

*The City of Bethany, Oklahoma  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2011*





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Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011*



*Prepared by  
Finance Department of the City of Bethany*

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For the Fiscal Year Ended June 30, 2011*



*Walking trail at Eldon Lyon Park*

*Prepared by  
Finance Department of the City of Bethany*

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*For the Fiscal Year Ended June 30, 2011*  
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## *Introductory Section*





# *The City of Bethany*

*A Great Place to Live, Work, Shop  
and Grow a Business!*

February 8, 2013

**Citizens of Bethany,  
Honorable Mayor and City Council  
And Other Interested Readers:**

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011.

The purpose of this report is to provide the Mayor, City Council, Management, citizens, representatives of financial institutions and others with detailed information on the financial position and performance of the City of Bethany. In addition, this report provides assurance that the City's financial position is presented fairly as verified by the independent auditors.

State law requires these audited financial statements to be filed in the office of the State Auditor and Inspector each year. We refer you to the Independent Auditor's Report of HBC, CPAs for an explanation of the scope and purpose of the audit process. The accuracy of the data and the completeness of the presentation, including relevant disclosures, are the responsibilities of City management. We believe this report is accurate in all material respects and fairly presents the financial position of the City and the results of its operations on both a government-wide and a fund basis for the fiscal year recently ended. We encourage you to read this document in its entirety and discuss the important items that it addresses.

The City of Bethany has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Bethany's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City of Bethany's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

City management's narrative on the financial activities of the City is in the Management's Discussion and Analysis (MD&A). This letter or transmittal is written to complement the MD&A and the financial statements, and should be read from that perspective.

## **Financial Reporting Entity**

The City's reporting entity consists of the primary government and related public trusts for which the primary government is financially accountable. The definition of the reporting entity is based on financial accountability.

*6700 NW 36th Street, PO Box 219  
Bethany, Oklahoma 73008 · (405) 789-2146 · FAX (405) 787-5467  
[www.cityofbethany.org](http://www.cityofbethany.org)*

## **Profile of the City of Bethany, Oklahoma**

The City of Bethany, incorporated as a municipality in 1910, is situated in the central part of the state. Located on the Oklahoma Scenic Byway of Historic Route 66, Bethany's 5.5 square miles on the western edge of the Oklahoma City metropolitan area embody the historical, spiritual, and commercial fabric that represents the abundant life grown out of the prairie.

Bethany has a council-manager form of government. This means that policy-making and legislative authority are vested in a governing council consisting of the mayor and eight other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments.

The council is elected on a non-partisan basis. Council members serve four-year staggered terms with four council members elected every two years. The mayor is elected to serve a four-year term. All council members are elected by ward. The mayor is elected at large.

The City of Bethany provides basic municipal services, including water, sewer, sanitation, public safety, streets and public parks.

The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by department and category of expenditures (personal services, materials and supplies, other services, and capital outlay) within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Bethany operates. Located on the western edge of the Oklahoma City urbanized area, Bethany is primarily a residential community. As the economy of the entire area expands, Bethany will benefit with an increase in population, retail sales and jobs. While surrounded on all sides by Oklahoma City and Warr Acres, there is still room for new commercial and residential development.

## **Long-term financial planning**

City of Bethany staff and elected officials have long recognized the need for long-term financial planning. City officials seek additional input from citizen groups.

A citizen's group presented a petition in 1990 asking the city council for an election to increase the city sales tax from two to three percent. The election passed. The voters stipulated that seventy percent (70%) of the additional cent was to be spent solely on capital improvements.

*June 30, 2011*

Capital improvements means equipment, land, buildings, water or sewer lines and all other items not consumed but diminished in value with prolonged use or time.

Early in 2000, another citizen's group recommended that the city raise its sales tax rate from three to four percent. On August 22, 2000, the Bethany voters approved an additional sales tax levy of one (1) percent. This tax went into effect on October 1, 2000. The proceeds of the tax will be used for general governmental purposes.

The City is increasing its efforts to bring additional retail business to enhance the sales tax base through a contract with The Buxton Company. Their proprietary method of matching retailers to a community's demographic and economic profile is being used to solicit potential retailers to the City. Based on Buxton's data, these retailers should find Bethany a great place to open or expand their business.

Capital projects planned for the near future include significant efforts to improve and replace aging sewer lines. These service lines will be financed with long-term debt that will be repaid with increases in user fees.

### **Investment and Cash Management**

The objective of the investment and cash management process of the City of Bethany is to manage and invest public funds with regard to the following criteria.

Safety of principal is the first objective of the investment and cash management program for the City. All investments are undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. Liquidity is the second objective. The City's investment portfolio is structured in such a manner as to remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. Finally, the City's investment portfolio is designed with the objective of attaining a market yield throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

### **Risk Management**

The City's risk management activities are designed to help prevent losses. City employees participate in accident investigation as well as prevention training.

The City participates in an insurance program administered by the Oklahoma Municipal Assurance Group (OMAG) for workers' compensation and pays a quarterly participation fee based on an actuarial estimate of claims. The City also purchases general liability insurance.

### **Pension and other post employment benefits**

City employees participate in a variety of retirement plans.

Uniformed police and fire department employees are members of State of Oklahoma plans. The City's liability to these plans is limited to its' required contribution.

All other employees participate in the Oklahoma Municipal Retirement Fund. This agent multiple-employer public retirement system acts as a common investment and administrative agent for cities in Oklahoma. This plan is funded on an actuarially sound basis.

The City does not provide any other post employment benefits.

**Contacting City Government**

For other information or specific questions related to this CAFR, please contact the Finance Department of the City at 6700 NW 36<sup>th</sup>, Bethany, Oklahoma, 73008, (405) 789-2146, [jon.robinson@bethanyok.org](mailto:jon.robinson@bethanyok.org). Please also visit our website [www.cityofbethany.org](http://www.cityofbethany.org).

**Acknowledgments**

Appreciation and thanks must be given to the Finance Department staff whose daily dedication and attention to each transaction makes this report the accurate and fairly presented report that it is. Appreciation is also extended to the leadership of the governing body for their continued interest in and support of the financial reporting process.

Respectfully submitted,

  
\_\_\_\_\_  
John D. Shugart  
City Manager

  
\_\_\_\_\_  
Jon Robinson  
Finance Director

*The City of Bethany, Oklahoma  
List of Principal Officials  
June 30, 2011*

*Elected Officials*

*Mayor*

Bryan Taylor

*Council Members*

*Ward 1*

Randy Luinstra, Vice Mayor  
Curtis Moore

*Ward 3*

Tom Ray  
Kathy Larsen

*Ward 2*

Kathi Holloway  
Jeff Siems

*Ward 4*

Phill Shirey  
Bill Weller

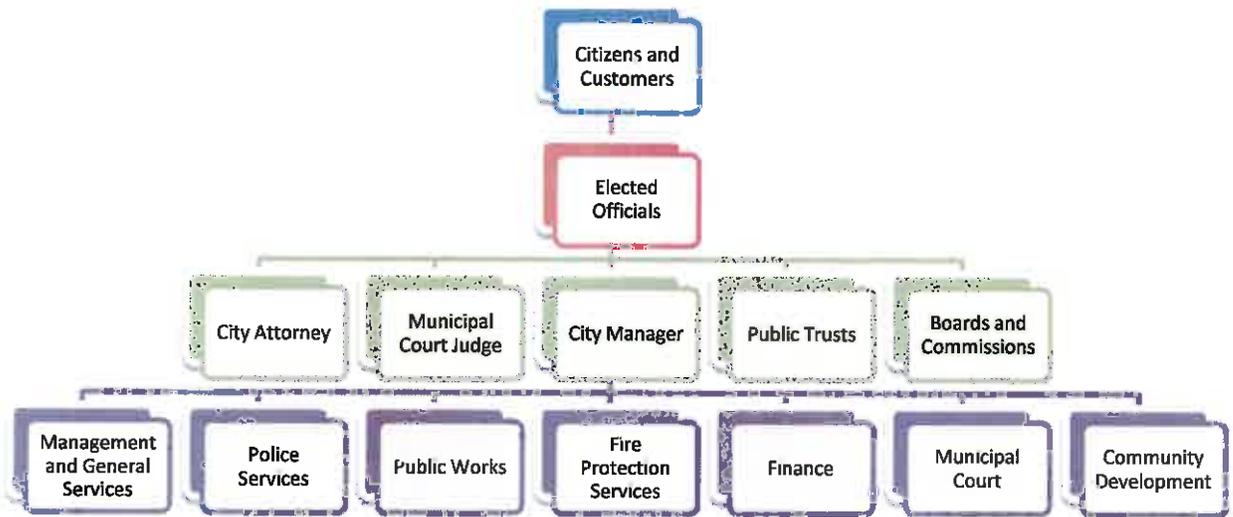
*Appointed Officials*

John D. Shugart, City Manager  
David A. Davis, City Attorney  
Kathleen A. Himmler, Municipal Court Judge

*Department Managers*

Phil Cole, Police Chief  
Mary Jones, Court Administrator  
Steve Katen, Public Works Director  
Scott Schroder, Fire Chief  
Julie Shannon, Community Development Director

*The City of Bethany, Oklahoma  
Organization Chart*



*Financial Section*





## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Bethany, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bethany, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Bethany, Oklahoma's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not evaluated its obligation for other post-employment benefits at June 30, 2011 and, accordingly, has not recorded a liability for other post-employment benefits in its governmental activities, business-type activities or in its major fund financial statements. Generally accepted accounting principles in the United States of America require that this obligation be recorded, which could increase liabilities, decrease net assets and fund balance and change the expenses in these financial statements. The amount by which this departure would increase liabilities, decrease net assets and fund balance and change the expenses in these financial statements has not been determined.

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bethany, Oklahoma, as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2013, on our consideration of the City of Bethany, Oklahoma'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 21 and budgetary comparison information and the schedule of funding progress on pages 60 through 61 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bethany, Oklahoma's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and the statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*HBC CPAs & Advisors*

Yukon, Oklahoma  
June 8, 2013

*The City of Bethany, Oklahoma*  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**June 30, 2011**

Unaudited

Within this section of the City of Bethany's annual financial report, management provides narrative discussion and analysis of the financial activities for the fiscal year ended June 30, 2011. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter that is included in the Introductory Section.

**Financial Highlights**

- The City's assets exceeded its liabilities by \$38,906,093 (net assets) at the close of the fiscal year.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$20,836,328 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Reserved net assets of \$5,508,664 represent the portion of net assets that are reserved for capital projects, debt service, emergencies, and for other specific fund purposes.
  - (3) Unrestricted net assets of \$12,560,491 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City were \$16,182,542 at the end of the fiscal year. This includes \$14,557,850 in outstanding debt and \$754,121 in accrued compensated absences.
- The City's governmental funds reported total ending fund balance of \$5,883,996 this year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,917,846, or 47.18% of total General Fund expenditures.

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also provides additional information to supplement the basic financial statements.

**Government-wide financial statements** The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non financial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities. This statement reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and culture and recreation. Business-type activities include water, wastewater utilities, solid waste management and certain hospital services.

The City's financial reporting includes the funds of the City (primary government) and organizations for which the City is accountable (component units). Most of these legally separate organizations operate like City departments, serve as financing vehicles for City services (revenue bond issuers), or are governed by a board of trustees wholly comprised of the City's Mayor and Council. These organizations are blended into the primary government for financial reporting purposes. The blended organizations reported as City funds include the Bethany Public Works Authority, The Bethany Hospital Trust and the Bethany Development Authority.

**Fund financial statements** A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful

in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

A budgetary comparison statement for the general fund is included in the required supplemental information. This statement demonstrates compliance with the City's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two types of proprietary funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail. Internal service funds report services provided within the city organization. Currently the City of Bethany does not have any internal service funds.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

**Notes to the financial statements** The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Other supplementary information includes detail by fund and component unit for receivables, payables, transfers, and payments within the reporting entity. Supplementary information follows the notes to the financial statements.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

### Government-wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole. Net assets represent the difference between total assets and total liabilities. The City of Bethany's assets exceeded its liabilities by \$38,906,093 at fiscal year end. The following table provides a summary of the City's net assets:

*Summary of Net Assets*

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2011	2010	2011	2010	2011	2010		
Current and other assets	\$6,095,350	\$6,450,202	\$13,380,889	\$12,638,782	\$19,476,239	\$19,088,984	\$387,255	2.0%
Capital assets	7,640,188	7,330,129	27,972,208	28,716,287	35,612,396	36,046,416	-434,020	-1.2%
Total assets	13,735,538	13,780,331	41,353,097	41,355,069	55,088,636	55,135,400	-46,764	-0.1%
Long term liabilities	103,467	106,351	13,690,955	14,110,468	13,794,422	14,216,819	-422,397	-3.0%
Other liabilities	706,451	921,350	1,681,668	2,023,137	2,388,119	2,914,487	-526,368	-18.9%
Total liabilities	809,918	1,027,701	15,372,623	16,133,605	16,182,541	17,161,306	-978,765	-5.7%
Net Assets:								
Invested in Capital assets, net of related debt	7,640,188	7,298,738	13,196,141	14,164,853	20,836,329	21,463,591	-627,262	-2.9%
Restricted	1,933,179	1,936,331	3,575,486	4,701,492	5,508,664	6,637,822	-1,129,158	-17.0%
Unrestricted	3,352,251	3,517,561	9,208,850	6,355,120	12,561,101	9,872,681	2,688,420	27.2%
Total net assets	\$12,925,618	\$12,752,630	\$25,980,475	\$25,221,464	\$38,906,093	\$37,974,094	\$931,999	2.5%

The City reported positive balances in net assets for both governmental and business-type activities. By far the largest portion of the City of Bethany's net assets (53.6 percent) reflects its investment in capital assets. Capital assets are used to provide services to our citizens. However, capital assets are not available for future spending. It should also be noted that the investment in capital assets is reported net of related debt. The debt must be repaid from other resources since the capital assets themselves cannot be used to pay these liabilities.

An additional portion of net assets (\$5,508,664) is restricted on how they may be used. The remaining balance of unrestricted net assets (\$12,560,491) may be used to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net assets increased \$2,687,811 in part to utility rate increases and cost control measures instituted by management.

The "Statement of Activities" shows on an accrual basis the major activities of the government. These activities are broken down into governmental and business type activities. The table below shows a summary of the information contained in the statement of activities.

Summary of Changes in Net Assets

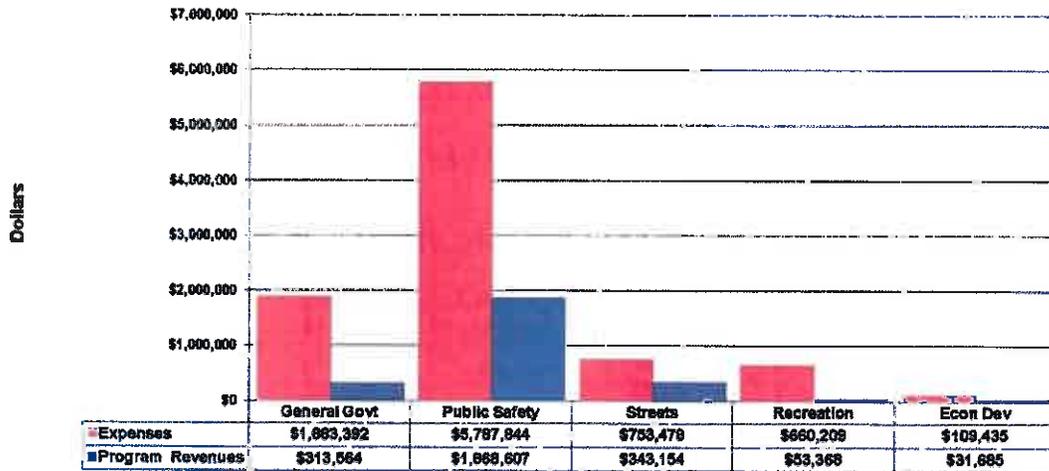
	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2011	2010	2011	2010	2011	2010		
<b>Program revenues</b>								
Charges for Services	2,352,580	1,863,717	7,555,337	7,337,856	9,907,917	9,201,573	706,344	7.7%
Operating Grants	56,473	107,426	-	-	56,473	107,426	(50,953)	-47.4%
Capital Grants	201,326	-	-	-	201,326	-	201,326	
<b>General revenues</b>								
Sales and Use taxes	4,341,371	4,299,598	-	-	4,341,371	4,299,598	41,773	1.0%
Franchise taxes	804,121	820,084	-	-	804,121	820,084	(15,963)	-1.9%
Property tax	117	12,201	-	-	117	12,201	(12,084)	-99.0%
Occupancy taxes	48,665	52,217	-	-	48,665	52,217	(3,552)	
Emergency mgmt tax	8,873	12,550	-	-	8,873	12,550	(3,677)	-29.3%
Intergovernmental	232,388	267,272	-	-	232,388	267,272	(34,884)	-13.1%
Investment income	27,788	68,297	71,433	336,405	99,221	404,702	(305,481)	-75.5%
Miscellaneous income	358,425	335,868	243,316	275,190	601,741	611,058	(9,317)	-1.5%
<b>Total revenues</b>	<b>8,432,127</b>	<b>7,839,230</b>	<b>7,870,086</b>	<b>7,949,451</b>	<b>16,302,212</b>	<b>15,788,681</b>	<b>513,531</b>	<b>3.3%</b>
<b>Expenses</b>								
General government	1,883,392	1,228,570	-	-	1,883,392	1,228,570	654,822	53.3%
Public safety	5,787,844	5,759,400	-	-	5,787,844	5,759,400	28,444	0.5%
Highways and streets	753,478	1,222,491	-	-	753,478	1,222,491	(469,013)	-38.4%
Culture and recreation	660,209	738,887	-	-	660,209	738,887	(78,678)	-10.6%
Economic developmen	109,435	103,679	-	-	109,435	103,679	5,756	5.6%
Water	-	-	3,215,511	2,544,280	3,215,511	2,544,280	671,231	26.4%
Sewer	-	-	1,330,865	1,696,747	1,330,865	1,696,747	(365,882)	-21.6%
Sanitation	-	-	1,414,492	1,592,444	1,414,492	1,592,444	(177,952)	-11.2%
Hospital	-	-	201,548	145,886	201,548	145,886	55,662	38.2%
<b>Total expenses</b>	<b>9,194,359</b>	<b>9,053,027</b>	<b>6,162,415</b>	<b>5,979,357</b>	<b>15,356,774</b>	<b>15,032,384</b>	<b>324,390</b>	<b>2.2%</b>
Increase (decrease) in net assets before transfers	(762,232)	(1,213,797)	1,707,670	1,970,094	945,438	756,297	189,141	25.0%
Transfers	937,805	692,092	(937,805)	(692,092)	-	-		
Changes in net assets	172,988	(521,706)	769,865	1,278,002	942,853	756,296	186,557	24.9%
Beginning net assets	12,752,630	13,291,489	25,210,611	23,943,463	37,963,241	37,234,952	728,289	1.9%
Ending net assets	12,925,618	12,769,783	25,980,476	25,221,465	38,906,094	37,991,248	914,846	2.4%

It is important to note that Business-type activities transferred \$937,805 to governmental type activities. This means that the City of Bethany's business activities help pay the expenses of the governmental activities.

**Governmental activities** Governmental activities increased the City of Bethany's net assets by \$172,988. This is because revenue growth exceeded expenditure growth during the year.

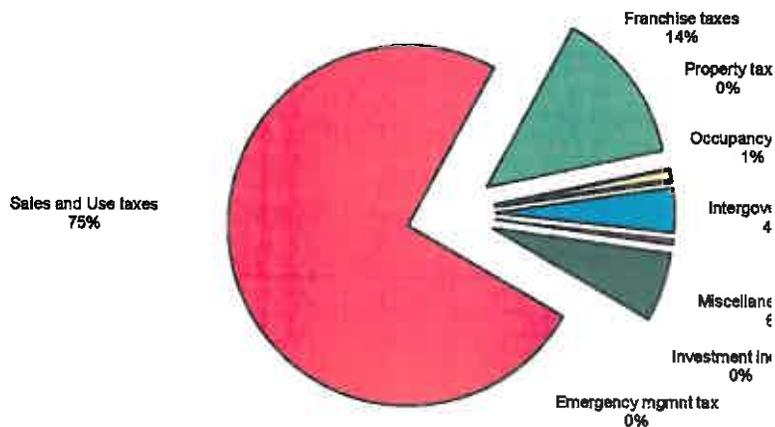
The graph below shows the major governmental activities and their associated program revenues. You can easily see that all governmental activities are financed almost entirely by taxes, rather than user fees. You can also see that public safety activities account for approximately \$5.79 million of the total \$9.19 million in governmental expenditures.

*Governmental Activities*



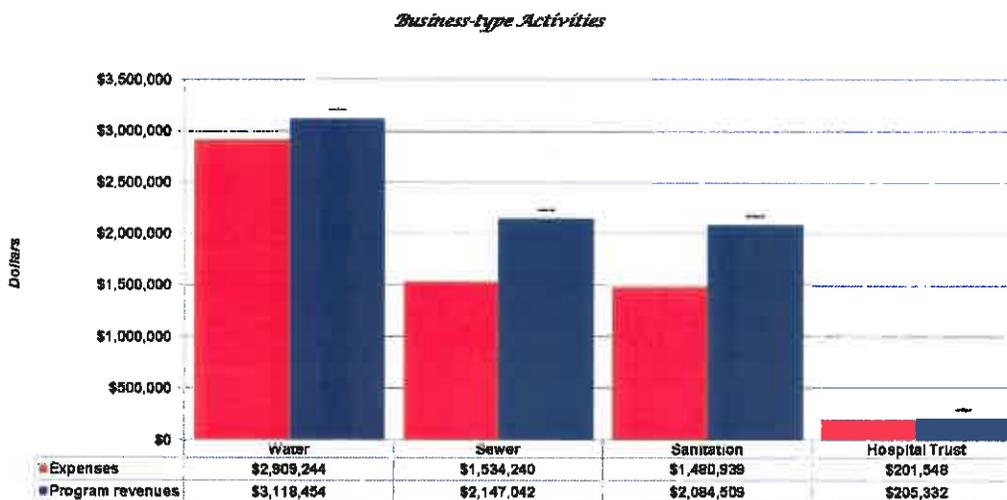
The pie chart below shows governmental general revenue by source. Sales and use taxes account for 72 percent of general revenue. Transfers from other funds account for 4 percent of general revenue.

*Governmental General Revenues*



**Business-type activities** Business type activities increased the City of Bethany's net assets by \$769,864. This was because sanitation and sewer rates were increased in order to keep pace with inflationary trends.

The graph below shows the major business-type activities and their associated program revenues. Business-type activities are financed by user fees. All four business-type activities provided a positive change in net assets.



The positive change in net assets in business-type activities helps fund governmental activities.

### Financial Analysis of the Government's Funds

The City of Bethany uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City of Bethany's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. This information is used to assess Bethany's financing needs. The unreserved fund balance is used to measure net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, total governmental fund balance is \$5,883,998. Of this amount \$3,917,846 is unrestricted. The remaining balance is restricted for specific governmental fund purposes. It is interesting to note that \$657,901 of the fund balance is restricted for the purchase of capital assets. The capital improvement fund receives and disburses the sales tax dedicated for capital purchases that passed in 1990.

The general fund is the chief operating fund of the City. Most governmental activities are funded through this fund. At the end of the fiscal year, General Fund unreserved fund balance was \$3,917,846 while total fund balance was \$4,550,818. The general fund fund balance decreased \$122,291 during the year.

**Proprietary Funds:** The City of Bethany's proprietary funds provide the same type of information found in the government -wide financial statements. Additional detail is provided.

Unrestricted net assets of the Bethany Hospital Trust at the end of the year were \$1,393,432. The Bethany Public Works Authority (BPWA) had \$7,815,417 in unrestricted net assets.

It is worthy to note that the BPWA is in the process of rehabilitating sewer lines in south Bethany. Accordingly, part of the unrestricted net assets will be used to pay for construction costs and long term debt.

### **General Fund Budgetary Highlights**

There were no changes to the final authorized expenditures in the general fund. Management is allowed to make transfers between departments subject to a ten percent (10%) limitation.

General fund revenues were \$527,576 more than the budget. Increased law enforcement efforts and increased charges for services significant factors in this increase.

Expenditures were \$548,425 less than the budget. The variance from the expenditure target resulted from management actions to control spending.

### **Capital Asset and Debt Administration**

**Capital assets** The City of Bethany's investment in capital assets for both governmental and business-type activities as of June 30, 2011 totals \$35,612,396 (net of accumulated depreciation). This investment includes land, buildings, equipment, park facilities, street and drainage improvements, water system and sewer system improvements.

Capital asset additions during the year totaled \$1,364,818 and included the following:

- Replacement of various machinery and equipment.
- Major Sewer and water line improvement projects were continued.

**Long-term debt** At the end of the fiscal year, the City had total bonded debt of \$14,557,849 from original issue amount of \$18,250,000. All of this debt is backed by the sales tax and utility revenues. The Bethany Public Works Authority issued this debt for construction of a new police and municipal court building, water treatment plant

improvements, and sewer line replacement. Improvements were also made to the existing animal control building and city hall.

The Bethany Public Works Authority has a loan agreement with the Oklahoma Water Resources Board for \$10,000,000 to finance the new water treatment plant. This debt is backed by utility revenue and at June 30, 2011 totaled \$ 7,426,144. Another loan agreement with the OWRB for \$5,140,000 exists to reconstruct sewer lines and is backed by utility revenues. Draws to date on this agreement total \$4,683,697. One revenue bond outstanding with an original issue of \$3,110,000 was used to construct a new police and court facility. At June 30, the remaining balance on this note was \$1,830,000 and is also backed by utility and sales tax revenue.

### **Economic Factors and Next Year's Budgets and Rates**

The City of Bethany is located on the western edge of Oklahoma City. The ability of our citizens to pay for municipal services is greatly dependent on the health of the economy of the overall metropolitan area. Many of our citizens work in Oklahoma City and the surrounding municipalities. Economists with the Oklahoma State University College of Business Administration and others predict modest job growth through the next fiscal year.

The Bethany City Council is certainly aware that the overall economic condition of the region is important in the budgeting process. The Council is also aware that quality municipal services are important to our citizens. Accordingly for the fiscal year 2011-2012 the City Council General approved a General Fund budget of \$9.3 million. This compares to \$9.01 for the previous year. This increase reflects a balance between services provided and income available to pay for those services. The City of Bethany is continuing significant efforts to attract additional retail business.

The City Council reviews utility rates annually to help ensure rates stay in line with expense. Sanitation and sewer rates were increased approximately 3.0% for fiscal 2011. Water rates remained unchanged.

All rates are subject to review by the City Council at any time as conditions warrant.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Bethany's Finance Department at PO Box 219, Bethany, Oklahoma, 73008, phone (405) 789-2146, or download the information from [www.cityofbethany.org](http://www.cityofbethany.org).



## *Basic Financial Statements*

*City of Bethany, Oklahoma*

Statement of Net Assets

June 30, 2011

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,676,375	\$ 6,687,751	\$ 10,364,126
Investments	1,323,408	2,693,585	4,016,993
Receivables (net of allowance for uncollectibles)	1,070,092	653,591	1,723,682
Interest receivable	11,613	461,275	472,887
Prepaid expenses	13,862	31,672	45,534
Restricted cash and cash equivalents	-	1,293,870	1,293,870
Restricted investments	-	269,100	269,100
Lease settlement receivable	-	992,782	992,782
Prepaid debt expense	-	297,264	297,264
Capital assets (net of accumulated depreciation)	7,640,188	27,972,208	35,612,396
<b>Total assets</b>	<b>\$ 13,735,538</b>	<b>\$ 41,353,097</b>	<b>\$ 55,088,635</b>
<b>Liabilities</b>			
Accounts payable	\$ 150,816	\$ 194,869	\$ 345,684
Accrued salaries and related taxes	59,926	-	59,926
Current portion of compensated absences	495,709	154,945	650,654
Interest payable	-	143,214	143,214
Current portion of long term debt	-	866,895	866,895
Current portion of deferred revenue	-	-	-
Customer deposits payable from restricted assets	-	321,745	321,745
Long term portion of deferred revenue	-	-	-
Long term portion of compensated absences	103,467	-	103,467
Long term debt	-	13,690,955	13,690,955
<b>Total liabilities</b>	<b>809,919</b>	<b>15,372,623</b>	<b>16,182,542</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	7,640,188	13,196,140	20,836,328
Restricted by:			
External contracts	657,901	1,251,025	1,908,927
Debt service	65,039	272,095	337,133
Statutory requirements	1,210,239	600,000	1,810,239
Other purposes	-	1,452,365	1,452,365
Unrestricted	3,352,251	9,208,849	12,561,101
<b>Total net assets</b>	<b>12,925,618</b>	<b>25,980,475</b>	<b>38,906,093</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,735,538</b>	<b>\$ 41,353,097</b>	<b>\$ 55,088,635</b>

The notes to the financial statements are an integral part of this statement.

**City of Bethany, Oklahoma**  
 Statement of Activities  
 For the Fiscal Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating grants and contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General government	\$ 1,883,392	\$ 313,564	\$ -	\$ (1,569,828)	\$ -	\$ (1,569,828)
Public safety	5,787,844	1,805,809	56,473	(3,919,236)	-	(3,919,236)
Highways and streets	753,478	148,154	6,326	(410,324)	-	(410,324)
Culture and recreation	660,209	53,368	195,000	(606,841)	-	(606,841)
Economic development	109,435	31,685	-	(77,751)	-	(77,751)
Debt service	2,384	-	-	(2,584)	-	(2,584)
<b>Total governmental activities</b>	<b>9,196,944</b>	<b>2,352,580</b>	<b>56,473</b>	<b>(6,586,565)</b>	<b>-</b>	<b>(6,586,565)</b>
<b>Business-type activities</b>						
Water	3,215,511	3,118,454	-	-	(97,057)	(97,057)
Sewer	1,330,865	2,147,042	-	-	816,177	816,177
Sanitation	1,414,492	2,084,509	-	-	670,017	670,017
Hospital	201,548	205,332	-	-	3,783	3,783
<b>Total business-type activities</b>	<b>6,162,415</b>	<b>7,555,337</b>	<b>-</b>	<b>-</b>	<b>1,392,920</b>	<b>1,392,920</b>
<b>Total primary government</b>	<b>\$ 15,359,359</b>	<b>\$ 9,907,917</b>	<b>\$ 56,473</b>	<b>\$ (6,586,565)</b>	<b>\$ 1,392,920</b>	<b>\$ (5,193,644)</b>

**General revenues:**

Sales and use taxes	4,341,371	4,341,371
Franchise taxes	804,121	804,121
Property tax	117	117
Occupancy taxes	48,665	48,665
Emergency management taxes	8,873	8,873
Intergovernmental	232,388	232,388
Investment income	27,788	27,788
Miscellaneous	358,425	358,425
Transfers between funds	937,805	937,805
<b>Total general revenues</b>	<b>6,759,553</b>	<b>(623,056)</b>
Change in net assets	172,988	769,864
Net assets-beginning	12,752,630	25,210,611
Net assets-ending	\$ 12,925,618	\$ 25,980,476

The notes to the financial statements are an integral part of this statement.

**City of Bethany, Oklahoma**

**Balance Sheet  
Governmental Funds  
as of June 30, 2011**

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,712,617	\$ 378,985	\$ 584,774	\$ 3,676,375
Investments	885,588	337,820	100,000	1,323,408
Accounts receivable (net of allowance for uncollectibles)	1,070,092	0	1	1,070,092
Interest receivable	9,533	1,565	0	11,098
Due from other funds	514	0	0	514
Prepaid expenses	13,862	0	0	13,862
<b>Total assets</b>	<u>\$ 4,692,205</u>	<u>\$ 718,370</u>	<u>\$ 684,774</u>	<u>\$ 6,095,349</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 80,852	\$ 60,469	\$ 9,104	150,424
Accrued salaries and related taxes	59,926	0	0	59,926
Due to other funds	0	0	391	391
<b>Total liabilities</b>	<u>140,778</u>	<u>60,469</u>	<u>9,496</u>	<u>210,742</u>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	32,972	0	0	32,972
<b>Restricted for:</b>				
Debt service	0	0	65,039	65,039
Capital projects	0	657,901	0	657,901
Assigned	600,000	0	610,239	1,210,239
Unassigned	3,918,456	0	0	3,918,456
<b>Total fund balances</b>	<u>4,551,427</u>	<u>657,901</u>	<u>675,278</u>	<u>5,884,606</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,692,205</u>	<u>\$ 718,370</u>	<u>\$ 684,774</u>	<u>\$ 6,095,349</u>
Total fund balances - governmental funds				\$ 5,884,606
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation. See Note III. A.4. for additional detail.				7,640,188
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Lease/purchase obligations				0
Accrued compensated absences				<u>(599,176)</u>
Net assets of governmental activities				<u>\$ 12,925,618</u>

**City of Bethany, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For The Fiscal Year Ended June 30, 2011**

	General Fund	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 5,194,157	\$ -	\$ 8,990	\$ 5,203,147
Interest	27,541	5,726	811	34,077
Licenses and permits	97,101	-	-	97,101
Intergovernmental	232,388	115,893	251,473	599,754
Charges for services	468,975	-	174,310	643,285
Fines and court costs	1,379,962	-	-	1,379,962
Miscellaneous	358,425	70,844	45,531	474,800
Total revenues	<u>7,758,549</u>	<u>192,463</u>	<u>-481,114</u>	<u>8,432,127</u>
<b>Expenditures:</b>				
General government	1,746,342	-	-	1,746,342
Public safety	5,278,181	-	206,811	5,484,992
Public services	675,504	-	1,428	676,932
Culture and recreation	604,323	-	-	604,323
Economic development	-	-	109,435	109,435
Capital outlay	-	747,024	91,741	838,765
Debt service	-	45,673	-	45,673
Total expenditures	<u>8,304,350</u>	<u>792,696</u>	<u>409,416</u>	<u>9,506,461</u>
Excess (deficiency) of revenues over (under) expenditures	(545,800)	(600,233)	71,698	(1,074,335)
<b>Other financing sources:</b>				
Transfers from other funds	4,561,499	447,847	80,000	5,089,346
Transfers to other funds	(4,137,381)	-	(14,160)	(4,151,541)
Total other financing sources	<u>424,118</u>	<u>447,847</u>	<u>65,840</u>	<u>937,805</u>
Net changes in fund balances	(121,682)	(152,387)	137,539	(136,530)
Fund balance - beginning	4,673,109	810,288	537,739	6,021,137
Prior period adjustment	-	-	-	-
Fund balance - ending	<u>\$ 4,551,428</u>	<u>\$ 657,901</u>	<u>\$ 675,278</u>	<u>\$ 5,884,607</u>

The notes to the financial statements are an integral part of this statement.

*City of Bethany, Oklahoma*  
**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds  
To the Statement of Activities  
For the Fiscal Year Ended June 30, 2011**

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

Net change in fund balances-total governmental funds	\$ (136,530)
--	--------------

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

Capital asset purchases capitalized	1,031,539
Depreciation expense	(721,481)
Loss on Disposals	0

The issuance of long-term debt provides current financial  
resources to governmental funds while the repayment of principal  
on long-term debt consumes current financial resources. Neither  
of these transactions affects government-wide net assets.

Payment of long-term debt	43,089
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Some expenses reported in the Statement of Activities do not  
require the use of current financial resources and therefore  
are not reported as expenditures in governmental funds:

net change in Accrued compensated absences	(43,629)
--	----------

Change in Net Assets of Governmental Activities	<u>\$ 172,989</u>
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The notes to the financial statements are an integral part of this statement.

**City of Bethany, Oklahoma**

**Statement of Net Assets  
Proprietary Funds  
As of June 30, 2011**

	Enterprise Funds		
	Bethany Hospital Trust	Bethany Public Works Authority	Totals
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,593,227	\$ 5,094,524	\$ 6,687,751
Investments	649,800	2,043,785	2,693,585
Accounts receivable, net of allowances	-	653,591	653,591
Prepaid expense	-	31,672	31,672
Interest receivable	437,798	23,477	461,275
Total current assets	2,680,825	7,847,048	10,527,872
Non current assets:			
Restricted cash and cash equivalents	-	1,293,870	1,293,870
Restricted investments	-	269,100	269,100
Lease settlement receivable	992,782	-	992,782
Deferred debt expense	-	297,264	297,264
Investment in capital assets net of depreciation	2,753,964	25,218,244	27,972,208
Total non current assets	3,746,746	27,078,478	30,825,224
Total assets	\$ 6,427,572	\$ 34,925,526	\$ 41,353,097
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	\$ 6,308	\$ 188,560	\$ 194,869
Accrued salaries	-	-	-
Current portion of compensated absences	-	154,945	154,945
Interest payable	-	143,214	143,214
Current portion of long term debt	-	866,895	866,895
Customer deposits payable from restricted assets	-	321,745	321,745
Deferred revenue payable from restricted assets	-	-	-
Total current liabilities	6,308	1,675,360	1,681,669
Non current liabilities:			
Long-term portion of compensated absences	-	-	-
Long-term debt (net of unamortized discount)	619,954	13,071,000	13,690,955
Total non current liabilities	619,954	13,071,000	13,690,955
Total liabilities	626,262	14,746,360	15,372,623
<b>Net assets</b>			
Invested in capital assets, net of debt	2,955,512	10,240,628	13,196,140
Restricted for debt service	-	272,095	272,095
Restricted for emergencies	-	600,000	600,000
Restricted for long term assets	1,452,365	-	1,452,365
Restricted for capital projects	-	1,251,025	1,251,025
Unrestricted	1,393,432	7,815,417	9,208,849
Total net assets	5,801,309	20,179,166	25,980,475
Total liabilities and net assets	\$ 6,427,572	\$ 34,925,526	\$ 41,353,097

The notes to the financial statements are an integral part of this statement.

***City of Bethany, Oklahoma***  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets - All Proprietary Funds**  
**For the Year Ended June 30, 2011**

	Enterprise Funds		
	Bethany Hospital Trust	Bethany Public Works Authority	Totals
Operating revenues:			
Water	\$ -	\$ 3,118,454	\$ 3,118,454
Sewer	-	2,147,042	2,147,042
Sanitation	-	2,084,509	2,084,509
Lease finance income	205,332	-	205,332
Other operating revenues	-	261,935	261,935
Total operating revenues	<u>205,332</u>	<u>7,611,939</u>	<u>7,817,271</u>
Operating expenses:			
Water Department	-	1,560,085	1,560,085
Sewer Department	-	1,141,842	1,141,842
Sanitation Department	-	1,174,918	1,174,918
Other operating expense	-	617,620	617,620
Depreciation expense	201,548	952,164	1,153,712
Total operating expenses	<u>201,548</u>	<u>5,446,629</u>	<u>5,648,177</u>
Operating income (loss)	<u>3,784</u>	<u>2,165,311</u>	<u>2,169,095</u>
Nonoperating revenue (expense)			
Interest expense	-	(514,239)	(514,239)
Interest and investments earnings	-	71,433	71,433
Capital contributions from private sources	-	-	-
Other nonoperating revenue (expense)	-	(18,619)	(18,619)
Total nonoperating revenue (expense)	<u>-</u>	<u>(461,424)</u>	<u>(461,424)</u>
Income before operating transfers	<u>3,784</u>	<u>1,703,886</u>	<u>1,707,670</u>
Operating transfers to (from):			
Transfer (to) from other funds	(200,000)	(737,805)	(937,805)
Total operating transfers	<u>(200,000)</u>	<u>(737,805)</u>	<u>(937,805)</u>
Net income (loss)	<u>(196,216)</u>	<u>966,081</u>	<u>769,864</u>
Net assets, beginning of year	<u>5,997,525</u>	<u>19,213,085</u>	<u>25,210,610</u>
Net assets, end of year	<u>\$ 5,801,309</u>	<u>\$ 20,179,166</u>	<u>\$ 25,980,475</u>

The notes to the financial statements are an integral part of this statement.

***City of Bethany, Oklahoma***  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2011**

	Enterprise Funds		Totals
	Bethany Hospital Trust	Bethany Public Works Authority	
Cash flows from operating activities:			
Cash received from customers	\$ 205,332	\$ 7,611,939	\$ 7,817,271
Cash payments to suppliers for materials and services	-	(3,485,506)	(3,485,506)
Cash payments to employees	-	(2,116,053)	(2,116,053)
Other receipts	-	-	-
Other payments	-	-	-
Net cash provided (used) by operating activities	205,332	2,010,379	2,215,711
Cash flows from noncapital financing activities:			
Nonoperating receipts (payments)		4,057,381	
Transfers to other funds	(200,000)	(4,795,186)	(4,995,186)
Net cash provided (used) in non capital financing activities	(200,000)	(737,805)	(937,805)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	-	-
Proceeds from capital debt	-	230,730	230,730
Principal payment on capital debt	-	(587,765)	(587,765)
Interest payment on capital debt	-	(330,021)	(330,021)
Net cash provided (used) in capital and related financing activities	-	(687,056)	(687,056)
Cash flows from investing activities:			
Purchase of investments	(28,215)	45,838	17,623
Proceeds from maturities & sales of investments	-	-	-
Investment income	-	71,433	71,433
Net cash provided (used) in investing activities	(28,215)	117,271	89,056
Net increase (decrease) in cash	(22,883)	702,790	679,906
Cash and cash equivalents , beginning of year	1,616,110	5,642,015	7,258,125
Cash and cash equivalents , end of year	\$ 1,593,227	\$ 6,388,393	\$ 7,981,621

The notes to the financial statements are an integral part of this statement.

**City of Bethany, Oklahoma**  
**Statement of Cash Flows - Proprietary Funds (continued)**  
**For the Year Ended June 30, 2011**

	<u>Enterprise Funds</u>		Totals
	<u>Bethany Hospital Trust</u>	<u>Bethany Public Works Authority</u>	
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u></b>			
Income from operations	\$ 3,784	\$ 2,165,311	\$ 2,169,095
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	201,548	952,164	1,153,712
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	0	(25,533)	(25,533)
Increase (decrease) in accounts payable	0	(128,108)	(128,108)
Increase (decrease) in investments	0	249,850	249,850
(Increase) decrease in prepaid expenses	0	(4,147)	(4,147)
Increase (decrease) in other liabilities and accrued expenses	0	(92,063)	(92,063)
Net adjustment	<u>201,548</u>	<u>952,164</u>	<u>1,153,711</u>
Net cash provided (used) by operating activities	<u>\$ 205,332</u>	<u>\$ 3,117,474</u>	<u>\$ 3,322,805</u>

The notes to the financial statements are an integral part of this statement.

***City of Bethany, Oklahoma***  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**as of June 30, 2011**

**Assets**

Cash and cash equivalents and investments	\$	743,285
Total assets	\$	743,285

**Liabilities**

Due to depositors	\$	698,131
Due to state		0
Due to other funds		45,154
Total liabilities	\$	743,285

The notes to the financial statements are an integral part of this statement.

***City of Bethany, Oklahoma***  
**Statement of Changes Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2011**

Cash and investments, beginning	\$	749,004
Additions		543,208
Deductions		548,927
Cash and investments, ending	\$	743,285
Liabilities, beginning	\$	749,004
Additions		705,205
Deductions		710,925
Liabilities, ending	\$	743,285

The notes to the financial statements are an integral part of this statement.



*Notes to the Financial Statements*

*The City of Bethany, Oklahoma*  
NOTES TO THE FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the City of Bethany are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2011.

**I.B. Financial Reporting Entity - Basis of Presentation**

**I.B.1. Component Units**

The City of Bethany (the "City") is a municipal corporation governed by an elected mayor and eight-member council. The City provides a wide range of municipal services and operates under the council-manager form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Data from these units are combined with data of the primary government.

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 governmental accounting and financial reporting principles. The more significant accounting policies are described below.

The financial reporting entity was determined by evaluating each potential component unit against the criteria established by GAAP. The criterion includes (a) the City's oversight responsibility (b) the scope of service provided by the unit and (c) the existence of special financing relationships between the City and the unit.

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity.

Considering the foregoing criteria, the financial statements of the following organizations are reported in the accompanying financial statements:

**The Bethany Hospital Trust** is a public trust created to provide health care and health care financing services to the community and surrounding area. The Council members of the City serve in ex-officio positions on the Board of Trustees for the Trust. It is included as an enterprise fund of the City.

**The Bethany Public Works Authority** is a public trust created for the purpose of furnishing various forms of public and municipal services within and without the boundaries of the City. The City Council members are trustees of the Authority. It is included as an enterprise fund of the City.

**The Bethany Development Authority** is a public trust created for the purpose of furnishing various forms of public and municipal services within and without the boundaries of the City. The City Council members are trustees of the Authority. It is included as a non-major special revenue fund of the City.

### **I.B.2. Related Organizations**

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. Related organizations are described as follows:

The Bethany Public Works Authority and Warr Acres Public Works Authority contract with the Bethany-Warr Acres Public Works Authority (BWA-PWA) for the provision of sewer treatment service for the two cities. The Cities of Bethany and Warr Acres jointly govern the authority. The governments do not exercise specific control over budgeting and financing the authority's activities, and do not have a specified equity interest in the assets. Accordingly, the financial statements of the Bethany-Warr Acres Public Works Authority are not included with this report as a component unit of the City of Bethany, but may be requested by contacting BWA-PWA, 4301 N.W. 192, Edmond, OK, 73003-9011, (405) 341-4260.

### **I.B.3. Government-Wide and Fund Financial Statements**

#### *Government-wide Financial Statements*

The government-wide financial statements include the *Statement of Net Assets* and the *Statement of Activities*. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The *Statement of Activities* reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

#### *Fund Financial Statements*

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

#### **I.B.4. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement include the following:

\* The financial statements include:

- \*\* A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- \*\* Financial statements prepared using full accrual accounting of all the City's activities, including infrastructure (roads, bridges, etc.).
- \*\* A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying statements and notes to the statements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. See Note III. A.3. for information describing restricted assets. The City has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The City has elected not to apply FASB pronouncements issued after the applicable date.

#### **I.B.5. Fund Types and Major Funds**

##### *Governmental Funds*

The City reports the following major governmental funds:

General Fund -reports as the primary fund of the City. This fund is used to account for and report all financial resources not reported in other funds.

Capital Improvements Fund - established by a vote of the citizens and City ordinance to account for a limited purpose sales tax designated for capital improvements in the City of Bethany.

*Proprietary Funds*

The City reports the following major enterprise funds:

The Bethany Public Works Authority Fund (BPWA) - accounts for transactions relating to water, wastewater, and sanitation utilities construction, contracting, debt, and other matters requiring commitment for more than one fiscal year.

The Bethany Hospital Trust Fund (BHT) - accounts for transactions relating to the Bethany Hospital building and related improvement, contracting, debt, and other matters requiring commitment for more than one fiscal year.

*Other Governmental Fund Types*

The City also reports the following non-major fund types:

Agency Fund - accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. The City's agency fund is used to account for various deposits, bail bonds, performance bonds, and escrow monies.

The City also reports the following non-major governmental funds:

Debt Service Fund - accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds, interest, and judgments. This fund reports all ad valorem taxes collected.

Special Revenue Funds - Special Revenue Funds account for the proceeds and expenditures of revenue sources that are legally restricted for specific purposes.

The Public Safety Fund is used to account for proceeds and expenditures of public safety grants and special programs.

The E-911 Fund accounts for monies received and expended pursuant to the "Nine-One-One Emergency Act".

The Local Law Enforcement Administration Grant Fund is used to account for funds received from the United States Department of Justice Block Grant Program.

The Community Development Block Grant Fund (CDBG) is used to account for funds received from the Oklahoma Department of Commerce.

The Juvenile Court Fund is used to account for funds received from the Juvenile Court System.

The Bethany Development Authority Fund (BDA) is used to account for funds received for economic development.

The Parks and Streets Capital Fund is used to account to account for funds received for parks and street improvements.

The Cemetery or Permanent Fund is used to account for funds received for perpetual care of the Bethany Cemetery.

### **I.C. Assets, Liabilities and Net Assets**

#### **I.C.1. Cash and Investments**

For purposes of the statement of cash flows, 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.

The City's cash and certificates of deposits are covered either by Federal Depository Insurance or qualified collateral (pledges) held by a third party trust department in the City's name.

Oklahoma State law allows for investment of funds in the following:

1. Direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged.
2. Collateralized or insured certificates of deposit in savings and loan associations, banks, savings banks and credit unions when the certificates of deposit are secured by acceptable collateral as provided by state law, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state.
3. Savings accounts or savings certificates in savings and loan associations, banks, and credit unions, to the extent that the accounts or certificates are fully insured by the Federal Deposit Insurance Corporation.
4. Other investments as authorized by state law which are fully collateralized in investments specified in paragraphs 1 through 3 above, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purpose.

All investments are stated at cost or amortized cost which approximates fair value. For further information see the note at Section III. A.

**I.C.2. Prepaid Expenses**

Prepaid expenses record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Prepaid expenses are similarly reported in government-wide and fund financial statements.

**I.C.3. Capital Assets, Depreciation and Amortization**

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component units' financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5 - 50
Improvements, other than buildings	5 - 50
Infrastructure	10-50
Mobile equipment	3 - 20
Furniture, machinery, and equipment	3 - 30

For additional information describing capital assets, see Note III. A. 4.

**I.C.4. Long-Term Debt, Deferred Debt Expense, and Bond Discounts/Premiums**

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**I.C.5. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. Under GASB 54, presentation of Fund Balance and Net Assets has changed beginning with this report year.

Government-Wide and Proprietary Fund Financial Statements:

Net assets are displayed in three components:

a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. *Unrestricted net assets* - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” It is the City’s policy to first use unrestricted net assets prior to the use of restricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net asset are available.

The following table shows the net assets restricted for other purposes shown on the Statement of Net Assets:

Fund	Restricted By	Amount
Capital Improvement	External contracts	\$ 657,901
		-
	Sub-total External Contracts	<u>657,901</u>
Debt Service	Debt Service	65,039
		-
	Sub-total Debt Service	<u>65,039</u>
Parks & Recreation	Enabling legislation	47,936
Cemetery Fund		207,642
General Fund		600,000
Public Safety		140,075
E-911 Fund		17,262
Juvenile Court		144,234
Bethany Development		<u>53,091</u>
	Sub-total Enabling Legislation	<u>1,210,239</u>
	Total Restricted Net Assets	<u>\$ 1,933,179</u>

*Governmental Fund Financial Statements:*

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

These classifications are defined as:

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

It is the City's policy to first use unrestricted fund balance prior to the use of the restricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of fund balance amounts require that unassigned amounts would be reduced first followed by assigned amounts and then committed amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	Agency Funds					All Other	Total
	General Fund	Public Safety Fund	Juvenile Fund	Capital Impv. Fund	Non-Major Funds	Governmental Funds	
Fund Balance:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses	13,862	-	-	-	-	-	13,862
	<u>13,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,862</u>
Restricted For:							
Police & Fire	-	79,927	-	-	-	-	79,927
Animal Control	-	13,301	-	-	-	-	13,301
Parks/Streets CIP	-	-	-	-	47,936	-	47,936
Debt Service	-	-	-	-	65,039	-	65,039
State Tax Collection	-	-	-	-	-	-	-
Juvenile Programs	-	-	144,234	-	-	-	144,234
Cemetery Expenses	-	-	-	-	-	207,641	207,641
Bethany Development	-	-	-	-	53,091	-	53,091
Utility Assistance	-	-	-	-	-	-	-
Other	-	-	-	-	17,262	-	17,262
Sub-total Restricted	<u>-</u>	<u>93,228</u>	<u>144,234</u>	<u>-</u>	<u>183,327</u>	<u>207,641</u>	<u>628,430</u>
Assigned In:							
Capital Improvements	-	-	-	657,901	-	-	657,901
Gen Gvm't-Encumbrances	32,972	-	-	-	-	-	32,972
Public Safety-Encumb's	-	46,846	-	-	-	-	46,846
Other	600,000	-	-	-	-	-	600,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total Assigned	<u>632,972</u>	<u>46,846</u>	<u>-</u>	<u>657,901</u>	<u>-</u>	<u>-</u>	<u>1,337,719</u>
Unassigned:	<u>3,904,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,904,593</u>
TOTAL FUND BALANCE	<u>\$ 4,551,427</u>	<u>\$ 140,075</u>	<u>\$ 144,234</u>	<u>\$ 657,901</u>	<u>\$ 183,327</u>	<u>\$ 207,641</u>	<u>\$ 5,884,606</u>

**I.D. Revenues, Expenditures, and Expenses**

**I.D.1. Lease Revenue**

*Bethany Hospital Trust Fund*

The Bethany Hospital Trust Fund leases its property to Deaconess Hospital, a Triad Hospitals, Inc. facility. All leased assets will revert back to Bethany Hospital Trust at the end of the sublease. Scheduled lease payments to Bethany Hospital Trust from Deaconess Hospital are \$18,000 per month from July 1, 2000 to December 31, 2009, and \$20,000 from January 1, 2010 to June 30, 2020. The City and Hospital Trust have agreed to abate part of the lease payments to assist Deaconess Hospital with certain building improvement costs. The reduction began January 1, 2010, and will only be given through January 1, 2017. Any capital expenses made by

Deaconess Hospital on or after January 1, 2011 will be at their own cost and expense and will not be subject to the abatement.

**I.D.2. Compensated Absences**

City employees are granted vacation and sick leave based upon length of employment. In the event of termination, the employee is paid for accumulated vacation leave (maximum 30 days). Payment of sick leave is restricted to those who retire with more than 85 days of accumulated benefits and is limited to a maximum compensation equivalent to 17.5 days. Compensated absences are reported as accrued in the government-wide and component unit financial statements.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**II.A. Deficit Fund Net Assets**

For the fiscal year ending June 30, 2011, there were no funds with deficit fund net assets.

**III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS**

**III. A. Assets**

**III.A.1. Deposits and Investments**

*Custodial Credit Risk*

At June 30, 2011, the City held deposits of \$ 11,657,996 at financial institutions. These institutions are required by state law to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times. As of June 30, 2011 the balances in cash and certificates of deposit were fully secured.

*Investment Interest Rate Risk*

The City has a formal investment policy. However, that policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Investment Credit Risk*

The City's investment policy limits its investment choices. City-imposed limitations are more restrictive than current state law allows. Allowable investment vehicles are as follows:

1. Obligations of the United States Government, its agencies or instrumentalities,
2. Certificates of deposit or savings accounts with in-state financial institutions that are either insured or fully collateralized with acceptable securities, and fully insured certificates of deposit in out-of-state financial institutions,
3. Savings accounts or certificates which are fully insured by FDIC,
4. Repurchase agreements that have underlying collateral consisting of the items in 1 through 3 above,
5. County, municipal, or school district direct debt obligation for which an ad valorem tax may be levied, or bond and revenue anticipation notes, money judgments against such entities ordered by a court of record, or bonds or bond and revenue anticipation notes issued by a public trust that benefits such entities,
6. Money market funds regulated by the Securities and Exchange Commission (SEC) that invest in items 1 through 5 above.

As of June 30, 2011, investments held are as follows:

Type	Weighted Avg. Maturity (yrs)	Credit Rating	Market Value	Cost
Certificates of Deposit	.67	N/A	\$ 669,918	\$ 661,736
Federal Home Loan Bank	4.83	AAA	1,471,750	1,494,800
U.S. Treasury	3.45	N/A	1,362,590	1,346,812
Money Market	N/A	AAAm	513,645	513,645
<b>TOTAL</b>			<b>\$4,017,903</b>	<b>\$ 4,016,993</b>

*Concentration of Credit Risk*

The City's investment policy places no limit on the amount it may invest in any one issuer. Credit risk as of June 30, 2011 is as follows: 13% invested in Certificates of Deposit (\$669,918), 25% invested in U.S. Treasury securities (\$1,362,590), 27% invested in Federal Home Loan Bank (\$1,471,750), 35% invested in Money Market (\$1,899,705).

**III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue**

All outstanding balances between funds are referred to as "due to/from other funds."

The City uses the allowance method for expensing potentially uncollectible accounts receivable.

Property taxes are collected by Oklahoma County and remitted to the City. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. Significant tax payments are received from the county from December through April, and are recognized as revenue in the month received. Lien dates for personal and real property are June and October, respectively.

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Interest	\$ 11,612	\$ 461,275	\$ 472,886
Accounts receivable	<u>1,069,483</u>	<u>693,586</u>	<u>1,763,069</u>
Gross receivables	1,081,095	1,154,861	2,235,956
Less allowance	<u>-</u>	<u>(39,995)</u>	<u>(39,995)</u>
Net total receivables	\$ 1,081,095	\$1,114,866	\$2,195,961

**III.A.3. Restricted Assets**

Total restricted assets on the balance sheet are comprised of the following cash, cash equivalents and investments:

Restricted cash , cash equivalents and investments	Business Type-Activities
Debt service and revenue bond projects	\$ 1,241,225
Customer deposits	<u>321,745</u>
Total restricted cash ,cash equivalents and investments	\$ 1,562,970

**III.A.4. Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$1,692,059	-	-	\$1,692,059
Construction in progress	<u>49,784</u>	-	-	<u>49,784</u>
Total capital assets, not being depreciated	<u>1,733,113</u>	-	-	<u>1,741,843</u>
<b>Capital assets being depreciated:</b>				
Buildings	1,782,807	\$87,427	-	1,870,234
Improvements other than buildings	607,158	-	\$12,500	594,658
Machinery and equipment	4,776,020	536,283	-	5,312,303
Infrastructure	<u>13,008,012</u>	<u>407,829</u>	<u>(12,500)</u>	<u>13,428,341</u>
Total capital assets being depreciated	<u>20,173,997</u>	<u>1,031,539</u>	-	<u>21,205,536</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(1,278,691)	(40,387)	-	(1,319,078)
Improvements other than buildings	(491,892)	(19,371)	-	(511,263)
Machinery and equipment	(3,458,170)	(355,388)	-	(3,813,558)
Infrastructure	<u>(9,356,958)</u>	<u>(306,335)</u>	-	<u>(9,663,293)</u>
Total accumulated depreciation	<u>(14,585,711)</u>	<u>(721,481)</u>	-	<u>(15,307,192)</u>
Total capital assets, being depreciated, net	<u>5,588,286</u>	<u>310,058</u>	-	<u>5,898,344</u>
<b>Governmental activities capital assets, net</b>	<b>\$ 7,330,129</b>	<b>\$ 310,058</b>	<b>\$ -</b>	<b>\$ 7,640,187</b>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 133,876
Public safety	458,902
Highways and streets	76,203
Culture and recreation	<u>52,500</u>
<b>Total depreciation expense - governmental activities</b>	<b>\$ 721,481</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 484,404	-	-	\$ 484,404
Construction in progress	<u>808,498</u>	<u>62,835</u>	<u>778,498</u>	<u>92,835</u>
Total capital assets, not being depreciated	<u>1,292,902</u>	<u>62,835</u>	<u>778,498</u>	<u>577,239</u>
<b>Capital assets being depreciated:</b>				
Buildings	9,273,541	12,484	-	9,286,025
Improvements other than buildings	116,220	7,501	-	123,721
Machinery and equipment	1,795,474	2,605	-	1,798,079
Infrastructure	<u>31,517,853</u>	<u>1,043,660</u>	<u>-</u>	<u>32,561,513</u>
Total capital assets being depreciated	<u>42,703,088</u>	<u>1,066,250</u>	<u>-</u>	<u>43,769,338</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(4,131,636)	(266,583)	-	(4,398,219)
Improvements other than buildings	(11,249)	(5,986)	-	(17,235)
Machinery and equipment	(1,019,747)	(147,868)	-	(1,167,615)
Infrastructure	<u>(10,117,071)</u>	<u>(674,229)</u>	<u>-</u>	<u>(10,791,300)</u>
Total accumulated depreciation	<u>(15,279,703)</u>	<u>(1,094,666)</u>	<u>-</u>	<u>(16,374,369)</u>
Total capital assets, being depreciated, net	<u>27,423,385</u>	<u>(28,416)</u>	<u>-</u>	<u>27,394,969</u>
Business-type activities capital assets, net	\$ 28,716,287	\$ 34,423	\$ 780,759	\$ 27,972,208

**Depreciation expense was charged to business-type activities as follows:**

Water	\$ 516,194
Sewer	297,118
Sanitation and other	138,852
Hospital	<u>201,548</u>
Total depreciation expense - business-type activities	<u>\$1,153,712</u>

**LIABILITIES**

**III.B.1. Lease Commitments and Notes Payable**

The City leases certain acreages for additional water capacity. These operating leases are only cancelable at the City's option while water is being produced at the location. Expenses related to these leases for the year ended June 30, 2011, are \$58,661 and were reported in the Bethany Public Works Authority.

**III.B.2. LONG-TERM DEBT**

**Revenue Bonds Payable**

The Bethany Public Works Authority issued its Sales Tax and Utility Revenue Bonds, Series 2003 in the principal amount of \$3,110,000 on July 1, 2003. The proceeds of the bonds were used to finance police, municipal court, animal control facilities and certain city hall improvements. The bonds are secured by sales tax and utility revenues.

The Bethany Public Works Authority issued its Series 2004 Drinking Water SRF Promissory Note on May 14, 2005. The note is for a principal amount of \$10,000,000 and bears interest at 3.5% per annum. This is a construction loan on a new water plant. Construction started in the fall of 2004 and was completed in the fall of 2007.

On April 10, 2008 the Bethany Public Works Authority entered into a Clean Water State Revolving Fund Promissory Note with the Oklahoma Water Resources Board for the purposes of reconstructing wastewater lines within the City. Under the terms of the loan agreement, the Water Resources Board will disburse funds as project costs are incurred. The first disbursement of funds occurred in July 2008. Total proceeds available for the project are \$5,140,000 and carry an interest rate of 3.1%. Upon completion of the project the note will be amortized over a 20 year period. The note is secured by the revenues from operations of the Authority and proceeds of a 3% sales tax levy. Amortization schedules will not be established until the total principal is drawn down.

Changes in balances of long-term liabilities including current portion are as follows:

	<u>Balance</u> June 30, 2010	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> June 30, 2011	<u>Amount Due</u> in 2012
<b><u>Business-type Activities</u></b>					
Bethany Public Works Authority Revenue Bonds	\$2,030,000		\$(200,000)	\$1,830,000	\$205,000
Bethany Public Works Authority OWRB Loan	7,813,909		(402,958)	7,410,951	401,456
Bethany Public Works Authority OWRB Loan	4,709,967	230,730	(257,000)	4,683,697	257,000
Compensated Absences	<u>153,126</u>	<u>1,819</u>	<u>-</u>	<u>154,945</u>	<u>154,945</u>
Total Business-type Activities	<u>14,707,002</u>	<u>232,549</u>	<u>(859,958)</u>	<u>14,079,593</u>	<u>697,890</u>
<b><u>Governmental Activities</u></b>					
Fire vehicle Lease-Purchase	31,391	-	(31,391)	-	-
Compensated Absences	<u>555,548</u>	<u>43,628</u>	<u>-</u>	<u>599,176</u>	<u>495,709</u>
Total	<u>\$15,293,941</u>	<u>\$ 29,707</u>	<u>\$(36,673)</u>	<u>\$14,666,351</u>	<u>\$1,177,420</u>

Debt Service to Maturity

The annual debt service requirements to maturity for bonded debt as of June 30 are as follows:

Fiscal Year Ending June 30,	Business-type Activities							
	2003 Revenue Bonds		OWRB Water Plant Note		OWRB Sewer Plant Note			
2012	\$ 205,000	\$ 54,632	\$ 401,456	\$ 256,736	\$ 257,000	\$ 143,203		
2013	210,000	49,288	415,630	242,562	257,000	135,236		
2014	215,000	43,388	430,304	227,888	257,000	127,269		
2015	220,000	36,750	430,304	227,888	257,000	119,302		
2016-2020	980,000	68,955	2,474,821	816,139	1,285,000	477,004		
2021-2025	-	-	2,943,662	347,298	1,285,000	277,829		
2026-2030	-	-	314,774	5,660	1,085,697	78,857		
Totals	\$1,830,000	\$253,013	\$7,410,951	\$2,124,171	\$ 4,683,697	\$ 1,358,701		

**III.B.3. Risk Management - Claims and Judgments**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a program administered by the Municipal Assurance Group ("Group") for workers' compensation whereby the Group has determined an actuarial estimate of the City's expected claims ("Loss Fund"). The City pays a quarterly participation fee that funds the Loss Fund and administrative costs. All risk in excess of the Loss Fund is reinsured by the Group. The City continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**III.C. Balances and Transfers/payments Within the Reporting Entity**

**III.C.1 Receivables and Payables**

All outstanding balances between funds are referred to as "due to/from other funds."

The composition of inter-fund balances at of June 30, 2011, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund (major governmental fund)	LLEA Fund( non-major governmental fund)	\$ 514
	Total inter-fund balances	\$ 514

The inter-fund balances reflect timing differences from inter-local grants payable accounted for in the LLEA Fund and interest earned in the Municipal Court Fund that is paid to the General Fund.

**III.C.2 Transfers and Payments**

The composition of inter-fund transfers for the fiscal year ending June 30, 2011, were as follows:

	Transfers Out	Transfers In			Total
	General Fund	Bethany Public Works Authority	Bethany Development Authority	Capital Improvement Fund	
General Fund (major governmental fund)		\$ 4,057,381	\$ 80,000		\$4,137,381
Bethany Public Works Authority (major proprietary fund)	\$ 4,347,339			\$ 447,847	4,795,186
Bethany Hospital Trust (major proprietary fund)	200,000				200,000
E-911 Fund (non-major governmental fund)	14,160				14,160
<b>Totals</b>	<b>\$ 4,387,521</b>	<b>\$ 4,516,302</b>	<b>\$ 150,000</b>	<b>\$ 471,739</b>	<b>\$9,516,562</b>

All inter-fund transfers were routine in amounts and nature.

The transfers to the Bethany Development Authority were for economic development purposes.

Both the Bethany Hospital Trust and the Bethany Public Works Authority make annual transfers to the General Fund to assist with general governmental operations.

The General Fund makes monthly transfers to the Bethany Public Works Authority in an amount equal to the total sales tax received. The Public Works Authority makes the principal and interest payments on the 2003 Revenue Bonds and returns the remainder to the General Fund and the Capital Improvement Fund. The Capital Improvement Fund receives seven tenths of one cent of sales tax net of the 2003 Revenue Bond payments. The General Fund receives the remainder.

#### IV. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE

Representatives of the cities of Bethany and Warr Acres jointly govern the Bethany-Warr Acres Public Works Authority. (BWA-PWA) The contract requires, among other things, that the cities of Warr Acres and Bethany remit all sewer collections on or before the fifteenth day of each month to the BWA-PWA. For the fiscal year ended June 30, 2011, the City remitted \$1,042,373 to the BWA-PWA.

The Bethany-Warr Acres Public Works Authority is reported and audited separately.

#### V. OTHER POST-EMPLOYMENT BENEFITS

The City provides an other post-employment benefit (“OPEB”) by allowing retirees to participate in its health insurance plan. While the City does not contribute any funds toward the health premiums of the retirees, they are afforded a blended rate as part of their participation. The City could have a future obligation for current and retired employees under their current plan. Obligations at cities of similar size and with similar plans have shown to be significant. In 2009, the City attempted to quantify its obligation using the Alternative Measurement Method (“AMM”), a non- actuarially determined method allowed when plans have fewer than 100 participants. The City has not re-determined its obligation since then using the AMM or an actuarially determined method. The effects of the City’s failure to reevaluate and record its OPEB obligation, if any, cannot be determined at this time.

## **VI. CONTINGENCIES**

### **VI.A. Federal and State Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### **VI.B. Litigation**

There are various lawsuits representing claims against the City of Bethany. The City and Bethany Public Works Authority are insured for full coverage on all such claims through the Municipal Assurance Group. The City Attorney does not anticipate judgments or payments to exceed the applicable coverage.

## **VII. SUBSEQUENT EVENTS**

There were no materially significant events to be reported.

## **IX. OPERATIONS INFORMATION**

### **IX.A. Operations Information**

On April 30, 1993, Bethany Hospital Trust signed a sublease agreement with Bethany Healthcare Corporation (BHCC). BHCC was a corporation formed by a group of doctors specifically to operate Bethany General Hospital. Under the terms of the sublease, BHCC leased all assets and assumed all liabilities of the Hospital, except for revenue and general obligation bonds issued for the Hospital, for a period of twenty years from May 1, 1993, through April 30, 2013.

On April 1, 1998, this sublease was terminated and a new sublease with Baptist Healthcare of Oklahoma, Inc., an Oklahoma Corporation was signed. All assets were to revert back to Bethany Hospital Trust at the end of the sublease. Scheduled lease payments to Bethany Hospital Trust from Baptist Healthcare were \$ 18,500 per month from April 1, 1998 through March 1, 2023.

On June 20, 2000, this sublease was terminated and a new sublease with Deaconess Hospital, an Oklahoma not-for-profit corporation was signed. All leased assets will revert back to Bethany Hospital Trust at the end of the sublease. Scheduled lease payments to Bethany Hospital Trust from Deaconess Hospital are \$18,000 per month from July 1, 2000 to June 30, 2010. The City and Hospital Trust have agreed to abate part of the lease payments to assist Deaconess Hospital with certain start up costs.

To settle the sublease agreement, Baptist Healthcare of Oklahoma, Inc. made a cash payment of \$1,250,000 to the Hospital Trust. The Hospital Trust also received an annuity that will pay \$200,000 per year for 25 years starting in 2005.

## **X. RETIREMENT PLANS**

As of June 30, 2011 all of the City's full time regular employees were covered under one of the following retirement plans:

- (a) Oklahoma Municipal Retirement Fund (OMRF)
- (b) Oklahoma State Police Pension and Retirement System
- (c) Oklahoma State Firefighters Pension and Retirement System

### **Oklahoma Municipal Retirement Fund (OMRF)**

#### **1. Defined Benefit Plan Description**

The City's defined benefit pension plan, Employee Retirement System of Bethany, Oklahoma death benefits to plan members and beneficiaries. The plan is affiliated with the Oklahoma Municipal Retirement Fund (OMRF), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for cities in the State of Oklahoma. Oklahoma Statutes 48 O.S. Sections 101, et seq. provides the authority to establish and amend the benefit provisions of the plan. That authority rests with the Bethany City Council for City of Bethany plan members.

The OMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OMRF, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma 73105 or by calling 1.888.394.6673.

#### **2. Funding Policy**

The City makes contributions at an actuarially determined rate. City employees do not make contributions to the defined benefit plan. The actuarially required rate for the fiscal year ending June 30, 2011, was 22.74% of covered payroll. The contribution requirements of employees are established by and may be amended by the Bethany City Council that acts as the plan's board of trustees.

#### **3. Annual Pension Cost**

The City contributed \$729,325 or 100.00% of the annual pension cost for the fiscal year ending June 30, 2011.

The required contribution was determined as part of the January 1, 2006, actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a 7.5% interest rate of return and (b) projected pay increases of 5% per annum on average. The actuarial value

of the Plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments.

#### 4. Trend Information for Employee Retirement System of Bethany, Oklahoma

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2002	\$304,376	100.00%
6/30/2003	\$405,916	87.31%
6/30/2004	\$462,885	100.00%
6/30/2005	\$561,641	100.00%
6/30/2006	\$571,272	100.00%
6/30/2007	\$553,113	100.00%
6/30/2008	\$573,488	100.00%
6/30/2009	\$535,938	100.00%
6/30/2010	\$669,730	100.00%
6/30/2011	\$729,325	100.00%

The City in conjunction with the Oklahoma Municipal Retirement Plan also participates in a defined contribution retirement plan for non uniformed employees. Employees are required to contribute 4.6% of their salary. Amounts contributed are vested immediately. Total employee contributions were \$147,534 for the year.

The City's payroll for employees covered by the System for the year ended June 30, 2011 was \$3,207,236. Total city contributions for the plan were \$729,325 which was approximately 22.74% of covered payroll.

#### Oklahoma Police Pension and Retirement System

The City of Bethany, as the employer, and full-time police officers participate in the statewide multi-employer Police Pension and Retirement System (System). The System, a defined benefit plan, is funded by contributions from participants, employers, insurance premium taxes and state appropriations. The City's payroll for employees covered by the System for the fiscal year ended June 30, 2011 was \$1,439,785.

All full-time officers, employed with a police department of a participating municipality, are required to participate in the System. Employees who retire upon completion of 20 years of credited service are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 2 1/2% of the final average salary multiplied by the years of credited service (maximum 30 years). Final average salary is the average of the last 30 months of base salary. Benefits fully vest after 10 years of service. Vested employees may retire at or after age 50 with 10 but before 20 years of service, and receive reduced retirement benefits. The System also provides death and disability benefits. These benefits are established by State statute.

Fiscal year 2011 contributions by the City were \$187,173 (13% of covered payroll) and by employees were \$115,182 (8% of covered payroll). The City's obligation to the System is limited to monthly contributions of the above percentages of covered payroll. The percentages

are established by State statute and the State assumes the obligation for any remaining unfunded accrued liability.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the police employees of the City. That report may be obtained by writing to the Oklahoma State Police Pension and Retirement System, 1001 NW 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116-7339, or by calling 1.405.840.3555.

#### Oklahoma Firefighters Pension and Retirement System

The City contributes to the Oklahoma Firefighters Pension and Retirement System (System), a multi-employer public retirement system that acts as a common investment and administrative agent for cities in the State of Oklahoma. The System, a defined benefit plan, is funded by contributions from participants, employers, insurance premium taxes and state appropriations. The City's payroll for employees covered by the System for the year ended June 30, 2011 was \$ 1,231,299.

All firefighters are required to participate in the System. Benefits vest after 10 years of service. Firefighters who retire after 20 years of service are entitled to an annual retirement benefit, payable monthly in an amount equal to 2 1/2% of the final average 30 months salary multiplied by the years of credited service, payable at age 50 or the date the employee would have completed 20 years of service, if later. The System also provides death and disability benefits. These benefits are established by State statute.

Fiscal year 2011 contributions by the City were \$160,069 (13% of covered payroll) and by employees were \$98,504 (8% of covered payroll). The City's obligation to the System is limited to monthly contributions of the above percentage of covered payroll. The percentages are established by State statute and the State assumes the obligation for any remaining unfunded accrued liability.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the fire fighting employees of the City. That report may be obtained by writing to the Oklahoma State Firefighter's Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105, or by calling 1.405.525.7813.



*Required Supplemental Information*

**City of Bethany, Oklahoma**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2011**  
**Unaudited**

	Budgeted Original	Amounts Final	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance With Final Budget Over (Under)
<b>Revenues:</b>						
Taxes	\$ 5,314,864	\$ 5,314,864	\$ 5,193,547	\$ -	\$ 5,193,547	\$ (121,317)
Interest	120,000	120,000	27,541	-	27,541	(92,459)
Licenses and permits	81,000	81,000	97,101	-	97,101	16,101
Intergovernmental	268,000	268,000	232,388	-	232,388	(35,612)
Charges for services	334,500	334,500	468,975	-	468,975	134,475
Fines and court costs	990,000	990,000	1,379,962	-	1,379,962	389,962
Miscellaneous	122,000	122,000	358,425	-	358,425	236,425
Total revenues	<u>7,230,364</u>	<u>7,230,364</u>	<u>7,757,940</u>	<u>-</u>	<u>7,757,940</u>	<u>527,576</u>
<b>Expenditures:</b>						
<b>General Government</b>						
<b>Management</b>						
Personal services	451,944	464,944	464,523	-	464,523	(421)
Materials and supplies	48,000	48,000	42,916	-	42,916	(5,084)
Other charges and services	135,155	122,155	117,004	-	117,004	(5,151)
<b>Finance</b>						
Personal services	202,132	202,132	195,144	-	195,144	(6,988)
Materials and supplies	8,000	8,000	5,418	-	5,418	(2,582)
Other charges and services	33,000	33,000	29,543	-	29,543	(3,457)
<b>Community Development</b>						
Personal services	368,178	368,178	235,139	-	235,139	(133,039)
Materials and supplies	5,750	5,750	1,259	-	1,259	(4,491)
Other charges and services	100,000	100,000	38,982	-	38,982	(61,018)
<b>Public safety</b>						
<b>Police</b>						
Personal services	2,838,908	2,829,909	2,790,957	-	2,790,957	(38,952)
Materials and supplies	69,378	78,378	65,021	-	65,021	(13,357)
Other charges and services	235,058	235,058	201,795	-	201,795	(33,263)
<b>Municipal court</b>						
Personal services	272,676	272,676	263,582	-	263,582	(9,094)
Materials and supplies	6,100	6,100	4,965	-	4,965	(1,135)
Other charges and services	58,000	58,000	49,004	-	49,004	(8,996)
<b>Fire</b>						
Personal services	1,636,384	1,636,384	1,604,872	-	1,604,872	(31,512)
Materials and supplies	34,080	34,080	30,532	-	30,532	(3,548)
Other charges and services	223,345	232,265	217,284	-	217,284	(14,981)
<b>Public services</b>						
<b>Administration</b>						
Personal services	80,546	80,545	78,705	-	78,705	(1,840)
Materials and supplies	4,600	4,600	2,836	-	2,836	(1,764)
Other charges and services	65,493	65,493	58,422	-	58,422	(7,071)
<b>Streets</b>						
Personal services	328,989	328,989	324,260	-	324,260	(4,729)
Materials and supplies	38,500	46,500	44,878	-	44,878	(1,622)
Other charges and services	116,500	116,500	117,708	-	117,708	1,208
<b>Vehicle maintenance</b>						
Personal services	90,314	90,814	90,612	-	90,612	(203)
Materials and supplies	190,000	178,000	92,246	-	92,246	(85,754)
Other charges and services	20,667	22,167	19,356	-	19,356	(2,811)
<b>Parks and recreation</b>						
Personal services	584,852	574,852	514,777	-	514,777	(60,075)
Materials and supplies	63,650	65,650	60,486	-	60,486	(5,164)
Other charges and services	24,800	39,800	38,270	-	38,270	(1,530)
<b>Capital outlay</b>						
Total expenditures	<u>8,334,999</u>	<u>8,348,919</u>	<u>7,800,494</u>	<u>-</u>	<u>7,800,494</u>	<u>(548,425)</u>
Excess (deficit) of revenues over expenditures	(1,104,635)	(1,118,555)	(42,554)	-	(42,554)	1,076,001
<b>Other financing sources (uses):</b>						
Transfers from other funds	5,741,059	5,741,059	4,378,521	-	4,378,521	(1,362,538)
Transfers to other funds	(4,451,743)	(4,451,743)	(4,339,266)	-	(4,339,266)	(112,477)
Total other financing sources (uses)	<u>1,289,316</u>	<u>1,289,316</u>	<u>39,254</u>	<u>-</u>	<u>39,254</u>	<u>(1,475,015)</u>
Net change in fund balances	184,681	170,761	(3,300)	-	(3,300)	(174,061)
Fund balance - beginning	3,014,467	3,014,467	4,673,109	-	3,014,467	-
Fund balance - ending	<u>\$ 3,199,148</u>	<u>\$ 3,185,228</u>	<u>\$ 4,669,810</u>	<u>\$ -</u>	<u>\$ 3,011,167</u>	<u>\$ 1,484,582</u>

See Notes to Budgetary Comparison Schedule

**Employee Retirement System of Bethany, Oklahoma  
Defined Benefit Pension Plan  
Schedule of Funding Progress  
Unaudited**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2001	10,960,162	8,846,479	(2,113,683)	123.9%	2,441,147	-86.6%
January 1, 2002	11,265,188	11,077,903	(187,285)	101.7%	2,586,092	-7.2%
January 1, 2003	10,402,397	11,245,023	842,626	92.5%	2,622,050	32.1%
January 1, 2004	10,801,871	12,517,578	1,715,706	86.3%	2,640,205	65.0%
January 1, 2005	11,428,870	13,638,631	2,209,491	83.8%	2,801,837	78.9%
January 1, 2006	12,291,319	14,501,195	2,209,877	84.8%	2,693,708	82.0%
January 1, 2007	13,164,074	14,857,254	1,693,180	88.6%	2,781,531	60.9%
January 1, 2008	14,069,632	15,742,429	1,672,797	89.4%	2,753,890	60.7%
January 1, 2009	14,130,683	16,931,352	2,800,669	83.5%	2,902,582	96.5%
January 1, 2010	14,407,637	17,820,118	3,412,481	80.9%	3,066,345	111.3%
January 1, 2011	15,080,923	18,801,619	3,720,695	80.2%	3,172,627	117.3%

**Combining and Individual Fund Statements and Schedules**



*Combining and Individual Fund Statements  
And Schedules*

**City of Bethany, Oklahoma**  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 As of June 30, 2011

	Public Safety Fund	E-911 Fund	LLEA Grant Fund	Sales Tax Collection Fund	Juvenile Court Fund	Bethany Development Authority	Debt Service Fund	Cemetery Fund	Parks and Streets Capital Fund	Totals
<b>Assets</b>										
Cash	\$ 140,075	\$ 17,262	\$ 391	\$ 2,857	\$ 14,329	\$ 59,243	\$ 65,039	\$ 107,642	\$ 47,936	\$ 584,774
Investments	0	0	0	0	0	0	0	100,000	0	100,000
Accounts receivable	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	\$ 140,075	\$ 17,262	\$ 391	\$ 2,857	\$ 14,329	\$ 59,243	\$ 65,039	\$ 207,642	\$ 47,936	\$ 684,774
<b>Liabilities and Fund Balance</b>										
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 2,857	\$ 95	\$ 6,152	\$ 0	\$ 0	\$ 0	\$ 9,104
Due to other funds	0	0	391	0	0	0	0	0	0	391
<b>Total liabilities</b>	0	0	391	2,857	95	6,152	0	0	0	9,496
<b>Fund Balances:</b>										
Reserved for bond retirement	0	0	0	0	0	0	0	0	0	0
Unreserved:										
Designated for debt service	0	0	0	0	0	0	0	0	0	0
Designated for specific purpose	140,075	17,262	0	0	144,234	53,091	65,039	207,642	47,936	610,239
<b>Total fund balance</b>	140,075	17,262	0	0	144,234	53,091	65,039	207,642	47,936	675,278
<b>Total liabilities and fund balance</b>	\$ 140,075	\$ 17,262	\$ 391	\$ 2,857	\$ 144,329	\$ 59,243	\$ 65,039	\$ 207,642	\$ 47,936	\$ 684,774

**City of Bethany, Oklahoma**  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance - Non-Major Governmental Funds  
 For the Year Ended June 30, 2011

	Public Safety Fund	E-911 Fund	LLEA Grant Fund	Sales Tax Collection Fund	Juvenile Court Fund	Bethany Development Authority	Debt Service Fund	Cemetery Fund	Parks and Streets Capital Fund	Totals
<b>Revenues:</b>										
Taxes:										
Telephone (i.e. - E911)	\$ 8,873	\$ 8,873	\$ -	\$ -	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ 8,873
Interest income	-	-	-	-	448	95	247	-	22	811
Intergovernmental revenues	56,473	-	195,000	-	33,775	31,590	-	-	-	291,473
Charges for services	108,945	-	-	-	-	-	-	-	-	171,310
Donations and other income	6,336	-	-	-	-	-	-	-	-	6,336
<b>Total revenues</b>	171,744	8,873	195,000	-	34,223	31,685	364	-	39,227	481,114
<b>Expenditures:</b>										
Public safety	11,811	-	195,000	-	-	-	-	-	-	206,811
Public services	-	-	-	-	1,428	-	-	-	-	1,428
Economic development	89,516	-	-	-	-	109,435	-	-	-	198,951
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	10,327	-	195,000	-	-	109,435	-	2,225	-	405,416
<b>Total expenditures</b>	110,654	-	390,000	-	1,428	218,870	-	2,225	-	722,157
<b>Other financing sources:</b>										
Transfers from other funds	-	-	-	-	-	80,000	-	-	-	80,000
Transfers (to) other funds	-	(14,160)	-	-	-	-	-	-	-	(14,160)
Proceeds from sales of capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources</b>	-	(14,160)	-	-	-	80,000	-	-	-	65,840
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)</b>	70,417	(5,287)	-	-	32,795	2,249	364	(2,225)	39,227	137,539
<b>Fund balances - beginning</b>	69,658	22,549	-	-	111,439	50,841	64,675	209,867	8,709	537,739
<b>Fund balance - ending</b>	\$ 140,075	\$ 17,262	\$ -	\$ -	\$ 144,234	\$ 53,091	\$ 65,039	\$ 207,642	\$ 47,936	\$ 675,278

**City of Bethany, Oklahoma**  
 Combining Balance Sheet  
 All Agency Funds  
 as of June 30, 2011

	Prepaid Inspection Fund 070	Municipal Court Fund 072	Council on Law Enforcement Education and Training Fund 073	Performance Bond Fund 074	ICMA Retirement Fund 075	Sales Tax Collection Fund 077	Agency Fund Total
<b>Assets</b>							
Cash and cash equivalents	\$ 26,692	\$ 40,538	\$ 4,616	\$ 21,388	\$ 0	\$ 2,857	\$ 96,091
Investments	0	0	0	0	647,194	0	647,194
	<u>\$ 26,692</u>	<u>\$ 40,538</u>	<u>\$ 4,616</u>	<u>\$ 21,388</u>	<u>\$ 647,194</u>	<u>\$ 2,857</u>	<u>\$ 743,285</u>
<b>Total assets</b>							
	\$ 26,692	\$ 0	\$ 0	\$ 21,388	\$ 647,194	\$ 2,857	\$ 698,131
<b>Liabilities</b>							
Due to depositors	0	0	0	0	0	0	0
Due to state	0	40,538	4,616	0	0	0	45,154
Due to other funds	0	0	0	0	0	0	0
	<u>\$ 26,692</u>	<u>\$ 40,538</u>	<u>\$ 4,616</u>	<u>\$ 21,388</u>	<u>\$ 647,194</u>	<u>\$ 2,857</u>	<u>\$ 743,285</u>
<b>Total liabilities</b>							

**City of Bethany, Oklahoma**  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2011

	Prepaid Inspection Fund	Municipal Court Fund	Council on Law Enforcement Education and Training Fund	Performance Bond Fund	ICMA Retirement Fund	Sales Tax Collection Fund	Agency Fund Total
Cash and investments, beginning	\$ 25,584	\$ 45,313	\$ 7,031	\$ 21,388	\$ 647,194	\$ 2,494	\$ 749,004
Additions	8,345	408,258	121,875	-	-	4,730	543,208
Deductions	7,237	413,033	124,291	-	-	4,367	548,927
Cash and investments, ending	<u>\$ 26,692</u>	<u>\$ 40,538</u>	<u>\$ 4,616</u>	<u>\$ 21,388</u>	<u>\$ 647,194</u>	<u>\$ 2,857</u>	<u>\$ 743,285</u>
Liabilities, beginning	\$ 25,584	\$ 45,313	\$ 7,031	\$ 21,388	\$ 647,194	\$ 2,494	\$ 749,004
Additions	77,182	372,772	246,155	-	-	9,096	705,205
Deductions	76,074	377,547	248,571	-	-	8,733	710,925
Liabilities, ending	<u>\$ 26,692</u>	<u>\$ 40,538</u>	<u>\$ 4,616</u>	<u>\$ 21,388</u>	<u>\$ 647,194</u>	<u>\$ 2,857</u>	<u>\$ 743,285</u>



## *Supplementary Information*





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

To the City Council  
City of Bethany, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bethany, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City of Bethany, Oklahoma's basic financial statements and have issued our report thereon dated June 8, 2013. 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.

**Internal Control Over Financial Reporting**

Management of City of Bethany, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Bethany, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Bethany, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bethany, Oklahoma's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the next paragraph, that we consider to be significant deficiencies.

Management of the City has not evaluated its obligation for other post-employment benefits at June 30, 2011 as required by accounting principles generally accepted in the United States of America.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Bethany, Oklahoma's financial statements are free of 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*HBC CPA & Advisors*

Yukon, Oklahoma  
June 8, 2013

*City of Bethany, Oklahoma*  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2011**

<b>Federal Grantor / Grant Title / State Agency/Program title</b>	<b>Federal CFDA No.</b>	<b>Pass-Through Grantor's No.</b>	<b>Amount Expended</b>
<b>U.S. Department of Transportation</b>			
State & Community Highway Safety Grant			
Oklahoma Highway Safety Office			
Bethany Traffic Enforcement	20.600	OP-10-03-01-07	\$12,278
	20.600	OP-11-03-01-08	\$9,700
Community Linkage Initiative Phase 3 Transportation Enhancement Project	20.205	STP-155E(620)EH	\$115,893
Total U.S. Department of Transportation			\$137,871
<b>U.S. Department of Housing and Urban Development</b>			
Office of Community Planning and Development			
Oklahoma Department of Commerce			
Stimulus Energy Efficiency Community Block Grant	81.128	13954 SEECBG	\$195,000
Total U.S. Department of Housing & Urban Development			\$195,000
<b>U.S. Department of Justice</b>			
Bureau of Justice Assistance			
Equitable Sharing Grant	16.922	OK0550100	1,562
Bulletproof Vest Partnership Program	16.607	2006BUBX06132373	828
Total U.S. Department of Justice			2,390
<b>U.S. Department of Homeland Security</b>			
Total U.S. Department of Homeland Security			0
Total expenditures of federal awards			\$335,262

*City of Bethany, Oklahoma*  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2011**

**I. Summary of significant accounting policies**

The schedule of expenditures of federal awards includes the federal awards activity of City of Bethany, Oklahoma and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**II. Expenditures**

Expenditures represent the current year federal grant/contract portion only.

*Statistical Section*  
*(UnAudited)*

### *Financial Trends Information*

This information is intended to assist you in understanding and assessing how the City's financial position has changed over time.

**City of Bethany, Oklahoma**

Net Assets by Component  
Last Nine Fiscal Years  
Unaudited

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 7,640,188	\$ 7,298,738	\$ 7,513,450	\$ 7,774,938	\$ 8,033,601	\$ 8,516,080	\$ 8,648,343	\$ 8,184,444	\$ 7,835,188
Restricted									
Capital projects	657,901	810,288	670,294	790,878	857,779	846,744	754,777	988,922	1,203,318
Debt service	65,039	64,675	52,480	51,768	51,250	39,180	32,291	15,702	49,830
Emergencies	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Other purposes	610,239	461,368	555,100	411,076	362,535	315,232	245,171	716,386	326,065
Encumbrances	-	-	-	-	32,972	32,972	32,972	32,972	32,972
Unrestricted	3,351,642	3,517,561	3,900,164	3,810,321	2,517,204	1,611,663	811,466	1,007,722	906,631
<b>Total governmental activities net assets</b>	<b>\$ 12,925,009</b>	<b>\$ 12,752,630</b>	<b>\$ 13,291,489</b>	<b>\$ 13,438,982</b>	<b>\$ 12,455,341</b>	<b>\$ 11,961,871</b>	<b>\$ 11,125,020</b>	<b>\$ 11,546,148</b>	<b>\$ 10,954,004</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 13,251,204	\$ 14,164,853	\$ 11,635,991	\$ 13,616,250	\$ 12,168,594	\$ 14,430,782	\$ 13,654,150	\$ 10,918,784	\$ 12,381,611
Restricted									
Capital projects	1,251,025	1,251,025	1,251,025	1,251,025	1,251,025	360,917	220,823	1,251,025	632,000
Debt service	272,095	1,398,104	272,095	272,095	272,095	600,000	272,095	272,095	-
Emergencies	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Other purposes	1,452,365	1,452,365	1,525,473	1,525,473	1,525,473	1,525,473	1,525,473	1,368,085	1,367,915
Unrestricted	9,208,849	6,355,117	8,658,879	4,614,993	5,536,483	3,185,376	3,261,713	3,292,629	2,278,486
<b>Total business-type activities net assets</b>	<b>\$ 26,035,538</b>	<b>\$ 25,221,464</b>	<b>\$ 23,943,463</b>	<b>\$ 21,879,836</b>	<b>\$ 21,353,670</b>	<b>\$ 20,102,548</b>	<b>\$ 19,534,254</b>	<b>\$ 17,702,618</b>	<b>\$ 17,260,012</b>
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 20,891,392	\$ 21,463,591	\$ 19,149,441	\$ 21,391,188	\$ 20,202,195	\$ 22,946,862	\$ 22,302,493	\$ 19,103,228	\$ 20,216,799
Restricted									
Capital projects	1,908,926	2,061,313	1,921,319	2,041,903	2,108,804	846,744	975,600	2,239,947	1,835,318
Debt service	337,134	1,462,779	324,575	323,863	323,345	400,097	304,386	287,797	49,830
Emergencies	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Other purposes	2,062,604	1,913,733	2,080,573	1,936,549	1,888,008	1,840,705	1,770,644	2,084,471	1,693,980
Unrestricted	12,560,491	9,872,678	12,559,043	8,425,314	8,053,687	4,797,039	4,073,179	4,300,351	3,185,117
<b>Total primary government net assets</b>	<b>\$ 38,960,547</b>	<b>\$ 37,974,094</b>	<b>\$ 37,234,951</b>	<b>\$ 35,318,818</b>	<b>\$ 33,776,039</b>	<b>\$ 32,031,447</b>	<b>\$ 30,626,302</b>	<b>\$ 29,215,794</b>	<b>\$ 28,181,044</b>

Source: Comprehensive Annual Financial Reports

Notes:

- (1) Accrual basis of accounting.
- (2) GASB 34 was implemented in Fiscal Year 2003.
- (3) Ten years of data were not available, but will be accumulated.

**City of Bethany, Oklahoma**

**Change in Net Assets  
Last Nine Fiscal Years  
Unaudited**

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>									
<b>Governmental activities:</b>									
General government	\$ 1,883,392	\$ 1,575,441	\$ 1,138,871	\$ 1,123,699	\$ 1,116,828	\$ 1,694,795	\$ 1,637,579	\$ 1,574,051	\$ 1,661,551
Public safety	5,787,844	5,412,530	5,510,679	5,351,017	4,879,654	4,537,030	4,919,609	4,378,363	4,170,501
Highways and streets	753,478	1,222,491	1,161,410	1,163,101	1,046,775	866,403	896,849	854,453	899,966
Culture and recreation	660,209	738,887	682,324	605,426	556,356	519,048	428,403	361,728	348,346
Economic development	109,435	103,679	132,811	143,955	294,732	270,147	674,868	380,747	103,634
Debt service	2,584	17,153	21,099	-	-	-	-	21,870	43,040
<b>Total governmental activities expenses</b>	<b>\$ 9,196,942</b>	<b>\$ 9,070,181</b>	<b>\$ 8,647,196</b>	<b>\$ 8,387,199</b>	<b>\$ 7,894,345</b>	<b>\$ 7,887,423</b>	<b>\$ 8,557,308</b>	<b>\$ 7,571,212</b>	<b>\$ 7,227,038</b>
<b>Business-type activities:</b>									
Water	\$ 2,909,244	\$ 2,544,281	\$ 2,582,341	\$ 2,414,114	\$ 1,861,612	\$ 1,882,671	\$ 1,653,801	\$ 1,566,816	\$ 1,464,246
Sewer	1,534,240	1,696,747	1,686,015	1,703,811	1,616,416	1,650,283	1,594,073	1,597,255	1,615,707
Sanitation	1,480,939	1,592,444	1,368,338	1,401,294	1,231,694	1,208,106	1,228,123	1,217,828	1,288,429
Hospital	201,548	145,886	135,001	133,151	133,151	135,151	140,824	434,320	158,840
<b>Total business-type activities expense:</b>	<b>\$ 6,125,971</b>	<b>\$ 5,979,358</b>	<b>\$ 5,771,694</b>	<b>\$ 5,652,370</b>	<b>\$ 4,842,873</b>	<b>\$ 4,876,211</b>	<b>\$ 4,616,821</b>	<b>\$ 4,816,219</b>	<b>\$ 4,527,222</b>
<b>Total primary government expenses</b>	<b>\$ 15,322,913</b>	<b>\$ 15,049,539</b>	<b>\$ 14,418,890</b>	<b>\$ 14,039,569</b>	<b>\$ 12,737,218</b>	<b>\$ 12,763,634</b>	<b>\$ 13,174,129</b>	<b>\$ 12,387,431</b>	<b>\$ 11,754,260</b>
<b>PROGRAM REVENUES</b>									
<b>Governmental activities:</b>									
<b>Charges for services:</b>									
General government	\$ 313,564	\$ 159,363	\$ 122,073	\$ 123,525	\$ 134,190	\$ 111,538	\$ 107,992	\$ 129,704	\$ 111,612
Public safety	1,805,809	1,482,465	1,543,494	1,360,993	1,044,736	824,739	760,494	706,586	618,539
Highways and streets	148,154	109,193	108,179	108,179	109,915	-	-	-	-
Culture and recreation	53,368	90,016	84,533	84,533	59,313	73,206	64,623	62,724	62,653
Economic development	31,685	22,680	36,545	20,449	70,777	133,046	149,065	89,292	20,445
Debt service	-	-	-	-	-	-	-	-	-
Operating grants and contributions	56,473	107,426	122,930	15,239	36,393	52,964	258,555	107,293	83,938
Capital grants and contributions	201,326	-	-	86,595	76,735	151,061	145,975	87,579	128,635
<b>Total governmental activities revenues</b>	<b>\$ 2,610,379</b>	<b>\$ 1,971,143</b>	<b>\$ 2,017,754</b>	<b>\$ 1,799,513</b>	<b>\$ 1,532,059</b>	<b>\$ 1,346,554</b>	<b>\$ 1,486,704</b>	<b>\$ 1,183,178</b>	<b>\$ 1,005,377</b>
<b>Business-type activities:</b>									
<b>Charges for services:</b>									
Water	\$ 3,118,454	\$ 2,970,993	\$ 2,998,998	\$ 2,911,774	\$ 2,882,351	\$ 2,979,584	\$ 2,778,375	\$ 2,862,188	\$ 2,264,483
Sewer	2,147,042	2,105,710	2,077,196	2,016,549	1,664,769	1,586,350	1,519,755	1,407,100	1,424,439
Sanitation	2,084,509	2,036,658	1,989,130	1,895,067	1,804,077	1,750,122	1,697,293	1,651,370	1,434,155
Hospital	205,332	224,495	207,814	210,148	210,506	209,312	164,100	84,500	235,733
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	52,829	36,571	53,110	-
<b>Total business-type activities revenues</b>	<b>\$ 7,555,337</b>	<b>\$ 7,337,856</b>	<b>\$ 7,273,137</b>	<b>\$ 7,033,537</b>	<b>\$ 6,561,703</b>	<b>\$ 6,578,197</b>	<b>\$ 6,196,094</b>	<b>\$ 6,058,268</b>	<b>\$ 5,358,810</b>
<b>Total primary government revenues</b>	<b>\$ 10,165,716</b>	<b>\$ 9,308,999</b>	<b>\$ 9,290,891</b>	<b>\$ 8,833,050</b>	<b>\$ 8,093,762</b>	<b>\$ 7,924,751</b>	<b>\$ 7,682,798</b>	<b>\$ 7,241,446</b>	<b>\$ 6,364,187</b>
<b>NET(EXPENSE)/REVENUE</b>									
Governmental activities:	(6,586,563)	(7,099,038)	(6,629,442)	(6,587,686)	(6,362,286)	(6,540,869)	(7,070,604)	(6,388,034)	(6,221,661)
Business-type activities:	1,429,366	1,358,498	1,501,443	1,381,167	1,718,830	1,701,986	1,579,273	1,242,049	831,588
<b>Total primary government net expense</b>	<b>\$ (5,157,197)</b>	<b>\$ (5,740,540)</b>	<b>\$ (5,127,999)</b>	<b>\$ (5,206,519)</b>	<b>\$ (4,643,456)</b>	<b>\$ (4,838,883)</b>	<b>\$ (5,491,331)</b>	<b>\$ (5,145,985)</b>	<b>\$ (5,390,073)</b>
<b>GENERAL REVENUES AND OTHER CHANGES</b>									
<b>IN NET ASSETS</b>									
<b>Governmental activities:</b>									
Sales and use taxes	\$ 4,341,371	\$ 4,299,598	\$ 4,563,357	\$ 4,563,357	\$ 4,305,388	\$ 4,343,051	\$ 4,248,801	\$ 4,094,445	\$ 4,085,481
Franchise taxes	803,511	820,084	759,307	759,307	784,146	767,197	682,466	706,824	679,334
Property tax	117	12,201	712	518	12,070	6,889	16,589	387,742	384,816
Occupancy tax	48,665	52,217	36,193	36,193	312	-	-	-	-
Emergency management taxes	8,873	12,550	14,121	13,784	13,338	11,085	11,654	12,846	12,144
Intergovernmental	232,388	267,272	272,835	272,835	271,931	286,149	225,343	207,673	208,524
Investment income	27,788	68,297	139,276	210,181	239,916	147,443	119,414	68,391	67,346
Miscellaneous	358,425	335,868	324,664	227,531	213,261	283,624	168,204	310,349	368,704
Transfers between funds	937,805	692,092	261,582	1,487,622	1,015,397	1,532,282	645,391	1,191,906	1,217,417
Gain on sale of capital assets	-	-	-	-	-	-	17,185	-	-
<b>Total governmental activities</b>	<b>\$ 6,758,943</b>	<b>\$ 6,560,179</b>	<b>\$ 6,372,046</b>	<b>\$ 7,571,327</b>	<b>\$ 6,855,759</b>	<b>\$ 7,377,720</b>	<b>\$ 6,135,047</b>	<b>\$ 6,980,176</b>	<b>\$ 7,023,766</b>
<b>Business-type activities:</b>									
Investment income	\$ 71,433	\$ 336,405	\$ 340,709	\$ 367,214	\$ 364,079	\$ 280,195	\$ 248,292	\$ 223,006	\$ 99,424
Miscellaneous	261,935	275,190	483,056	265,408	183,610	118,395	166,863	168,856	312,336
Transfers between funds	(937,805)	(692,092)	(261,581)	(1,487,622)	(1,015,397)	(1,532,282)	(645,391)	(1,191,906)	(1,217,417)
<b>Total business-type activities</b>	<b>\$ (604,437)</b>	<b>\$ (80,497)</b>	<b>\$ 562,184</b>	<b>\$ (855,001)</b>	<b>\$ (467,708)</b>	<b>\$ (1,133,692)</b>	<b>\$ (230,236)</b>	<b>\$ (799,444)</b>	<b>\$ (805,657)</b>
<b>Total primary government</b>	<b>\$ 6,154,506</b>	<b>\$ 6,479,682</b>	<b>\$ 6,934,230</b>	<b>\$ 6,716,326</b>	<b>\$ 6,388,051</b>	<b>\$ 6,244,028</b>	<b>\$ 5,904,811</b>	<b>\$ 6,180,732</b>	<b>\$ 6,218,109</b>
<b>CHANGE IN NET ASSETS</b>									
Governmental activities	\$ 172,380	\$ (538,859)	\$ (257,396)	\$ 983,641	\$ 493,473	\$ 836,851	\$ (935,557)	\$ 592,142	\$ 802,105
Business-type activities	824,929	1,278,001	2,063,627	526,166	1,251,122	568,294	1,349,037	442,605	25,931
<b>Total primary government</b>	<b>\$ 997,309</b>	<b>\$ 739,142</b>	<b>\$ 1,806,231</b>	<b>\$ 1,509,807</b>	<b>\$ 1,744,595</b>	<b>\$ 1,405,145</b>	<b>\$ 413,480</b>	<b>\$ 1,034,747</b>	<b>\$ 828,036</b>

Source: Comprehensive Annual Financial Reports

Notes:

- (1) Accrual basis of accounting.
- (2) GASB 34 was implemented in Fiscal Year 2003.
- (3) Ten years of data were not available, but will be accumulated.

**City of Bethany, Oklahoma**

**Program Revenues by Function / Program  
Last Nine Fiscal Years  
Unaudited**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Fiscal Year									
FUNCTION/PROGRAMS									
Governmental activities:									
General government	\$ 313,564	\$ 159,363	\$ 122,073	\$ 123,525	\$ 210,922	\$ 208,482	\$ 192,255	\$ 217,283	\$ 111,612
Public safety	1,868,608	1,482,465	1,543,494	1,462,827	1,081,129	877,703	1,031,549	813,879	702,477
Highways and streets	343,154	109,193	108,179	108,179	109,915	54,117	49,212	-	-
Culture and recreation	53,368	90,016	84,533	84,533	59,313	73,206	64,623	62,724	62,653
Economic development	31,685	22,680	36,545	20,449	70,777	133,046	149,065	89,292	128,635
Debt service	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	\$ 2,610,379	\$ 1,863,717	\$ 1,894,824	\$ 1,799,513	\$ 1,532,056	\$ 1,346,554	\$ 1,486,704	\$ 1,183,178	\$ 1,005,377
Business-type activities:									
Water	\$ 3,118,454	\$ 2,970,993	\$ 2,998,998	\$ 2,911,774	\$ 2,882,351	\$ 3,032,413	\$ 2,814,946	\$ 2,915,298	\$ 2,264,483
Sewer	2,147,042	2,105,710	2,077,196	2,016,549	1,664,769	1,586,350	1,519,755	1,407,100	1,424,439
Sanitation	2,084,509	2,036,658	1,989,130	1,895,067	1,804,077	1,750,122	1,697,293	1,651,370	1,434,155
Hospital	205,332	224,495	207,814	210,148	210,506	209,312	164,100	84,500	235,733
Subtotal business-type activities	7,555,337	7,337,856	7,273,138	7,033,537	6,561,703	6,578,197	6,196,094	6,058,268	5,358,810
Total primary government	\$ 10,165,716	\$ 9,201,573	\$ 9,167,962	\$ 8,833,050	\$ 8,093,759	\$ 7,924,751	\$ 7,682,798	\$ 7,241,446	\$ 6,364,187

Source: Comprehensive Annual Financial Reports

Notes:

- (1) Accrual basis of accounting.
- (2) GASB 34 was implemented in Fiscal Year 2003.
- (3) Ten years of data were not available, but will be accumulated.

**City of Bethany, Oklahoma**

**Fund Balances, Governmental Funds  
Last Seven Fiscal Years**

Unaudited

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund</b>									
Reserved for:									
Encumbrances	\$ 32,972	\$ 32,972	\$ 32,972	\$ 32,972	\$ 32,972	\$ 32,972	\$ 32,972	\$ 32,972	\$ 32,972
Unreserved:									
Designated	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Undesignated	3,917,846	4,040,137	4,410,656	4,291,106	3,022,364	2,124,891	1,460,744	1,546,599	1,365,841
<b>Total general fund</b>	\$ 4,550,818	\$ 4,673,109	\$ 5,043,628	\$ 4,924,078	\$ 3,655,336	\$ 2,757,863	\$ 2,093,716	\$ 2,179,571	\$ 1,998,813
<b>Other Governmental Funds</b>									
Reserved for:									
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Retirement	-	-	-	-	-	-	-	-	42,500
Unreserved, reported in:									
Debt service	65,039	64,675	52,480	51,768	51,250	39,180	32,291	15,702	7,330
Capital projects	657,901	810,288	670,294	790,878	857,779	846,744	754,777	988,922	1,203,318
Special revenue	610,239	461,368	555,100	411,076	362,535	315,232	278,143	716,386	326,065
<b>Total other governmental funds</b>	\$ 1,333,179	\$ 1,336,331	\$ 1,277,874	\$ 1,253,722	\$ 1,271,564	\$ 1,201,156	\$ 1,065,211	\$ 1,721,010	\$ 1,579,213
<b>Total governmental funds</b>	\$ 5,883,997	\$ 6,009,440	\$ 6,321,502	\$ 6,177,800	\$ 4,926,900	\$ 3,959,019	\$ 3,158,927	\$ 3,900,581	\$ 3,578,026

Source: Comprehensive Annual Financial Reports

**Notes:**

- (1) Modified accrual basis of accounting.
- (2) GASB 34 was implemented in Fiscal Year 2003.
- (3) Ten years of data were not available, but will be accumulated.

**City of Bethany, Oklahoma**

**Changes in Fund Balances, Governmental Funds  
Last Nine Fiscal Years**

Unaudited

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>									
Taxes	\$ 5,202,537	\$ 5,196,650	\$ 5,342,147	\$ 5,373,158	\$ 5,115,252	\$ 5,128,222	\$ 4,959,510	\$ 5,201,857	\$ 5,161,775
Interest	34,077	68,297	139,276	210,181	239,916	147,443	119,414	68,391	67,346
Licenses and permits	97,101	118,531	91,356	82,433	98,290	71,750	71,663	95,472	76,948
Intergovernmental	599,754	374,698	431,895	374,669	461,788	339,113	568,161	402,545	421,097
Charges for services	643,285	463,556	424,678	429,489	443,100	234,599	243,272	191,565	98,775
Fines and court costs	1,379,962	1,239,562	1,335,185	1,143,052	847,966	800,881	734,714	675,094	592,406
Miscellaneous	474,800	466,990	359,479	282,323	242,836	318,924	200,729	336,524	393,380
<b>Total revenues</b>	<b>\$ 8,431,516</b>	<b>\$ 7,928,284</b>	<b>\$ 8,124,017</b>	<b>\$ 7,895,305</b>	<b>\$ 7,449,148</b>	<b>\$ 7,040,932</b>	<b>\$ 6,897,463</b>	<b>\$ 6,971,448</b>	<b>\$ 6,811,727</b>
<b>Expenditures</b>									
General government	\$ 1,746,342	\$ 1,185,667	\$ 1,129,928	\$ 1,074,230	\$ 1,055,409	\$ 1,646,624	\$ 1,562,831	\$ 1,495,703	\$ 1,590,463
Public safety	5,484,992	5,504,262	5,282,049	5,127,678	4,687,974	4,467,087	4,615,344	4,151,716	3,967,072
Public services	676,932	882,097	829,022	846,756	728,584	565,189	606,983	571,196	618,585
Culture and recreation	604,323	666,732	613,532	534,504	480,892	450,561	366,238	298,295	287,652
Economic development	109,434	103,679	132,811	143,955	294,732	270,147	674,868	380,747	103,634
Capital outlay	838,765	462,232	364,456	404,901	174,211	373,512	748,242	819,440	745,325
Debt service									
Principal	45,673	127,770	-	-	-	-	-	400,000	400,000
Interest	-	-	-	-	-	-	-	21,870	43,040
<b>Total expenditures</b>	<b>\$ 9,506,461</b>	<b>\$ 8,932,439</b>	<b>\$ 8,351,800</b>	<b>\$ 8,132,025</b>	<b>\$ 7,421,802</b>	<b>\$ 7,773,120</b>	<b>\$ 8,574,506</b>	<b>\$ 8,138,967</b>	<b>\$ 7,755,771</b>
<b>Excess (deficiency) of revenues over/(under) expenditures</b>	<b>\$ (1,074,945)</b>	<b>\$ (1,004,155)</b>	<b>\$ (227,783)</b>	<b>\$ (236,720)</b>	<b>\$ 27,346</b>	<b>\$ (732,188)</b>	<b>\$ (1,677,043)</b>	<b>\$ (1,167,519)</b>	<b>\$ (944,044)</b>
<b>Other financing sources</b>									
Transfer from other funds	\$ 5,089,346	\$ 4,903,146	\$ 5,000,260	\$ 6,222,794	\$ 5,814,575	\$ 5,806,894	\$ 5,269,214	\$ 5,640,503	\$ 2,280,591
Transfer to other funds	(4,151,540)	(4,211,054)	(4,738,678)	(4,735,172)	(4,874,041)	(4,274,612)	(4,623,823)	(4,448,596)	(1,063,174)
Proceeds from sales of capital assets	-	-	-	-	-	-	220,000	298,166	-
<b>Total other financing sources</b>	<b>\$ 937,806</b>	<b>\$ 692,092</b>	<b>\$ 261,582</b>	<b>\$ 1,487,622</b>	<b>\$ 940,534</b>	<b>\$ 1,532,282</b>	<b>\$ 865,391</b>	<b>\$ 1,490,073</b>	<b>\$ 1,217,417</b>
<b>Net change in fund balances</b>	<b>\$ (137,139)</b>	<b>\$ (312,063)</b>	<b>\$ 33,798</b>	<b>\$ 1,250,902</b>	<b>\$ 967,880</b>	<b>\$ 800,094</b>	<b>\$ (811,652)</b>	<b>\$ 322,554</b>	<b>\$ 273,373</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.5%</b>	<b>1.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.8%</b>	<b>6.3%</b>

**Source: Comprehensive Annual Financial Reports**

**Notes:**

- (1) Modified accrual basis of accounting.
- (2) GASB 34 was implemented in Fiscal Year 2003.
- (3) Ten years of data were not available, but will be accumulated.

### *Revenue Capacity Information*

This information is intended to assist you in understanding and assessing the factors affecting the City's ability to generate its own-source revenues through taxes, water and sewer charges, and investment income.

# City of Bethany, Oklahoma

## Tax Revenues by Source Last Ten Fiscal Years Unaudited

	Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Property	\$ 117	\$ 12,195	\$ 712	\$ 518	\$ 12,070	\$ 6,889	\$ 16,589	\$ 387,742	\$ 384,816	\$ 426,711	\$ 442,577
Sales	4,101,719	4,088,250	4,209,640	4,283,049	4,067,876	4,117,864	4,029,335	3,914,121	3,896,208	4,132,481	3,852,427
Use	239,652	211,348	239,184	280,308	237,511	225,186	219,466	180,323	140,109	161,116	130,265
Hotel	48,665	52,217	55,455	36,193	312	-	-	-	-	-	-
Franchise	803,511	820,084	823,035	709,992	734,802	767,197	682,466	706,824	679,334	632,967	694,816
Motor fuel	12,374	34,719	37,016	39,854	40,833	42,810	41,534	41,303	42,090	40,114	42,936
Motor vehicle	134,306	144,911	144,911	144,120	144,119	156,413	144,092	144,159	144,231	136,646	157,008
Cigarette	58,144	57,855	56,794	60,507	60,865	60,423	15,669	-	-	-	-
Alcohol beverage	27,563	29,787	29,693	28,354	26,115	26,503	24,048	22,211	22,203	20,456	23,057
Emergency 911	8,873	12,550	14,121	13,784	13,338	11,085	11,654	12,846	12,144	9,658	25,316
<b>Total tax revenues</b>	<b>\$ 5,434,925</b>	<b>\$ 5,463,916</b>	<b>\$ 5,610,562</b>	<b>\$ 5,596,679</b>	<b>\$ 5,337,839</b>	<b>\$ 5,414,370</b>	<b>\$ 5,184,854</b>	<b>\$ 5,409,530</b>	<b>\$ 5,321,134</b>	<b>\$ 5,560,149</b>	<b>\$ 5,368,401</b>

Source: City of Bethany

Notes:

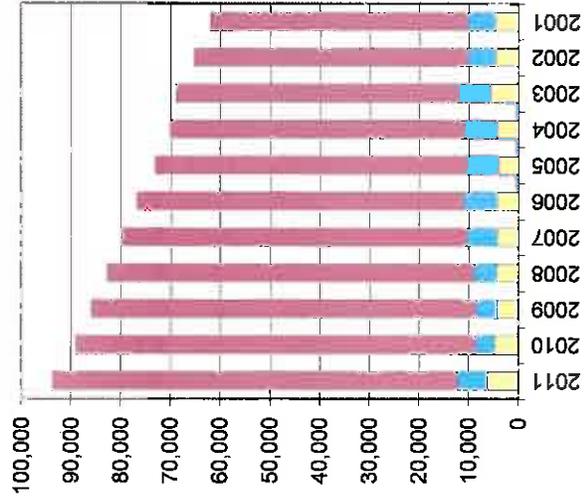
- (1) Modified accrual basis of accounting.
- (2) Property tax services only general obligation debt.
- (3) City property tax millages expired in Fiscal Year 2004.
- (4) Property tax is reported in the Debt Service Fund.  
All other taxes are reported in the General fund
- (5) Hotel tax was approved beginning Fiscal Year 2007.



## City of Bethany, Oklahoma

### Assessed Value of Taxable Property Last Ten Fiscal Years (in thousands of dollars) Unaudited

	Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Taxable property											
Personal	6,215	4,829	4,365	4,379	4,339	4,344	4,087	4,395	5,765	4,665	4,695
Public service	6,063	3,924	4,143	4,594	6,114	6,742	6,374	6,357	6,373	5,540	5,484
Real estate	81,549	80,385	77,526	73,870	69,516	65,760	62,739	59,412	56,799	55,034	51,840
<b>Total taxable property</b>	<b>93,827</b>	<b>89,138</b>	<b>86,035</b>	<b>82,843</b>	<b>79,970</b>	<b>76,846</b>	<b>73,200</b>	<b>70,164</b>	<b>68,937</b>	<b>65,239</b>	<b>62,018</b>
Less tax-exempt property	4,458	4,417	4,410	4,436	4,492	4,327	4,403	4,490	4,507	4,495	4,540
<b>Total taxable assessed value</b>	<b>89,369</b>	<b>84,721</b>	<b>81,625</b>	<b>78,407</b>	<b>75,478</b>	<b>72,519</b>	<b>68,798</b>	<b>65,674</b>	<b>64,431</b>	<b>60,744</b>	<b>57,478</b>
<b>Total direct tax rate</b>	<b>0.00</b>	<b>5.95</b>	<b>6.15</b>	<b>6.98</b>	<b>7.76</b>						



Source: Oklahoma County Assessor's Office

**Notes:**

- (1) Property tax services only general obligation debt.
- (2) The direct property tax rate is per \$1,000 of assessed value.
- (3) Property tax increases must be approved by the voters and City property tax millages expired in fiscal year 2004.

**City of Bethany, Oklahoma**

**Direct and Overlapping Property taxes**

**Last Ten Fiscal Years**

**(rate per \$1,000 of assessed value)**

**Unaudited**

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
City direct rates										
General obligation debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.95	6.15	6.98
Total city direct rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.95	6.15	6.98
Overlapping rates										
Oklahoma County	24.27	24.79	23.18	22.29	22.81	22.90	22.99	23.15	22.35	22.29
Bethany School District	74.68	73.22	67.58	70.24	73.77	76.42	64.90	71.88	66.95	65.39
Putnam City School District	61.20	61.52	60.72	56.90	55.96	55.14	55.71	56.09	56.29	56.68
Canadian Valley Vo-Tech	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72
Francis Tuttle Vo-Tech	15.69	15.69	15.69	15.69	15.69	15.69	15.69	14.96	14.96	15.69

Source: Oklahoma County Assessor's Office

Notes:

- (1) Property tax increases must be approved by the voters and City property tax millages expired in Fiscal Year 2004.
- (2) Total tax rate for a location may be determined by adding the tax rate for the appropriate school district and vo-tech to the rate for the City of Bethany and Oklahoma County.

**City of Bethany, Oklahoma**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

**Unaudited**

	Fiscal Year										
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>PROPERTY TAX</b>											
Taxes levied	0	0	0	0	0	0	0	390,705	396,455	423,808	445,870
Current year collections											
Amount	0	0	0	0	0	0	0	377,889	375,033	419,249	435,788
Levy percentage	0	0	0	0	0	0	0	96.72	94.60	98.92	97.74
Subsequent year collections	117	12,195	712	518	12,070	6,889	16,589	9,853	9,783	7,461	6,788
<b>Total collections to date</b>											
Amount	117	12,195	712	518	12,070	6,889	16,589	387,742	384,816	426,711	442,577
Levy percentage	0	0	0	0	0	0	0	99.24	97.06	100.68	99.26

Source: City of Bethany

**Notes:**

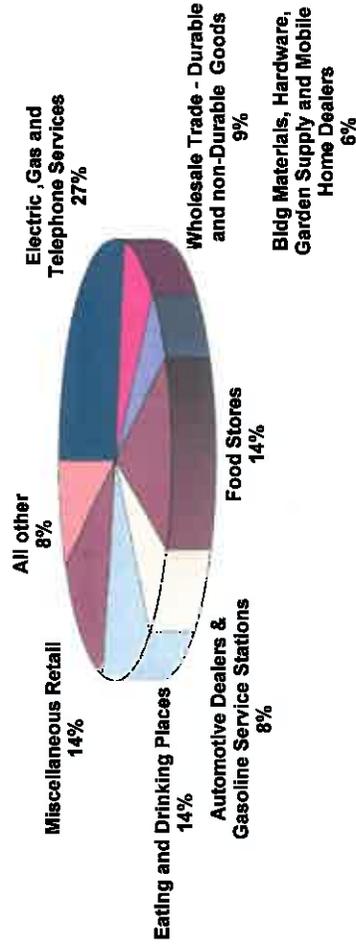
(1) City property tax millages expired in Fiscal Year 2004.

**City of Bethany, Oklahoma**

Taxable Sales by Category  
Last Ten Fiscal Years  
(in thousands of dollars)  
Unaudited

	Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>CATEGORY</b>											
Electric, Gas and Telephone Services	\$ 28,199	\$ 29,935	\$ 30,184	\$ 28,626	\$ 29,001	\$ 28,981	\$ 28,981	\$ 26,874	\$ 27,324	\$ 27,267	\$ 26,996
Wholesale Trade - Durable and non-Durable Goods	9,382	7,757	7,757	8,641	8,697	9,027	9,027	8,588	7,748	6,172	6,437
Blgd Materials, Hardware, Garden Supply and Mobile Hom-	5,933	5,021	4,956	4,757	5,197	5,382	5,382	5,016	5,017	4,515	4,913
Food Stores	14,699	13,938	14,523	14,736	14,663	15,186	15,186	18,489	18,777	19,344	21,919
Automotive Dealers & Gasoline Service Stations	7,842	6,224	6,271	4,485	4,393	4,644	4,644	4,557	4,946	6,281	6,717
Eating and Drinking Places	14,480	13,410	14,764	17,062	14,021	13,671	13,671	12,155	10,737	10,715	9,858
Miscellaneous Retail	14,079	10,023	8,769	7,727	6,773	8,459	8,459	6,969	6,948	7,984	9,061
All other	8,173	17,164	18,756	21,358	19,772	18,444	18,444	18,874	17,966	16,998	17,325
<b>Total taxable sales</b>	<b>\$ 102,787</b>	<b>\$ 103,472</b>	<b>\$ 105,981</b>	<b>\$ 107,392</b>	<b>\$ 102,516</b>	<b>\$ 103,792</b>	<b>\$ 103,792</b>	<b>\$ 101,522</b>	<b>\$ 99,463</b>	<b>\$ 99,275</b>	<b>\$ 103,227</b>
<b>City direct sales tax rate</b>	<b>4.000%</b>	<b>4.000%</b>	<b>4.000%</b>	<b>4.000%</b>							

Source: Oklahoma Tax Commission



**City of Bethany, Oklahoma**

**Direct and Overlapping Sales Tax Rates**

Last Ten Fiscal Years

Unaudited

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
City direct rates										
Capital improvements	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700	0.700
General government	3.300	3.300	3.300	3.300	3.300	3.300	2.300	2.300	2.300	2.300
Temporary general government	0.000	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	1.000
Total city direct rate	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Overlapping rates										
State of Oklahoma	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Total tax rate	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%	8.500%

**Sources: City of Bethany, & Oklahoma Tax Commission**

**Notes:**

- (1) City sales tax increases must be approved by the voters.
- (2) A temporary additional 1% sales tax took effect September 2000.
- (3) A permanent 1% sales tax replaced the temporary 1% sales tax set to expire September 2005.

**City of Bethany, Oklahoma**  
**Sales Tax Remitted by Industry**  
**Last Ten Fiscal Years**  
**Unaudited**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>INDUSTRY</b>										
Electric Gas and Telephone Services	\$ 1,127,965	\$ 1,197,391	\$ 1,207,361	\$ 1,145,052	\$ 1,160,053	\$ 1,159,223	\$ 1,074,957	\$ 1,092,964	\$ 1,090,675	\$ 1,079,833
Wholesale Trade - Durable and non-Durable Goods	375,279	310,263	310,291	345,654	347,871	361,080	343,512	309,909	246,892	257,472
Bldg Materials, Hardware, Garden Supply and Mfg	237,330	231,975	198,228	190,265	207,862	215,262	200,658	200,664	180,582	196,536
Food Stores	587,977	563,925	580,917	589,457	586,534	607,424	739,549	751,094	773,759	876,759
Automotive Dealers & Gasoline Service Stations	313,697	318,735	250,831	179,382	175,734	185,773	182,289	197,833	251,258	268,672
Eating and Drinking Places	579,219	536,343	590,574	682,471	560,823	546,825	486,188	429,485	428,595	394,329
Miscellaneous Retail	563,170	625,778	350,758	309,069	270,901	338,361	278,742	277,921	319,347	362,456
All other	326,935	354,389	750,258	854,319	790,863	737,750	754,973	718,644	679,904	693,004
<b>Total sales tax remitted</b>	<b>\$4,111,573</b>	<b>\$4,138,799</b>	<b>\$4,239,220</b>	<b>\$4,295,669</b>	<b>\$4,100,643</b>	<b>\$4,151,699</b>	<b>\$4,060,868</b>	<b>\$3,978,514</b>	<b>\$3,971,011</b>	<b>\$4,129,061</b>
<b>City direct sales tax rate</b>	<b>4.00%</b>									

**Source: Oklahoma Tax Commission**

**Notes:**

- (1) The City is prohibited by law from reporting individual sales tax payers.
- (2) The categories presented provide alternate information regarding the City's revenue sources.
- (3) Amounts are net of fees and interest charged/paid by the Oklahoma Tax Commission to the City of Bethany, OK

# City of Bethany, Oklahoma

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

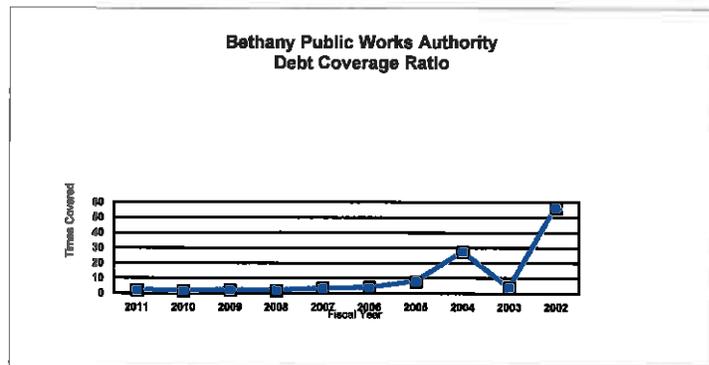
Unaudited

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	% of Personal Income	Per Capita
	General Obligation Debt	Lease Purchase Obligations	Subtotal Governmental Activities	Revenue Bonds	OWRB Loans	Business-type Activities	Subtotal Business-type Activities				
2011	\$0	\$0	\$0	\$1,830,000	\$12,109,841	\$13,939,841	\$13,939,841	\$13,939,841	17.54%	\$718	
2010	\$0	\$31,391	\$31,391	\$2,030,000	\$12,523,876	\$14,553,876	\$14,553,876	\$14,585,267	20.40%	\$752	
2009	\$0	\$142,006	\$142,006	\$2,225,000	\$11,608,366	\$13,833,366	\$13,833,366	\$13,975,372	17.59%	\$720	
2008	\$0	\$178,679	\$178,679	\$2,415,000	\$8,550,220	\$10,965,220	\$10,965,220	\$11,143,900	15.58%	\$574	
2007	\$0	\$0	\$0	\$2,600,000	\$8,908,313	\$11,508,313	\$11,508,313	\$11,508,313	14.25%	\$593	
2006	\$0	\$0	\$0	\$2,780,000	\$7,149,580	\$9,929,580	\$9,929,580	\$9,929,580	13.55%	\$512	
2005	\$0	\$0	\$0	\$2,950,000	\$3,217,120	\$6,167,120	\$6,167,120	\$6,167,120	8.96%	\$313	
2004	\$0	\$0	\$0	\$3,110,000	\$0	\$3,110,000	\$3,110,000	\$3,110,000	4.82%	\$159	
2003	\$400,000	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000	0.64%	\$20	
2002	\$800,000	\$0	\$800,000	\$0	\$0	\$0	\$0	\$800,000	1.31%	\$41	

**City of Bethany, Oklahoma**  
**Pledged-Revenue Bond Coverage**  
**Last Ten Fiscal Years**  
**Unaudited**

**BETHANY PUBLIC WORKS AUTHORITY (1)**

Fiscal Year	Operating Revenue (2)	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)(5)			Coverage
				Principal	Interest	Total	
2011	7,611,939	5,446,629	2,165,310	587,765	399,939	987,704	2.19
2010	7,218,975	5,300,767	1,918,208	698,042	503,897	1,201,939	1.60
2009	7,174,542	5,251,198	1,923,344	551,193	327,343	878,536	2.19
2008	6,937,188	5,152,155	1,785,033	543,093	367,064	910,157	1.96
2007	6,457,465	4,581,007	1,876,458	430,000	128,715	558,715	3.36
2006	6,434,451	4,126,513	2,307,938	420,000	164,859	584,859	3.95
2005	6,162,286	4,000,531	2,161,755	160,000	114,588	274,588	7.87
2004	6,088,800	3,874,012	2,214,788		80,902	80,902	27.38
2003	5,534,837	3,937,091	1,597,746	400,000	18,272	418,272	3.82
2002	5,295,800	4,038,370	1,257,430		22,306	22,306	56.37



**BETHANY HOSPITAL TRUST (6)**

Fiscal Year	Operating Revenue	Operating Expense (7)	Net Revenue Available for Debt Service	Debt Service Requirements (8)			Coverage
				Principal	Interest	Total	
2011	205,332	0	205,332	0	0	0	N/A
2010	224,495	0	224,495	0	0	0	N/A
2009	207,814	0	207,814	0	0	0	N/A
2008	210,148	0	210,148	0	0	0	N/A
2007	210,506	0	210,506	0	0	0	N/A
2006	209,312	2,000	207,312	0	0	0	N/A
2005	164,100	7,673	156,427	0	0	0	N/A
2004	85,214	9,803	75,411	0	0	0	N/A
2003	73,138	15,709	57,429	0	0	0	N/A
2002	74,759	13,424	61,335	0	0	0	N/A

- (1) The Bethany Public Works Authority provides water, wastewater and solid waste services for the City or Bethany. Wastewater treatment services are provided by the Bethany-WarrAcres Public Works Authority. Prior to 1999 solid waste was accounted for in the general fund of the City.
- (2) Operating revenues includes all revenue except transfers in.
- (3) Operating expenses includes all expenses except depreciation and transfers out.
- (4) The 2003 Revenue Bond Indenture included an additional pledge of revenues derived from the four percent (4%) sales tax appropriated and paid to the authority by the general fund.
- (5) The Authority refunded all outstanding 1991 revenue bonds in 2000.
- (6) Prior to May 1, 1993 the Bethany Hospital Trust operated the Bethany General Hospital through a governing board appointed by the Trust. On May 1, 1993 the Bethany Health Care Corporation assumed operations of the Hospital through a twenty year lease. On April 1, 1998 this sublease was terminated and a new sublease with Baptist Healthcare of Oklahoma, Inc. was signed. Effective July 1, 2000 this sublease was terminated and a new sublease with Deaconess Hospital was signed.
- (7) Operating expenses includes all operating expenses except interest and depreciation.
- (8) The Trust refunded all outstanding revenue bonds in 1999.

### *Demographic and Economic Information*

This information is intended first, to assist you in understanding the socioeconomic environment in which the City operates, and second; to provide information that helps compare financial statement information over time.

*City of Bethany, Oklahoma*  
Principal Employment data  
Last Ten Fiscal Years  
Unaudited

	Fiscal Year									
	2011	2010*	2009*	2008	2007	2006	2005	2004	2003	2002
<b>Employment data</b>										
Number of employers	-	-	-	497	491	488	513	504	501	506
Number of employees	-	-	-	4,743	4,377	5,155	5,102	5,138	5,788	6,581
Annual payroll (in thousands of dollars)	-	-	-	115,002	101,382	106,540	113,012	116,789	130,094	143,443

Source: U.S. Census Bureau

**Notes:**

- (1) The names of the largest employers are not available.  
 (2) The information presented provides alternate information regarding employers.

\* Information was not available due to information withheld by the Census Bureau to avoid data disclosure for individual companies.

*City of Bethany, Oklahoma*  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Demographic data</b>										
Est. population	19,406	19,051	19,729	19,607	19,559	19,627	19,905	20,044	20,025	20,182
Est. personal income (in thousands)	794,520	715,041	807,745	733,008	688,672	645,238	623,524	610,320	584,770	568,668
Per capita personal income (msa)	40,942	37,533	40,942	37,385	35,210	32,875	31,325	30,449	29,202	28,177
Annual unemployment rate (msa)	5.7%	6.8%	3.8%	4.3%	3.9%	4.3%	4.5%	5.2%	4.5%	3.6%

Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis, & U.S. Bureau of Labor Statistics

**Notes:**

- (1) Metropolitan Statistical Area figures are noted with (msa).  
 (2) Personal income is computed by multiplying population times per capita income.

## *Operating Information*

This information is intended to assist you in understanding and **assessing** the operations and resources that affect the City's financial condition.

*City of Bethany, Oklahoma*  
**City Employees by Function / Program**  
**Last Nine Fiscal Years**

FUNCTION/PROGRAMS	Fiscal Year								
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities:</b>									
General government	6.7	6.8	6.8	5.3	5.0	5.6	6.5	6.5	7.5
Public safety	73.1	70.8	70.8	67.0	64.9	66.0	68.5	68.6	68.2
Highways and streets	9.2	9.3	9.3	8.3	8.9	7.6	9.1	12.1	9.1
Culture and recreation	23.9	24.1	24.1	22.2	23.3	21.4	20.3	17.2	17.9
Economic development	4.0	3.0	3.0	4.0	5.0	6.0	6.7	6.4	5.0
<b>Subtotal governmental activities</b>	<b>116.9</b>	<b>114.0</b>	<b>114.0</b>	<b>106.8</b>	<b>107.1</b>	<b>106.6</b>	<b>111.1</b>	<b>110.8</b>	<b>107.7</b>
<b>Business-type activities:</b>									
Water	15.9	15.8	15.8	16.0	16.3	17.0	17.7	16.8	17.1
Sewer	2.0	2.0	2.0	2.0	2.0	3.2	3.5	4.3	4.1
Sanitation	15.1	15.2	15.2	16.8	17.0	15.6	15.5	17.7	20.4
Hospital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtotal business-type activities</b>	<b>33.0</b>	<b>33.0</b>	<b>33.0</b>	<b>34.8</b>	<b>35.3</b>	<b>35.8</b>	<b>36.7</b>	<b>38.8</b>	<b>41.6</b>
<b>Total primary government</b>	<b>149.9</b>	<b>147.0</b>	<b>147.0</b>	<b>141.6</b>	<b>142.3</b>	<b>142.4</b>	<b>147.8</b>	<b>149.6</b>	<b>149.3</b>

Source: City of Bethany

**Notes:**

- (1) Full-time equivalent employees as of June 30.
- (2) Ten years of data were not available, but will be accumulated.
- (3) Full-time employee equivalent is computed by dividing total labor hours by standard scheduled hours.

**City of Bethany, Oklahoma**  
**Capital Asset Statistics by Function / Program**  
**Last Ten Fiscal Years**  
**Unaudited**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>FUNCTION/PROGRAMS</b>										
Governmental activities:										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	36	35	36	35	35	35	33	33	30	28
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles & apparatuses	6	6	6	6	6	6	6	6	6	6
Highways and streets										
Streets (lane miles)	185.92	185.92	185.92	185.92	185.92	185.92	185.92	185.92	185.92	185.92
Culture and recreation										
Park acreage	172	172	172	172	172	172	172	172	172	172
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Business-type activities:										
Water										
Water mains (miles)	80.85	80.85	80.85	80.85	80.85	80.85	80.73	80.73	80.73	80.73
Fire hydrants	581	581	581	581	581	581	575	568	568	568
Storage capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	5,500	5,500	5,500	5,500
Sewer										
Sanitary sewers (miles)	99.38	99.38	99.38	99.38	99.38	99.38	99.19	99.19	99.19	99.19
Storm sewers (miles)	20.14	20.14	20.14	20.14	20.14	20.14	19.65	19.65	19.65	19.65
Sanitation										
Refuse trucks & vehicles	9	9	9	9	9	9	9	9	9	9

Source: City of Bethany

Notes:

(1) Ten years of data were not available, but will be accumulated and provided as it becomes available.

