment under an operating lease. Lease expense related to this equipment for the year ended June 30, 2013 was \$12,639. The following are required future minimum lease payments:

Year	Amount
2014	\$ 12,639

16. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund.

A local taxpayer has filed an appeal of taxes owed to the City in an amount estimated at \$50,000. Administrative hearings are in process in accordance with City Code. Final resolution of this matter is unclear at this time and no liability or adjustment has been reflected in this financial statement.

In 2013, the City was contacted by the IRS regarding a possible discrepancy in the 2009 payroll tax filings in the amount of \$177,000. The City has researched and reconciled the payroll amount to within an insignificant variance. The City does not believe it has any liability with respect to this matter and has not reflected any liabilities or adjustment to these financial statements.

The City, from time to time, may be a participant in legal proceedings related to the conduct of its business. In the normal course of business, it also has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the City.

17. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

GASB 66 - Technical Corrections - 2012 - Effective for year-end June 30, 2014 - This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

City of Bethel, Alaska

Notes to Basic Financial Statements

GASB 67 - Financial Reporting for Pension Plans - Effective for year-end June 30, 2014 - This statement changes the reporting and disclosure requirements for government Pension Plans. This statement modifies the Plan-side reporting.

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end June 30, 2015 - This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan side reporting at GASB 67.

GASB 69 - Government Combinations and Disposals of Government Operations - Effective for year-end June 30, 2015 - This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end June 30, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

Required Supplementary Information

City of Bethel, Alaska
General Fund
Required Supplementary Information
Budgetary Comparison Schedule

<i>Year Ended June 30, 2013</i>	Budget		Actual	Variance
	Original	Final		
Revenues:				
Federal sources	\$ 800,000	\$ 807,352	\$ 807,352	\$ -
State of Alaska	691,225	865,372	1,135,263	269,891
Local sources:				
Taxes	8,208,500	8,207,000	8,329,784	122,784
Other	1,070,525	1,133,950	1,130,233	(3,717)
Total revenues	10,770,250	11,013,674	11,402,632	388,958
Expenditures:				
General government:				
Administration	580,409	640,928	688,900	(47,972)
City clerk	277,797	272,297	261,714	10,583
Finance	752,617	750,230	760,550	(10,320)
Planning	277,016	278,804	246,523	32,281
Technology	459,302	298,943	306,809	(7,866)
City attorney	111,211	186,863	175,865	10,998
Public safety:				
Fire department	1,162,697	1,136,126	1,181,255	(45,129)
Police department	2,850,611	2,903,912	2,923,011	(19,099)
Public works:				
Administration	151,420	291,816	309,104	(17,288)
Operations	1,182,913	1,112,083	1,137,186	(25,103)
Property maintenance	732,217	712,073	751,040	(38,967)
Community services:				
Teen center	674,902	686,534	698,598	(12,064)
Special projects	162,531	162,531	106,014	56,517
Total expenditures	9,375,643	9,433,140	9,546,569	(113,429)
Excess of revenues over expenditures	1,394,607	1,580,534	1,856,063	275,529
Other financing sources (uses):				
Transfers in	11,900	11,900	15,782	3,882
Transfers out	(1,332,229)	(891,800)	(1,275,333)	(383,533)
Net other financing sources (uses)	(1,320,329)	(879,900)	(1,259,551)	(379,651)
Net change in fund balance	\$ 74,278	\$ 700,634	596,512	\$ (104,122)
Fund Balance, beginning of year			8,952,080	
Fund Balance, end of year			\$ 9,548,592	

Additional Supplementary Information

City of Bethel, Alaska

General Fund

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

Year Ended June 30,	2013			2012
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget	Actual Amounts
Revenues:				
Federal sources - payment in lieu of taxes	\$ 807,352	\$ 807,352	\$ -	\$ 832,360
State of Alaska:				
State PERS relief	293,686	563,560	269,874	418,123
Community revenue sharing	571,686	571,703	17	535,527
Total State of Alaska	865,372	1,135,263	269,891	953,650
Local sources:				
Taxes, including penalty and interest	8,207,000	8,329,784	122,784	8,209,030
Charges for services:				
Public safety	170,644	181,518	10,874	166,001
Community services	20,500	10,755	(9,745)	15,565
Total charges for services	191,144	192,273	1,129	181,566
Rental income	5,000	2,675	(2,325)	3,790
Permits, licenses and fees:				
Gaming fees	550,000	541,283	(8,717)	594,201
Taxi permits	133,500	138,260	4,760	157,580
Business licenses	35,000	37,500	2,500	33,720
Animal control licenses/fees	3,250	1,621	(1,629)	3,136
Planning fees	1,000	456	(544)	900
Plat and recording fees	500	400	(100)	-
Site reviews	5,000	6,335	1,335	93,536
Parks and recreation	20,050	9,803	(10,247)	37,702
Other	2,100	2,241	141	1,405
Total permits, licenses and fees	750,400	737,899	(12,501)	922,180
Miscellaneous:				
ONC gravel contract	50,000	-	(50,000)	-
Police department	56,800	57,165	365	58,166
Youth center donations and user fees	150	61	(89)	20
Restitution payments	1,000	-	(1,000)	75
Parks and recreation	-	4,395	4,395	-
Book sales	-	10,510	10,510	-
Income from investments	30,275	27,385	(2,890)	19,410
Other	49,181	97,870	48,689	30,203
Total miscellaneous	187,406	197,386	9,980	107,874
Total local sources	9,340,950	9,460,017	119,067	9,424,440
Total revenues	11,013,674	11,402,632	388,958	11,210,450

City of Bethel, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget	Actual Amounts
Expenditures:				
General government:				
Administration:				
Personnel	\$ 410,370	\$ 434,465	\$ (24,095)	\$ 434,469
Travel and training	13,200	17,501	(4,301)	17,787
Supplies	10,000	11,333	(1,333)	9,557
Utilities and fuel	108,950	108,571	379	106,004
Legal fees	93,789	99,748	(5,959)	119,323
Repairs and maintenance	5,788	6,486	(698)	5,153
Other purchased services	58,253	68,915	(10,662)	76,491
Equipment	3,000	1,598	1,402	58
Insurance	4,950	6,825	(1,875)	4,670
Other expenditures	22,998	23,828	(830)	13,549
Indirect cost recovery	(90,370)	(90,370)	-	(52,362)
Total administration	640,928	688,900	(47,972)	734,699
City clerk:				
Personnel	144,300	146,930	(2,630)	147,029
Travel and training	17,015	18,539	(1,524)	21,664
Supplies	2,400	1,681	719	1,552
Utilities and fuel	275	-	275	1,008
Other purchased services	18,500	17,225	1,275	18,441
Equipment	2,500	1,095	1,405	-
Insurance	1,700	1,047	653	1,584
Other expenditures	92,200	81,790	10,410	8,349
Indirect cost recovery	(6,593)	(6,593)	-	(3,822)
Total city clerk	272,297	261,714	10,583	195,805
Finance:				
Personnel	619,893	642,373	(22,480)	560,831
Travel and training	21,750	26,991	(5,241)	10,999
Supplies	8,500	7,640	860	7,634
Utilities and fuel	4,260	5,103	(843)	6,241
Professional services	133,982	120,394	13,588	144,452
Repairs and maintenance	6,383	4,277	2,106	4,978
Other purchased services	31,804	30,816	988	17,081
Equipment	3,500	3,076	424	2,875
Insurance	7,300	6,394	906	6,898
Other expenditures	27,450	28,086	(636)	26,939
Indirect cost recovery	(114,592)	(114,600)	8	(47,558)
Total finance	750,230	760,550	(10,320)	741,370

City of Bethel, Alaska

General Fund

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

Years Ended June 30,	2013			2012	
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget	Actual Amounts	
Expenditures, continued:					
General government, continued:					
Planning:					
Personnel	\$ 222,931	\$ 214,103	\$ 8,828	\$ 223,305	
Travel and training	8,000	5,232	2,768	12,466	
Supplies	4,000	1,986	2,014	4,437	
Utilities and fuel	16,870	17,057	(187)	16,306	
Professional services	4,000	43	3,957	1,663	
Repairs and maintenance	5,203	2,814	2,389	3,680	
Other purchased services	7,000	615	6,385	7,489	
Equipment	2,000	-	2,000	1,000	
Insurance	2,800	2,630	170	2,623	
Rents and leases	1,000	-	1,000	-	
Other expenditures	5,000	2,043	2,957	2,331	
Total planning	278,804	246,523	32,281	275,300	
Technology:					
Personnel	237,341	251,953	(14,612)	238,829	
Travel and training	14,750	6,658	8,092	13,985	
Supplies	2,000	31	1,969	1,397	
Utilities and fuel	1,425	1,247	178	3,327	
Repairs and maintenance	18,241	30,456	(12,215)	12,814	
Professional services	46,262	36,463	9,799	-	
Equipment	66,500	70,232	(3,732)	45,070	
Insurance	3,700	2,514	1,186	3,506	
Other expenditures	35,650	33,880	1,770	17,461	
Indirect cost recovery	(126,926)	(126,625)	(301)	(94,527)	
Total technology	298,943	306,809	(7,866)	241,862	
City attorney:					
Personnel	166,829	156,008	10,821	-	
Travel and training	10,000	7,417	2,583	-	
Supplies	2,000	901	1,099	-	
Utilities and fuel	1,000	-	1,000	-	
Other purchased services	1,250	2,523	(1,273)	-	
Equipment	3,000	3,286	(286)	-	
Other expenditures	2,784	5,730	(2,946)	-	
Total city attorney	186,863	175,865	10,998	-	
Total general government	2,428,065	2,440,361	(12,296)	2,189,036	

City of Bethel, Alaska

General Fund

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

Years Ended June 30,	2013		Variance	2012
	Final Budgeted Amounts	Actual Amounts	With Final Budget	Actual Amounts
Expenditures, continued:				
Public safety:				
Fire department:				
Personnel	\$ 887,058	\$ 956,662	\$ (69,604)	\$ 771,480
Travel and training	4,385	3,072	1,313	9,050
Supplies	42,146	40,790	1,356	33,516
Repairs and maintenance	65,139	42,885	22,254	20,880
Utilities and fuel	85,330	88,169	(2,839)	78,731
Other purchased services	23,654	21,074	2,580	9,088
Equipment	3,750	4,401	(651)	9,021
Insurance	22,314	22,314	-	17,231
Other expenditures	2,350	1,888	462	3,367
Total fire department	1,136,126	1,181,255	(45,129)	952,364
Police department:				
Personnel	2,339,527	2,374,175	(34,648)	2,404,085
Travel and training	26,000	18,103	7,897	30,555
Supplies	36,609	31,216	5,393	24,588
Utilities and fuel	160,509	158,910	1,599	160,911
Repairs and maintenance	58,067	58,006	61	54,584
Other purchased services	171,000	167,650	3,350	139,858
Equipment	24,306	31,686	(7,380)	10,835
Capital outlay	18,194	18,194	-	63,922
Insurance	59,200	59,132	68	94,014
Other expenditures	10,500	5,939	4,561	2,962
Total police department	2,903,912	2,923,011	(19,099)	2,986,314
Total public safety	4,040,038	4,104,266	(64,228)	3,938,678
Public works:				
Administration:				
Personnel	130,173	138,520	(8,347)	137,317
Travel and training	2,000	1,710	290	935
Supplies	3,000	1,895	1,105	4,422
Utilities and fuel	99,469	105,134	(5,665)	67,568
Repairs and maintenance	2,553	3,943	(1,390)	3,716
Other purchased services	1,000	816	184	4,958
Equipment	5,000	5,083	(83)	574

City of Bethel, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget	Actual Amounts
Expenditures, continued:				
Public works, continued:				
Administration, continued:				
Insurance	\$ 4,400	\$ 4,676	\$ (276)	\$ 3,740
Other expenditures	60,152	60,194	(42)	185
Indirect cost recovery	(15,931)	(12,867)	(3,064)	(12,339)
Total administration	291,816	309,104	(17,288)	211,076
Operations:				
Personnel	573,114	617,856	(44,742)	588,394
Travel and training	1,000	-	1,000	1,387
Supplies	16,800	13,615	3,185	20,369
Utilities and fuel	167,990	176,790	(8,800)	199,237
Repairs and maintenance	305,580	278,537	27,043	312,504
Other purchased services	23,200	27,926	(4,726)	30,707
Equipment	4,000	2,106	1,894	2,167
Insurance	19,899	20,106	(207)	20,329
Other expenditures	500	250	250	30
Total operations	1,112,083	1,137,186	(25,103)	1,175,124
Property maintenance:				
Personnel	445,333	472,619	(27,286)	379,561
Travel and training	3,600	1,140	2,460	175
Supplies	29,000	33,406	(4,406)	40,529
Utilities and fuel	51,375	51,168	207	62,732
Repairs and maintenance	166,840	161,944	4,896	150,664
Other purchased services	57,700	74,176	(16,476)	69,346
Equipment	12,000	10,262	1,738	4,771
Insurance	7,048	7,348	(300)	5,143
Other expenditures	-	105	(105)	20
Indirect cost recovery	(60,823)	(61,128)	305	(54,063)
Total property maintenance	712,073	751,040	(38,967)	658,878
Total public works	2,115,972	2,197,330	(81,358)	2,045,078

City of Bethel, Alaska

General Fund

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

Years Ended June 30,	2013		2012	
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget	Actual Amounts
Expenditures, continued:				
Community services:				
Teen center:				
Personnel	\$ 454,268	\$ 417,029	\$ 37,239	\$ 410,992
Travel and training	4,000	4,959	(959)	7,789
Supplies	46,155	73,143	(26,988)	56,086
Utilities and fuel	72,590	73,710	(1,120)	71,289
Professional services	500	500	-	20
Repairs and maintenance	25,994	24,714	1,280	21,316
Other purchased services	2,000	1,955	45	8,444
Equipment	70,459	89,304	(18,845)	87,144
Insurance	9,400	10,050	(650)	8,976
Other expenditures	1,168	3,234	(2,066)	2,151
Total teen center	686,534	698,598	(12,064)	674,207
Special projects:				
Senior center	84,581	32,152	52,429	40,720
First 100 years publication	-	-	-	19,228
Kuskowim 300 race donation	1,000	-	1,000	-
Library contribution	67,600	67,600	-	67,984
Camai festival donation	3,000	3,646	(646)	3,769
Community meeting expenses	1,000	-	1,000	-
Cemetery improvements	5,000	2,616	2,384	-
Insurance	350	-	350	268
Total special projects	162,531	106,014	56,517	131,969
Total community services	849,065	804,612	44,453	806,176
Total expenditures	9,433,140	9,546,569	(113,429)	8,978,968
Excess of revenues over expenditures	1,580,534	1,856,063	275,529	2,231,482

City of Bethel, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget	Actual Amounts
Other financing sources (uses):				
Transfers in:				
Endowment Permanent Fund	\$ -	\$ 9,000	\$ 9,000	\$ -
Homeland Security Special Revenue Fund	11,900	6,782	(5,118)	22,755
Total transfers in	\$ 11,900	\$ 15,782	\$ 3,882	\$ 22,755
Transfers out:				
Special Revenue Funds:				
ARRA JAG	-	-	-	(377)
Energy Efficiency ARRA	-	-	-	(56)
Homeland Security	-	-	-	(6,789)
Capital Project Funds:				
Park Development	(30,000)	(30,000)	-	-
Fire Station Roof Repair	(38,500)	(38,500)	-	-
New Bethel Police Station	-	(5,379)	(5,379)	-
Fleet Replacement	(60,000)	(145,000)	(85,000)	-
Land Planning Development	(51,500)	(51,500)	-	(38,413)
Enterprise Funds:				
Rental Property	(70,102)	(70,102)	-	(39,325)
Water and Sewer Utility	(641,698)	(650,499)	(8,801)	(820,717)
Vehicle and Equipment Internal Service Fund	-	(284,353)	(284,353)	-
Total transfers out	(891,800)	(1,275,333)	(383,533)	(905,677)
Net other financing sources (uses)	(879,900)	(1,259,551)	(379,651)	(882,922)
Net change in fund balance	\$ 700,634	596,512	\$ (104,122)	1,348,560
Fund Balance, beginning of year		8,952,080		7,603,520
Fund Balance, end of year		\$ 9,548,592		\$ 8,952,080

**Nonmajor Governmental Funds
Combining Balance Sheet**

Special Revenue Funds

June 30, 2013	Special Revenue Funds																			
	Police Asset Forfeiture	Bethel Youth Center	LED Streetlights	Fire Engine	Community Service Patrol	ALPAR Litter Patrol	Volunteer Fire Assistance	Road Repairs and Upgrades	Homeland Security											
Assets																				
Cash and investments	\$ 2,506	\$ -	\$ -	\$ -	\$ -	\$ 2,800	\$ 17,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35
Accounts receivable	-	8,842	49,340	65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	851	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 2,506	\$ 9,693	\$ 49,340	\$ 65	\$ 65,390	\$ 2,800	\$ 17,244	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 35
Liabilities and Fund Balances (Deficits)																				
Liabilities:																				
Accounts payable	\$ -	\$ 2,569	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	3,262	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	66,821	7,124	49,340	65	-	-	-	14,159	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	61,290	2,000	17,244	31,927	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	66,821	9,693	49,340	65	65,390	2,800	17,244	46,086	46,086	46,086	46,086	46,086	46,086	46,086	46,086	46,086	46,086	46,086	46,086	35
Fund balances (deficits):																				
Nonspendable	-	851	-	-	-	-	-	31,927	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	(64,315)	(851)	-	-	-	-	-	(31,927)	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	(64,315)	(851)	-	-	-	-	-	(31,927)	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 2,506	\$ 9,693	\$ 49,340	\$ 65	\$ 65,390	\$ 2,800	\$ 17,244	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 46,086	\$ 35

City of Bethel, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

	Special Revenue Funds, continued		Permanent Fund	Capital Project Funds					Total Nonmajor Governmental Funds
	911 Surcharges	Alaska Territorial Guard		Land Planning Development	Park Development	Wind Turbine	Fire Station Roof Repair	Fleet Replacement	
June 30, 2013									
Assets									
Cash and investments	\$ 276,522	\$ 99,344	\$ 1,851,489	\$ 49,500	\$ 30,000	\$ 199,889	\$ -	\$ 297,676	\$ 2,892,395
Accounts receivable	-	-	-	-	-	-	52,154	-	124,560
Inventory	-	-	-	-	-	-	-	-	32,778
Total Assets	\$ 276,522	\$ 99,344	\$ 1,851,489	\$ 49,500	\$ 30,000	\$ 199,889	\$ 52,154	\$ 297,676	\$ 3,049,733
Liabilities and Fund Balances (Deficits)									
Liabilities:									
Accounts payable	\$ 6,273	-	\$ -	\$ 34,113	-	\$ -	718	\$ 58,448	\$ 103,759
Accrued payroll	-	-	-	-	-	-	-	-	3,262
Due to other funds	-	-	-	-	-	-	49,958	-	187,467
Unearned revenue	-	95,594	-	-	-	-	-	-	208,090
Total liabilities	6,273	95,594	-	34,113	-	-	50,676	58,448	502,578
Fund balances (deficits):									
Nonspendable	-	-	-	-	-	-	-	-	32,778
Restricted	-	-	1,851,489	-	-	-	-	-	1,851,489
Assigned	274,658	3,750	-	15,387	30,000	199,889	1,478	239,228	764,390
Unassigned	(4,409)	-	-	-	-	-	-	-	(101,502)
Total fund balances (deficits)	270,249	3,750	1,851,489	15,387	30,000	199,889	1,478	239,228	2,547,155
Total Liabilities and Fund Balances	\$ 276,522	\$ 99,344	\$ 1,851,489	\$ 49,500	\$ 30,000	\$ 199,889	\$ 52,154	\$ 297,676	\$ 3,049,733

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)**

Year Ended June 30, 2013	Special Revenue Funds									
	Police Asset Forfeiture	Bethel Youth Center	LED Streetlights	Fire Engine	Community Service Patrol	ALPAR Litter Patrol	Volunteer Fire Assistance	Road Repairs and Upgrades	Homeland Security	
Revenues:										
Federal sources	\$ -	\$ 19,497	\$ -	\$ -	\$ -	\$ -	\$ 14,477	\$ -	\$ 8,402	
State of Alaska	-	-	283,931	65	280,118	-	-	931,412	-	
Local sources	1	165	-	-	59,818	800	-	-	-	
Total revenues	1	19,662	283,931	65	339,936	800	14,477	931,412	8,402	
Expenditures:										
Current:										
Public safety	-	-	-	65	339,936	-	14,477	-	1,620	
Public works	-	-	283,931	-	-	-	-	638,395	-	
Community services	-	19,662	-	-	-	800	-	-	-	
Capital outlay	-	-	-	-	-	-	-	293,017	-	
Total expenditures	-	19,662	283,931	65	339,936	800	14,477	931,412	1,620	
Excess of revenues over (under) expenditures	1	-	-	-	-	-	-	-	6,782	
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	(6,782)	
Net other financing sources (uses)	-	-	-	-	-	-	-	-	(6,782)	
Net change in fund balances (deficits)	1	-	-	-	-	-	-	-	-	
Fund Balances (Deficits), beginning of year	(64,316)									
Fund Balances (Deficits), end of year	\$ (64,315)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

City of Bethel, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits), continued

	Special Revenue Funds, continued	Permanent Fund	Capital Project Funds					Total Nonmajor Governmental Funds					
			AVCP TANF Program	Alaska Territorial Guard	Endowment	Land Planning Development	Park Development		Wind Turbine	Fire Station Roof Repair	Fleet Replacement		
<i>Year Ended June 30, 2013</i>	911 Surcharges												
Revenues:	\$ -	\$ 11,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,184
Federal sources	38,000	-	20,887	-	-	-	-	76,477	-	-	-	-	1,630,890
State of Alaska	194,315	-	3,750	6,874	-	-	-	-	-	-	-	-	265,723
Local sources	232,315	11,808	24,637	6,874	-	-	-	76,477	-	-	-	-	1,950,797
Total revenues													
Expenditures:													
Current:													
Public safety	179,664	-	-	-	-	-	-	-	-	-	-	-	535,762
Public works	-	-	-	-	-	-	-	-	-	-	-	-	922,326
Community services	-	11,808	-	-	-	-	-	-	-	-	-	-	32,270
Capital outlay	9,450	-	20,887	-	-	36,113	-	144,582	-	252,116	-	-	756,165
Total expenditures	189,114	11,808	20,887	-	-	36,113	-	144,582	-	252,116	-	-	2,246,523
Excess of revenues over (under) expenditures	43,201	-	3,750	6,874	(36,113)	-	-	(68,105)	-	(252,116)	-	-	(295,726)
Other financing sources (uses):													
Transfers in	-	-	-	-	51,500	30,000	-	38,500	280,000	-	-	-	400,000
Transfers out	-	-	-	(9,000)	-	-	-	-	-	-	-	-	(15,782)
Net other financing sources (uses)	-	-	-	(9,000)	51,500	30,000	-	38,500	280,000	-	-	-	384,218
Net change in fund balances (deficits)	43,201	-	3,750	(2,126)	15,387	30,000	-	(29,605)	27,884	-	-	-	88,492
Fund Balances (Deficits), beginning of year	227,048	-	-	1,853,615	-	-	199,889	31,083	211,344	-	-	-	2,458,663
Fund Balances (Deficits), end of year	\$270,249	\$ -	\$ 3,750	\$ 1,851,489	\$ 15,387	\$ 30,000	\$ 199,889	\$ 1,478	\$ 239,228	\$ -	\$ -	\$ -	\$ 2,547,155

City of Bethel, Alaska

Police Asset Forfeiture Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Deficit

<i>Year Ended June 30, 2013</i>	Actual
Revenues - local sources - investment income	\$ 1
Net change in deficit	1
Deficit, beginning of year	(64,316)
Deficit, end of year	\$ (64,315)

City of Bethel, Alaska

Bethel Youth Center Food Program Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance

<i>Year Ended June 30, 2013</i>	Actual
Revenues:	
Federal sources	\$ 19,497
Local sources	165
Total revenues	19,662
Expenditures - community services - supplies	19,662
Net change in fund balance	-
Fund Balance, beginning of year	-
Fund Balance, end of year	\$ -

City of Bethel, Alaska

LED Streetlights Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - State of Alaska	\$ 350,000	\$ 283,931	\$ (66,069)
Expenditures - public works:			
Other purchased services	50,000	47,810	2,190
Equipment	300,000	236,121	63,879
Total expenditures	350,000	283,931	66,069
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
Fire Engine Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - State of Alaska	\$ 350,000	\$ 65	\$ (349,935)
Expenditures -			
Public safety - other purchased services	-	65	(65)
Capital outlay	350,000	-	350,000
Total expenditures	350,000	65	349,935
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		<u>\$ -</u>	

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, 2013	Budget	Actual	Variance
Revenues:			
State of Alaska	\$ 350,300	\$ 280,118	\$ (70,182)
Local sources - in-kind	61,818	59,818	(2,000)
Total revenues	412,118	339,936	(72,182)
Expenditures - public safety:			
Personnel	265,683	234,091	31,592
Supplies	7,440	4,705	2,735
Repairs and maintenance	5,000	3,450	1,550
Insurance	10,000	7,347	2,653
Utilities and fuel	49,978	25,265	24,713
Other purchased services	56,726	51,217	5,509
Equipment	4,000	570	3,430
Other expenditures	13,291	13,291	-
Total expenditures	412,118	339,936	72,182
Net change in fund balance	\$ -	-	\$ -
Fund Balance, beginning of year		-	
Fund Balance, end of year		\$ -	

City of Bethel, Alaska

ALPAR Litter Patrol Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - local sources	\$ 2,000	\$ 800	\$ 1,200
Expenditures - community services - other expenditures	2,000	800	(1,200)
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

Volunteer Fire Assistance Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - federal sources	\$ 14,477	\$ 14,477	\$ -
Expenditures- public safety - supplies	14,477	14,477	-
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

Roads Repairs and Upgrades Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - State of Alaska	\$ 794,821	\$ 931,412	\$ 136,591
Expenditures:			
Public works - supplies	427,361	638,395	(211,034)
Capital outlay	367,460	293,017	74,443
Total expenditures	794,821	931,412	(136,591)
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

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - federal sources	\$ 106,112	\$ 8,402	\$ (97,710)
Expenditures - public safety - equipment	99,330	1,620	97,710
Excess of revenues over expenditures	6,782	6,782	-
Other financing sources - transfers out	(6,782)	(6,782)	-
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
911 Surcharges Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues:			
State of Alaska contract	\$ 38,000	\$ 38,000	\$ -
Local sources	175,000	194,315	19,315
Total revenues	213,000	232,315	19,315
Expenditures - public safety:			
Personnel	59,079	55,400	3,679
Travel and training	6,000	4,409	1,591
Utilities and fuel	1,850	1,847	3
Supplies	1,000	479	521
Equipment	5,500	1,520	3,980
Other purchased services	59,500	49,613	9,887
Insurance	1,118	628	490
Rents and leases	2,400	4,800	(2,400)
Other overhead	60,968	60,968	-
Capital outlay	-	9,450	(9,450)
Total expenditures	197,415	189,114	8,301
Net change in fund balance	\$ 15,585	43,201	\$ 27,616
Fund Balance, beginning of year		227,048	
Fund Balance, end of year		\$ 270,249	

City of Bethel, Alaska

AVCP TANF Program Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - federal sources	\$ 25,486	\$ 11,808	\$ (13,678)
Expenditures - community services:			
Personnel	5,800	4,815	985
Supplies	9,000	-	9,000
Equipment	10,686	6,993	3,693
Total expenditures	25,486	11,808	13,678
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

Alaska Territorial Guard Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues:			
State of Alaska	\$ 116,482	\$ 20,887	\$ (95,595)
Local sources	3,000	3,750	750
Total revenues	119,482	24,637	(94,845)
Expenditures - capital outlay - equipment	119,482	20,887	98,595
Net change in fund balance	<u>\$ -</u>	3,750	<u>\$ 3,750</u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		<u>\$ 3,750</u>	

City of Bethel, Alaska

Endowment Permanent Fund

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

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - local sources - investment income	\$ 17,000	\$ 6,874	\$ (10,126)
Other financing uses - transfers out	11,900	9,000	2,900
Net change in fund balance	<u>\$ 5,100</u>	(2,126)	<u>\$ (7,226)</u>
Fund Balance, beginning of year		<u>1,853,615</u>	
Fund Balance, end of year		<u>\$ 1,851,489</u>	

City of Bethel, Alaska

City Shop Floor Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - State of Alaska	\$ 1,500,000	\$ 1,010,101	\$ (489,899)
Expenditures- capital outlay - professional fees	1,500,000	1,010,101	489,899
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

Land Planning Development Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Professional fees	35,000	30,474	4,526
Training	3,000	-	3,000
Supplies	1,500	-	1,500
Other purchased services	12,000	5,639	6,361
Capital outlay	3,500	-	3,500
Total expenditures	55,000	36,113	18,887
Excess of revenues over (under) expenditures	(55,000)	(36,113)	18,887
Other financing sources - transfers in	51,500	51,500	-
Net change in fund balance	<u>\$ (3,500)</u>	15,387	<u>\$ 18,887</u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		<u>\$ 15,387</u>	

City of Bethel, Alaska

Park Development Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Other financing sources - transfers in	30,000	30,000	-
Net change in fund balance	<u>\$ 30,000</u>	30,000	<u>\$ -</u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		<u>\$ 30,000</u>	

City of Bethel, Alaska

Multi-Use Recreation Center Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues:			
State of Alaska	\$ 23,075,000	\$ 8,965,143	\$ (14,109,857)
Local sources:			
Taxes	626,833	682,658	55,825
Income from investments	-	291	291
Total revenues	23,701,833	9,648,092	(14,053,741)
Expenditures - capital outlay:			
Supplies and materials	927,810	1,259,047	(331,237)
Professional fees	20,844,100	7,904,617	12,939,483
Other purchased services	1,303,090	1,431	1,301,659
Total expenditures	23,075,000	9,165,095	13,909,905
Net change in fund balance	\$ 626,833	482,997	\$ (143,836)
Fund Balance, beginning of year		3,253,525	
Fund Balance, end of year		\$ 3,736,522	

City of Bethel, Alaska

Fire Station Roof Repair Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - State of Alaska	\$ 76,327	\$ 76,477	\$ 150
Expenditures - capital outlay:			
Professional fees	107,490	131,898	(24,408)
Other purchased services	-	2,800	(2,800)
Equipment	-	9,884	(9,884)
Total expenditures	107,490	144,582	(37,092)
Excess of revenues under expenditures	(31,163)	(68,105)	(36,942)
Other financing sources - transfers in	38,500	38,500	-
Net change in fund balance	<u>\$ 7,337</u>	<u>(29,605)</u>	<u>\$ (36,942)</u>
Fund Balance, beginning of year		<u>31,083</u>	
Fund Balance, end of year		<u>\$ 1,478</u>	

City of Bethel, Alaska

New Bethel Police Station Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues - State of Alaska	\$ 2,471,202	\$ 2,186,919	\$ (284,283)
Expenditures - capital outlay:			
Professional fees	1,816,902	1,693,632	123,270
Utilities and fuel	32,000	38,678	(6,678)
Other purchased services	-	56	(56)
Equipment	622,300	420,315	201,985
Other expenditures	-	39,617	(39,617)
Total expenditures	2,471,202	2,192,298	278,904
Excess of revenues over (under) expenditures	-	(5,379)	(5,379)
Other financing sources - transfers in	-	5,379	5,379
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

Fleet Replacement Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ -
Expenditures - capital outlay - vehicles	270,000	252,116	17,884
Excess of revenues over (under) expenditures	(270,000)	(252,116)	17,884
Other financing sources - transfers in	280,000	280,000	-
Net change in fund balance	<u>\$ 10,000</u>	27,884	<u>\$ 17,884</u>
Fund Balance, beginning of year		<u>211,344</u>	
Fund Balance, end of year		<u>\$ 239,228</u>	

City of Bethel, Alaska
Water and Sewer Utility Enterprise Fund
Statements of Net Position

June 30,	2013	2012
Assets		
Current assets:		
Receivables:		
Receivable from central treasury	\$ -	\$ 21,878
Accounts receivable (net of allowance)	495,490	484,828
Grants	96,730	28,122
Inventory	79,103	74,795
Total current assets	671,323	609,623
Capital assets:		
Construction in progress	701,001	604,272
Depreciable assets	35,280,106	35,256,646
Less accumulated depreciation	(22,474,252)	(21,340,399)
Net capital assets	13,506,855	14,520,519
Total Assets	\$ 14,178,178	\$ 15,130,142
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 72,085	\$ 53,086
Accrued payroll	38,427	-
Accrued leave	118,715	104,927
Deposits	239,948	250,666
Total current liabilities	469,175	408,679
Long-term liabilities - advances from other funds	4,254,775	4,532,145
Total liabilities	4,723,950	4,940,824
Net Position:		
Net investment in capital assets	13,506,855	14,520,519
Unrestricted (deficit)	(4,052,627)	(4,331,201)
Total net position	9,454,228	10,189,318
Total Liabilities and Net Position	\$ 14,178,178	\$ 15,130,142

City of Bethel, Alaska
Water and Sewer Utility Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Charges for services	\$ 5,528,863	\$ 5,570,984
Other	226,407	114,131
Total operating revenues	5,755,270	5,685,115
Operating expenses:		
Personnel	3,264,883	3,284,297
Travel and training	8,072	5,352
Materials and supplies	167,496	181,110
Utilities and fuel	1,714,839	1,441,473
Minor equipment and tools	47,544	61,189
Depreciation and amortization	1,133,853	1,106,474
Other purchased services	156,859	57,339
Insurance	123,776	87,159
Repairs and maintenance	603,717	621,358
Other overhead	157,232	82,404
Other expenses	82,826	57,218
Total operating expenses	7,461,097	6,985,373
Loss from operations	(1,705,827)	(1,300,258)
Nonoperating revenues:		
Investment income	-	6,761
State PERS relief	270,048	222,872
Total nonoperating revenues	270,048	229,633
Loss before other contributions and transfers	(1,435,779)	(1,070,625)
Capital contributions	120,190	22,026
Transfers in	650,499	820,717
Transfers out	(70,000)	(150,000)
Change in net position	(735,090)	(377,882)
Net Position, beginning of year	10,189,318	10,567,200
Net Position, end of year	\$ 9,454,228	\$ 10,189,318

City of Bethel, Alaska
Water and Sewer Utility Enterprise Fund
Statements of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 5,733,890	\$ 5,649,253
Payment to suppliers	(3,047,670)	(2,756,478)
Payment to employees	(2,942,620)	(3,165,818)
Net cash flows from operating activities	(256,400)	(273,043)
Cash Flows from Noncapital Financing Activities		
Decrease (increase) in receivable from central treasury	21,878	(21,878)
Transfers in	650,499	820,717
Transfers out	(70,000)	(150,000)
Increase (decrease) in payable to central treasury	-	(1,279,735)
Increase (decrease) in advances from other funds	(277,370)	(233,267)
Net cash flows from noncapital financing activities	325,007	(864,163)
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(96,729)	(261,496)
Capital contributions received	28,122	1,391,941
Net cash flows from capital and related financing activities	(68,607)	1,130,445
Cash Flows from Investing Activities		
Investment income received	-	6,761
Net increase in cash and cash equivalents	-	-
Cash and Cash Equivalents, beginning of year	-	-
Cash and Cash Equivalents, end of year	\$ -	\$ -
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (1,705,827)	\$ (1,300,258)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation and amortization	1,133,853	1,106,474
PERS on-behalf expense	270,048	222,872
Increase (decrease) in allowance for doubtful accounts	(14,998)	17,716
(Increase) decrease in assets:		
Accounts receivable	4,336	(44,569)
Inventory	(4,308)	33,382
Increase (decrease) in liabilities:		
Accounts payable	18,999	(195,258)
Accrued payroll	38,427	-
Accrued leave	13,788	(104,393)
Deposits	(10,718)	(9,009)
Net cash flows from operating activities	\$ (256,400)	\$ (273,043)

City of Bethel, Alaska
Municipal Dock Enterprise Fund
Statements of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 5,205,115	\$ 1,627,182
Receivable from central treasury	-	3,619,486
Accounts receivable (net of allowance)	286,757	459,578
Inventory	48,822	48,752
Total current assets	5,540,694	5,754,998
Capital assets:		
Construction in progress	500,000	-
Land	2,207,356	2,184,058
Depreciable assets	26,230,820	26,200,595
Less accumulated depreciation	(7,336,820)	(6,730,647)
Net capital assets	21,601,356	21,654,006
Total Assets	\$ 27,142,050	\$ 27,409,004
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 8,550	\$ 13,471
Accrued payroll	7,506	-
Accrued leave	8,714	6,794
Unearned revenue	605,156	603,721
Total current liabilities	629,926	623,986
Net position:		
Net investment in capital assets	21,601,356	21,654,006
Unrestricted	4,910,768	5,131,012
Total net position	26,512,124	26,785,018
Total Liabilities and Net Position	\$ 27,142,050	\$ 27,409,004

City of Bethel, Alaska

Municipal Dock Enterprise Fund

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30,	2013	2012
Operating revenues:		
Charges for services	\$ 1,009,986	\$ 1,249,074
Other	17,537	35,864
Total operating revenues	1,027,523	1,284,938
Operating expenses:		
Personnel	421,764	369,291
Travel and training	4,100	4,310
Materials and supplies	9,033	9,002
Utilities and fuel	79,022	67,045
Minor equipment and tools	13,164	1,133
Depreciation and amortization	606,173	606,498
Other purchased services	52,453	30,343
Insurance	21,710	23,188
Repairs and maintenance	143,312	237,777
Other overhead	35,900	19,792
Other expenses	963	1,854
Total operating expenses	1,387,594	1,370,233
Loss from operations	(360,071)	(85,295)
Nonoperating revenues:		
State PERS relief	36,940	15,511
Investment income	12	3,046
Net nonoperating revenues	36,952	18,557
Loss before capital contributions and transfers	(323,119)	(66,738)
Capital contributions	30,225	5,147
Transfers in	50,000	-
Transfers out	(30,000)	(50,000)
Change in net position	(272,894)	(111,591)
Net Position, beginning of year	26,785,018	26,896,609
Net Position, end of year	\$ 26,512,124	\$ 26,785,018

City of Bethel, Alaska
Municipal Dock Enterprise Fund
Statements of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 1,201,779	\$ 1,138,533
Payment to suppliers	(364,648)	(301,599)
Payment to employees	(375,398)	(363,174)
Net cash flows from operating activities	461,733	473,760
Cash Flows from Noncapital Financing Activities		
Decrease in receivable from central treasury	3,619,486	63,797
Transfers in	50,000	-
Transfers out	(30,000)	(50,000)
Net cash flows from noncapital financing activities	3,639,486	13,797
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(523,298)	(45,630)
Capital contributions received	-	5,147
Net cash flows from capital and related financing activities	(523,298)	(40,483)
Cash Flows from Investing Activities		
Cash flows from investing activities - investment income received	12	3,046
Net increase in cash and cash equivalents	3,577,933	450,120
Cash and Cash Equivalents, beginning of year	1,627,182	1,177,062
Cash and Cash Equivalents, end of year	\$ 5,205,115	\$ 1,627,182
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (360,071)	\$ (85,295)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Depreciation and amortization	606,173	606,498
PERS on-behalf expense	36,940	15,511
(Increase) decrease in assets:		
Accounts receivable	172,821	(150,126)
Inventory	(70)	86,873
Increase (decrease) in liabilities:		
Accounts payable	(4,921)	5,972
Accrued payroll	7,506	-
Unearned revenue	1,435	3,721
Accrued leave	1,920	(9,394)
Net cash flows from operating activities	\$ 461,733	\$ 473,760

City of Bethel, Alaska
Rental Property Enterprise Fund
Statements of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ -	\$ -
Accounts receivable (net of allowance)	6,711	12,886
Inventory	10,728	9,682
Total current assets	17,439	22,568
Long-term assets:		
Restricted cash - bond reserve	391,808	373,995
Capital assets:		
Land	43,000	43,000
Depreciable assets	9,794,679	9,794,679
Less accumulated depreciation	(3,703,527)	(3,376,621)
Net capital assets	6,134,152	6,461,058
Total long-term assets	6,525,960	6,835,053
Total Assets	\$ 6,543,399	\$ 6,857,621
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 25,580	\$ 19,479
Current portion - bonds payable	140,000	135,000
Total current liabilities	165,580	154,479
Long-term liabilities:		
Advances from other funds	909,858	946,364
Bonds payable, net of current portion	2,940,000	3,080,000
Unamortized bond premium	101,536	108,788
Total long-term liabilities	3,951,394	4,135,152
Total liabilities	4,116,974	4,289,631
Net Position:		
Net investment in capital assets	2,952,616	3,137,270
Restricted - bond reserve	391,808	373,995
Unrestricted (deficit)	(917,999)	(943,275)
Total net position	2,426,425	2,567,990
Total Liabilities and Net Position	\$ 6,543,399	\$ 6,857,621

City of Bethel, Alaska

Rental Property Enterprise Fund

Statements of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - charges for services	\$ 732,963	\$ 764,641
Operating expenses:		
Supplies	2,237	-
Utilities and fuel	388,067	383,259
Minor equipment and tools	500	2,400
Depreciation and amortization	326,906	326,183
Other purchased services	9,261	35,965
Insurance	15,643	5,672
Repairs and maintenance	71,982	54,430
Total operating expenses	814,596	807,909
Loss from operations	(81,633)	(43,268)
Nonoperating revenues (expenses):		
Interest expense	(158,344)	(163,975)
Amortization of bond premium	7,252	7,252
Investment income	21,058	14,086
Net nonoperating revenues (expenses)	(130,034)	(142,637)
Loss before transfers	(211,667)	(185,905)
Transfers in	70,102	39,325
Change in net position	(141,565)	(146,580)
Net Position, beginning of year	2,567,990	2,714,570
Net Position, end of year	\$ 2,426,425	\$ 2,567,990

City of Bethel, Alaska
Rental Property Enterprise Fund
Statements of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 739,138	\$ 752,746
Payment to suppliers	(482,635)	(480,312)
Net cash flows from operating activities	256,503	272,434
Cash Flows from Noncapital Financing Activities		
Transfers in	70,102	39,325
Increase (decrease) in advances from other funds	(36,506)	10,178
Net cash flows from noncapital financing activities	33,596	49,503
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	-	(25,000)
Principal paid on long-term debt	(135,000)	(130,000)
Interest paid on long-term debt	(158,344)	(163,975)
Net cash flows from capital and related financing activities	(293,344)	(318,975)
Cash Flows from Investing Activities		
Investment income received	21,058	14,086
Net increase in cash and cash equivalents	17,813	17,048
Cash and Cash Equivalents, beginning of year	373,995	356,947
Cash and Cash Equivalents, end of year	\$ 391,808	\$ 373,995
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (81,633)	\$ (43,268)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation and amortization	326,906	326,183
Increase in allowance for doubtful accounts	5,246	712
Decrease (increase) in assets:		
Accounts receivable	929	(11,895)
Inventory	(1,046)	(1,636)
Increase (decrease) in liabilities - accounts payable	6,101	2,338
Net cash flows from operating activities	\$ 256,503	\$ 272,434

City of Bethel, Alaska
Solid Waste Enterprise Fund
Statements of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 2,200,963	\$ -
Receivable from central treasury	-	1,909,280
Accounts receivable, net of allowance	107,215	104,205
Inventory	5,096	4,569
Total current assets	2,313,274	2,018,054
Capital assets:		
Land	18,252	18,252
Depreciable assets	1,327,317	1,327,317
Less accumulated depreciation	(1,033,010)	(975,975)
Net capital assets	312,559	369,594
Total Assets	\$ 2,625,833	\$ 2,387,648
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 10,551	\$ 7,468
Accrued payroll	5,176	-
Accrued leave	45,676	47,911
Total current liabilities	61,403	55,379
Long-term liabilities - landfill closure costs	1,264,850	1,226,410
Total liabilities	1,326,253	1,281,789
Net position:		
Net investment in capital assets	312,559	369,594
Unrestricted	987,021	736,265
Total net position	1,299,580	1,105,859
Total Liabilities and Net Position	\$ 2,625,833	\$ 2,387,648

City of Bethel, Alaska
Solid Waste Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Charges for services	\$ 1,069,139	\$ 1,144,683
Other	-	56
Total operating revenues	1,069,139	1,144,739
Operating expenses:		
Personnel	529,575	455,436
Travel and training	4,297	8,028
Materials and supplies	6,411	7,288
Utilities and fuel	97,794	99,547
Minor equipment and tools	3,691	41,187
Depreciation and amortization	57,035	56,776
Other purchased services	21,185	19,700
Insurance	12,272	5,492
Repairs and maintenance	67,556	72,405
Landfill closure costs	38,440	38,440
Other overhead	47,611	34,288
Other expenses	61	-
Total operating expenses	885,928	838,587
Income from operations	183,211	306,152
Nonoperating revenues - State PERS relief	45,510	28,711
Income before capital contributions and transfers	228,721	334,863
Capital contributions	-	238,879
Transfers out	(35,000)	(75,000)
Change in net position	193,721	498,742
Net Position, beginning of year	1,105,859	607,117
Net Position, end of year	\$ 1,299,580	\$ 1,105,859

City of Bethel, Alaska
Solid Waste Enterprise Fund
Statements of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 1,066,129	\$ 1,146,546
Payment to suppliers	(258,322)	(288,047)
Payment to employees	(481,124)	(401,808)
Net cash flows from operating activities	326,683	456,691
Cash Flows from Noncapital Financing Activities		
Increase in receivable from central treasury	1,909,280	(381,691)
Transfers out	(35,000)	(75,000)
Net cash flows from noncapital financing activities	1,874,280	(456,691)
Net increase in cash and cash equivalents	2,200,963	-
Cash and Cash Equivalents, beginning of year	-	-
Cash and Cash Equivalents, end of year	\$ 2,200,963	\$ -
Reconciliation of income from operations to net cash flows from operating activities:		
Income from operations	\$ 183,211	\$ 306,152
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Depreciation and amortization	57,035	56,776
PERS on-behalf expense	45,510	28,711
Increase in allowance for doubtful accounts	-	3,509
(Increase) decrease in assets:		
Accounts receivable	(3,010)	(1,807)
Inventory	(527)	973
Increase (decrease) in liabilities:		
Accounts payable	3,083	(980)
Accrued payroll	5,176	-
Accrued leave	(2,235)	24,917
Landfill closure costs	38,440	38,440
Net cash flows from operating activities	\$ 326,683	\$ 456,691

City of Bethel, Alaska
Public Transit Enterprise Fund
Statements of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets - receivables - grants	85,367	99,502
Capital assets:		
Depreciable assets	291,414	278,092
Less accumulated depreciation	(154,057)	(121,056)
Net capital assets	137,357	157,036
Total Assets	\$ 222,724	\$ 256,538
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 1,095	\$ 688
Accrued payroll	3,068	-
Accrued leave	2,595	2,581
Payable to central treasury	78,872	34,445
Unearned revenue	-	12,127
Total current liabilities	85,630	49,841
Net position:		
Net investment in capital assets	137,357	157,036
Unrestricted (deficit)	(263)	49,661
Total net position	137,094	206,697
Total Liabilities and Net Position	\$ 222,724	\$ 256,538

City of Bethel, Alaska

Public Transit Enterprise Fund

Statements of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Charges for services	\$ 27,463	\$ 48,526
Other	22	793
Total operating revenues	27,485	49,319
Operating expenses:		
Personnel	217,557	336,112
Travel and training	192	5,953
Materials and supplies	4,882	8,974
Utilities and fuel	38,629	58,265
Minor equipment and tools	-	2,080
Depreciation and amortization	33,001	32,643
Other purchased services	4,190	3,196
Insurance	7,256	8,419
Repairs and maintenance	24,813	18,275
Other overhead	14,070	10,503
Other expenses	1,290	320
Total operating expenses	345,880	484,740
Loss from operations	(318,395)	(435,421)
Nonoperating revenues:		
FTA grant	214,191	270,956
State grant	-	18,675
Local grant	67,693	89,304
State PERS relief	16,908	23,843
Total nonoperating revenues	298,792	402,778
Loss before transfers	(19,603)	(32,643)
Transfers in (out)	(50,000)	50,000
Change in net position	(69,603)	17,357
Net Position, beginning of year	206,697	189,340
Net Position, end of year	\$ 137,094	\$ 206,697

City of Bethel, Alaska
Public Transit Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers	\$ 15,358	\$ 49,319
Payment to suppliers	(94,915)	(104,905)
Payment to employees	(197,567)	(320,847)
Net cash flows from operating activities	(277,124)	(376,433)
Cash Flows from Noncapital Financing Activities		
Operating grants received	296,019	680,641
Transfers out	(50,000)	-
Increase (decrease) in payable to central treasury	44,427	(304,208)
Net cash flows from noncapital financing activities	290,446	376,433
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(13,322)	-
Net increase in cash and cash equivalents	-	-
Cash and Cash Equivalents, beginning of year	-	-
Cash and Cash Equivalents, end of year	\$ -	\$ -
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (318,395)	\$ (435,421)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation and amortization	33,001	32,643
PERS on-behalf expense	16,908	23,843
Increase (decrease) in liabilities:		
Accounts payable	407	(1,047)
Accrued payroll	3,068	
Accrued leave	14	(8,578)
Unearned revenue	(12,127)	12,127
Net cash flows from operating activities	\$ (277,124)	\$ (376,433)

City of Bethel, Alaska
Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2013</i>	Employee Health Insurance	Vehicle and Equipment	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 236,668	\$ -	\$ 236,668
Accounts receivable	-	300	300
Inventory	-	266,768	266,768
Total current assets	236,668	267,068	503,736
Capital assets:			
Depreciable assets	-	8,746	8,746
Less accumulated depreciation	-	(144)	(144)
Net capital assets	-	8,602	8,602
Total Assets	\$ 236,668	\$ 275,670	\$ 512,338
Liabilities and Net Position			
Current liabilities:			
Accounts and claims payable	\$ 236,668	\$ 5,832	\$ 242,500
Accrued payroll	-	7,381	\$ 7,381
Accrued leave	-	19,114	19,114
Total current liabilities	236,668	32,327	268,995
Net position - unrestricted	-	243,343	243,343
Total Liabilities and Net Position	\$ 236,668	\$ 275,670	\$ 512,338

City of Bethel, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2013</i>	Employee Health Insurance	Vehicle and Equipment	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,673,296	\$ 1,086,928	\$ 2,760,224
Other	1,567	8,295	9,862
Total operating revenues	1,674,863	1,095,223	2,770,086
Operating expenses:			
Personnel	-	703,694	703,694
Claims	1,003,341	-	1,003,341
Travel and training	-	3,430	3,430
Supplies	-	166,847	166,847
Utilities and fuel	-	112,299	112,299
Minor equipment and tools	-	12,209	12,209
Depreciation	-	144	144
Other purchased services	35,504	18,316	53,820
Insurance	504,016	6,641	510,657
Repairs and maintenance	-	8,532	8,532
Other overhead	-	35,316	35,316
Other	-	601	601
Total operating expenses	1,542,861	1,068,029	2,610,890
Income from operations	132,002	27,194	159,196
Nonoperating revenues - state PERS relief	-	58,203	58,203
Income before transfers	132,002	85,397	217,399
Transfers in	-	284,353	284,353
Change in net position	132,002	369,750	501,752
Net Deficit, beginning of year	(132,002)	(126,407)	(258,409)
Net Position, end of year	\$ -	\$ 243,343	\$ 243,343

City of Bethel, Alaska
Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2013</i>	Employee Health Insurance	Vehicle and Equipment	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,934,136	\$ 1,094,923	\$ 3,029,059
Payment to suppliers	(1,790,253)	(476,782)	(2,267,035)
Payment to employees	-	(643,462)	(643,462)
Net cash flows from operating activities	143,883	(25,321)	118,562
Cash Flows from Noncapital Financing Activities			
Decrease in receivable from central treasury	92,785	-	92,785
Decrease in advances from other funds	-	(250,286)	(250,286)
Transfers in	-	284,353	284,353
Net cash flows from noncapital financing activities	92,785	34,067	126,852
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	(8,746)	(8,746)
Net increase in cash and cash equivalents	236,668	-	236,668
Cash and Cash Equivalents, beginning of year	-	-	-
Cash and Cash Equivalents, end of year	\$ 236,668	\$ -	\$ 236,668
Reconciliation of income from operations to net cash flows from operating activities:			
Income from operations	\$ 132,002	\$ 27,194	\$ 159,196
Adjustments to reconcile income from operations to net cash flows from operating activities:			
Depreciation and amortization	-	144	144
PERS on-behalf expense	-	58,203	58,203
(Increase) decrease in assets:			
Accounts receivable	259,273	(300)	258,973
Inventory	-	(98,358)	(98,358)
Increase (decrease) in liabilities:			
Accounts and claims payable	(247,392)	(14,233)	(261,625)
Accrued payroll	-	7,381	7,381
Accrued leave	-	(5,352)	(5,352)
Net cash flows from operating activities	\$ 143,883	\$ (25,321)	\$ 118,562

City of Bethel, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expend- itures
Department of the Interior				
Passed through the State of Alaska Department of Commerce, Community, and Economic Development -				
Payment in Lieu of Taxes	N/A	15.226	\$ 807,352	<u>\$ 807,352</u>
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	5311-13-116	20.509	241,493	214,191
Department of Homeland Security				
Passed through the State of Alaska Department of Military and Veterans Affairs:				
Mobile Command Trailer	10SHSP-GR34067	97.067	41,782	6,782
State Homeland Security	11SHSP-GR34076	97.067	100,985	1,620
Total CFDA 97.067				<u>8,402</u>
Department of Health and Human Services				
Passed through other intermediary agency -				
Temporary Assistance for Needy Families	N/A	93.558	73,779	<u>11,808</u>
Department of Agriculture				
Direct:				
Water and Waste Disposal Systems for Rural Communities -				
Water and Waste Disposal Systems	N/A	10.760	528,860	<u>72,547</u>
Passed through the State of Alaska Department of Natural Resources -				
Volunteer Fire Assistance	N/A	10.664	14,477	<u>14,477</u>
Passed through the State of Alaska Department of Education and Early Development:				
Child and Adult Care Food Program	MA 13.542.01	10.558		7,605
Summer Food Service Program for Children	MA 13.542.01	10.559		11,892
Total Department of Agriculture				<u>106,521</u>
Total Expenditures of Federal Awards				<u>\$ 1,148,274</u>

City of Bethel, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2013

State Grant Title	Grant Number	Total Grant Award	State Share of Expend- itures
Department of Commerce, Community and Economic Development			
* Aquatic Training and Health Center	13-DC-629	\$ 23,075,000	\$ 8,965,143
* City Shop Floor	13-DC-477	1,500,000	1,010,101
Fire Engine	13-DC-340	350,000	65
* LED Streetlights	12-DC-332	350,000	283,931
* Police Dispatch System	12-DC-334	328,800	148,374
* New Bethel Police Station	11-DC-192	3,000,000	1,795,045
* Community Revenue Sharing	FY 13	566,499	566,499
* Road Repair and Upgrades	09-DC-565	2,500,000	332,745 ⁽²⁾
Fire Station Upgrades	11-DC-191	1,000,000	76,477
Fisheries Business Tax	FY 13	3,937	3,937
*Emergency Power Generator	12-DC-333	246,000	243,500
Fish Landing Tax	FY 13	1,267	1,267
Total Department of Commerce, Community and Economic Development			<u>13,427,084</u>
Department of Environmental Conservation			
Bethel - 2009 Pre-Planning Development Project	09RL83 (16701)	176,286	<u>24,183</u>
Department of Administration			
* PERS on Behalf	FY 13	991,168	<u>991,168</u>
Department of Health and Social Services			
* Community Service Patrol	602-13-501	350,300	<u>280,118</u>
Department of Military and Veterans Affairs			
Alaska Territorial Guard Memorial	N/A	140,000	<u>20,887</u>
Total State Financial Assistance			<u>\$ 14,743,440</u>

*Major program

City of Bethel, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2013

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance includes the Federal and State of Alaska grant activity of the City of Bethel and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

2. Road Repair Grant

Amount reported as expenditures for Grant 09-DC-565 includes \$39,729 for items held in inventory at June 30, 2013.

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Single Audit Reports



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3601 C Street, Suite 600
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and City Council
City of 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 City of Bethel, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Bethel's basic financial statements and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City of Bethel's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Finding

City of Bethel's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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.

BDO USA, LLP

Anchorage, Alaska
December 6, 2013



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and City Council
City of Bethel, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Bethel's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Bethel's major federal programs for the year ended June 30, 2013. City of Bethel's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Bethel'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 City of Bethel's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, 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, 2013.

Report on Internal Control Over Compliance

Management of 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 City of Bethel'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 OMB Circular A-133, 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 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 federal 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 federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 6, 2013



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Bethel, Alaska

Report on Compliance for Each Major State Program

We have audited City of Bethel'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 City of Bethel's major state programs for the year ended June 30, 2013. City of Bethel's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Bethel'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 *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 City of Bethel'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 City of Bethel's compliance.

Opinion on Each Major State Program

In our opinion, 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, 2013.

Report on Internal Control Over Compliance

Management of 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 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 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 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 weaknesses may exist that have not been identified.

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

BDO USA, LLP

Anchorage, Alaska
December 6, 2013

City of Bethel, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	<u>X</u> yes	___ (none reported)

Noncompliance material to financial statements noted? ___ yes X no

Federal Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

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 Section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Agency
15.226	Payment In Lieu of Taxes	Department of the Interior
20.509	Rural Public Transit	Department of Transportation

Dollar threshold used to distinguish between a major program: \$ 300,000

Auditee qualified as low-risk auditee? ___ yes X no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

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

Dollar threshold used to distinguish a major program \$100,000

City of Bethel, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section II - Financial Statement Findings Required to be Reported in Accordance with Governmental Auditing Standards

Finding 13-01	Account Reconciliation - Accounts Receivable
<i>Criteria</i>	Section A1.08d of <i>Government Auditing Standards</i> states that "management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported."
<i>Condition</i>	Accounts related to the accounts receivable transaction cycle required audit adjustments.
<i>Context</i>	We noted specific errors relating to processing of customer receipts and entry into the accounts receivable subledger. Payment plans with customers in arrears of tax payments were made outside of the accounting system. When payments were received they were inappropriately posted as credit balances in accounts receivable.
<i>Effect</i>	The accounts receivable balance at year-end was incorrect and required adjustment.
<i>Cause</i>	The City's internal controls over cash receipt processing and related account reconciliation were not designed effectively. Necessary general ledger reconciliations were not completed accurately prior to audit fieldwork.
<i>Recommendation</i>	City staff must continue to closely review the account reconciliation process. The City should improve upon its internal processes of data entry and review to achieve properly reconciled accounts.
<i>Management's Response</i>	Management concurs with the finding.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV - State Award Findings and Questioned Costs

None noted.

City of Bethel, Alaska

Schedule of Prior Audit Findings
Year Ended June 30, 2013

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State Award Findings and Questioned Costs

There were no prior year audit findings.

City of Bethel, Alaska

**Corrective Action Plan
Year Ended June 30, 2013**

Name of Contact Person Bobby Sutton, Finance Director
PO Box 1388, Bethel, AK 99559
Phone: 907-543-1376
Fax: 907-543-5294
Email: BSutton@cityofbethel.net

Financial Statement Findings

Finding 13-01 Account Reconciliation - Accounts Receivable

Corrective Action Plan The Finance Department is responding to this deficiency by requiring the Accounting Specialist responsible for Accounts Receivable submit a monthly report which demonstrates that all payments have been properly applied. This report will be reviewed and approved by the Assistant Finance Director. We believe this deficiency would not have existed should a closer review process been in place during the fiscal year.

