

CITY OF BETHEL

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

Year Ended June 30, 2015

CITY OF BETHEL

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

Year Ended June 30, 2015

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Independent Auditor's Report

Members of the City
City of Bethel
Bethel, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethel, Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bethel, Alaska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethel, Alaska, as of June 30, 2015, 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

Change in Accounting Principle

As discussed in Note XIV to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. 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 the Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of the City's Contributions to the Public Employees' Retirement System, and the original and final budgetary comparison for the General Fund on pages 41 - 43 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bethel, Alaska basic financial statements. The Information listed in the Table of Contents as “Additional Supplementary Information” including combining and individual major and nonmajor schedules and statements, budget to actual schedules, and the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of State Financial Assistance which is presented as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The “Additional Supplementary Information” are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the “Additional Supplementary Information” are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, on our consideration of the City of Bethel, Alaska’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bethel, Alaska’s internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
December 13, 2016

City of Bethel, Alaska
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Current assets			
Cash and investments	\$ 11,632,083	10,007,131	21,639,214
Accounts receivable (net)	1,868,040	1,285,560	3,153,600
Prepaid items	12,035	11,683	23,718
Inventory	617,143	189,249	806,392
Internal balances	1,030,942	(1,030,942)	-
Total current assets	<u>15,160,243</u>	<u>10,462,681</u>	<u>25,622,924</u>
Long-Term Assets			
Restricted cash and investments	-	430,019	430,019
Capital assets not being depreciated	41,212,497	3,860,847	45,073,344
Depreciable capital assets	29,328,646	100,161,732	129,490,378
Accumulated depreciation	(19,208,423)	(39,569,276)	(58,777,699)
Net capital assets	<u>51,332,720</u>	<u>64,453,303</u>	<u>115,786,023</u>
Deferred outflows of resources			
Pension deferrals	483,900	284,194	768,094
Total long-term assets and deferred outflows of resources	<u>51,816,620</u>	<u>65,167,516</u>	<u>116,984,136</u>
Total assets and deferred outflows of resources	<u>\$ 66,976,863</u>	<u>75,630,197</u>	<u>142,607,060</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current liabilities:			
Accounts payable	\$ 659,174	381,292	1,040,466
Accrued liabilities	172,184	65,167	237,351
Utility deposits	-	317,169	317,169
Unearned revenue	39,255	425,382	464,637
Accrued interest payable	-	35,275	35,275
Total current liabilities	<u>870,613</u>	<u>1,224,285</u>	<u>2,094,898</u>
Long-term liabilities			
Due within one year:			
Accrued leave	321,617	145,134	466,751
Bonds payable	-	150,000	150,000
Due in more than one year:			
Bonds payable	-	2,640,000	2,640,000
Unamortized bond premium	-	87,032	87,032
Liabilities for landfill closure	-	1,341,730	1,341,730
Net pension liability	4,648,984	2,730,357	7,379,341
Total long-term liabilities	<u>4,970,601</u>	<u>7,094,253</u>	<u>12,064,854</u>
Deferred inflows of resources			
Pension deferrals	429,693	252,089	681,782
Total liabilities and deferred inflows of resources	<u>6,270,907</u>	<u>8,570,627</u>	<u>14,841,534</u>
Net position			
Net investment in capital assets	51,332,720	61,576,271	112,908,991
Restricted	2,604,829	430,019	3,034,848
Unrestricted	6,768,407	5,053,280	11,821,687
Total net position	<u>60,705,956</u>	<u>67,059,570</u>	<u>127,765,526</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 66,976,863</u>	<u>75,630,197</u>	<u>142,607,060</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska

Statement of Activities

Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Functions							
Governmental activities:							
General government	\$ 1,836,228	764,308	88,817	8,268	(974,835)	-	(974,835)
Public safety	4,161,949	179,670	726,733	-	(3,255,546)	-	(3,255,546)
Public works	2,497,267	-	24,640	5,139,932	2,667,305	-	2,667,305
Community services	1,150,254	12,729	9,049	778,710	(349,766)	-	(349,766)
Total governmental activities	<u>9,645,698</u>	<u>956,707</u>	<u>849,239</u>	<u>5,926,910</u>	<u>(1,912,842)</u>	<u>-</u>	<u>(1,912,842)</u>
Business-type activities:							
Water and sewer utility	6,310,359	5,955,958	90,167	-	-	(264,234)	(264,234)
Municipal dock	1,314,314	1,179,877	13,358	49,460	-	(71,619)	(71,619)
Rental property	870,543	758,156	-	-	-	(112,387)	(112,387)
Solid waste	642,533	1,241,873	13,358	-	-	612,698	612,698
Multi-use recreation facility	3,846,673	371,945	-	2,065,508	-	(1,409,220)	(1,409,220)
Public transit	333,437	33,030	6,679	317,148	-	23,420	23,420
Total business-type activities	<u>13,317,859</u>	<u>9,540,839</u>	<u>123,562</u>	<u>2,432,116</u>	<u>-</u>	<u>(1,221,342)</u>	<u>(1,221,342)</u>
Total primary government	<u>\$ 22,963,557</u>	<u>10,497,546</u>	<u>972,801</u>	<u>8,359,026</u>	<u>(1,912,842)</u>	<u>(1,221,342)</u>	<u>(3,134,184)</u>
General revenues:							
Taxes, including penalties and interest					7,407,570	601,805	8,009,375
Payments in lieu of taxes					872,624	-	872,624
Grants and entitlements not restricted to a specific purpose					394,937	-	394,937
Investment income					24,484	20,947	45,431
Other					-	7,252	7,252
Transfer of capital assets					(27,078,902)	27,078,902	-
Transfers					105,000	(105,000)	-
Total general revenues and transfers					<u>(18,274,287)</u>	<u>27,603,906</u>	<u>9,329,619</u>
Change in net position					(20,187,129)	26,382,564	6,195,435
Net position, at beginning of year, as previously stated					90,955,951	39,127,319	130,083,270
Cummulative effect of a change in accounting principle					(10,062,866)	1,549,687	(8,513,179)
Net Position, beginning of year, as restated					80,893,085	40,677,006	121,570,091
Net Position, end of year					<u>60,705,956</u>	<u>67,059,570</u>	<u>127,765,526</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska

Balance Sheet - Governmental Funds

June 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 8,119,646	3,512,437	11,632,083
Receivables, net	969,124	898,916	1,868,040
Inventory	74,470	-	74,470
Prepaid items	12,035	-	12,035
Due from other funds	1,571,374	-	1,571,374
Advances to other funds	4,382,411	-	4,382,411
Total assets	\$ <u>15,129,060</u>	<u>4,411,353</u>	<u>19,540,413</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts payable	\$ 286,316	121,431	407,747
Accrued payroll	98,196	10,200	108,396
Accrued liabilities	55,867	-	55,867
Due to other funds	3,419,369	881,700	4,301,069
Unearned revenue	19,984	19,271	39,255
Total liabilities	\$ <u>3,879,732</u>	<u>1,032,602</u>	<u>4,912,334</u>
Deferred inflows of resources			
Sales taxes	<u>94,210</u>	<u>-</u>	<u>94,210</u>
Fund balances			
Nonspendable	4,468,916	-	4,468,916
Restricted	-	2,604,829	2,604,829
Assigned	-	835,310	835,310
Unassigned	6,686,202	(61,388)	6,624,814
Total fund balances	<u>11,155,118</u>	<u>3,378,751</u>	<u>14,533,869</u>
Total liabilities, deferred inflows and fund balances	\$ <u>15,129,060</u>	<u>4,411,353</u>	<u>19,540,413</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2015

Total fund balances for governmental funds			\$ 14,533,869
Total net position reported for governmental activities in the Statement of Net Position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:			
Capital assets not being depreciated:			
Land	\$ 39,481,784		
Construction in progress	1,730,713		
Total capital assets not being depreciated		\$ 41,212,497	
Depreciable capital assets:			
Improvements	871,941		
Buildings	12,542,774		
Equipment	3,758,958		
Infrastructure	9,692,526		
Vehicles	2,462,447		
Total depreciable capital assets		29,328,646	
Accumulated depreciation		(19,208,423)	
Total capital assets			51,332,720
Sales taxes not collected within 60 days of year end are not deemed available and are reported as unearned revenues in the fund statements.			94,210
Long term liabilities are not deemed due and payable in the current period and are therefore not reported as governmental fund liabilities.			
Accrued leave			(311,956)
Changes in deferred inflows and outflows of resources are the results of timing difference in the actuarial report:			
Pension related assets in the current fiscal year are presented as deferred outflows of resources			483,900
Pension related liabilities in the current fiscal year are presented as deferred inflows of resources			(429,693)
Proportional share of the collective net pension liability			(4,648,984)
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.		(335,372)	
Less amount reported for capital assets above		(12,738)	
			(348,110)
Total net position of governmental activities			\$ 60,705,956

See accompanying notes to basic financial statements.

City of Bethel, Alaska

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

Year Ended June 30, 2015

	General Fund	Harbor Dredging Grant Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Intergovernmental:				
Federal sources	\$ 872,624	-	77,736	950,360
State of Alaska	2,194,566	3,985,224	1,282,077	7,461,867
Local Sources:				
Taxes	7,367,619	-	-	7,367,619
Charges for services	173,127	-	226,477	399,604
Rental income	1,500	-	-	1,500
Permits, licenses and fees	691,101	-	-	691,101
Income from investments	7,515	-	16,969	24,484
Miscellaneous	90,979	-	994,245	1,085,224
Total revenues	<u>11,399,031</u>	<u>3,985,224</u>	<u>2,597,504</u>	<u>17,981,759</u>
Expenditures				
Current:				
General government	2,796,217	-	-	2,796,217
Public safety	4,275,147	-	494,971	4,770,118
Public works	2,593,176	-	214,194	2,807,370
Community services	624,644	-	525,809	1,150,453
Capital outlay	-	3,985,224	986,128	4,971,352
Total expenditures	<u>10,289,184</u>	<u>3,985,224</u>	<u>2,221,102</u>	<u>16,495,510</u>
Excess of revenues over expenditures	<u>1,109,847</u>	<u>-</u>	<u>376,402</u>	<u>1,486,249</u>
Other Financing Sources (Uses)				
Transfers in	3,466	-	140,000	143,466
Transfers (out)	(35,000)	-	(3,466)	(38,466)
Net other financing sources (uses)	<u>(31,534)</u>	<u>-</u>	<u>136,534</u>	<u>105,000</u>
Net change in fund balances	1,078,313	-	512,936	1,591,249
Fund Balances , beginning of year	<u>10,076,805</u>	<u>-</u>	<u>2,865,815</u>	<u>12,942,620</u>
Fund Balances , end of year	<u>\$ 11,155,118</u>	<u>-</u>	<u>3,378,751</u>	<u>14,533,869</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska

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

Year Ended Jun 30, 2015

Net change in fund balances - total governmental funds		\$ 1,591,249
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	\$ 5,335,868	
Depreciation	<u>(738,269)</u>	4,597,599
Transfer of capital assets to business type-activities		(27,078,902)
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.		
		39,951
The issuance of long-term debt (e.g. bonds, notes, and accrued leave) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Difference in the treatment of long-term debt and related items include:		
Accrued leave decrease		56,287
Decrease in the collective share of the net pension liability		324,589
Amortization of deferred outflows and inflows of resources		77,946
Changes in deferred outflows and inflows of resources are the result of timing differences in the actuarial report. Contributions to the pension plan in the current fiscal year are expenditures in the fund financial statements but are presented as changes in deferred outflows of resources in the government-wide statements.		
		365,990
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net loss of the internal service funds (excluding the portion allocated to business-type activities) is reported within the governmental activities		
	(155,953)	
Less change attributable to depreciation above	<u>(5,885)</u>	<u>(161,838)</u>
Change in net position of governmental activities		\$ <u>(20,187,129)</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska
Statement of Net Position (Deficit)
Proprietary Funds
June 30, 2015

	Major Enterprise Funds					Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities
	Water and Sewer Utility	Municipal Dock	Rental Property	Solid Waste	Multi-Use Recreation Center	Public Transit		Internal Service Funds
Assets and Deferred Outflows of Resources								
Current assets:								
Cash and investments	\$ 259,275	2,484,032	42,817	3,116,439	4,104,568	-	10,007,131	-
Accounts receivable (net)	636,031	420,670	-	117,837	54,847	56,175	1,285,560	-
Inventory	91,050	48,366	7,707	3,102	32,427	6,597	189,249	542,673
Prepaid expenses	-	-	-	-	11,683	-	11,683	-
Due from other funds	-	3,419,369	-	-	-	-	3,419,369	-
Total current assets	<u>986,356</u>	<u>6,372,437</u>	<u>50,524</u>	<u>3,237,378</u>	<u>4,203,525</u>	<u>62,772</u>	<u>14,912,992</u>	<u>542,673</u>
Long-term assets:								
Restricted cash - bond reserve	-	-	430,019	-	-	-	430,019	-
Capital assets:								
Land	-	2,207,356	43,000	18,252	-	-	2,268,608	-
Construction in progress	912,464	679,775	-	-	-	-	1,592,239	-
Depreciable assets	35,280,106	30,313,871	9,831,599	1,327,317	23,061,119	347,720	100,161,732	107,902
Less accumulated depreciation	(24,661,569)	(8,646,887)	(4,361,956)	(1,113,215)	(559,649)	(226,000)	(39,569,276)	(95,164)
Net capital assets	<u>11,531,001</u>	<u>24,554,115</u>	<u>5,512,643</u>	<u>232,354</u>	<u>22,501,470</u>	<u>121,720</u>	<u>64,453,303</u>	<u>12,738</u>
Total long-term assets	<u>11,531,001</u>	<u>24,554,115</u>	<u>5,942,662</u>	<u>232,354</u>	<u>22,501,470</u>	<u>121,720</u>	<u>64,883,322</u>	<u>12,738</u>
Deferred outflows of resources -								
Pension deferrals	188,669	49,440	-	30,723	-	15,362	284,194	-
Total assets and deferred outflows of resources	<u>\$ 12,706,026</u>	<u>30,975,992</u>	<u>5,993,186</u>	<u>3,500,455</u>	<u>26,704,995</u>	<u>199,854</u>	<u>80,080,508</u>	<u>555,411</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)								
Liabilities:								
Current liabilities:								
Accounts and claims payable	\$ 231,384	11,481	33,377	29,288	64,841	10,921	381,292	251,427
Accrued payroll	43,007	10,184	-	5,143	-	6,833	65,167	7,921
Accrued leave	81,206	26,149	-	28,292	-	9,487	145,134	9,661
Deposits	317,169	-	-	-	-	-	317,169	-
Unearned revenue	-	425,382	-	-	-	-	425,382	-
Due to other funds	-	-	-	-	-	67,900	67,900	621,774
Current portion - bonds payable	-	-	150,000	-	-	-	150,000	-
Accrued interest payable	-	-	35,275	-	-	-	35,275	-
Total current liabilities	<u>672,766</u>	<u>473,196</u>	<u>218,652</u>	<u>62,723</u>	<u>64,841</u>	<u>95,141</u>	<u>1,587,319</u>	<u>890,783</u>
Long-term liabilities								
Advances from other funds	3,453,451	-	928,960	-	-	-	4,382,411	-
Bonds payable, net of current portion	-	-	2,640,000	-	-	-	2,640,000	-
Unamortized bond premium	-	-	87,032	-	-	-	87,032	-
Liabilities for landfill closure	-	-	-	1,341,730	-	-	1,341,730	-
Net pension liability	1,992,422	295,174	-	295,174	-	147,587	2,730,357	-
Total long-term liabilities	<u>5,445,873</u>	<u>295,174</u>	<u>3,655,992</u>	<u>1,636,904</u>	<u>-</u>	<u>147,587</u>	<u>11,181,530</u>	<u>-</u>
Deferred inflows of resources -								
Pension deferrals	184,154	27,282	-	27,282	-	13,371	252,089	-
Total liabilities and deferred inflows of resources	<u>6,302,793</u>	<u>795,652</u>	<u>3,874,644</u>	<u>1,726,909</u>	<u>64,841</u>	<u>256,099</u>	<u>13,020,938</u>	<u>890,783</u>
Net position (deficit)								
Net investment in capital assets	11,531,001	24,554,115	2,635,611	232,354	22,501,470	121,720	61,576,271	-
Restricted - bond reserve	-	-	430,019	-	-	-	430,019	-
Unrestricted (deficits)	(5,127,768)	5,626,225	(947,088)	1,541,192	4,138,684	(177,965)	5,053,280	(335,372)
Total net position (deficit)	<u>6,403,233</u>	<u>30,180,340</u>	<u>2,118,542</u>	<u>1,773,546</u>	<u>26,640,154</u>	<u>(56,245)</u>	<u>67,059,570</u>	<u>(335,372)</u>
Total liabilities and net position (deficit)	<u>\$ 12,706,026</u>	<u>30,975,992</u>	<u>5,993,186</u>	<u>3,500,455</u>	<u>26,704,995</u>	<u>199,854</u>	<u>80,080,508</u>	<u>555,411</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska

Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)

Proprietary Funds

Year Ended June 30, 2015

	Major Enterprise Funds					Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities
	Water and Sewer Utility	Municipal Dock	Rental Property	Solid Waste	Multi-Use Recreation Center	Public Transit		Internal Service Funds
Operating revenues:								
Charges for services	\$ 5,852,084	1,077,263	738,477	1,241,873	371,945	33,030	9,314,672	3,076,438
Other	103,874	102,614	19,679	-	-	-	226,167	-
Total operating revenues	<u>5,955,958</u>	<u>1,179,877</u>	<u>758,156</u>	<u>1,241,873</u>	<u>371,945</u>	<u>33,030</u>	<u>9,540,839</u>	<u>3,076,438</u>
Operating expenses:								
Personnel	2,396,217	336,461	-	334,062	-	180,823	3,247,563	496,401
Travel and training	1,233	2,072	-	315	-	-	3,620	5,561
Materials and supplies	152,186	6,847	-	4,720	-	5,272	169,025	12,232
Utilities and fuel	1,491,042	67,964	190	62,393	371,652	55,435	2,048,676	105,036
Claims	-	-	-	-	-	-	-	1,740,098
Minor equipment and tools	54,726	1,514	299,109	17,345	-	7,162	379,856	16,891
Depreciation and amortization	1,065,039	715,346	331,016	27,019	559,649	36,635	2,734,704	3,127
Other purchased services	57,011	42,512	10,720	16,232	2,894,030	451	3,020,966	49,055
Insurance	96,630	18,479	19,856	11,545	21,289	6,745	174,544	533,458
Repairs and maintenance	667,700	69,811	61,184	62,841	-	23,477	885,013	167,943
Other expenses	35,587	8,903	5,306	14,952	53	17,437	82,238	1,563
Landfill closure costs	-	-	-	38,440	-	-	38,440	-
Bad debt expense	40,282	-	-	-	-	-	40,282	-
Indirect cost recovery	252,706	44,405	-	52,669	-	-	349,780	101,026
Total operating expenses	<u>6,310,359</u>	<u>1,314,314</u>	<u>727,381</u>	<u>642,533</u>	<u>3,846,673</u>	<u>333,437</u>	<u>13,174,697</u>	<u>3,232,391</u>
Income (loss) from operations	(354,401)	(134,437)	30,775	599,340	(3,474,728)	(300,407)	(3,633,858)	(155,953)
Nonoperating revenues (expenses):								
Interest expense	-	-	(143,162)	-	-	-	(143,162)	-
Amortization of bond premium	-	-	7,252	-	-	-	7,252	-
Investment income	-	20,548	-	-	399	-	20,947	-
FTA grant	-	-	-	-	-	65,915	65,915	-
State capital grant	-	49,460	-	-	2,065,508	-	2,114,968	-
Federal sources	-	-	-	-	-	251,233	251,233	-
Sales tax	-	-	-	-	601,805	-	601,805	-
State PERS relief	90,167	13,358	-	13,358	-	6,679	123,562	-
Net nonoperating revenues (expenses)	<u>90,167</u>	<u>83,366</u>	<u>(135,910)</u>	<u>13,358</u>	<u>2,667,712</u>	<u>323,827</u>	<u>3,042,520</u>	<u>-</u>
Income (loss) before capital contributions and transfers	(264,234)	(51,071)	(105,135)	612,698	(807,016)	23,420	(591,338)	(155,953)
Capital contributions	-	4,017,783	-	-	23,061,119	-	27,078,902	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(70,000)	-	-	(35,000)	-	-	(105,000)	-
Change in net position	(334,234)	3,966,712	(105,135)	577,698	22,254,103	23,420	26,382,564	(155,953)
Net position, beginning, as previously stated	9,036,025	26,554,155	2,223,677	1,536,375	4,386,051	90,599	43,826,882	(179,419)
Cumulative effect of a change in accounting principle	<u>(2,298,558)</u>	<u>(340,527)</u>	<u>-</u>	<u>(340,527)</u>	<u>-</u>	<u>(170,264)</u>	<u>(3,149,876)</u>	<u>-</u>
Net position (deficit), beginning, as restated	<u>6,737,467</u>	<u>26,213,628</u>	<u>2,223,677</u>	<u>1,195,848</u>	<u>4,386,051</u>	<u>(79,665)</u>	<u>40,677,006</u>	<u>(179,419)</u>
Net Position, end of year	<u>\$ 6,403,233</u>	<u>30,180,340</u>	<u>2,118,542</u>	<u>1,773,546</u>	<u>26,640,154</u>	<u>(56,245)</u>	<u>67,059,570</u>	<u>(335,372)</u>

See accompanying notes to basic financial statements.

City of Bethel, Alaska
 Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2015

	Major Enterprise Funds					Nonmajor Enterprise Fund	Governmental Activities	
	Water and Sewer Utility	Municipal Dock	Rental Property	Solid Waste	Multi-Use Recreation Center	Public Transit	Total Enterprise Funds	Internal Service Funds
Cash flows from (for) operating activities:								
Receipts from customers	\$ 6,059,580	1,106,497	776,366	1,252,403	120,129	58,539	9,373,514	-
Receipts from interfund services provided	-	-	-	-	-	-	-	3,076,438
Payment to suppliers	(2,636,054)	(276,492)	(381,854)	(231,013)	(4,312,399)	(117,057)	(7,954,869)	(3,008,369)
Payment to employees	(2,460,305)	(340,766)	-	(377,438)	-	(177,480)	(3,355,989)	(503,538)
Net cash flows from (for) operating activities	<u>963,221</u>	<u>489,239</u>	<u>394,512</u>	<u>643,952</u>	<u>(4,192,270)</u>	<u>(235,998)</u>	<u>(1,937,344)</u>	<u>(435,469)</u>
Cash flows from (for) noncapital financing activities:								
Operating and capital grants	-	49,460	-	-	2,065,508	317,148	2,432,116	-
Transfers in	-	-	-	-	601,805	-	601,805	-
Transfers out	(70,000)	-	-	(35,000)	-	-	(105,000)	-
Increase (decrease) due to other funds	-	-	-	-	-	(10,481)	(10,481)	444,481
(Increase) decreases due from other funds	-	(3,419,369)	-	-	-	-	(3,419,369)	-
Decrease in grants receivable	-	-	-	-	4,665,660	-	4,665,660	-
(Increase) in deferred outflows-pension	(125,503)	(30,184)	-	(21,365)	-	(10,683)	(187,735)	-
Increase in deferred inflows-pension	(46,039)	(6,821)	-	(6,820)	-	(3,680)	(63,360)	-
Increase (decrease) in advances from other funds	(462,404)	-	-	-	-	-	(462,404)	-
Net cash flows from (for) noncapital financing activities	<u>(703,946)</u>	<u>(3,406,914)</u>	<u>-</u>	<u>(63,185)</u>	<u>7,332,973</u>	<u>292,304</u>	<u>3,451,232</u>	<u>444,481</u>
Cash flows from (for) capital and related financing activities:								
Acquisition and construction of capital assets	-	(4,046,121)	(36,920)	-	(23,061,119)	(56,306)	(27,200,466)	(9,012)
Capital contributions received	-	4,017,783	-	-	23,061,119	-	27,078,902	-
Principal paid on long-term debt	-	-	(150,000)	-	-	-	(150,000)	-
Interest paid on long-term debt	-	-	(145,225)	-	-	-	(145,225)	-
Net cash flows from (for) capital and related financing activities	<u>-</u>	<u>(28,338)</u>	<u>(332,145)</u>	<u>-</u>	<u>-</u>	<u>(56,306)</u>	<u>(416,789)</u>	<u>(9,012)</u>
Cash flows from investing activities -								
Investment income received	-	20,548	-	-	399	-	20,947	-
Net increase (decrease) in cash and cash equivalents	259,275	(2,925,465)	62,367	580,767	3,141,102	-	1,118,046	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>5,409,497</u>	<u>410,469</u>	<u>2,535,672</u>	<u>963,466</u>	<u>-</u>	<u>9,319,104</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 259,275</u>	<u>2,484,032</u>	<u>472,836</u>	<u>3,116,439</u>	<u>4,104,568</u>	<u>-</u>	<u>10,437,150</u>	<u>-</u>
Composed of:								
Cash and cash equivalents	\$ 259,275	2,484,032	42,817	3,116,439	4,104,568	-	10,007,131	-
Cash and cash equivalents bond reserve	-	-	430,019	-	-	-	430,019	-
Total cash and cash equivalents	<u>259,275</u>	<u>2,484,032</u>	<u>472,836</u>	<u>3,116,439</u>	<u>4,104,568</u>	<u>-</u>	<u>10,437,150</u>	<u>-</u>
Reconciliation of income (loss) from operations to net cash flows from (for) operating activities:								
Income (loss) from operations	\$ (354,401)	(134,437)	30,775	599,340	(3,474,728)	(300,407)	(3,633,858)	(155,953)
Adjustments to reconcile income (loss) from operations to net cash from (or) operating activities:								
Depreciation and amortization	1,065,039	715,346	331,016	27,019	559,649	36,635	2,734,704	3,127
PERS on-behalf expense	90,167	13,358	-	13,358	-	6,679	123,562	-
Increase (decrease) in allowance for doubtful accounts	40,282	-	-	-	-	-	40,282	-
(Increase) decrease in assets:								
Accounts receivable	6,188	(23,921)	18,210	8,827	(54,847)	25,510	(20,033)	-
Inventory	28,712	359	2,409	1,703	(32,427)	(6,597)	(5,841)	(161,434)
Prepaid expenses	-	-	-	-	(11,683)	-	(11,683)	-
Increase (decrease) in liabilities:								
Accounts and claims payable	188,420	(14,344)	12,102	11,999	(981,265)	5,518	(777,570)	(114,072)
Accrued leave	(23,804)	1,510	-	(35,340)	-	3,214	(54,420)	(8,584)
Accrued payroll	4,575	1,435	-	(786)	-	3,754	8,978	1,447
Deposits/unearned revenue	57,152	(49,459)	-	-	(196,969)	-	(189,276)	-
Unfunded pension liability	(139,109)	(20,608)	-	(20,608)	-	(10,304)	(190,629)	-
Landfill closure costs	-	-	-	38,440	-	-	38,440	-
Net cash flows from (for) operating activities	<u>\$ 963,221</u>	<u>489,239</u>	<u>394,512</u>	<u>643,952</u>	<u>(4,192,270)</u>	<u>(235,998)</u>	<u>(1,937,344)</u>	<u>(435,469)</u>

See accompanying notes to basic financial statements.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

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

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

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

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

The City reports the following major governmental 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 *Harbor Dredging Grant Capital Project Fund* – accounts for activities related to the State of Alaska Harbor Dredge Grant.

The City reports the following major enterprise funds:

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

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

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

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

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

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Additionally, the City reports the following fund types:

Internal Service Funds – the funds account for the employee health insurance benefits and vehicle and maintenance activities of the City and provide this service to other departments and agencies of the City on a cost-reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Cash and Investments

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

- a. U.S. Treasury bills, notes and bonds.
- b. Obligations of agencies of the United States.
- c. Commercial paper with quality rating not lower than A-1/P-1.
- d. Banks acceptances issued by banks with a long-term bond rating of not less than "A" or by branches of banks, whose parent is rated not less than "A".
- e. Insured or fully collateralized certificates of deposit of financial institutions.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

- f. Money market mutual funds or other short-term investment funds which serve to insure full investment on a daily basis. The funds must meet the criteria set forth in a-e above.
- g. The Alaska Municipal League Investment Pool, Inc. as authorized under Alaska Statutes 37.23.010 through 37.23.900. The Finance Director is authorized to enter into the agreements and perform all acts required for the City's membership in the Pool.
- h. Repurchase agreements secured by Treasury, Agency and Instrumentality securities.

E. Receivables and Payables

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

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

F. 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.

G. 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.

H. 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, Continued

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

K. 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.

L. Fund Balances

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

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

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

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

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

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures and transfers out exceeded appropriations in the General Fund as follows:

	Amount of Over <u>Expenditure</u>
General government:	
Administration	\$ 103,782
City Clerk	12,866
Finance	98,639
Technology	78,943
City Attorney	<u>28,986</u>
Total general government	<u>294,230</u>
Public Safety:	
Fire Department	47,499
Police Department	<u>223,791</u>
Total public safety	<u>271,290</u>
Public works:	
Administration	<u>25,832</u>

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

C. Deficit Fund Balance/Unrestricted Net Position

The following funds reported a fund deficit as of June 30, 2015:

	<u>Deficit Balance</u>
Special Revenue Funds:	
Police Asset Forfeiture	\$ <u>61,388</u>
Internal Service Fund –	
Employee Health Insurance	<u>335,372</u>

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

	<u>Unrestricted Deficit Balance</u>
Water and Sewer Utility	\$ 5,127,768
Rental Property	947,088
Public Transit	177,965

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

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

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.

	<u>Carrying Balance</u>
Bank deposits	\$ 14,371,763
Money market funds	1,816,770
Investments	<u>5,880,700</u>
Total cash and investments	<u>\$ 22,069,233</u>

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

	<u>Carrying Balance</u>
Cash and investments	\$ 21,639,214
Restricted cash and investments	<u>430,019</u>
Total cash and investments	<u>\$ 22,069,233</u>

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

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, 2015, 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.

	Investment Maturities in Years			
	Fair Value	Less than 1	1 – 5	More than 5
Investment subject to interest rate risk:				
Certificates of deposit	4,805,470	978,673	3,826,797	-
U.S. government bonds	1,075,230	-	1,075,230	-
Total	5,880,700	978,673	4,902,027	

IV. ACCOUNTS RECEIVABLE

Receivables at June 30, 2015, for the City's individual major funds and other nonmajor funds, including applicable allowance for doubtful accounts, are as follows:

June 30, 2015	General Fund	Nonmajor Governmental Funds	Water and Sewer Utility	Municipal Dock	Solid Waste	Multi-Use Recreation Center	Nonmajor Public Transit	Totals
Grants receivable	-	898,916	7,779	-	-	11,952	56,175	974,822
Accounts	577,202	-	720,073	440,977	143,889	42,895	-	1,925,036
Taxes receivable:	-							
Lodging	99,579	-	-	-	-	-	-	99,579
Sales	835,267	-	-	-	-	-	-	835,267
Gaming	102,214	-	-	-	-	-	-	102,214
Tobacco	69,142	-	-	-	-	-	-	69,142
Other	20,806	-	-	-	-	-	-	20,806
Less allowance for doubtful accounts	(735,086)	-	(91,821)	(20,307)	(26,052)	-	-	(873,266)
Net Receivables	966,124	898,916	636,031	420,670	117,837	54,847	56,175	3,153,600

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

V. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	(Deletions) and Reclassifications	Balance June 30, 2015
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 39,422,784	59,000	-	39,481,784
Construction in progress	23,950,937	5,176,119	(27,396,343)	1,730,713
Capital assets not being depreciated	<u>63,373,721</u>	<u>5,235,119</u>	<u>(27,396,343)</u>	<u>41,212,497</u>
Capital assets being depreciated:				
Improvements	848,751	23,190	-	871,941
Buildings	12,497,774	45,000	-	12,542,774
Machinery and equipment	3,408,958	-	350,000	3,758,958
Infrastructure	9,692,526	-	-	9,692,526
Vehicles	2,462,447	-	-	2,462,447
Total capital assets being depreciated	<u>28,910,456</u>	<u>68,190</u>	<u>350,000</u>	<u>29,328,646</u>
Less accumulated depreciation for:				
Improvements	31,441	63,561	-	95,002
Buildings	4,848,292	316,052	-	5,164,344
Machinery and equipment	2,682,361	155,327	-	2,837,688
Infrastructure	8,838,687	96,541	-	8,935,228
Vehicles	2,069,373	106,788	-	2,176,161
Total accumulated depreciation	<u>18,470,154</u>	<u>738,269</u>	<u>-</u>	<u>19,208,423</u>
Net capital assets being depreciated	<u>10,440,302</u>	<u>(670,079)</u>	<u>350,000</u>	<u>10,120,223</u>
Total governmental activities capital assets, net	<u>\$ 73,814,023</u>	<u>4,565,040</u>	<u>(27,746,343)</u>	<u>51,332,720</u>

*Governmental activities capital assets includes 12,738 capital assets, net of accumulated depreciation from internal service funds.

During the year, the governmental activities transferred \$27,046,343 of assets to the business-type activities. Of that amount \$23,061,119 was transferred to the Multi-Use Recreation Facility and \$3,985,224 was transferred to the Municipal Dock Fund.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

	Balance July 1, 2014	Additions and Reclassifications	Deletions	Balance June 30, 2015
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 2,268,608	-	-	2,268,608
Construction in progress	1,592,239	-	-	1,592,239
Capital assets not being depreciated	<u>3,860,847</u>	<u>-</u>	<u>-</u>	<u>3,860,847</u>
Capital assets being depreciated:				
Seawall	22,716,644	-	-	22,716,644
Buildings, plants and lines	44,120,994	25,701,784	-	69,822,778
Machinery and equipment	1,625,415	1,437,425	-	3,062,840
Vehicles	4,503,161	56,309	-	4,559,470
Total capital assets being depreciated	<u>72,966,214</u>	<u>27,195,518</u>	<u>-</u>	<u>100,161,732</u>
Less accumulated depreciation for:				
Seawall	5,906,328	454,333	-	6,360,661
Buildings, plants and lines	25,537,094	2,023,358	-	27,560,452
Machinery and equipment	1,287,601	124,936	-	1,412,537
Vehicles	4,098,600	137,026	-	4,235,626
Total accumulated depreciation	<u>36,829,623</u>	<u>2,739,653</u>	<u>-</u>	<u>39,569,276</u>
Net capital assets being depreciated	<u>36,136,591</u>	<u>24,455,865</u>	<u>-</u>	<u>60,652,456</u>
Total business-type activities capital assets, net	<u>\$ 39,997,438</u>	<u>24,455,865</u>	<u>-</u>	<u>64,453,303</u>

Depreciation expense was charged to governmental functions as follows for the Year ended June 30, 2015:

Governmental Activities:	
General government	\$ 68,251
Public safety	315,480
Public works	261,129
Community services	93,409
Total depreciation expense – governmental activities	<u>\$ 738,269</u>
Business-Type Activities:	
Water and sewer	\$ 1,065,038
Municipal dock	720,296
Rental property	331,016
Solid waste	27,019
Public transit	36,636
Multi-use recreation	559,648
Total depreciation expense – business-type activities	<u>\$ 2,739,653</u>

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 881,700
	Public transit	67,900
	Internet service fund	621,774
Municipal dock	General fund	<u>3,419,369</u>
		<u>\$ 4,990,743</u>

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

Certain interfund balances have been deemed long-term in nature. As a result these items have been classified as long-term advances to/from (receivable/payable) from other funds as follows as of June 30, 2015:

	<u>Advances to (Receivable)</u>	<u>Advances From (Payable)</u>
General Fund	\$ 4,382,411	-
Water and Sewer Utility Enterprise Fund	-	3,453,451
Rental Property Enterprise Fund	-	928,960
	<u>\$ 4,382,411</u>	<u>4,382,411</u>

Transfers

From the General Fund to:

Nonmajor governmental fund-Land Planning Development \$ 35,000

From Other Funds to General Fund:

Endowment fund annual earnings transfer 3,466

From Business Type Activity Funds to nonmajor funds:

Water and sewer to fleet replacement capital project fund 70,000

Solid waste to fleet replacement capital project fund 35,000

Total Transfer to Other Funds \$ 143,466

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

VII. LONG-TERM DEBT

During the year ended June 30, 2015, the following changes occurred in liabilities payable from governmental funds.

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due in One Year
Accrued leave	\$ 386,488	362,019	426,890	321,617	321,617

* Long-term liabilities reported here include \$9,961 in accrued leave from the Internal Service Funds.

During the year ended June 30, 2015, the following changes occurred in long-term debt of business-type activities:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due in One Year
Bonds payable	\$ 2,940,000	-	150,000	2,790,000	150,000
Premium	94,284	-	7,252	87,032	-
Landfill closure	1,303,290	38,440	-	1,341,730	-
Accrued leave	199,554	23,854	78,274	145,134	145,134
Total business-type activities	\$ 4,537,128	62,294	235,526	4,363,896	295,134

Leave Revenue Bonds

The bonds payable, with an outstanding balance of \$2,790,000 as of June 30, 2015 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, 2015 is \$430,019, 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.

See footnote XII for information regarding the net pension liability.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

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

Fiscal Year ended June 30,	Principal	Interest	Total
2016	\$ 155,000	136,838	291,838
2017	165,000	128,038	293,037
2018	175,000	119,125	294,125
2019	185,000	110,125	295,125
2020	190,000	100,750	295,125
2021-2025	1,110,000	347,000	1,457,000
2026-2028	810,000	62,250	872,250
	<u>\$ 2,790,000</u>	<u>1,004,125</u>	<u>3,794,125</u>

Bond premiums of \$145,048 are being amortized over the life of the lease revenue bonds. For the year ended June 30, 2015, amortization of \$7,252 was recorded. The remaining unamortized balance is \$87,032.

VIII. 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 23 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, 2015, and has accrued a total liability of \$1,341,730 at June 30, 2015. These amounts are based on what it would cost to perform all the closure and post-closure functions in 2015. 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.

CITY OF BETHEL

Notes to Basic Financial Statements, Continued

IX. 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:

	General Fund	Nonmajor Funds	Totals
Nonspendable:			
Inventory:	74,470	-	74,470
Prepaid items	12,035	-	12,035
Advances to other funds	4,382,411	-	4,382,411
Total nonspendable	<u>4,468,916</u>	<u>-</u>	<u>4,468,916</u>
Restricted:			
Rasmuson		240,478	240,478
Endowment	-	1,874,720	1,874,720
E-911 Surcharges	-	489,631	489,631
Total restricted	<u>-</u>	<u>2,604,829</u>	<u>2,604,829</u>
Assigned:			
Capital projects	-	835,310	835,310
Unassigned (Deficit)	6,686,202	(61,388)	6,624,814
Total Fund Balances	<u>\$ 11,155,118</u>	<u>3,378,751</u>	<u>14,533,869</u>

X. NET POSITION

A. Designated Net Position

The City assesses a fee for the use for the petroleum dock facility. In 1997, the City Council authorized the designation of 50% of the fuel revenue for future maintenance of the seawall. Net position under this designation in the Municipal Dock Fund had a balance of \$3,560,442 at June 30, 2015.

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, 2015, that account had a balance of \$1,871,114.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

XI. 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, 2015 was \$3,466.

XII. DEFINED BENEFIT PENSION PLAN

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

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

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature.

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

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

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

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Other Postemployment Benefit Plans (OPBP)

Occupational Death and Disability Plan (DB)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

Alaska Retiree Healthcare Trust Plan (DB)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF).

Healthcare Reimbursement Arrangement Plan (DC)

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants.

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

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

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

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

Currently there are 159 employers participating in PERS, including the State of Alaska and 158 political subdivisions and public organizations.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Termination Costs. If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2015 the past service rate is 20.90%.

Employee Contribution Rate. The City PERS active members are required to contribute 6.75% (3.85% pension costs and 2.90% OPEB) and non-teacher school City employees are required to contribute 9.60% (5.47% pension and 4.13% OPEB) of their annual covered salary.

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% (12.54% pension costs and 9.46% OPEB) of eligible wages, subject to the salary floor, and other termination costs as described above. This 22% rate is calculated on 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 and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. This rate is 44.03% (25.09% pension and 18.94% OPEB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. Note that in 2015, the State legislature appropriated a one-time contribution to the plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for 2015 is 42.41% (100% pension costs), which significantly exceeds the statutory amount. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% pension discount rate and a 4.90% healthcare discount rate. The current rate is 88.12% (33.05% pension and 55.07% OPEB).

Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
2015	\$ 362,102	271,392	633,494
2014	293,487	313,348	606,835
2013	227,825	290,494	518,319

The defined benefit unfunded liability (DBUL) presented under the defined contribution plan includes employer contributions of \$218,835 (pension) and \$165,087 (OPEB).

For the year ended June 30, 2015 the State of Alaska contributed \$2,847,813 or 42.41% (pension cost) on-behalf of the City, which has been recorded in the fund financial statement under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2014 to a total of \$333,952, to represent the on-behalf contribution made by the State under the full accrual basis of accounting.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the City reported a liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 7,379,341
State's proportionate share of the net pension liability	<u>6,839,395</u>
Total	\$ <u>14,218,736</u>

\$4,648,984 of the net pension liability is reported in the governmental activities, while \$2,730,357 is reported in the business-type activities

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2014, the City's proportion was 0.0003%, which is a decrease of 0.3035% from its proportion measured as of June 30, 2013.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2014, the City recognized pension expense of \$1,043,307 for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(681,782)
Changes in proportion and differences between City contributions and proportionate share of contributions	187,157	-
City contributions subsequent to the measurement date	<u>580,937</u>	<u>-</u>
Total	<u>\$ 768,094</u>	<u>(681,782)</u>

\$580,937 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (123,656)
2017	(123,656)
2018	(123,656)
2019	<u>(123,655)</u>
Total	<u>\$ (494,623)</u>

For the year ended June 30, 2015, the City recognized \$46,790 of amortization of the deferred outflows of resources and \$170,513 of amortization of deferred inflows of resources. \$77,946 of the amortization was recorded in the governmental activities and \$45,777 was recorded in the business-type activities

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension liability in the June 30, 2014 (latest available) actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions were based upon the results of an actuarial experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers, and firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers / firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers 2 and 3 deferred vested members are assumed to retire at age 60.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Marriage and age difference

Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.77%
International Equity	7.50%
Private Equity	10.86%
Fixed Income	2.05%
Real Estate	3.63%
Absolute Return	4.80%

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of the cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net pension was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (7%)</u>	<u>Current Rate (8%)</u>	<u>1% Increase (9%)</u>
Net pension liability	\$ <u>9,675,734</u>	<u>7,379,341</u>	<u>5,445,565</u>

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

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

Plan Description and Funding Requirements. Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.66% for the retiree medical plan (DB), 0.22% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2015 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution – pension (DC)	\$ 163,576	261,721
Other post-employment benefits (DB):		
Retiree medical plan	54,624	-
Occupational death and disability benefits	13,212	-
Other post-employment benefits (DC) –		
Health reimbursement agreement (HRA)	104,377	-
Defined benefit unfunded liability (DBUL)	-	-
	<u>\$ 335,789</u>	<u>261,721</u>

Actual contributions were equal to the annual required contributions. The Defined Benefit Unfunded Liability (DBUL) is computed as the difference between the statutory employer contribution rate less employer contributions for the defined contribution, major medical, occupational death and disability and the health reimbursement arrangement. The DBUL calculation is allocated 57% pension and 43% OPEB.

Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

	<u>Pensions</u>	<u>Other Post-Employment Benefits</u>	<u>Total</u>
2015	\$ 163,576	172,213	335,789
2014	189,613	140,191	329,804
2013	182,822	141,468	324,290

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

XIV. Change in Accounting Principle

As discussed in Note I-J to the financial statements, the City participates in the Alaska Public Employees' Retirement System (PERS). In 2015, the City adopted the provisions of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the Net Pension Liability (and related deferred inflows and outflows of resources), as of the beginning of the City's fiscal year. Additionally, the Multi-Use Recreation Center Capital Project Fund was transferred into an enterprise fund on July 1, 2014. The City also had a change in estimate relating to the internal service funds which were previously allocated to both governmental and business-type activities as of June 30, 2014. The internal service funds were determined to be primarily used by governmental funds and their balances are reflected in the governmental activities as of June 30, 2015. As a result of the implementation of these statements, the City has recorded an opening balance adjustment to increase liabilities and to decrease opening net position as follows:

Governmental Activities:

Opening net position, as originally presented	\$ 90,955,951
Change in accounting principle adjustment	(5,363,302)
Transfer of Multi-Use Recreation Center to Business-type activities	(4,386,052)
Transfer of balance reflecting the consolidation of internal service fund activities from Business-type activities	<u>(313,512)</u>
Opening net position, as restated	<u>\$ 80,893,085</u>

Business-type Activities:

Opening net position, as originally presented	\$ 39,127,319
Transfer of Multi-Use Recreation Center from Governmental activities	4,386,051
Transfer of balance reflecting the consolidation of internal service fund activities to Governmental	313,512
Change in accounting principle adjustment	<u>(3,149,876)</u>
Opening net position, as restated	<u>\$ 40,677,006</u>

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

XIV. 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, 2015. 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, 2015 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, 2015 follows:

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
2015	\$ <u>353,314</u>	<u>1,740,098</u>	<u>1,877,366</u>	<u>216,046</u>

XV. 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, Continued

The following is a summary of significant leases in effect at June 30, 2017:

Property	Monthly Rate	Lease Term
Courthouse – Office space	\$ 31,681	January 2017
Courthouse – Department of Law and Corrections	7,741	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, 2015 was \$9,940. There are no required future minimum lease payments.

XVI. 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.

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.

XVII. NEW ACCOUNTING PRONOUNCEMENTS

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

- GASB 72 – *Fair Value Measurement and Application*. Effective for periods beginning after June 15, 2015.
- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Effective for fiscal years beginning after June 15, 2015.
- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Effective for fiscal years beginning after June 15, 2016.
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective for fiscal years beginning after June 15, 2017.
- GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for fiscal years beginning after June 15, 2015.
- GASB 77 – *Tax Abatement Disclosures*. Effective for fiscal years beginning after December 15, 2015.

CITY OF BETHEL, ALASKA

Notes to Basic Financial Statements, Continued

Statements 73, 76 and 77 are not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements.

GASB Statements No. 74 and 75, the objective of these Statements is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, this Statement requires two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position. Note disclosures and required supplemental information are addressed in these statements. GASB Statement 75 establishes standards for measuring liabilities, deferred inflow and outflows of resources, and expenses/expenditures.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF BETHEL

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

Public Employees Retirement System

June 30, 2015

City's proportion of the net pension liability		0.1582%
City's proportionate share of net pension liability	\$	7,379,341
State's proportionate share of the net pension liability associated with the City		<u>6,839,395</u>
Total	\$	<u>14,218,736</u>
City's covered employee payroll	\$	3,243,007
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll		228%
Plan fiduciary net position as a percentage of the total pension liability		62.37%

Notes to schedule

1. Information presented for 2015 is based upon Plan measurement date June 30, 2014.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF BETHEL
 Schedule of City's Contributions
 Public Employees' Retirement System
 Year Ended June 30, 2015

Contractually required contribution	\$	580,937
Contributions in relation to the contractually required contribution		(580,937)
Contribution deficiency (excess)		-
City's covered-employee payroll	\$	4,632,671
Contributions as a percentage of covered employee payroll		12.54%

Notes to schedule

1. Valuation date: June 30, 2013
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, layered.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: Actuarial value that smooths investment gains and losses over 5 years, constrained to a range of 80% - 120% of fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 6.36% to 4.12% based on service for Peace Officer/Firefighter. Ranges from 9.60% to 3.62% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: 1994 Group Annuity Mortality (GAM) Table, sex distinct, 1994 Base Year without margin projected to 2013 using projection Scale AA, 80% of the male table for males and 60% of the female table for females for pre-termination mortality for Peace Officer/Firefighter, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 75% of the male table for males and 55% of the female table for females for pre-termination mortality for All Others and the 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA for males and with a 1-year set-forward for females for post-termination mortality.

13. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

City of Bethel, Alaska

General Fund

Budgetary Comparison Schedule

Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental:				
Federal sources	\$ 800,000	800,000	872,624	72,624
State of Alaska	963,560	963,560	2,194,566	1,231,006
Local sources:				
Taxes	8,132,000	8,132,000	7,367,619	(764,381)
Other	1,092,700	1,092,700	964,222	(128,478)
Total revenues	<u>10,988,260</u>	<u>10,988,260</u>	<u>11,399,031</u>	<u>410,771</u>
Expenditures:				
General government:				
Administration	553,979	553,979	657,761	(103,782)
City clerk	179,792	179,792	192,658	(12,866)
Finance	728,869	728,869	827,508	(98,639)
Planning	276,440	276,440	240,429	36,011
Technology	528,145	528,145	607,088	(78,943)
City attorney	241,787	241,787	270,773	(28,986)
Public safety:				
Fire department	1,128,079	1,128,079	1,175,578	(47,499)
Police department	2,875,778	2,875,778	3,099,569	(223,791)
Public works:				
Administration	227,989	227,989	253,821	(25,832)
Operations	1,710,855	1,710,855	1,682,963	27,892
Property maintenance	748,205	748,205	656,392	91,813
Community services:				
Parks and recreation	606,371	606,371	542,288	64,083
Special projects	112,813	112,813	82,356	30,457
Total expenditures	<u>9,919,102</u>	<u>9,919,102</u>	<u>10,289,184</u>	<u>(370,082)</u>
Excess of revenues over expenditures	1,069,158	1,069,158	1,109,847	40,689
Other Financing Sources (Uses)				
Transfers in	62,949	62,949	3,466	(59,483)
Transfers out	<u>(935,581)</u>	<u>(935,581)</u>	<u>(35,000)</u>	<u>900,581</u>
Net Other Financing Sources (Uses)	<u>(872,632)</u>	<u>(872,632)</u>	<u>(31,534)</u>	<u>841,098</u>
Net change in fund balance	\$ <u>196,526</u>	<u>196,526</u>	1,078,313	<u>881,787</u>
Fund Balance , beginning of year			<u>10,076,805</u>	
Fund Balance , end of year			\$ <u>11,155,118</u>	

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

City of Bethel, Alaska

General Fund

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

Years Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental:			
Federal sources - payment in lieu of taxes	\$ 800,000	872,624	72,624
State of Alaska:			
State PERS relief	563,560	1,799,629	1,236,069
Community revenue sharing	400,000	394,937	(5,063)
Total State of Alaska	<u>963,560</u>	<u>2,194,566</u>	<u>1,231,006</u>
Local sources:			
Taxes, including penalty and interest	<u>8,132,000</u>	<u>7,367,619</u>	<u>(764,381)</u>
Charges for services:			
Public safety	233,500	161,398	(72,102)
Community services	14,000	11,729	(2,271)
Total charges for services	<u>247,500</u>	<u>173,127</u>	<u>(74,373)</u>
Rental income	<u>10,000</u>	<u>1,500</u>	<u>(8,500)</u>
Permits, licenses and fees:			
Gaming fees	550,000	489,059	(60,941)
Taxi permits	155,000	138,015	(16,985)
Business licenses	35,000	38,895	3,895
Animal control licenses/fees	3,250	3,160	(90)
Planning fees	750	150	(600)
Plat and recording fees	500	1,590	1,090
Site reviews	6,000	6,340	340
Parks and recreation	19,450	7,710	(11,740)
Other	<u>12,700</u>	<u>6,182</u>	<u>(6,518)</u>
Total permits, licenses and fees	<u>782,650</u>	<u>691,101</u>	<u>(91,549)</u>
Miscellaneous:			
Police department	7,000	18,272	11,272
Youth center donations and user fees	150	-	(150)
Restitution payments	1,000	2,958	1,958
Parks and recreation	-	1,000	1,000
Book sales	500	500	-
Income from investments	38,000	7,515	(30,485)
Other	<u>5,900</u>	<u>68,249</u>	<u>62,349</u>
Total miscellaneous	<u>52,550</u>	<u>98,494</u>	<u>45,944</u>
Total local sources	<u>9,224,700</u>	<u>8,331,841</u>	<u>(892,859)</u>
Total revenues	<u>10,988,260</u>	<u>11,399,031</u>	<u>410,771</u>

(Continued)

City of Bethel, Alaska

General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
General government:			
Administration:			
Personnel	423,792	552,483	(128,691)
Travel and training	10,000	11,929	(1,929)
Supplies	25,200	17,415	7,785
Utilities and fuel	112,405	101,152	11,253
Special projects	8,000	5,881	2,119
Repairs and maintenance	5,722	7,990	(2,268)
Other purchased services	81,000	74,361	6,639
Equipment	9,000	7,136	1,864
Insurance	4,455	7,880	(3,425)
Other expenditures	19,000	16,129	2,871
Indirect cost recovery	(144,595)	(144,595)	-
Total administration	<u>553,979</u>	<u>657,761</u>	<u>(103,782)</u>
City clerk:			
Personnel	154,608	181,200	(26,592)
Travel and training	16,349	13,603	2,746
Supplies	2,500	2,691	(191)
Utilities and fuel	275	-	275
Other purchased services	13,000	3,596	9,404
Equipment	500	610	(110)
Insurance	1,530	698	832
Other expenditures	12,700	11,930	770
Indirect cost recovery	(21,670)	(21,670)	-
Total city clerk	<u>179,792</u>	<u>192,658</u>	<u>(12,866)</u>
Finance:			
Personnel	688,087	802,025	(113,938)
Travel and training	4,800	4,577	223
Supplies	26,500	29,307	(2,807)
Utilities and fuel	2,560	1,513	1,047
Professional services	18,126	10,391	7,735
Repairs and maintenance	6,151	4,235	1,916
Other purchased services	148,300	101,654	46,646
Equipment	2,000	2,496	(496)
Insurance	5,070	4,781	289
Other expenditures	26,000	65,254	(39,254)
Indirect cost recovery	(198,725)	(198,725)	-
Total finance	<u>728,869</u>	<u>827,508</u>	<u>(98,639)</u>

(Continued)

City of Bethel, Alaska

General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures , continued:			
General government, continued:			
Planning:			
Personnel	\$ 235,385	211,131	24,254
Travel and training	1,000	-	1,000
Supplies	1,300	3,108	(1,808)
Utilities and fuel	17,390	13,299	4,091
Professional services	6,500	6,000	500
Repairs and maintenance	1,845	1,200	645
Other purchased services	4,000	1,833	2,167
Equipment	1,000	-	1,000
Insurance	2,520	1,633	887
Other expenditures	5,500	2,225	3,275
Total planning	<u>276,440</u>	<u>240,429</u>	<u>36,011</u>
Technology:			
Personnel	248,099	290,653	(42,554)
Travel and training	-	4,275	(4,275)
Supplies	3,407	3,795	(388)
Utilities and fuel	141,750	214,632	(72,882)
Repairs and maintenance	1,722	1,187	535
Other purchased services	82,000	93,224	(11,224)
Equipment	151,100	99,299	51,801
Insurance	2,212	2,212	-
Other expenditures	250	115	135
Indirect cost recovery	(102,395)	(102,304)	(91)
Total technology	<u>528,145</u>	<u>607,088</u>	<u>(78,943)</u>
City attorney:			
Personnel	179,162	205,281	(26,119)
Travel and training	8,000	7,820	180
Supplies	1,500	772	728
Other purchased services	49,500	55,071	(5,571)
Equipment	500	-	500
Insurance	675	537	138
Other expenditures	2,450	1,292	1,158
Total city attorney	<u>241,787</u>	<u>270,773</u>	<u>(28,986)</u>
Total general government	<u>2,509,012</u>	<u>2,796,217</u>	<u>(287,205)</u>

(Continued)

City of Bethel, Alaska

General Fund

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

	Budget	Actual	Variance
Expenditures , continued:			
Public safety:			
Fire department:			
Personnel	\$ 850,672	924,531	(73,859)
Travel and training	8,600	8,362	238
Supplies	54,400	27,473	26,927
Utilities and fuel	82,580	67,147	15,433
Repairs and maintenance	54,887	77,386	(22,499)
Other purchased services	24,450	21,034	3,416
Equipment	10,800	4,186	6,614
Insurance	16,290	23,765	(7,475)
Other expenditures	25,400	21,694	3,706
Total fire department	<u>1,128,079</u>	<u>1,175,578</u>	<u>(47,499)</u>
Police department:			
Personnel	2,431,751	2,597,015	(165,264)
Travel and training	25,000	24,188	812
Supplies	38,609	36,514	2,095
Utilities and fuel	173,839	234,394	(60,555)
Repairs and maintenance	54,221	43,307	10,914
Other purchased services	18,500	22,947	(4,447)
Equipment	47,500	45,083	2,417
Insurance	86,358	95,481	(9,123)
Other expenditures	-	640	(640)
Total police department	<u>2,875,778</u>	<u>3,099,569</u>	<u>(223,791)</u>
Total public safety	<u>4,003,857</u>	<u>4,275,147</u>	<u>(271,290)</u>
Public works:			
Administration:			
Personnel	210,381	244,788	(34,407)
Travel and training	2,550	1,434	1,116
Supplies	3,500	2,342	1,158
Utilities and fuel	27,190	17,039	10,151
Repairs and maintenance	2,460	3,734	(1,274)
Other purchased services	3,000	78	2,922
Equipment	683	257	426
Insurance	4,860	5,337	(477)
Other expenditures	-	50	(50)
Indirect cost recovery	(26,635)	(21,238)	(5,397)
Total administration	<u>227,989</u>	<u>253,821</u>	<u>(25,832)</u>

(Continued)

City of Bethel, Alaska

General Fund

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

	Budget	Actual	Variance
Expenditures , continued			
Public works, continued:			
Operations:			
Personnel	\$ 623,258	707,584	(84,326)
Travel and training	1,000	1,175	(175)
Supplies	474,000	431,144	42,856
Utilities and fuel	268,635	207,000	61,635
Repairs and maintenance	311,462	274,419	37,043
Other purchased services	8,500	4,822	3,678
Equipment	4,000	2,337	1,663
Insurance	19,300	21,223	(1,923)
Other expenditures	700	33,259	(32,559)
Total operations	<u>1,710,855</u>	<u>1,682,963</u>	<u>27,892</u>
Property maintenance:			
Personnel	470,086	523,219	(53,133)
Travel and training	3,600	3,373	227
Supplies	139,600	57,185	82,415
Utilities and fuel	94,781	60,287	34,494
Repairs and maintenance	18,452	42,251	(23,799)
Other purchased services	65,000	21,328	43,672
Equipment	12,000	4,947	7,053
Insurance	8,550	7,626	924
Other expenditures	-	40	(40)
Indirect cost recovery	(63,864)	(63,864)	-
Total property maintenance	<u>748,205</u>	<u>656,392</u>	<u>91,813</u>
Total public works	<u>2,687,049</u>	<u>2,593,176</u>	<u>93,873</u>
Community services:			
Parks and recreation:			
Personnel	439,029	351,879	87,150
Travel and training	4,378	934	3,444
Supplies	36,223	34,385	1,838
Utilities and fuel	77,070	57,141	19,929
Professional services	-	-	-
Repairs and maintenance	26,221	26,391	(170)
Other purchased services	1,000	207	793
Equipment	10,000	11,802	(1,802)
Insurance	8,500	7,535	965
Other expenditures	3,950	52,014	(48,064)
Total parks and recreation	<u>606,371</u>	<u>542,288</u>	<u>64,083</u>

(Continued)

City of Bethel, Alaska

General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures , continued			
Community services, continued:			
Special projects:			
Senior center	\$ 34,413	6,486	27,927
Library contribution	67,600	67,600	-
Camai festival donation	4,300	4,296	4
Cemetery improvements	5,000	3,974	1,026
Other expenditures	1,500	-	1,500
Total special projects	<u>112,813</u>	<u>82,356</u>	<u>30,457</u>
Total community services	<u>719,184</u>	<u>624,644</u>	<u>94,540</u>
Total expenditures	<u>9,919,102</u>	<u>10,289,184</u>	<u>(370,082)</u>
Excess of revenues over expenditures	<u>1,069,158</u>	<u>1,109,847</u>	<u>40,689</u>
Other Financing Sources (Uses)			
Transfers in:			
Endowment Permanent Fund	<u>62,949</u>	<u>3,466</u>	<u>(59,483)</u>
Transfers out:			
Capital Project Funds:			
Recreation center	(583,100)	-	-
Grant match	(4,924)	-	-
Land planning development	(35,000)	(35,000)	-
Enterprise Funds:	-	-	-
Water and Sewer Utility	(312,557)	-	-
Total transfers out	<u>(935,581)</u>	<u>(35,000)</u>	<u>900,581</u>
Net Other Financing Sources (Uses)	<u>(872,632)</u>	<u>(31,534)</u>	<u>841,098</u>
Net change in fund balance	<u>\$ 196,526</u>	<u>1,078,313</u>	<u>881,787</u>
Fund Balance, beginning of year		<u>10,076,805</u>	
Fund Balance, end of year		<u>\$ 11,155,118</u>	

City of Bethel, Alaska

Harbor Dredging Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental -			
State of Alaska	\$ <u>3,994,401</u>	<u>3,985,224</u>	<u>(9,177)</u>
Expenditures -			
Capital outlay - other purchased services	<u>3,994,401</u>	<u>3,985,224</u>	<u>9,177</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		\$ <u><u>-</u></u>	

City of Bethel, Alaska
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2015

	Special Revenue Funds										
	Police Asset Forfeiture	Bethel Youth Center	LED Streetlights	Rasmuson	Community Service Patrol	Volunteer Fire Assistance	Homeland Security FY14	Homeland Security FY15	Wind Energy Feasibility	Bethel Transit Plan	911 Surcharges
Assets:											
Cash and investments	\$ 5,433	1,649	-	240,478	47,281	9,148	-	-	-	5,000	493,464
Accounts receivable	-	1,637	3,413	-	32,721	-	32,559	18,000	13,812	-	-
Total Assets	<u>\$ 5,433</u>	<u>3,286</u>	<u>3,413</u>	<u>240,478</u>	<u>80,002</u>	<u>9,148</u>	<u>32,559</u>	<u>18,000</u>	<u>13,812</u>	<u>5,000</u>	<u>493,464</u>
Liabilities and Fund Balances (Deficits)											
Liabilities:											
Accounts payable	-	3,286	-	-	73,635	-	-	18,000	5,853	-	-
Accrued payroll	-	-	-	-	6,367	-	-	-	-	-	3,833
Due to other funds	66,821	-	3,413	-	-	-	32,559	-	7,959	-	-
Unearned revenue	-	-	-	-	-	9,148	-	-	-	5,000	-
Total liabilities	<u>66,821</u>	<u>3,286</u>	<u>3,413</u>	<u>-</u>	<u>80,002</u>	<u>9,148</u>	<u>32,559</u>	<u>18,000</u>	<u>13,812</u>	<u>5,000</u>	<u>3,833</u>
Fund balances (deficits):											
Restricted	-	-	-	240,478	-	-	-	-	-	-	489,631
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned (deficits)	(61,388)	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>(61,388)</u>	<u>-</u>	<u>-</u>	<u>240,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,631</u>
Total liabilities and fund balances	<u>\$ 5,433</u>	<u>3,286</u>	<u>3,413</u>	<u>240,478</u>	<u>80,002</u>	<u>9,148</u>	<u>32,559</u>	<u>18,000</u>	<u>13,812</u>	<u>5,000</u>	<u>493,464</u>

(Continued)

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

	Permanent Fund	Capital Projects Funds								Total Nonmajor Governmental Funds	
	Endowment	Institutional Corridor	Land Planning Development	Park Development	Fire Station Roof Repair	Sewage Lagoon	Fleet Replacement	Public Safety Building	Memorial Park		Wind Turbine
Assets											
Cash and investments	\$ 1,878,186	-	21,173	112,853	1,079	-	491,649	-	5,155	199,889	3,512,437
Accounts receivable	-	752,739	-	-	399	113	8,268	35,255	-	-	898,916
Total Assets	<u>\$ 1,878,186</u>	<u>752,739</u>	<u>21,173</u>	<u>112,853</u>	<u>1,478</u>	<u>113</u>	<u>499,917</u>	<u>35,255</u>	<u>5,155</u>	<u>199,889</u>	<u>4,411,353</u>
Liabilities and Fund Balances (Deficits)											
Liabilities											
Accounts payable	-	20,231	-	-	-	-	-	394	32	-	121,431
Accrued payroll	-	-	-	-	-	-	-	-	-	-	10,200
Due to other funds	3,466	732,508	-	-	-	113	-	34,861	-	-	881,700
Unearned revenue	-	-	-	-	-	-	-	-	5,123	-	19,271
Total Liabilities	<u>3,466</u>	<u>752,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>-</u>	<u>35,255</u>	<u>5,155</u>	<u>-</u>	<u>1,032,602</u>
Fund Balances (Deficits)											
Restricted	1,874,720	-	-	-	-	-	-	-	-	-	2,604,829
Assigned	-	-	21,173	112,853	1,478	-	499,917	-	-	199,889	835,310
Unassigned (deficits)	-	-	-	-	-	-	-	-	-	-	(61,388)
Total Fund Balances (Deficits)	<u>1,874,720</u>	<u>-</u>	<u>21,173</u>	<u>112,853</u>	<u>1,478</u>	<u>-</u>	<u>499,917</u>	<u>-</u>	<u>-</u>	<u>199,889</u>	<u>3,378,751</u>
Total Liabilities and Fund Balances	<u>\$ 1,878,186</u>	<u>752,739</u>	<u>21,173</u>	<u>112,853</u>	<u>1,478</u>	<u>113</u>	<u>499,917</u>	<u>35,255</u>	<u>5,155</u>	<u>199,889</u>	<u>4,411,353</u>

City of Bethel, Alaska

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances (Deficits)

Year Ended June 30, 2015

	Special Revenue Funds						
	Police Asset Forfeiture	Bethel Youth Center	LED Streetlights	Rasmuson	Community Service Patrol	ALPAR Litter Patrol	Volunteer Fire Assistance
Revenues:							
Intergovernmental:							
Federal sources	\$ -	24,538	-	-	-	-	2,639
State of Alaska	-	-	3,413	-	294,690	-	-
Local sources	3,060	500	-	740,549	44,199	700	-
Total revenues	<u>3,060</u>	<u>25,038</u>	<u>3,413</u>	<u>740,549</u>	<u>338,889</u>	<u>700</u>	<u>2,639</u>
Expenditures:							
Current:							
Public safety	18	-	-	-	338,858	-	2,639
Public works	-	-	3,413	-	-	-	-
Community services	-	25,038	-	500,071	-	700	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>18</u>	<u>25,038</u>	<u>3,413</u>	<u>500,071</u>	<u>338,858</u>	<u>700</u>	<u>2,639</u>
Excess of revenues over (under) expenditures	3,042	-	-	240,478	31	-	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	3,042	-	-	240,478	31	-	-
Fund balances (deficits), beginning of year	<u>(64,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ (61,388)</u>	<u>-</u>	<u>-</u>	<u>240,478</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

City of Bethel, Alaska

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances (Deficits), Continued

	Special Revenue Funds					Permanent Fund
	Homeland Security FY14	Homeland Security FY15	Wind Energy Feasibility	911 Surcharges	Yukon- Kuskowkim Health Center Pool	Endowment
Revenues:						
Intergovernmental:						
Federal sources	\$ 32,559	18,000	-	-	-	-
State of Alaska	-	-	13,812	-	-	-
Local sources	-	-	-	226,477	196,969	16,969
Total revenues	<u>32,559</u>	<u>18,000</u>	<u>13,812</u>	<u>226,477</u>	<u>196,969</u>	<u>16,969</u>
Expenditures:						
Current:						
Public safety	32,559	18,000	-	102,897	-	-
Public works	-	-	13,812	-	196,969	-
Community services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>32,559</u>	<u>18,000</u>	<u>13,812</u>	<u>102,897</u>	<u>196,969</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-	123,580	-	16,969
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(3,466)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,466)</u>
Net change in fund balances (deficits)	-	-	-	123,580	-	13,503
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,051</u>	<u>-</u>	<u>1,861,217</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>489,631</u>	<u>-</u>	<u>1,874,720</u>

(Continued)

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

	Capital Project Funds									
	Institutional Corridor	Land Planning Development	Park Development	Fire Station Roof Repair	Sewage Lagoon	Fleet Replacement	Public Safety Building	Memorial Park	Wind Turbine	Total Nonmajor Governmental Funds
Revenues										
Intergovernmental:										
Federal sources	\$ -	-	-	-	-	-	-	-	-	77,736
State of Alaska	952,371	-	-	-	113	-	5,255	12,423	-	1,282,077
Local sources	-	-	-	-	-	8,268	-	-	-	1,237,691
Total revenues	<u>952,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>8,268</u>	<u>5,255</u>	<u>12,423</u>	<u>-</u>	<u>2,597,504</u>
Expenditures:										
Current:										
Public safety	-	-	-	-	-	-	-	-	-	494,971
Public works	-	-	-	-	-	-	-	-	-	214,194
Community services	-	-	-	-	-	-	-	-	-	525,809
Capital outlay	952,371	7,059	-	-	113	-	5,255	21,330	-	986,128
Total expenditures	<u>952,371</u>	<u>7,059</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>-</u>	<u>5,255</u>	<u>21,330</u>	<u>-</u>	<u>2,221,102</u>
Excess of revenues over (under) expenditures	-	(7,059)	-	-	-	8,268	-	(8,907)	-	376,402
Other financing sources (uses):										
Transfers in	-	35,000	-	-	-	105,000	-	-	-	140,000
Transfers (out)	-	-	-	-	-	-	-	-	-	(3,466)
Net other financing sources (uses)	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,534</u>
Net change in fund balances (deficits)	-	27,941	-	-	-	113,268	-	(8,907)	-	512,936
Fund balances (deficits), beginning of year	<u>-</u>	<u>(6,768)</u>	<u>112,853</u>	<u>1,478</u>	<u>-</u>	<u>386,649</u>	<u>-</u>	<u>8,907</u>	<u>199,889</u>	<u>2,865,815</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>21,173</u>	<u>112,853</u>	<u>1,478</u>	<u>-</u>	<u>499,917</u>	<u>-</u>	<u>-</u>	<u>199,889</u>	<u>3,378,751</u>

City of Bethel, Alaska

Police Asset Forfeiture Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources - other	\$ -	3,060	3,060
Expenditures -			
Public safety - loss on investments	-	18	(18)
Excess of revenues over expenditures	<u>\$ -</u>	3,042	<u>3,042</u>
Fund balance (deficit), beginning of year		<u>(64,430)</u>	
Fund balance (deficit), end of year		\$ <u><u>(61,388)</u></u>	

City of Bethel, Alaska

Bethel Youth Center Food Program Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental -			
Federal sources	\$ 12,819	24,538	11,719
Local sources - other	-	500	500
Total revenues	<u>12,819</u>	<u>25,038</u>	<u>12,219</u>
Expenditures:			
Community services:			
Supplies	16,000	25,038	(9,038)
Other purchased services	2,000	-	2,000
Total expenditures	<u>18,000</u>	<u>25,038</u>	<u>(7,038)</u>
Excess of revenues over expenditures	(5,181)	-	5,181
Other Financing Sources -			
Transfers in	<u>5,181</u>	<u>-</u>	<u>5,181</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund Balance , beginning of year		<u>-</u>	
Fund Balance , end of year		<u>\$ -</u>	

City of Bethel, Alaska

LED Streetlights Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
State of Alaska	\$ 30,587	3,413	(27,174)
Expenditures:			
Public works:			
Other purchased services	30,587	3,413	27,174
Excess of revenues over expenditures	\$ -	-	-
Fund Balance , beginning of year		-	
Fund Balance , end of year		\$ -	

City of Bethel, Alaska

Rasmuson Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources - contributions	\$ <u>740,549</u>	<u>740,549</u>	<u>-</u>
Expenditures:			
Community services:			
Supplies	40,549	115	40,434
Equipment	<u>700,000</u>	<u>499,956</u>	<u>200,044</u>
Total expenditures	<u>740,549</u>	<u>500,071</u>	<u>240,478</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>240,478</u>	<u>240,478</u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		\$ <u><u>240,478</u></u>	

City of Bethel, Alaska

Community Service Patrol Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 398,853	294,690	(104,163)
Local sources - in-kind	-	44,199	44,199
Total revenues	<u>398,853</u>	<u>338,889</u>	<u>(59,964)</u>
Expenditures:			
Public safety:			
Personnel	230,015	222,595	7,420
Travel and training	3,828	-	3,828
Supplies	19,708	2,061	17,647
Repairs and maintenance	9,000	18	8,982
Utilities and fuel	15,040	9,483	5,557
Equipment	-	30,039	(30,039)
Insurance	10,000	9,412	588
Rental expense	26,039	26,096	(57)
In-kind	7,500	10,927	(3,427)
Other purchased services	28,228	28,227	1
Total expenditures	<u>349,358</u>	<u>338,858</u>	<u>10,500</u>
Excess of revenues over expenditures	\$ <u>49,495</u>	31	<u>49,464</u>
Fund balance (deficit), beginning of year		<u>(31)</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

City of Bethel, Alaska

ALPAR Litter Patrol Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources - other	\$ -	700	700
Expenditures -			
Community services - other expenditures	-	700	(700)
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>-</u>
Fund balance , beginning of year		<u>-</u>	
Fund balance , end of year		<u>\$ -</u>	

City of Bethel, Alaska

Volunteer Fire Assistance Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
Federal sources	\$ <u>2,639</u>	<u>2,639</u>	<u>-</u>
Expenditures -			
Public safety - supplies	<u>2,639</u>	<u>2,639</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance , beginning of year		<u>-</u>	
Fund balance , end of year		\$ <u><u>-</u></u>	

City of Bethel, Alaska

Homeland Security FY14 Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
Federal sources	\$ 45,394	32,559	(12,835)
Expenditures -			
Public safety - equipment	45,394	32,559	12,835
Excess of revenues over expenditures	\$ -	-	-
Fund balance , beginning of year		-	
Fund balance , end of year		\$ -	

City of Bethel, Alaska

Homeland Security FY15 Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
Federal sources	\$ 326,000	18,000	(308,000)
Expenditures -			
Public safety - equipment	326,000	18,000	308,000
Excess of revenues over expenditures	\$ -	-	-
Fund balance , beginning of year		-	
Fund balance , end of year		\$ -	

City of Bethel, Alaska

Wind Energy Feasibility Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
State of Alaska	\$ <u>78,862</u>	<u>13,812</u>	<u>(65,050)</u>
Expenditures -			
Public works - other purchased services	<u>78,862</u>	<u>13,812</u>	<u>65,050</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance , beginning of year		<u>-</u>	
Fund balance , end of year		\$ <u><u>-</u></u>	

City of Bethel, Alaska

911 Surcharges Special Revenue Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources - contract	\$ 218,000	226,477	8,477
Expenditures:			
Public safety:			
Personnel	58,669	53,076	5,593
Travel and training	3,000	5,445	(2,445)
Utilities and fuel	8,600	1,539	7,061
Supplies	1,000	1,262	(262)
Equipment	10,000	-	10,000
Other purchased services	59,700	14,791	44,909
Rents and leases	4,800	4,824	(24)
Insurance	675	403	272
Other expenditures	21,557	21,557	-
Total expenditures	<u>168,001</u>	<u>102,897</u>	<u>65,104</u>
Excess of revenues over expenditures	\$ <u>49,999</u>	123,580	<u>73,581</u>
Fund balance , beginning of year		<u>366,051</u>	
Fund balance , end of year		\$ <u>489,631</u>	

City of Bethel, Alaska

Yukon-Kuskokwim Health Center Pool Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources - YKHC	\$ <u>196,969</u>	<u>196,969</u>	<u>-</u>
Expenditures -			
Public works - equipment	<u>196,969</u>	<u>196,969</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance , beginning of year		<u>-</u>	
Fund balance , end of year		\$ <u><u>-</u></u>	

City of Bethel, Alaska

Endowment Permanent Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources - investment income	\$ 12,000	16,969	4,969
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues of expenditures	12,000	16,969	4,969
Other financing uses -			
Transfers out	<u>(8,400)</u>	<u>(3,466)</u>	<u>4,934</u>
Net change in fund balance	\$ <u>3,600</u>	13,503	<u>9,903</u>
Fund balance , beginning of year		<u>1,861,217</u>	
Fund balance , end of year		\$ <u>1,874,720</u>	

City of Bethel, Alaska

Institutional Corridor Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
State of Alaska	\$ <u>6,788,570</u>	<u>952,371</u>	<u>(5,836,199)</u>
Expenditures:			
Capital outlay:			
Other purchased services	6,788,570	952,239	5,836,331
Other expenditures	-	132	(132)
Total expenditures	<u>6,788,570</u>	<u>952,371</u>	<u>5,836,199</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance , beginning of year		<u>-</u>	
Fund balance , end of year		\$ <u>-</u>	

City of Bethel, Alaska

Land Planning Development Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	-	-
Expenditures -			
Capital outlay -			
Other purchased services	<u>35,000</u>	<u>7,059</u>	<u>27,941</u>
Excess (deficiency) of revenues over expenditures	(35,000)	(7,059)	(27,941)
Other financing sources -			
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	27,941	<u>27,941</u>
Fund balance (deficit), beginning of year		<u>(6,768)</u>	
Fund balance, end of year		\$ <u><u>21,173</u></u>	

City of Bethel, Alaska

Park Development Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	-	-
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>-</u>
Fund balance , beginning of year		<u>112,853</u>	
Fund balance , end of year		<u>\$ 112,853</u>	

City of Bethel, Alaska

Fire Station Roof Repair Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	-	-
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>-</u>
Fund balance , beginning of year		<u>1,478</u>	
Fund balance , end of year		<u>\$ 1,478</u>	

City of Bethel, Alaska

Sewage Lagoon Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
State of Alaska	\$ -	113	113
Expenditures -			
Capital outlay -			
Indirect cost	-	113	(113)
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

City of Bethel, Alaska

Fleet Replacement Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Local sources -			
Insurance refunds	\$ -	8,268	8,268
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues (under) expenditures	-	8,268	8,268
Other financing uses -			
Transfers in	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 105,000</u>	113,268	<u>16,536</u>
Fund balance , beginning of year		<u>386,649</u>	
Fund balance , end of year		\$ <u>499,917</u>	

City of Bethel, Alaska

Public Safety Building Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
State of Alaska	\$ <u>250,099</u>	<u>5,255</u>	<u>(244,844)</u>
Expenditures -			
Capital outlay - supplies	<u>250,099</u>	<u>5,255</u>	<u>244,844</u>
Excess of revenues over expenditures	\$ <u> -</u>	<u>-</u>	<u> -</u>
Fund balance , beginning of year		<u>-</u>	
Fund balance , end of year		\$ <u> -</u>	

City of Bethel, Alaska

Memorial Park Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues -			
Intergovernmental -			
State of Alaska	\$ 17,546	12,423	(5,123)
Expenditures:			
Capital outlay:			
In-kind donation	-	1,157	(1,157)
Repairs and maintenance	17,546	-	17,546
Other expenditures	-	20,173	(20,173)
Total expenditures	<u>17,546</u>	<u>21,330</u>	<u>(3,784)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	(8,907)	<u>(8,907)</u>
Fund balance , beginning of year		<u>8,907</u>	
Fund balance , end of year		\$ <u>-</u>	

City of Bethel, Alaska

Wind Turbine Capital Project Fund

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

Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ -	-	-
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>-</u>
Fund balance, beginning of year		<u>199,889</u>	
Fund balance, end of year		<u>\$ 199,889</u>	

City of Bethel, Alaska

Water and Sewer Utility Enterprise Fund

Statement of Net Position

June 30, 2015

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

Cash and cash equivalents	\$ 259,275
Receivables:	
Accounts receivable (net of allowance)	628,252
Grants receivable	7,779
Inventory	91,050
Total current assets	<u>986,356</u>

Capital assets

Construction in progress	912,464
Depreciable assets	35,280,106
Less accumulated depreciation	(24,661,569)
Net capital assets	<u>11,531,001</u>

Deferred outflows of resources -

Pension deferrals	<u>188,669</u>
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Total assets and deferred outflows of resources \$ 12,706,026

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

Accounts payable	\$ 231,384
Accrued payroll	43,007
Accrued leave	81,206
Security deposits	317,169
Total current liabilities	<u>672,766</u>

Long-term Liabilities:

Advances from other funds	3,453,451
Net pension liability	1,992,422
Total long-term liabilities	<u>5,445,873</u>

Total liabilities 6,118,639

Deferred inflows of resources -

Pension deferrals	<u>184,154</u>
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Net position:

Net investment in capital assets	11,531,001
Unrestricted (deficit)	(5,127,768)
Total net position	<u>6,403,233</u>

Total liabilities, deferred inflows of resources and net position \$ 12,706,026

City of Bethel, Alaska

Water and Sewer Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

Operating revenues:	
Charges for services	\$ 5,852,084
Other	103,874
Total operating revenues	<u>5,955,958</u>
Operating expenses:	
Personnel	2,396,217
Travel and training	1,233
Supplies	152,186
Utilities and fuel	1,491,042
Equipment	54,726
Depreciation	1,065,039
Other purchased services	57,011
Insurance	96,630
Repairs and maintenance	667,700
Other expenses	35,587
Bad debt expense	40,282
Indirect cost	252,706
Total operating expenses	<u>6,310,359</u>
Loss from operations	(354,401)
Nonoperating revenues -	
State PERS relief	<u>90,167</u>
Loss before transfers	(264,234)
Transfers out - Fleet Replacement Special Revenue Fund	<u>(70,000)</u>
Change in net position	<u>(334,234)</u>
Net position, beginning, as previously stated	9,036,025
Cumulative effect of a change in accounting principle	<u>(2,298,558)</u>
Net position, beginning, as restated	<u>6,737,467</u>
Net position, end of year	<u>\$ 6,403,233</u>

City of Bethel, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from (for) operating activities:	
Receipts from customers	\$ 6,059,580
Payment to suppliers	(2,636,054)
Payment to employees	(2,460,305)
	<hr/>
Net cash flows from operating activities	963,221
	<hr/>
Cash flows from (for) noncapital financing activities:	
Transfers out	(70,000)
(Decrease) in advances from other funds	(462,404)
(Increase) in deferred outflows-pension	(125,503)
Increase in deferred inflows-pension	(46,039)
	<hr/>
Net cash flows (for) noncapital financing activities	(703,946)
	<hr/>
Net increase in cash and cash equivalents	259,275
	<hr/>
Cash and cash equivalents, beginning of year	-
	<hr/>
Cash and cash equivalents, end of year	\$ <u>259,275</u>
	<hr/>
Reconciliation of loss from (for) operations to net cash flows from (for) operating activities:	
Loss from operations	\$ (354,401)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	1,065,039
PERS on-behalf expense	90,167
Increase (decrease) in allowance for doubtful accounts	40,282
(Increase) decrease in assets:	
Accounts receivable	6,188
Inventory	28,712
Increase (decrease) in liabilities:	
Accounts payable	188,420
Accrued payroll	4,575
Accrued leave	(23,804)
Deposits	57,152
Unfunded pension liability	(139,109)
Net cash flows from operating activities	<u>\$ 963,221</u>

City of Bethel, Alaska
Municipal Dock Enterprise Fund
Statement of Net Position
June 30, 2015

Assets and Deferred Outflows of Resources

Current assets:

Cash and cash equivalents	\$ 2,484,032
Due from other funds	3,419,369
Accounts receivable (net of allowance)	420,670
Inventory	48,366
Total current assets	<u>6,372,437</u>

Capital assets:

Construction in progress	679,775
Land	2,207,356
Depreciable assets	30,313,871
Less accumulated depreciation	(8,646,887)
Net capital assets	<u>24,554,115</u>

Deferred outflows of resources -

Pension deferrals	<u>49,440</u>
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Total assets and deferred outflows of resources \$ 30,975,992

Liabilities, Deferred Inflows of Resources and Net Position

Current liabilities:

Accounts payable	\$ 11,481
Accrued payroll	10,184
Accrued leave	26,149
Unearned revenue	425,382
Total current liabilities	<u>473,196</u>

Long-term liabilities -

Net pension liability	<u>295,174</u>
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Total liabilities 768,370

Deferred inflows of resources -

Pension deferrals	<u>27,282</u>
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Net position:

Net investment in capital assets	24,554,115
Unrestricted	5,626,225
Total net position	<u>30,180,340</u>

Total liabilities, deferred inflows of resources and net position \$ 30,975,992

City of Bethel, Alaska

Municipal Dock Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

Operating revenues:	
Charges for services	\$ 1,077,263
Other	102,614
Total operating revenues	<u>1,179,877</u>
Operating expenses:	
Personnel	336,461
Travel and training	2,072
Materials and supplies	6,847
Utilities and fuel	67,964
Minor equipment and tools	1,514
Depreciation and amortization	715,346
Other purchased services	42,512
Insurance	18,479
Repairs and maintenance	69,811
Other expenses	8,903
Indirect cost	44,405
Total operating expenses	<u>1,314,314</u>
Loss from operations	(134,437)
Nonoperating revenues:	
State PERS relief	13,358
State of Alaska grant	49,460
Investment income	20,548
Total nonoperating revenues	<u>83,366</u>
Loss before contributions	(51,071)
Capital contributions	<u>4,017,783</u>
Change in net position	<u>3,966,712</u>
Net position, beginning, as previously stated	26,554,155
Cumulative effect of a change in accounting principle	(340,527)
Net position, beginning, as restated	<u>26,213,628</u>
Net position, end of year	<u>\$ 30,180,340</u>

City of Bethel, Alaska
Municipal Dock Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from (for) operating activities:	
Receipts from customers	\$ 1,106,497
Payment to suppliers	(276,492)
Payment to employees	(340,766)
Net cash flows from operating activities	<u>489,239</u>
Cash flows from (for) noncapital financing activities:	
Grants	49,460
(Increase) in due to other funds	(3,419,369)
(Increase) in deferred outflows-pension	(30,184)
Increase in deferred inflows-pension	(6,821)
Net cash flows (for) non capital financing activities	<u>(3,406,914)</u>
Cash flows from (for) capital and related financing activities:	
Acquisition of capital assets	(4,046,121)
Capital contributions received	4,017,783
Net cash flows (for) capital and related financing activities	<u>(28,338)</u>
Cash flows from investing activities -	
Investment income received	<u>20,548</u>
Net decrease in cash and cash equivalents	(2,925,465)
Cash and cash equivalents, beginning of year	<u>5,409,497</u>
Cash and cash equivalents, end of year	<u>\$ 2,484,032</u>
Reconciliation of loss from (for) operations to net cash flows from operating activities:	
Loss from operations	\$ (134,437)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation and amortization	715,346
PERS on-behalf expense	13,358
(Increase) decrease in assets:	
Accounts receivable	(23,921)
Inventory	359
Increase (decrease) in liabilities:	
Accounts payable	(14,344)
Accrued payroll	1,435
Unearned revenue	(49,459)
Accrued leave	1,510
Unfunded pension liability	(20,608)
Net cash flows from operating activities	<u>\$ 489,239</u>

City of Bethel, Alaska
Rental Property Enterprise Fund
Statements of Net Position
June 30, 2015

Assets and Deferred Outflows of Resources

Current assets:

Cash and cash equivalents	\$ 42,817
Inventory	7,707
Total current assets	<u>50,524</u>

Long-term assets -

Restricted cash - bond reserve	<u>430,019</u>
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Capital assets:

Land	43,000
Depreciable assets	9,831,599
Less accumulated depreciation	<u>(4,361,956)</u>
Net capital assets	<u>5,512,643</u>

Total long-term assets	<u>5,942,662</u>
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Total assets	<u>\$ 5,993,186</u>
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Liabilities, Deferred Inflows of Resources and Net Position

Liabilities

Current liabilities:

Accounts payable	\$ 33,377
Current portion - bonds payable	150,000
Accrued interest payable	<u>35,275</u>
Total current liabilities	<u>218,652</u>

Long-term Liabilities:

Advances from other funds	928,960
Bonds payable, net of current portion	2,640,000
Unamortized bond premium	<u>87,032</u>
Total long-term liabilities	<u>3,655,992</u>

Total liabilities	<u>3,874,644</u>
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Net position:

Net investment in capital assets	2,635,611
Restricted - bond reserve	430,019
Unrestricted (deficit)	<u>(97,088)</u>
Total net position	<u>2,118,542</u>

Total liabilities and net position	<u>\$ 5,993,186</u>
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City of Bethel, Alaska

Rental Property Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

Operating revenues:	
Charges for services	\$ 738,477
Other	19,679
Total operating revenues	<u>758,156</u>
Operating expenses:	
Utilities and fuel	190
Minor equipment and tools	299,109
Depreciation and amortization	331,016
Other purchased services	10,720
Insurance	19,856
Repairs and maintenance	61,184
Other expenses	5,306
Total operating expenses	<u>727,381</u>
Increase (loss) from operations	30,775
Nonoperating revenues (expenses):	
Interest expense	(143,162)
Amortization of bond premium	7,252
Net nonoperating revenues (expenses)	<u>(135,910)</u>
Change in net position	(105,135)
Net position, beginning of year	<u>2,223,677</u>
Net position, end of year	<u>\$ 2,118,542</u>

City of Bethel, Alaska
Rental Property Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from (for) operating activities:

Receipts from customers	\$ 776,366
Payment to suppliers	(381,854)
Net cash flows from operating activities	<u>394,512</u>

Cash flows for capital and related financing activities:

Acquisition of capital assets	(36,920)
Principal paid on long-term debt	(150,000)
Interest paid on long-term debt	(145,225)
Net cash flows (for) capital and related financing activities	<u>(332,145)</u>

Net increase in cash and cash equivalents 62,367

Cash and cash equivalents, beginning of year 410,469

Cash and cash equivalents, end of year \$ 472,836

**Reconciliation of loss from (for) operations
to net cash flows from operating activities:**

Income from operations	\$ 30,775
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation and amortization	331,016
(Increase) decrease in assets:	
Accounts receivable	18,210
Inventory	2,409
Increase (decrease) in liabilities:	
Accounts payable	12,102
Net cash flows from operating activities	<u>\$ 394,512</u>

City of Bethel, Alaska
Solid Waste Enterprise Fund
Statement of Net Position
June 30, 2015

Assets and Deferred Outflows of Resources

Current assets

Cash and investments	\$ 3,116,439
Accounts receivable, net of allowance	117,837
Inventory	3,102
Total current assets	<u>3,237,378</u>

Capital Assets:

Land	18,252
Depreciable assets	1,327,317
Less accumulated depreciation	(1,113,215)
Net capital assets	<u>232,354</u>

Deferred outflows of resources -

Pension deferrals	<u>30,723</u>
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Total assets and deferred outflows of resources	<u><u>\$ 3,500,455</u></u>
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Liabilities, Deferred Inflows of Resources and Net Position

Liabilities:

Current liabilities:

Accounts payable	\$ 29,288
Accrued payroll	5,143
Accrued leave	28,292
Total current liabilities	<u>62,723</u>

Long-term liabilities:

Landfill closure costs	1,341,730
Net pension liability	295,174
Total long-term liabilities	<u>1,636,904</u>

Total liabilities	<u>1,699,627</u>
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Deferred inflows of resources -

Pension deferrals	<u>27,282</u>
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Net position

Net investment in capital assets	232,354
Unrestricted	1,541,192
Total net position	<u>1,773,546</u>

Total liabilities, deferred inflows of resources and net position	<u><u>\$ 3,500,455</u></u>
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City of Bethel, Alaska

Solid Waste Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

Operating revenues:	
Charges for services	\$ <u>1,241,873</u>
Operating expenses:	
Personnel	334,062
Travel and training	315
Materials and supplies	4,720
Utilities and fuel	62,393
Minor equipment and tools	17,345
Depreciation and amortization	27,019
Other purchased services	16,232
Insurance	11,545
Repairs and maintenance	62,841
Landfill closure costs	38,440
Other expenses	14,952
Indirect cost	52,669
Total operating expenses	<u>642,533</u>
Income from operations	<u>599,340</u>
Nonoperating revenues -	
State PERS relief	<u>13,358</u>
Income before transfers	612,698
Transfers out - Fleet Replacement Special Revenue Fund	<u>(35,000)</u>
Change in net position	577,698
Net position, beginning, as previously stated	<u>1,536,375</u>
Cumulative effect of a change in accounting principle	(340,527)
Net position, beginning, as restated	<u>1,195,848</u>
Net position, end of year	<u>\$ <u>1,773,546</u></u>

City of Bethel, Alaska
Solid Waste Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from (for) operating activities:	
Receipts from customers	\$ 1,252,403
Payment to suppliers	(231,013)
Payment to employees	(377,438)
Net cash flows from operating activities	<u>643,952</u>
Cash flows (for) noncapital financing activities:	
Transfers out	(35,000)
(Increase) in deferred outflows-pension	(21,365)
Increase in deferred inflows-pension	(6,820)
Net cash flows (for) noncapital financing activities	<u>(63,185)</u>
Net increase in cash and cash equivalents	580,767
Cash and cash equivalents , beginning of year	<u>2,535,672</u>
Cash and cash equivalents , end of year	<u>\$ 3,116,439</u>
Reconciliation of income from (for) operations to net cash flows from operating activities:	
Income from operations	599,340
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation and amortization	27,019
PERS on-behalf expense	13,358
(Increase) decrease in assets:	
Accounts receivable	8,827
Inventory	1,703
Increase (decrease) in liabilities:	
Accounts payable	11,999
Accrued payroll	(786)
Accrued leave	(35,340)
Landfill closure costs	38,440
Unfunded pension liability	(20,608)
Net cash flows from operating activities	<u>\$ 643,952</u>

City of Bethel, Alaska

Multi-Use Recreation Center Enterprise Fund

Statement of Net Position

June 30, 2015

Assets**Current assets:**

Cash and investments	\$ 4,104,568
Accounts receivable, net of allowance	54,847
Prepaid expenses	11,683
Inventory	32,427
Total current assets	<u>4,203,525</u>

Capital assets:

Depreciable assets	23,061,119
Less accumulated depreciation	<u>(559,649)</u>
Net capital assets:	<u>22,501,470</u>

Total assets	\$ <u>26,704,995</u>
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Liabilities and Net Position**Liabilities -**

Current liabilities -	
Accounts payable	\$ <u>64,841</u>

Net position:

Net investment in capital assets	22,501,470
Unrestricted	<u>4,138,684</u>
Total net position	<u>26,640,154</u>

Total Liabilities and Net Position	\$ <u>26,704,995</u>
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City of Bethel, Alaska

Multi-Use Recreation Center Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

Operating Revenues:

Charges for services:	
Pro-shop and concession revenue	\$ 76,864
Facility rental income	11,980
Permits, licenses and fees	283,101
Total operating revenues	<u>371,945</u>

Operating expenses:

Capital outlay:	
Other purchased services	2,894,030
Depreciation	559,649
Insurance	21,289
Utilities and fuel	371,652
Other expenses	53
Total operating expenses	<u>3,846,673</u>

Loss from operations	(3,474,728)
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Nonoperating revenues:

Sales tax	601,805
State capital grant	2,065,508
Investment income	399
Total nonoperating revenues	<u>2,667,712</u>

Loss before contributions	(807,016)
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Capital contributions	<u>23,061,119</u>
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Change in net position	22,254,103
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Net position , beginning of year	<u>4,386,051</u>
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Net position , end of year	<u>\$ 26,640,154</u>
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City of Bethel, Alaska

Multi-Use Recreation Center Enterprise Fund

Statement of Cash Flows

Year Ended June 30, 2015

Cash flows from (for) operating activities:	
Receipts from customers	\$ 120,129
Payment to suppliers	(4,312,399)
Net cash flows (for) operating activities	<u>(4,192,270)</u>
Cash flows from noncapital financing activities:	
Capital grants	2,065,508
Transfers in-sales tax	601,805
Decrease in grants receivable	4,665,660
Net cash flows from noncapital financing activities	<u>7,332,973</u>
Cash flows from (for) capital and related financing activities:	
Acquisition of capital assets	(23,061,119)
Capital contributions received	23,061,119
Net cash flows from (for) capital and related financing activities	<u>-</u>
Cash flows from investing activities -	
Investment income received	<u>399</u>
Net increase in cash and cash equivalents	3,141,102
Cash and cash equivalents, beginning of year	<u>963,466</u>
Cash and cash equivalents, end of year	<u>\$ 4,104,568</u>
Reconciliation of loss from (for) operations to net cash flows for operating activities:	
Loss from operations	\$ (3,474,728)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation and amortization	559,649
(Increase) decrease in assets:	
Accounts receivable	(54,847)
Inventory	(32,427)
Prepaid expenses	(11,683)
Increase (decrease) in liabilities:	
Accounts payable	(981,265)
Unearned revenue	(196,969)
Net cash flows (for) operating activities	<u>\$ (4,192,270)</u>

City of Bethel, Alaska
Public Transit Enterprise Fund (Deficit)
Statement of Net Position
June 30, 2015

Assets and Deferred Outflows of Resources

Current assets:

Receivables - grants	\$ 56,175
Inventory	6,597
Total current assets	<u>62,772</u>

Capital assets:

Depreciable assets	347,720
Less accumulated depreciation	(226,000)
Net capital assets	<u>121,720</u>

Deferred outflows of resources -

Pension deferrals	<u>15,362</u>
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Total assets and deferred outflows of resources	<u><u>\$ 199,854</u></u>
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Liabilities, Deferred Inflows of Resources and Net Position (Deficit)

Current liabilities:

Accounts payable	\$ 10,921
Accrued payroll	6,833
Accrued leave	9,487
Due to other funds	67,900
Total current liabilities	<u>95,141</u>

Long-term:

Net pension liability	<u>147,587</u>
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Total liabilities	<u>242,728</u>
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Deferred inflows of resources -

Pension deferrals	<u>13,371</u>
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Total liabilities and deferred inflows of resources	<u>256,099</u>
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Net position (deficits):

Net investment in capital assets	121,720
Unrestricted (deficit)	(177,965)
Total net position (deficit)	<u>(56,245)</u>

Total liabilities, deferred inflows of resources and net position (deficit)	<u><u>\$ 199,854</u></u>
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City of Bethel, Alaska

Public Transit Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position (Deficit)

Year Ended June 30, 2015

Operating revenues -	
Charges for services	\$ <u>33,030</u>
Operating expenses:	
Personnel	180,823
Materials and supplies	5,272
Utilities and fuel	55,435
Minor equipment and tools	7,162
Depreciation and amortization	36,635
Other purchased services	451
Insurance	6,745
Repairs and maintenance	23,477
Other expenses	17,437
Total operating expenses	<u>333,437</u>
Loss from operations	(300,407)
Nonoperating revenues:	
FTA grant	65,915
Federal sources	251,233
State PERS relief	6,679
Total nonoperating revenues	<u>323,827</u>
Change in net position	<u>23,420</u>
Net position, beginning, as previously stated	90,599
Cumulative effect of a change in accounting principle	<u>(170,264)</u>
Net position (deficit), beginning, as restated	<u>(79,665)</u>
Net position (deficit), end of year	\$ <u><u>(56,245)</u></u>

City of Bethel, Alaska
Public Transit Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from (for) operating activities:

Receipts from customers	\$ 58,539
Payment to suppliers	(117,057)
Payment to employees	(177,480)
Net cash flows (for) operating activities	<u>(235,998)</u>

Cash flows from (for) noncapital financing activities:

Operating grants received	317,148
Increase (decrease) in due to central treasury	(10,481)
(Increase) in deferred outflows-pension	(10,683)
Increase in deferred inflows-pension	(3,680)
Net cash flows from noncapital financing activities	<u>292,304</u>

Cash flows for capital and related financing activities -

Acquisition of capital assets	<u>(56,306)</u>
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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 (for) operations to net cash flows (for) operating activities:

Loss from operations	\$ (300,407)
Adjustments to reconcile loss from operations to net cash flows for operating activities:	
Depreciation and amortization	36,635
PERS on-behalf expense	6,679
(Increase) decrease in assets:	
Accounts receivable	25,510
Inventory	(6,597)
Increase (decrease) in liabilities:	
Accounts payable	5,518
Accrued payroll	3,754
Accrued leave	3,214
Unfunded pension liability	(10,304)
Net cash flows (for) operating activities	<u>\$ (235,998)</u>

City of Bethel, Alaska

Internal Service Funds

Combining Statement of Net Position (Deficit)

June 30, 2015

	<u>Employee Health Insurance</u>	<u>Vehicle and Equipment</u>	<u>Total Internal Service Funds</u>
Assets			
Current assets -			
Inventory	\$ -	542,673	542,673
Capital assets:			
Depreciable assets	-	107,902	107,902
Less accumulated depreciation	-	(95,164)	(95,164)
Net capital assets	<u>-</u>	<u>12,738</u>	<u>12,738</u>
Total assets	<u>\$ -</u>	<u>555,411</u>	<u>555,411</u>
Liabilities and net position:			
Current liabilities:			
Accounts and claims payable	216,046	35,381	251,427
Accrued payroll	-	7,921	7,921
Accrued leave	-	9,661	9,661
Due to other funds	561,674	60,100	621,774
Total current liabilities	<u>777,720</u>	<u>113,063</u>	<u>890,783</u>
Net position - unrestricted (deficit)	<u>(777,720)</u>	<u>442,348</u>	<u>(335,372)</u>
Total liabilities and net position	<u>\$ -</u>	<u>555,411</u>	<u>555,411</u>

City of Bethel, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit)

Year Ended June 30, 2015

	<u>Employee Health Insurance</u>	<u>Vehicle and Equipment</u>	<u>Total Internal Service Funds</u>
Operating revenues -			
Interfund charges for services	\$ 2,052,401	1,024,037	3,076,438
Operating expenses:			
Personnel	-	496,401	496,401
Claims	1,740,098	-	1,740,098
Travel and training	-	5,561	5,561
Supplies	-	12,232	12,232
Utilities and fuel	-	105,036	105,036
Minor equipment and tools	-	16,891	16,891
Depreciation	-	3,127	3,127
Other purchased services	34,747	14,308	49,055
Insurance	530,175	3,283	533,458
Repairs and maintenance	-	167,943	167,943
Other expenses	-	1,563	1,563
Indirect costs	50,501	50,525	101,026
Total operating expenses	<u>2,355,521</u>	<u>876,870</u>	<u>3,232,391</u>
Change in net position	(303,120)	147,167	(155,953)
Net position (deficit), beginning of year	<u>(474,600)</u>	<u>295,181</u>	<u>(179,419)</u>
Net position (deficit), end of year	<u>\$ (777,720)</u>	<u>442,348</u>	<u>(335,372)</u>

City of Bethel, Alaska
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2015

	Employee Health Insurance	Vehicle and Equipment	Total Internal Service Funds
Cash flows from (for) operating activities:			
Receipts from interfund charges	\$ 2,052,401	1,024,037	3,076,438
Payment to suppliers	(2,492,789)	(515,580)	(3,008,369)
Payment to employees	-	(503,538)	(503,538)
Net cash flows from (for) operating activities	<u>(440,388)</u>	<u>4,919</u>	<u>(435,469)</u>
Cash flows from noncapital financing activities -			
Increase in due to other funds	<u>440,388</u>	<u>4,093</u>	<u>444,481</u>
Cash flows (for) capital and related financing activities -			
Acquisition of capital assets	<u>-</u>	<u>(9,012)</u>	<u>(9,012)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>
Reconciliation of income from operations to net cash flows (for) operating activities:			
Income (loss) from operations	(303,120)	147,167	(155,953)
Adjustments to reconcile loss from operations to net cash flows for operating activities:			
Depreciation and amortization	-	3,127	3,127
(Increase) decrease in assets:			
Inventory	-	(161,434)	(161,434)
Increase (decrease) in liabilities:			
Accounts and claims payable	(137,268)	23,196	(114,072)
Accrued payroll	-	1,447	1,447
Accrued leave	-	(8,584)	(8,584)
Net Cash Flows from (for) Operating Activities	<u>\$ (440,388)</u>	<u>4,919</u>	<u>(435,469)</u>

City of Bethel, Alaska
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2015

<u>Federal Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of the Interior				
Passed through the State of Alaska Department of Commerce, Community, and Economic Development -				
Payment in Lieu of Taxes	None	15.226	\$ <u>872,624</u>	\$ <u>872,624</u>
U.S. Department of Transportation				
Passed through the State of Alaska Department of Transportation and Public Facilities -				
Formula Grants for Other Than Urbanized Areas - Rural Public Transit	5311-12-116	20.509	<u>313,419</u>	<u>251,233</u>
U.S. Department of Homeland Security				
Passed through the State of Alaska Department of Military and Veterans Affairs:				
State Homeland Security	EMW-2014-SS-00010	97.067	326,000	18,000
State Homeland Security	EMW-2013-SS-00098	97.067	<u>50,200</u>	<u>32,559</u>
Total CFDA 97.067			<u>376,200</u>	<u>50,559</u>
U.S. Department of Agriculture				
Passed through the State of Alaska Department of Natural Resources -				
Volunteer Fire Assistance	None	10.664	<u>17,244</u>	<u>2,639</u>
Passed through the State of Alaska Department of Education and Early Development:				
Child and Adult Care Food Program	MA 15.542.01	10.558	14,766	14,766
Summer Food Service Program for Children	MA 15.542.01	10.559	<u>9,722</u>	<u>9,772</u>
Total Department of Agriculture			<u>24,488</u>	<u>24,538</u>
Total Expenditures of Federal Awards				<u>\$ 1,201,593</u>

1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the City of Bethel, Alaska 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.

2. The City of Bethel did not pass through any funding to subrecipients.

City of Bethel, Alaska
 Schedule of State Financial Assistance
 Year Ended June 30, 2015

<u>State Grant Title</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>State Share of Expenditures</u>
Department of Commerce, Community and Economic Development			
* Aquatic Training and Health Center	13-DC-629	\$ 23,075,000	2,065,508
Municipal Dock Grant	Unknown	49,460	49,460
* Community Revenue Sharing	FY15	394,937	394,937
* Sewer and Water Project Institutional Corridor	14-DC-042	7,000,000	952,371
New Bethel Police Station	11-DC-192	3,000,000	5,255
LED Streetlights	12-DC-332	350,000	3,413
* Harbor Dredging	13-GO-002	4,000,000	3,985,224
Sewage Lagoon	15-DC-038	700,000	113
Total Department of Commerce, Community and Economic Development		<u>38,569,397</u>	<u>7,456,281</u>
Department of Administration			
* PERS on Behalf	FY15	<u>2,847,813</u>	<u>2,847,813</u>
Department of Health and Social Services			
* Community Service Patrol	602-203-1502	<u>346,829</u>	<u>294,690</u>
Department of Military and Veterans Affairs			
Alaska Territorial Guard Memorial	N/A	<u>140,000</u>	<u>12,423</u>
Alaska Energy Authority			
Alternative Energy Feasibility Study	410034	<u>1,500,000</u>	<u>13,812</u>
Total State Financial Assistance			<u>\$ 10,625,019</u>

Notes to schedule:

1. * These programs are considered major state assistance programs.

2. Basis of Presentation

The accompanying Schedule of State Financial Assistance includes the grant activity of City of Bethel, Alaska and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

3. The City of Bethel, Alaska did not pass through any funding to subrecipients.

4. State expenditures per above schedule:

Adjustments:	\$ 10,625,019
State financial assistance recorded in proprietary funds:	(2,238,530)
PERS on-behalf adjustment for full accrual pension expense under GASB 68:	<u>(924,622)</u>

Total state revenues per exhibit B-3 \$ 7,461,867

COMPLIANCE REPORTS

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethel, Alaska (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 13, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Federal Schedules of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Federal Schedule of Federal Findings and Questioned Costs as Findings 2015-001, 2015-003 and 2015-004 to be material weaknesses.

Members of the Council
City of Bethel

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. We consider the deficiency described in the accompanying Federal Schedule of Findings and Questioned Costs as Finding 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bethel, Alaska'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.

The City of Bethel, Alaska's Response to Findings

The City of Bethel, Alaska's responses to the findings identified in our audit are described in the accompanying Federal Schedule of Findings and Questioned Costs and the Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Anchorage, Alaska
December 13, 2016

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance as Required by OMB Circular A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited City of Bethel, Alaska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Bethel, Alaska's major federal programs for the year ended June 30, 2015. City of Bethel, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the 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 the City of Bethel, Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on CFDA #15.226 Payment in Lieu of Taxes

As described in the accompanying Federal Schedule of Findings and Questioned Costs, the City of Bethel, Alaska did not comply with requirements regarding CFDA #15.226 Payment in Lieu of Taxes as described in Finding 2015-005 for reporting. Compliance with such requirements is necessary, in our opinion, for the City of Bethel, Alaska to comply with the requirements applicable to that program.

Qualified Opinion on CFDA #15.226 Payment in Lieu of Taxes

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Bethel, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Payment in Lieu of Taxes Program for the year ended June 30, 2015.

City of Bethel, Alaska's response to the noncompliance findings identified in our audit is described in the accompanying Federal Schedule of Findings and Questioned Costs and the Corrective Action Plan. City of Bethel, Alaska's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no such opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Bethel, Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bethel, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the City of Bethel, Alaska's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of Federal Findings and Questioned Costs as item 2015-005 to be a material weakness.

Members of the Council
City of Bethel

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.

The City of Bethel, Alaska's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The City of Bethel, Alaska's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Anchorage, Alaska
December 13, 2016

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

x Yes No

Significant deficiency(ies) identified ?

x Yes No

Noncompliance material to financial statements noted?

Yes x No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified

(Section .510 (a)(1))?

x Yes No

Significant deficiency(ies) identified

(Section .510 (a)(1))?

Yes x No

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (Section .510 (a)(2))?

x Yes No

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

Qualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) (3) or (4)?

Yes x No

Identification of major programs:

CFDA Number(s)/Cluster

15.226

Name of Federal Program or Cluster

Payment in Lieu of Taxes

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

\$ 300,000

Auditee qualified as low-risk auditee?

Yes x No

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

Finding 2015-001
Material Weakness

General Ledger Reconciliation – Internal Control over Financial Reporting

Condition: During the course of the audit we noted several general ledger accounts, including grant revenue, accounts receivable, accounts payable and inventory that were not reconciled in a timely manner.

Criteria: Timely and accurate reconciliations of key general ledger accounts is an important step in the monthly, quarterly, and annual financial close and reporting process. These reconciliations help ensure accurate general ledger balances, which in turn helps ensure accurate financial statements.

Context: The City did not perform grant reconciliations and other balance sheet reconciliations such as accounts receivable and accounts payable in a timely manner during fiscal year 2015.

Cause: The City did not perform account reconciliations in a timely manner.

Effect: The non-timely reconciliation of these accounts resulted in several balance sheet and revenue and expenditure accounts having inaccurate balances during the year and at year-end.

Recommendation: The City should ensure that the personnel in charge of maintaining the general ledger and producing financial reports review grant and balance sheet activity on a timely basis and post the necessary adjustments in a timely manner.

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

Finding 2015-002
Significant Deficiency

Lack of Internal controls over Bond Accruals

Condition: During work over the lease revenue bond, we noted that there was no accrual for interest payable. An entry for \$37,338 was made to adjust for 3 months of accrued interest.

Criteria: Expenses should be recorded as incurred.

Context: The City did not perform sufficient closing entries.

Cause: Lack of internal controls over closing entries.

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

- Effect:** The City is at risk of understating their expenses and liabilities.
- Recommendation:** We recommend management insure all material liabilities are accrued at year end.
- Management Response:** Management agrees with the finding, see corrective action plan.

Finding 2015-003 **General Ledger Reconciliation – Internal Control over Capital Assets**
Material Weakness

- Condition:** During the course of our audit work over capital assets in the business type and governmental funds, we noted several errors in the depreciation schedule relating to accumulated depreciation and current year depreciation that did not agree to the general ledger prior to adjustments, including beginning balances.
- Criteria:** Timely and accurate reconciliation of key general ledger accounts is an important step in the monthly, quarterly, and annual financial close and reporting process. These reconciliations help ensure accurate general ledger balances, which in turn helps ensure accurate financial statements.
- Context:** The City did not prepare an updated depreciation schedule for capital assets.
- Cause:** Schedules were not clerically accurate, and the fixed asset module did not report an accurate detail of depreciation.
- Effect:** Several account balances required material adjustments for correction.
- Recommendation:** The City should ensure that the personnel in charge of maintaining the general ledger and producing financial reports review grant and capital activity on a timely basis and post the necessary adjustments in a timely manner.
- Management Response:** Management agrees with this finding, see corrective action plan.

Finding 2015-004 **Internal Control over Accounts Receivable**
Material Weakness

- Condition:** During the audit we noted that the aged accounts receivable balance did not agree to the general ledger balance in the general fund for non-taxable accounts receivable.
- Criteria:** Account receivable balances should agree between subsidiary schedules and general ledger balances.

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

Context: The City did not perform reconciliations over the general ledger accounts.

Cause: Lack of internal control over monitoring of accounts receivable.

Effect: Several account balances required material adjustments for correction.

Recommendation: In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts for accounts receivable to supporting documentation on a regular basis in order to discover and prevent future discrepancies between the aging schedules and general ledger balance.

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

Section III – Federal Award Findings and Questioned Costs

Finding 2015-005 **Internal Control over Reporting – U.S. Department of Interior - CFDA**
Material Weakness/ **#15.226 Payment in Lieu of Taxes**
Material Noncompliance

Condition: The Organization did not adhere to the OMB Circular A-133 requirement of submitting the reporting package within the earlier of 30 days after receipt of the audit report, or nine months after the end of the audit period.

Criteria: OMB Circular A-133 Subpart B §___.320 Audits of States, Local Governments, and Non-Profit Organizations, requires that single audit reports be submitted to the federal audit clearinghouse within earlier of 30 days after the report is issued or nine months of year end.

Context: The Organization was not prepared for the annual audit which resulted in significant delays.

Cause: Management failed to timely reconcile general ledger accounts, delaying audit fieldwork.

Effect: Late reporting could jeopardize grant funding

Questioned Costs: None

Recommendation: We recommend the City to reconcile general ledger accounts in a timely manner.

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

CITY OF BETHEL, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

Section IV – Summary of Prior Audit Findings

Financial Statement Findings

Finding 2014-001 **Internal Control over Financial Reporting – General Ledger Reconciliation**

Material Weakness

Condition: During the course of our audit we noted several general ledger accounts, including grant revenue, capital assets, construction expenditures and contributed capital that were not reconciled in a timely manner.

Status: Unresolved, see Finding 2015-001

Finding 2014-002 **Internal Controls over General Journal Entries – Significant Deficiency**

Material Weakness

Condition: Journal entries are being prepared and posted without proper review and approval. The process of journal entry authorization does not include sufficient segregation of duties.

Status: Finding resolved

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Bethel, Alaska's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City of Bethel, Alaska's major state programs for the year ended June 30, 2015. The City of Bethel, Alaska's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Major State Programs

As described in Findings 2015-006 and 2015-007 in the accompanying State Schedule of Findings and Questioned Costs, the City of Bethel, Alaska did not comply with requirement regarding the following:

<u>Finding #</u>	<u>Program Name</u>	<u>Compliance Requirement</u>
2015-006	Division of Community and Regional Affairs Grant #13-GO-002 and Department of Health and Social Services Grant # 602, 2013-1502.	Reporting
2015-007	All major state programs	Reporting

Compliance with such requirements is necessary in our opinion, for City of Bethel, Alaska to comply with the requirements applicable to those programs.

Qualified Opinion on Major State Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, City of Bethel, Alaska 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, 2015.

City of Bethel, Alaska’s responses to the noncompliance findings identified in our audit are described in the accompanying State Schedule of Findings and Questioned Costs and the Corrective Action Plan. City of Bethel, Alaska’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

Members of the Council
City of Bethel, Alaska

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying State Schedule of Findings and Questioned Costs as items 2015-006 and 2015-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or 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, yet important enough to merit attention by those charged with governance.

City of Bethel, Alaska's responses to the internal control over compliance findings identified in our audit are described in the accompanying State Schedule of Findings and Questioned Costs and the Corrective Action Plan. City of Bethel, Alaska's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



Anchorage, Alaska
December 13, 2016

City of Bethel, Alaska

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? X Yes No
Significant deficiency(ies) identified? X Yes No

Is a material noncompliance disclosed? Yes X No

State Financial Assistance

Internal control over major programs:
Material weakness(es) identified? X Yes No
Significant deficiency(ies) identified? Yes X No

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

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

Section II – Financial Statement Findings

See Federal Schedule of Findings and Questioned Costs

State Schedule of Findings and Questioned Costs, Continued

Section III – State Award Findings and Questioned Costs

Finding 2015-006

Material Weakness/

Material Noncompliance

Internal Control over Reporting

Department

Grant #

Programs

Division of Community
and Regional Affairs

13-GO-002

Harbor Dredging

Departments of Health
and Social Services

602-203-1502

Community Service Patrol

Condition:

Quarterly financial reports were not submitted timely.

Criteria:

Reports are required to be submitted by their respective deadlines.

Context:

During our testing of reporting requirements, we found that 2 of the four reports reviewed were not submitted timely to the granting agency.

Cause:

Lack of internal control over reporting requirements.

Effect:

Agencies may not consider future funding assistance.

Questioned costs:

None.

Recommendation:

We recommend that management implement internal control over reporting requirements to ensure reports are completed timely and accurately.

Management’s Response:

Management concurs with finding. See corrective action plan.

Finding 2015-007

Material Weakness/

Material Noncompliance

Internal Control over Reporting – All State Programs

Condition:

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

Criteria:

The *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* requires that single audit reports be submitted to the State within earlier of 30 days after the report is issued or nine months of year end.

City of Bethel, Alaska

State Schedule of Findings and Questioned Costs, Continued

Context:	The Organization was not prepared for the annual audit which resulted in significant delays.
Cause:	Management failed to timely reconcile general ledger accounts, delaying audit fieldwork.
Effect:	Late reporting could jeopardize grant funding.
Questioned costs:	None.
Recommendation:	We recommend the City to reconcile general ledger accounts in a timely manner.
Management's Response:	Management concurs with finding. See corrective action plan.

Section IV – Summary of Prior Audit Findings

The City did not have any prior year findings related to State awards. See Federal Schedule of Findings and Questioned Costs for status of prior year financial statement findings.

CITY OF BETHEL, ALASKA

Corrective Action Plan

June 30, 2015

Finding 2015-001 **General Ledger Reconciliation – Internal Control over Financial Reporting**

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: The City hired a qualified Finance Director and Assistant Finance Director to complete year-end reconciliations, closing processes and audit preparation.

Proposed Completion Date: 2017.

Finding 2015-002 **Lack of Internal Controls over Bond Accruals**

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: Internal controls will be put in place to ensure that all year-end adjustments, such as bond accruals are posted in a timely manner. A schedule of all annual adjustments will be prepared and distributed to applicable personnel in the finance department to ensure balances are correctly stated prior to audit fieldwork.

Proposed Completion Date: 2017.

Finding 2015-003 **General Ledger Reconciliation – Internal Control over Capital Assets**

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: The City hired a qualified Finance Director and Assistant Finance Director suited for identifying, valuing and tracking capital assets. The Finance Director will review schedules for accuracy and completeness.

Proposed Completion Date: June 2016.

Finding 2015-004 **Internal Control over Accounts Receivable**

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: The City will strengthen the internal controls around accounts receivable by regularly evaluating the aging schedule for allowances and ensuring balances are reasonably stated.

Proposed Completion Date: 2017.

CITY OF BETHEL, ALASKA

Corrective Action Plan, Continued

Finding 2015-005

Internal Controls over Reporting – CFDA #15.226 Payment in Lieu of Taxes

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: City will work to adjust and reconcile its accounts more timely so that the audit can be completed by the deadline for FY16.

Proposed Completion Date: 2017.

Finding 2015-006

Internal Controls over Reporting- State of Alaska Grants

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: The City will implement a schedule of deadlines for grant reporting to ensure all parties are made aware and produce timely report. Reporting responsibilities will be assigned to relevant department personnel.

Proposed Completion Date: 2017.

Finding 2015-007

Internal Controls over Reporting – All State Programs

Name of Contact: Hansel Mathlaw, Assistant Finance Director

Corrective Action Plan: City will work to adjust and reconcile its accounts more timely so that the audit can be completed by the deadline for FY16.

Proposed Completion Date: 2017.