

*The City of Bethany, Oklahoma
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012*





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For the Fiscal Year Ended June 30, 2012*



*Prepared by
Finance Department of the City of Bethany*



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Introductory Section





The City of Bethany

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

April 15, 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, 2012.

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*

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, 2012

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 36th, Bethany, Oklahoma, 73008, (405) 789-2146, jon.robinson@bethanyok.org. Please also visit our website 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, 2012*

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

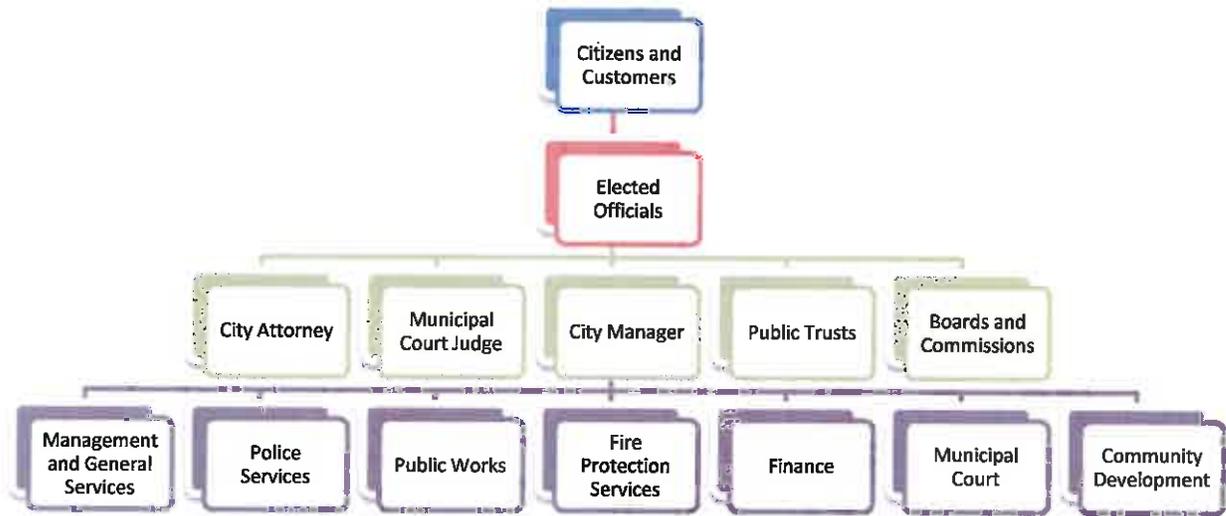
Appointed Officials

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
Jon Robinson, Finance Director

*The City of Bethany, Oklahoma
Organization Chart*



Financial Section





CPAs &
Advisors

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, 2012, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bethany, Oklahoma, as of June 30, 2012, 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 November 12, 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 64 through 65 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

November 12, 2013

The City of Bethany, Oklahoma
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2012

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, 2012. 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 \$39,265,246 (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 \$17,900,471 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 \$5,635,183 represent the portion of net assets that are reserved for capital projects, debt service, emergencies, post-employment benefits, and for other specific fund purposes.
 - (3) Unrestricted net assets of \$13,429,145 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City were \$19,034,314 at the end of the fiscal year. This includes \$17,035,442 in outstanding debt and \$690,889 in accrued compensated absences.
- The City's governmental funds reported total ending fund balance of \$5,934,858 this year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,348,673, or 39.40% 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 \$39,265,246 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
	2012	2011	2012	2011	2012	2011		
Current and other assets	\$6,242,355	\$6,095,350	\$17,121,292	13,380,889	\$23,363,648	\$19,476,239	\$3,887,408	20.0%
Capital assets	2,308,895	7,640,188	27,627,018	27,972,208	34,935,913	35,612,396	-676,483	-1.9%
Total assets	13,551,250	13,735,538	44,748,311	41,353,097	58,299,561	55,088,636	3,210,925	5.8%
Long term liabilities	99,785	103,467	16,108,658	13,690,955	16,208,443	13,794,422	2,414,021	17.5%
Other liabilities	753,086	706,451	1,952,785	1,681,668	2,705,871	2,388,119	317,751	13.3%
Total liabilities	852,871	809,918	18,061,443	15,372,623	18,914,313	16,182,541	2,731,772	16.9%
Net Assets:								
Invested in Capital assets, net of related debt	7,308,895	7,640,188	12,892,022	13,196,141	20,200,917	20,836,329	-635,412	-3.0%
Restricted	2,053,214	1,933,179	3,581,971	3,575,486	5,635,184	5,508,664	126,520	2.3%
Unrestricted	3,336,269	3,352,251	10,092,876	9,208,850	13,429,146	12,561,101	868,045	6.9%
Total net assets	\$12,698,378	\$12,925,618	\$26,566,868	\$25,980,475	\$39,265,246	\$38,906,093	\$359,153	0.9%

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 (57.56 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 (\$5,635,183) is restricted on how they may be used. The remaining balance of unrestricted net assets (\$13,429,145) may be used to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net assets increased \$868,045 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
	2012	2011	2012	2011	2012	2011		
Program revenues								
Charges for Services	2,061,240	2,352,580	7,925,735	7,555,337	9,986,975	9,907,917	79,058	0.80%
Operating Grants	83,361	56,473	-	0	83,361	56,473	26,889	47.61%
Capital Grants	8,023	201,326	-	0	8,023	201,326	(193,303)	
General revenues								
Sales and Use taxes	4,543,380	4,341,371	-	0	4,543,380	4,341,371	202,009	4.65%
Franchise taxes	847,990	804,121	-	0	847,990	804,121	43,869	5.46%
Property tax	18,251	117	-	0	18,251	117	18,134	15488.64%
Occupancy taxes	55,539	48,665	-	0	55,539	48,665	6,874	
Emergency mgmt tax	7,075	8,873	-	0	7,075	8,873	(1,798)	-20.27%
Intergovernmental	220,110	232,388	-	0	220,110	232,388	(12,278)	-5.28%
Investment income	24,763	27,788	51,710	71,433	76,473	99,221	(22,748)	-22.93%
Miscellaneous income	177,835	358,425	316,584	243,316	494,419	601,741	(107,322)	-17.84%
Total revenues	8,047,567	8,432,127	8,294,029	7,870,086	16,341,596	16,302,212	39,384	0.24%
Expenses								
General government	1,903,475	1,883,392	-	0	1,903,475	1,883,392	20,083	1.07%
Public safety	6,020,024	5,787,844	-	0	6,020,024	5,787,844	232,180	4.01%
Highways and streets	746,091	753,478	-	0	746,091	753,478	(7,388)	-0.98%
Culture and recreation	681,535	660,209	-	0	681,535	660,209	21,326	3.23%
Economic development	161,612	109,435	-	0	161,612	109,435	52,177	47.68%
Water	-	0	3,279,089	3,215,511	3,279,089	3,215,511	63,578	1.98%
Sewer	-	0	1,546,719	1,330,865	1,546,719	1,330,865	215,855	16.22%
Sanitation	-	0	1,442,349	1,414,492	1,442,349	1,414,492	27,857	1.97%
Hospital	-	0	201,548	201,548	201,548	201,548	-	0.00%
Total expenses	9,512,737	9,194,359	6,469,705	6,162,415	15,982,442	15,356,774	625,668	4.07%
Increase (decrease) in net assets before transfers	(1,465,170)	(762,232)	1,824,323	1,707,670	359,154	945,438	(586,281)	-62.01%
Transfers	1,237,930	937,805	(1,237,930)	(937,805)	0	-	-	
Changes in net assets	(227,239)	175,573	586,394	769,865	359,154	945,438		
Beginning net assets	12,925,618	12,752,630	25,980,476	25,210,611	38,906,094	37,963,241		
Ending net assets	12,698,379	12,928,203	26,566,870	25,980,476	39,265,248	38,908,679		

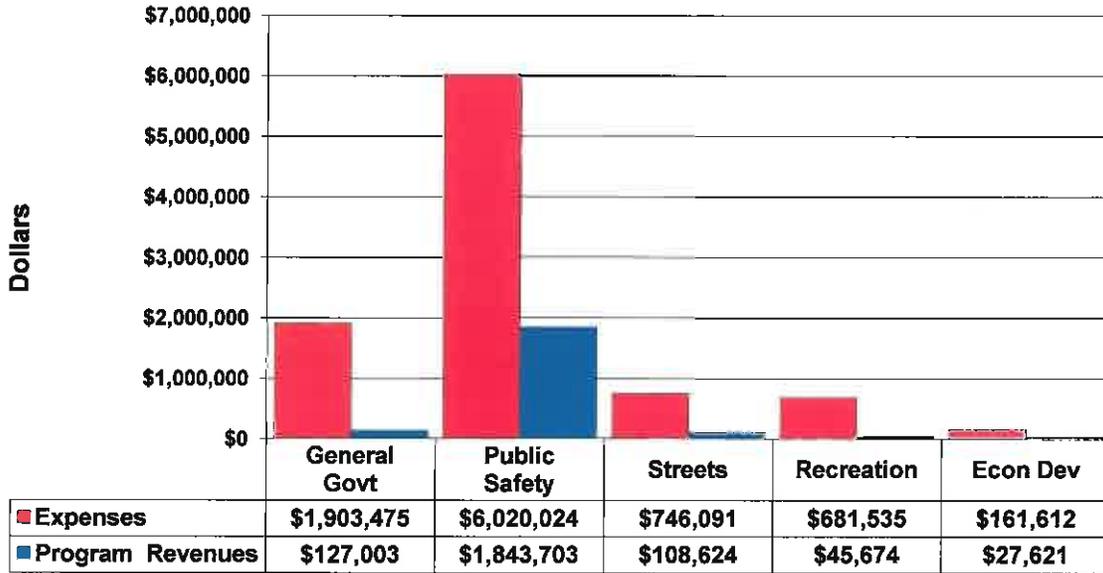
Sales and use taxes	\$ 4,543,380
Franchise taxes	847,990
Property tax	18,251
Occupancy Taxes	55,539
Emergency management taxes	7,075
Intergovernmental	220,110
Investment income	24,763
Miscellaneous	177,835
Transfers between funds	1,237,930
Total general revenues	\$ 7,132,873

It is important to note that Business-type activities transferred \$1,237,930 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 decreased the City of Bethany's net assets by \$227,239. This is because revenue growth was exceeded by expenditure growth.

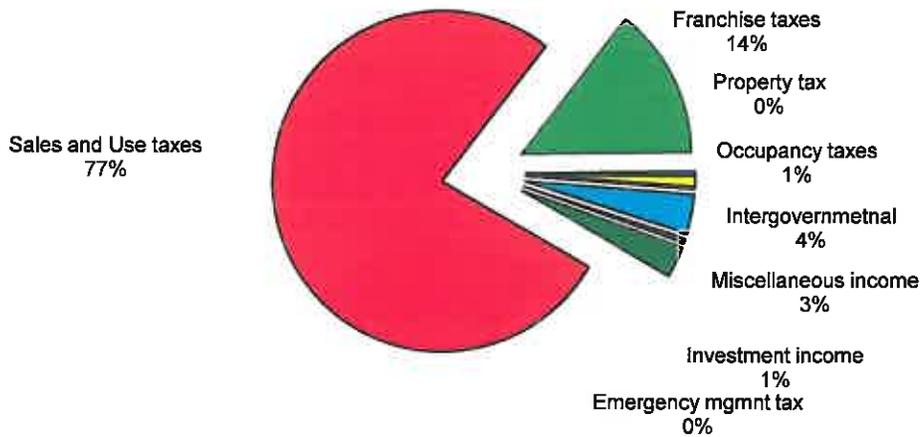
The graph below shows the major governmental activities and their associated program revenues. You can easily see that all governmental activities are financed almost entirely by taxes, rather than user fees. You can also see that public safety activities account for approximately \$6.02 million of the total \$9.51 million in governmental expenditures.

Governmental Activities



The pie chart below shows governmental general revenue by source. Sales and use taxes account for 77 percent of general revenue. Transfers from other funds account for 4 percent of general revenue.

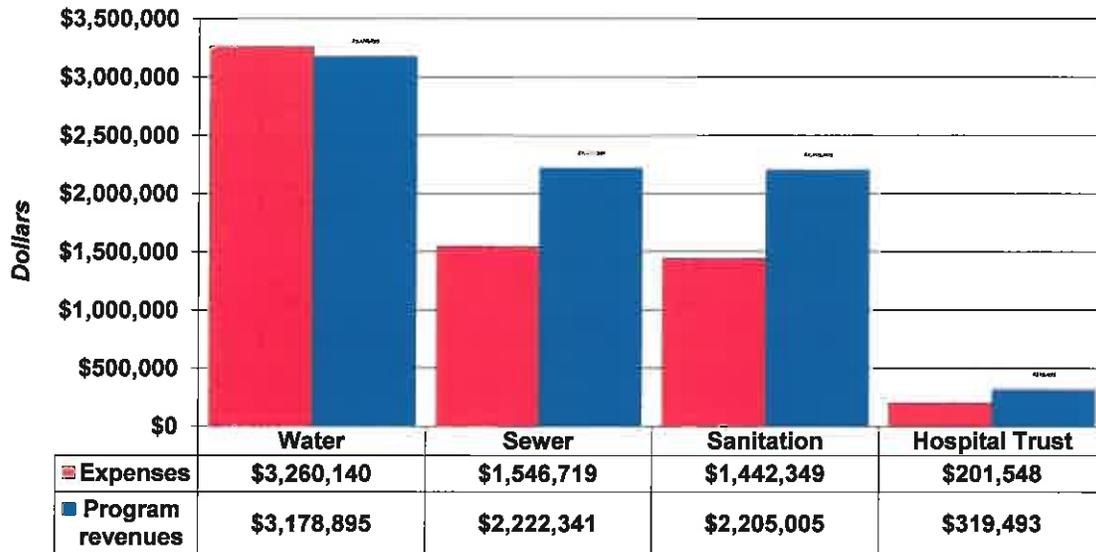
Governmental General Revenues



Business-type activities Business type activities increased the City of Bethany's net assets by \$605,342. 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.

Business-type Activities



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 \$5,934,858. Of this amount \$3,848,673 is unrestricted. The remaining balance is restricted for specific governmental fund purposes. It is interesting to note that \$697,773 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 \$3,848,673 while total fund balance was \$4,496,857.

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 \$1,311,378. The Bethany Public Works Authority (BPWA) had \$8,781,498 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 \$226,722 more than the budget. An 4.88% increase in sales tax collections and continued law enforcement efforts were significant factors in this increase.

Expenditures were \$1,256,191 less than the budget. The variance from the expenditure target resulted from management actions to control spending. Every department came in under their approved budget.

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, 2012 totals \$34,935,913 (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 \$1,324,360 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 \$17,035,442 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, 2012 totaled \$ 7,024,688. 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 \$4,873,446. 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 \$1,625,000 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 2012-2013 the City Council General approved a General Fund budget of \$10.2 million. This compares to \$9.8 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 increase approximately 4% on January 1, 2012.

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.



Basic Financial Statements

City of Bethany, Oklahoma
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,222,393	\$ 6,323,179	\$ 9,545,570
Investments	1,764,741	3,296,272	5,061,013
Receivables (net of allowance for uncollectibles)	1,037,003	640,850	1,677,851
Interest receivable	30,233	428,243	458,475
Prepaid expenses	187,986	30,528	218,514
Restricted cash and cash equivalents	-	3,088,562	3,088,562
Restricted investments	-	1,935,711	1,935,711
Lease settlement receivable	-	992,782	992,782
Prepaid debt expense	-	385,166	385,166
Capital assets (net of accumulated depreciation)	7,308,895	27,627,018	34,935,913
Total assets	<u>\$ 13,551,250</u>	<u>\$ 44,748,310</u>	<u>\$ 58,299,560</u>
Liabilities			
Accounts payable	\$ 188,354	\$ 369,250	\$ 557,604
Accrued salaries and related taxes	119,141	-	119,141
Current portion of compensated absences	445,591	145,513	591,104
Interest payable	-	172,402	172,402
Current portion of long term debt	-	926,784	926,784
Amount due other Funds	-	18,808	18,808
Customer deposits payable from restricted assets	-	320,027	320,027
Deferred revenue payable from restricted assets	-	120,000	120,000
Long term portion of compensated absences	99,785	-	99,785
Long term debt	-	16,108,658	16,108,658
Total liabilities	<u>\$ 852,872</u>	<u>\$ 18,181,443</u>	<u>\$ 19,034,314</u>
Net Assets			
Invested in capital assets, net of related debt	7,308,895	12,892,022	20,200,916
Restricted:			
Capital projects	697,773	1,251,025	1,948,798
Debt service	98,283	272,095	370,377
Emergencies	600,000	600,000	1,200,000
Other purposes	641,946	1,452,365	2,094,311
Post employment benefits	15,212	6,486	21,697
Unrestricted	3,336,269	10,092,876	13,429,145
Total net assets	<u>\$ 12,698,378</u>	<u>\$ 26,566,869</u>	<u>\$ 39,265,246</u>
Total liabilities and net assets	<u>\$ 13,551,250</u>	<u>\$ 44,748,310</u>	<u>\$ 58,299,560</u>

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, 2012**

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 2,186,193	\$ 365,924	\$ 670,275	\$ 3,222,392
Investments	1,300,905	359,510	104,326	1,764,741
Accounts receivable (net of allowance for uncollectibles)	1,037,002	-	-	1,037,002
Interest receivable	9,533	1,378	-	10,910
Due from other funds	18,965	357	-	19,322
Prepaid expenses	187,986	-	-	187,986
Total assets	<u>\$ 4,740,584</u>	<u>\$ 727,169</u>	<u>\$ 774,601</u>	<u>\$ 6,242,354</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 124,586	\$ 29,396	\$ 49,077	203,058
Accrued salaries and related taxes	119,141	-	-	119,141
Due to other funds	-	-	(14,704)	(14,704)
Total liabilities	<u>243,727</u>	<u>29,396</u>	<u>34,373</u>	<u>307,495</u>
Fund balances:				
Non-spendable	187,986	-	-	187,986
Restricted	-	-	693,382	693,382
Assigned	648,184	697,773	46,846	1,392,803
Unassigned	3,660,687	-	-	3,660,687
Total fund balances	<u>4,496,857</u>	<u>697,773</u>	<u>740,228</u>	<u>5,934,858</u>
Total liabilities and fund balances	<u>\$ 4,740,584</u>	<u>\$ 727,169</u>	<u>\$ 774,601</u>	<u>\$ 6,242,354</u>

Total fund balances - governmental funds \$ 5,934,858

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. 7,308,895

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Lease/purchase obligations -
Accrued compensated absences (545,376)

Net assets of governmental activities \$ 12,698,378

City of Bethany, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Fiscal Year Ended June 30, 2012

	General Fund	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,446,909	\$ -	\$ 25,326	\$ 5,472,234
Interest	24,475	3,850	942	29,267
Licenses and permits	99,033	-	-	99,033
Intergovernmental	220,110	-	74,962	295,073
Charges for services	458,564	-	189,204	647,768
Fines and court costs	1,319,785	-	-	1,319,785
Miscellaneous	177,835	-	8,143	185,978
Total revenues	<u>7,746,711</u>	<u>3,850</u>	<u>298,578</u>	<u>8,049,138</u>
Expenditures:				
General government	1,779,307	-	-	1,779,307
Public safety	5,429,526	-	137,991	5,567,517
Public services	665,485	-	1,050	666,535
Culture and recreation	625,762	-	-	625,762
Economic development	-	-	161,612	161,612
Capital outlay	-	437,573	-	437,573
Debt service	-	13,386	-	13,386
Total expenditures	<u>8,500,081</u>	<u>450,959</u>	<u>300,653</u>	<u>9,251,693</u>
Excess (deficiency) of revenues over (under) expenditures	(753,370)	(447,110)	(2,077)	(1,202,555)
Other financing sources:				
Transfers from other funds	5,118,843	486,981	139,922	5,745,747
Transfers to other funds	(4,420,216)	-	(87,600)	(4,507,816)
Total other financing sources	<u>698,627</u>	<u>486,981</u>	<u>52,322</u>	<u>1,237,930</u>
Net changes in fund balances	(54,743)	39,872	50,246	35,374
Fund balance - beginning	4,551,600	657,901	458,444	5,667,945
Prior period adjustment	-	-	231,539	231,539
Fund balance - ending	<u>\$ 4,496,857</u>	<u>\$ 697,773</u>	<u>\$ 740,229</u>	<u>\$ 5,934,858</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, 2012**

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

Net change in fund balances-total governmental funds	\$	35,374
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		(1,394,846)
Depreciation expense		765,803
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		312,628
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		<u>53,800</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(227,240)</u></u>

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, 2012

	Enterprise Funds		
	Bethany Hospital Trust	Bethany Public Works Authority	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,608,369	\$ 4,714,810	\$ 6,323,179
Investments	658,819	2,637,453	3,296,272
Accounts receivable, net of allowances	-	640,850	640,850
Prepaid expense	-	30,528	30,528
Interest receivable	413,131	15,112	428,243
Total current assets	<u>2,680,319</u>	<u>8,038,752</u>	<u>10,719,070</u>
Non current assets:			
Restricted cash and cash equivalents	-	3,088,562	3,088,562
Restricted investments	-	1,935,711	1,935,711
Lease settlement receivable	992,782	-	992,782
Deferred debt expense	-	385,166	385,166
Investment in capital assets net of depreciation	2,552,417	25,074,602	27,627,018
Total non current assets	<u>3,545,199</u>	<u>30,484,041</u>	<u>34,029,240</u>
Total assets	<u>\$ 6,225,517</u>	<u>\$ 38,522,794</u>	<u>\$ 44,748,310</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 6,308	\$ 362,942	\$ 369,250
Accrued salaries	-	-	-
Current portion of compensated absences	-	145,513	145,513
Due to other Funds	-	18,808	18,808
Interest payable	-	172,402	172,402
Current portion of long term debt	-	926,784	926,784
Customer deposits payable from restricted assets	-	320,027	320,027
Deferred revenue payable from restricted assets	120,000	-	120,000
Total current liabilities	<u>126,308</u>	<u>1,946,477</u>	<u>2,072,786</u>
Non current liabilities:			
Long-term portion of compensated absences	-	-	-
Long-term debt (net of unamortized discount)	379,954	15,728,703	16,108,658
Total non current liabilities	<u>379,954</u>	<u>15,728,703</u>	<u>16,108,658</u>
Total liabilities	506,262	17,675,180	18,181,443
Net assets			
Invested in capital assets, net of debt	2,955,512	9,936,510	12,892,022
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
Restricted for post employment benefits	-	6,486	6,486
Unrestricted	1,311,378	8,781,498	10,092,876
Total net assets	<u>5,719,255</u>	<u>20,847,614</u>	<u>26,566,869</u>
Total liabilities and net assets	<u>\$ 6,225,517</u>	<u>\$ 38,522,794</u>	<u>\$ 44,748,310</u>

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, 2012

	Enterprise Funds		
	Bethany Hospital Trust	Bethany Public Works Authority	Totals
Operating revenues:			
Water	\$ -	\$ 3,178,895	\$ 3,178,895
Sewer	-	2,222,341	2,222,341
Sanitation	-	2,205,005	2,205,005
Lease finance income	319,493	-	319,493
Other operating revenues	-	289,835	289,835
Total operating revenues	<u>319,493</u>	<u>7,896,077</u>	<u>8,215,570</u>
Operating expenses:			
Water Department	-	1,600,913	1,600,913
Sewer Department	-	1,349,180	1,349,180
Sanitation Department	-	1,196,982	1,196,982
Other operating expense	-	640,446	640,446
Depreciation expense	201,548	956,325	1,157,873
Total operating expenses	<u>201,548</u>	<u>5,743,846</u>	<u>5,945,393</u>
Operating income (loss)	<u>117,946</u>	<u>2,152,231</u>	<u>2,270,177</u>
Nonoperating revenue (expense)			
Interest expense	-	(524,312)	(524,312)
Interest and investments earnings	-	51,710	51,710
Capital contributions from private sources	-	-	-
Other nonoperating revenue (expense)	-	26,748	26,748
Total nonoperating revenue (expense)	<u>-</u>	<u>(445,853)</u>	<u>(445,853)</u>
Income before operating transfers	<u>117,946</u>	<u>1,706,378</u>	<u>1,824,323</u>
Operating transfers to (from):			
Transfer (to) from other funds	<u>(200,000)</u>	<u>(1,037,930)</u>	<u>(1,237,930)</u>
Total operating transfers	<u>(200,000)</u>	<u>(1,037,930)</u>	<u>(1,237,930)</u>
Net income (loss)	<u>(82,054)</u>	<u>668,448</u>	<u>586,393</u>
Net assets, beginning of year	<u>5,801,309</u>	<u>20,179,166</u>	<u>25,980,475</u>
Net assets, end of year	<u>\$ 5,719,255</u>	<u>\$ 20,847,614</u>	<u>\$ 26,566,869</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, 2012

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Bethany Hospital Trust</u>	<u>Bethany Public Works Authority</u>	
Cash flows from operating activities:			
Cash received from customers	\$ 319,493	\$ 7,896,077	\$ 8,215,570
Cash payments to suppliers for materials and services	-	(2,664,180)	(2,664,180)
Cash payments to employees	-	(2,123,340)	(2,123,340)
Other receipts	-	26,748	26,748
Other payments	(104,351)	-	(104,351)
Net cash provided (used) by operating activities	<u>215,142</u>	<u>3,135,305</u>	<u>3,350,447</u>
Cash flows from noncapital financing activities:			
Nonoperating receipts (payments)	-	4,280,294	-
Transfers to other funds	(200,000)	(5,318,224)	(5,518,224)
Net cash provided (used) in non capital financing activities	<u>(200,000)</u>	<u>(1,037,930)</u>	<u>(1,237,930)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	-	-
Proceeds from capital debt	-	-	-
Principal payment on capital debt	-	(228,743)	(228,743)
Interest payment on capital debt	-	(505,363)	(505,363)
Net cash provided (used) in capital and related financing activities	<u>-</u>	<u>(734,106)</u>	<u>(734,106)</u>
Cash flows from investing activities:			
Purchase of investments	-	-	-
Proceeds from maturities & sales of investments	-	-	-
Investment income	-	51,710	51,710
Net cash provided (used) in investing activities	<u>-</u>	<u>51,710</u>	<u>51,710</u>
Net increase (decrease) in cash	15,142	1,414,979	1,430,121
Cash and cash equivalents , beginning of year	<u>1,593,227</u>	<u>6,388,393</u>	<u>7,981,620</u>
Cash and cash equivalents , end of year	<u>\$ 1,608,369</u>	<u>\$ 7,803,372</u>	<u>\$ 9,411,741</u>

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, 2012

	Enterprise Funds		Totals
	Bethany Hospital Trust	Bethany Public Works Authority	
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Income from operations	\$ 117,946	\$ 2,152,231	\$ 2,270,177
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	201,548	956,325	1,157,873
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	0	(12,792)	(12,792)
Increase (decrease) in accounts payable	(104,351)	0	(104,351)
Increase (decrease) in investments	0	0	0
(Increase) decrease in prepaid expenses	0	0	0
Increase (decrease) in other liabilities and accrued expenses	0	39,540	39,540
Net adjustment	97,197	983,073	1,080,270
Net cash provided (used) by operating activities	\$ 215,142	\$ 3,135,305	\$ 3,350,447

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, 2012

Assets

Cash and cash equivalents and investments	\$	740,593
		<u>740,593</u>
Total assets	\$	<u><u>740,593</u></u>

Liabilities

Due to depositors	\$	694,030
Due to state		-
Due to other funds		<u>46,563</u>
Total liabilities	\$	<u><u>740,593</u></u>

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, 2012

Cash and investments, beginning	\$	740,230
Additions		8,279
Deductions		7,916
Cash and investments, ending	\$	<u><u>740,593</u></u>
Liabilities, beginning	\$	740,230
Additions		8,279
Deductions		7,916
Liabilities, ending	\$	<u><u>740,593</u></u>

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, 2012.

I.B. Financial Reporting Entity - Basis of Presentation

I.B.1. Component Units

The City of Bethany (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 non-operating 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 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	47,956
Cemetery Fund	" "	216,442
General Fund	" "	600,000
Public Safety	" "	153,239
E-911 Fund	" "	-
Juvenile Court	" "	165,289
Bethany Development	" "	58,899
	Sub-total Enabling Legislation	<u>1,241,825</u>
	Total Restricted Net Assets	<u>\$ 1,964,765.00</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:

	General Fund	Capital Imp. Fund	All Other Governmental Funds	Total
Fund Balance:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses	187,986	-	-	187,986
	<u>187,986</u>	<u>-</u>	<u>-</u>	<u>187,986</u>
Restricted For:				
Debt Service	-	-	83,578	83,578
Cemetery Expenses	-	-	216,442	216,442
Other	-	-	393,362	393,362
Sub-Total Restricted	<u>-</u>	<u>-</u>	<u>693,382</u>	<u>693,382</u>
Assigned In:				
Capital Improvements	-	697,773	-	697,773
Post Employment Benefits	15,212	-	-	15,212
Encumbrances	32,972	-	46,846	79,818
Other	600,000	-	-	600,000
Sub-Total Assigned	<u>648,184</u>	<u>697,773</u>	<u>46,846</u>	<u>1,392,803</u>
Unassigned:	<u>3,660,687</u>	<u>-</u>	<u>-</u>	<u>3,660,687</u>
TOTAL FUND BALANCE	<u>\$ 4,496,857</u>	<u>\$ 697,773</u>	<u>\$ 740,228</u>	<u>\$ 5,934,858</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, 2012, 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, 2012, the City held deposits of \$ 13,764,729 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, 2012 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, 2012, investments held are as follows:

Type	Weighted Avg. Maturity (yrs)	Credit Rating	Market Value	Cost
Certificates of Deposit	.67	N/A	\$1,964,797	\$1,953,779
Federal Home Loan Bank	4.83	AAA	1,102,721	1,099,999
U.S. Treasury	3.45	N/A	861,269	846,813
Money Market	N/A	AAAm	1,410,422	1,410,422
TOTAL			\$5,339,209	\$ 5,311,013

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, 2012 is as follows: 37% invested in Certificates of Deposit (\$1,953,779), 16% invested in U.S. Treasury securities (\$846,813), 21% invested in Federal Home Loan Bank (\$1,099,999), 26% invested in Money Market (\$1,410,422).

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	\$ 30,233	\$ 428,243	\$ 458,476
Accounts receivable	<u>1,037,003</u>	<u>1,673,632</u>	<u>2,710,635</u>
Gross receivables	1,067,236	2,101,875	3,169,111
Less allowance	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
Net total receivables	\$ 1,067,236	\$ 2,061,875	\$3,129,111

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	\$ 2,838,562
Restricted Investments	1,935,711
Customer deposits	250,000
Total restricted cash ,cash equivalents and investments	\$ 5,024,273

III.A.4. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$1,692,059	-	-	\$1,692,059
Construction in progress	49,784	-	49,784	-
Total capital assets, not being depreciated	1,741,843	-	49,784	1,692,059
Capital assets being depreciated:				
Buildings	1,870,234	\$329,832	4,562	2,195,505
Improvements other than buildings	607,158	-	-	607,158
Machinery and equipment	5,312,303	217,374	45,031	5,484,646
Infrastructure	13,415,841	17,201	-	13,433,043
Total capital assets being depreciated	21,205,537	564,407	49,593	21,720,352
Less accumulated depreciation for:				
Buildings	(1,319,078)	(44,551)	-	(1,363,629)
Improvements other than buildings	(511,263)	(17,243)	-	(528,506)
Machinery and equipment	(3,813,558)	(391,423)	26,065	(4,231,045)
Infrastructure	(9,663,293)	(312,586)	4,456	(9,980,336)
Total accumulated depreciation	(15,307,192)	(765,803)	30,521	(16,103,516)
Total capital assets, being depreciated, net	5,898,345	(201,396)	80,114	5,616,835
Governmental activities capital assets, net	\$ 7,640,187	\$ (201,396)	\$ 129,896	\$ 7,308,895

Depreciation expense was charged to governmental activities as follows:

General government	\$ 136,686
Public safety	488,835
Highways and streets	83,893
Culture and recreation	56,389
Total depreciation expense - governmental activities	\$ 765,803

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 484,404	-	-	\$ 484,404
Construction in progress	92,835	121,892	172,982	41,745
Total capital assets, not being depreciated	577,239	121,892	172,982	526,149
Capital assets being depreciated:				
Buildings	9,286,025	60,654	-	9,346,679
Improvements other than buildings	117,980	-	1,759	116,221
Machinery and equipment	1,795,474	237,000	61,417	1,971,057
Infrastructure	32,946,407	569,804	317,060	33,199,151
Total capital assets being depreciated	44,145,886	867,458	380,236	44,633,108
Less accumulated depreciation for:				
Buildings	(4,398,219)	(277,324)	-	(4,675,543)
Improvements other than buildings	(17,234)	-	-	(17,234)
Machinery and equipment	(1,167,614)	(143,297)	-	(1,310,911)
Infrastructure	(10,791,300)	(737,252)	-	(11,528,551)
Total accumulated depreciation	(16,374,367)	(1,157,873)	-	(17,532,239)
Total capital assets, being depreciated, net	27,771,519	(670,650)	-	27,100,869
Business-type activities capital assets, net	\$ 28,348,758	\$(168,523)	\$ 553,218	\$ 27,627,018

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

Water	\$ 612,873
Sewer	207,014
Sanitation	61,544
Administration, Finance, & Other	74,894
Hospital	201,548
Total depreciation expense - business-type activities	\$1,157,873

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, 2012, are \$50,032 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. These bonds were replaced in May, 2012 with proceeds from its Sales Tax and Utility System Revenue Bonds Refunding Series 2012 in the amount of \$3,585,000. The proceeds of the Refunding Series 2012 bonds were used to pay-off the 2003 Series \$1,625,000 on July 1, 2012, issuance and interest costs (\$184,659), and the balance, \$2,030,291, was deposited into the Project/Construction Fund administered by BancFirst as Trustee. 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, 2011	Increases	(Decreases)	<u>Balance</u> June 30, 2012	<u>Amount Due</u> in 2013
<u>Business-type Activities</u>					
Bethany Public Works Authority Revenue Bonds	\$1,830,000	\$ -	\$ 205,000	\$1,625,000	\$1,625,000
2012 Refunding BPWA 2003 Revenue Bonds	-	3,585,000	-	3,585,000	315,000
Bethany Public Works Authority OWRB Loan	7,410,951	-	386,263	7,024,688	415,630
Bethany Public Works Authority OWRB Loan	4,683,697	-	189,748	4,493,949	196,154
Compensated Absences	154,945	-	9,432	145,513	145,513
Total Business-type Activities	<u>14,079,593</u>	<u>3,585,000</u>	<u>790,443</u>	<u>16,874,150</u>	<u>2,697,297</u>
<u>Governmental Activities</u>					
Compensated Absences	599,176	-	53,800	545,376	445,591
Total	<u>\$14,678,769</u>	<u>\$3,585,000</u>	<u>\$ 844,243</u>	<u>\$17,419,526</u>	<u>\$3,142,888</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	Business-Type Activities							
	2012 Revenue Bonds		2004 DWSRF		2008DWSFR		2003	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	315,000	35,850	415,630	242,262	196,154	139,739	1,625,000	7,130
2014	335,000	49,050	430,304	227,888	202,368	133,526	-	-
2015	340,000	51,362	445,497	212,695	208,779	127,115	-	-
2016	345,000	51,900	461,226	196,966	215,067	120,827	-	-
2017	350,000	50,625	477,510	180,682	222,205	113,689	-	-
2018-2021	1,500,000	150,230	2,084,687	548,080	961,220	382,356	-	-
2022-2026	400,000	13,600	2,709,834	243,368	1,383,210	299,260	-	-
2027-2031	-	-	-	-	1,104,946	70,682	-	-
Totals	\$ 3,585,000	\$ 402,617	\$ 7,024,688	\$ 1,851,941	\$ 4,493,949	\$ 1,387,194	\$ 1,625,000	\$ 7,130

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."

Fund	Due To	Due From	Net
Capital Improvement Fund (031)	\$ 357.00	\$ -	\$ -
Public Safety Fund (021)		357.00	-
General Fund(010)	18,451.47		-
Public Safety Fund (021)		18,451.47	-
General Fund(010)	513.64		-
LLEA FUND (024)	-	513.64	-
TOTALS	\$ 19,322.11	\$ 19,322.11	\$ -

The composition of inter-fund balances at of June 30, 2012, were as follows:

Purchase of Public Safety assets through the Capital Improvement Fund, \$357.00, and through the use of General Fund monies, \$18,451.47.

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, 2012, 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)		\$ 4,280,294	\$ 139,800	
Bethany Public Works Authority (major proprietary fund)	\$ 4,831,243			\$ 447,847
Bethany Hospital Trust (major proprietary fund)	200,000			
Other (non-major governmental funds)	71,300			
Totals	\$ 5,102,543	\$ 4,280,294	\$ 139,800	\$ 447,847
				\$9,970,484

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, 2012, the City remitted \$1,051,276 to the BWA-PWA.

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

V. OTHER POST-EMPLOYMENT BENEFITS

Other than the pension plans described in the notes, no post-employment benefits are provided to retired employees. Current retirees are, on average, younger than some active employees. Therefore, retirees contribute to a lower average age and a lower blended rate for health insurance premiums that could be considered a subsidy to the City. The City does not contribute any funds to the premiums for retirees

**V.A. DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION
AND NET OPEB OBLIGATION
For the Year July 1, 2011 through June 30, 2012**

1 OPEB liability (Accrued Actuarial Liability) at July 1, 2011	\$ 280,405
 <u>Annual Required Contribution</u>	
2 Annual Amortization level % of payroll 30 years implementation OPEB liability	\$ 10,059
3 Normal Cost (Normal Cost)	<u>18,358</u>
4 Annual Required Contribution (ARC) (Normal Cost + amortization)	<u>\$ 28,417</u>
 <u>Annual OPEB Cost</u>	
5 Interest on Net OPEB Obligation (NOO)	-
6 Amortization of Net OPEB Obligation	-
7 Annual OPEB Cost	\$ 28,417
 <u>Net OPEB Obligation</u>	
8 Employer Contributions (expected claims less contributions)	\$ (6,720)
9 Change in Net OPEB Obligation for the year ended June 30, 2012	\$ 21,697
10 Net OPEB Obligation at end of prior year June 30, 2011	<u>\$ -</u>
11 Estimated Net OPEB Obligation at June 30, 2012	<u>\$ 21,697</u>

V.B. FUNDED STATUS AT THE END OF THE FISCAL YEAR

1 OPEB liability (Accrued Actuarial Liability) at July 1, 2011	\$ 280,405
2 Interest	12,618
3 Normal Cost with interest	18,358
4 Claims net of retiree contributions	(6,720)
5 OPEB liability (accrued actuarial liability) at June 30, 2012	\$ 304,662
Impact of change in discount rate (4.5% at beg of yr to 3.8% at eoy)	\$ 44,333
OPEB liability (accrued actuarial liability) at June 30, 2012	\$ 348,995
6 Plan assets at end of year	0
7 Unfunded Accrued Actuarial Liability	\$ 348,995
8 Percentage of Funded Accrued Liability	0%

V.C.1. OPEB

Other post-employment benefits (OPEB) are benefits that are provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, being funded.

When an employer must first report this liability is based on the size of the government's gross annual life, dental, vision, disability, and long-term care insurance. The City of Bethany provides medical and prescription drug coverage for retirees and their dependents who elect to make the required contributions.

The OPEB relationship between the City of Bethany and its employees and retirees is not formalized in a contract or plan document, only a few sentences in the administrative policy manual. These benefits are considered for accounting purposes to be provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs; it may not be a long term legal commitment.

V.C.2 Implicit Subsidy

The **implicit subsidy** is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

V.C.3. GASB Statements No. 43 and 45

In the past, these subsidies have not been projected and accounted for under an accrual basis. Accrual accounting is meant to match the timing between when something occurs and when it is accounted for. In this case, it is meant to match the expense to the year in which the benefits are earned by the member. Pay-as-you-go funding is when the contributions are made when the cost occurs (after retirement). This cost is expensed as Bethany pays the current year's subsidies. However, the unfunded liability, the difference between what members are accruing and what Bethany has been paying, is growing and is not accounted for under the pay-as-you-go method. According to GASB, Statements No. 43 and 45 were created in an attempt to:

- _ Create financial transparency,
- _ Create better alignment between public and private sector accounting,
- _ Provide clarity among bargaining groups to show the true cost of benefits over time,
- _ Provide employer's knowledge of the true cost of benefits over time,
- _ Provide investors knowledge of the true long-term liabilities; and,
- _ Show the decision-makers a cost that they need to recognize.

GASB Statement No. 45 requires each employer to calculate their OPEB liability. In addition to the overall liability, GASB requires that the ARC must be calculated. The ARC is the annual amount required under the actuarial cost method and funding policy for amortizing the unfunded actuarial accrued liability. GASB does not require that employers actually contribute the ARC each year, just that it is recognized so that all stakeholders can see how adequately the liability is being funded.

When an employer must first report this liability is based on the size of the government's gross annual revenues in the fiscal year ending after June 15, 1999 according to the following table:

Over \$100,000,000	First fiscal year beginning after 12/15/2006
\$10,000,000 - \$100,000,000	First fiscal year beginning after 12/15/2007
Under \$10,000,000	First fiscal year beginning after 12/15/2008

The City of Bethany first elected to apply to the GASB requirement for financial reporting for the fiscal year ending June 30, 2012.

V.D. Actuarial Valuation

In order to determine the GASB 45 liabilities, an actuarial valuation must be performed. An actuarial valuation is a way to determine what benefits will be paid throughout the future lifetimes of current members and discount those payments back to the present. The result is the present value of future benefits. For example, if you had a dollar amount today, which equaled the present value of future benefits, that amount could be invested, accrue earnings during the current plan members' lifetimes, and be paid out in a benefit stream when the members are eligible. The total amount remaining when there are no more benefits being paid would be zero.

In this case, the benefits being paid out are the subsidies that are being paid for the City of Bethany retirees.

An actuarial valuation takes inputs such as participant data (who is receiving the benefits), benefit provisions (what are the benefits), and assumptions (how do we expect the members and the economy to behave). Participant data includes the members' ages, membership service, plan selection, etc. Benefit provisions include the structure of the benefits that the members receive; in this case, the subsidies supporting retiree medical benefits. Assumptions include the interest rate (investment return), health care inflation rates, general inflation rates, decrement rates, participation rates, Medicare coverage, etc.

The inputs are taken and valued using an actuarial cost method. The method chosen will allocate costs between past and future plan membership service. Distinct actuarial cost methods will produce somewhat different allocations since each method allocates cost a little bit differently. The inputs and the method are put into valuation software to determine the liability and ARC. Essentially, the valuation software uses the inputs to determine when a benefit will be paid, how much the benefit will be, and how long it will be paid to each member.

V.E. Funding Policy

In the past, these subsidies were funded on a pay-as-you-go basis, meaning that employers paid these costs as they occurred. This generally means today's taxpayers are paying for benefits that were accrued in the past. This funding policy is in conflict with the principle of intergenerational equity, which requires that a member's benefits be funded over the member's working lifetime. The idea is for the member's benefits to be paid by the taxpayers who benefit from that member's service, as opposed to making future taxpayers, who do not benefit from that member's service, pay for the member's benefits.

In the future, these liabilities can continue to be funded on a pay-as-you-go basis, or they can be pre-funded. If they continue to be funded on a pay-as-you-go basis, then a NOO (Net OPEB Obligation) will accrue as the annual contributions fall short of the ARC. The results are lower current contributions in the short-run, a growing liability, and continued conflict with the principle of intergenerational equity. In addition, if a pay-as-you-go funding method is selected, there will be no assets to invest; therefore, the interest discount rate must be lower, in the range of 5 percent. A lower interest discount rate will mean the reported overall liability will be larger.

If, instead, these liabilities are fully pre-funded, then contributions equal to the ARC must be made annually and placed in an irrevocable trust. If the choice to fully pre-fund is made, then a NOO will not accrue. The results are larger current contributions in the short-run, a lower unfunded liability, and adherence to the principle of intergenerational equity. In addition, if the choice is made to pre-fund there will be assets to invest; the investment return applied to the liabilities will reflect the expected long-term yield of the assets used to finance the payment of the benefits. If these assets are invested similarly to those in a typical retirement plan, an interest discount rate in the range of 7 to 8 percent can be used. A higher interest discount rate will mean the reported overall liability will be smaller.

V.F. Actuarial Funding Method

The actuarial funding method chosen will determine the allocation of costs. For example, one method may allocate all costs between now and the time a member is fully eligible to retire whereas another method may allocate all costs between now and the time a member is expected to retire (several years after retirement eligibility). One method might allocate costs as a level dollar amount while another might allocate costs as a level percentage of payroll. Using a different method will provide slightly different results. In short, different methods will relatively frontload the costs or backload the costs.

GASB allows the selection of one of six different actuarial methods. The method selected for this report was Projected Unit Credit (PUC). This is the method required by FASB 106 in the private. PUC is known to backload costs compared with the Entry Age Normal cost method. This is reasonable to do for OPEB liabilities, which are "soft liabilities" because it allows for the realization of the assumptions before most payments are made.

GASB also allows for the selection of the amortization period (not to exceed thirty years). A longer amortization period means that the unfunded liability is being smoothed, and funded, over a longer period of time. This can be compared to a mortgage being paid off over a longer period of time (lower payments, but more interest). Thirty years was selected as the amortization period for this report.

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.

VIII. OPERATIONS INFORMATION

VIII.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.

IX. RETIREMENT PLANS

As of June 30, 2012 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, 2012, was 23.43% 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 \$748,043 or 100.00% of the annual pension cost for the fiscal year ending June 30, 2012.

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
6/30/2003	\$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%
6/30/2012	\$748,043	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 \$146,865 for the year.

The City's payroll for employees covered by the System for the year ended June 30, 2012 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, 2012 was \$1,520,534.

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 2012 contributions by the City were \$197,670 (13% of covered payroll) and by employees were \$121,643 (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, 2012 was \$ 1,271,746.

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 2012 contributions by the City were \$165,327 (13% of covered payroll) and by employees were \$101,740 (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, 2012
Unaudited

	<u>Budgeted Original</u>	<u>Amounts Final</u>	<u>Actual GAAP Basis</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:					
Taxes	\$ 5,250,989	\$ 5,250,989	\$ 5,446,909	\$ 5,446,909	\$ 195,920
Interest	50,000	50,000	24,475	24,475	(25,526)
Licenses and permits	83,000	83,000	99,033	99,033	16,033
Intergovernmental	260,000	260,000	220,110	220,110	(39,890)
Charges for services	455,000	455,000	458,564	458,564	3,564
Fines and court costs	1,300,000	1,300,000	1,319,785	1,319,785	19,785
Miscellaneous	121,000	121,000	177,835	177,835	56,835
Total revenues	<u>7,519,989</u>	<u>7,519,989</u>	<u>7,746,711</u>	<u>7,746,711</u>	<u>226,722</u>
Expenditures:					
General Government					
Management					
Personal services	509,958	509,958	470,698	470,698	(39,260)
Materials and supplies	44,250	44,250	32,410	32,410	(11,840)
Other charges and services	99,711	99,711	83,114	83,114	(16,598)
Finance					
Personal services	225,561	225,561	218,802	218,802	(6,759)
Materials and supplies	8,000	8,000	6,511	6,511	(1,489)
Other charges and services	42,000	42,000	29,699	29,699	(12,301)
Community Development					
Personal services	385,242	385,242	301,530	301,530	(83,712)
Materials and supplies	15,750	15,750	4,861	4,861	(10,889)
Other charges and services	15,000	15,000	2,640	2,640	(12,360)
Public safety					
Police					
Personal services	3,210,957	3,210,957	3,081,137	3,081,137	(129,820)
Materials and supplies	68,500	68,500	67,059	67,059	(1,441)
Other charges and services	247,064	247,064	230,065	230,065	(16,999)
Municipal court					
Personal services	405,921	405,921	308,417	308,417	(97,504)
Materials and supplies	8,525	8,525	9,300	9,300	775
Other charges and services	51,600	51,600	48,020	48,020	(3,580)
Fire					
Personal services	1,773,471	1,773,471	1,734,724	1,734,724	(38,747)
Materials and supplies	35,200	35,200	28,325	28,325	(6,875)
Other charges and services	308,208	308,208	288,216	288,216	(19,992)
Public services					
Administration					
Personal services	94,624	94,624	91,021	91,021	(3,603)
Materials and supplies	6,200	6,200	3,623	3,623	(2,577)
Other charges and services	73,867	73,867	38,379	38,379	(35,488)
Streets					
Personal services	395,705	395,705	381,512	381,512	(14,193)
Materials and supplies	75,750	75,750	35,602	35,602	(40,148)
Other charges and services	117,000	117,000	115,348	115,348	(1,652)
Vehicle maintenance					
Personal services	95,683	95,683	92,851	92,851	(2,832)
Materials and supplies	161,750	161,750	150,385	150,385	(11,365)
Other charges and services	60,000	60,000	20,070	20,070	(39,930)
Parks and recreation					
Personal services	665,740	665,740	563,932	563,932	(101,808)
Materials and supplies	73,530	73,530	35,480	35,480	(38,050)
Other charges and services	26,800	26,800	26,351	26,351	(449)
Capital outlay and contingency	454,705	454,705	-	-	-
Total expenditures	<u>9,756,272</u>	<u>9,756,272</u>	<u>8,500,081</u>	<u>8,500,081</u>	<u>(1,256,191)</u>
Excess (deficit) of revenues over expenditures	(2,236,283)	(2,236,283)	(753,370)	(753,370)	1,482,913
Other financing sources (uses):					
Transfers from other funds	5,365,036	5,365,036	5,118,843	5,118,843	(246,193)
Transfers to other funds	(4,289,789)	(4,289,789)	(4,420,216)	(4,420,216)	130,427
Total other financing sources (uses)	<u>1,075,247</u>	<u>1,075,247</u>	<u>698,627</u>	<u>698,627</u>	<u>(115,766)</u>
Net change in fund balances	(1,161,036)	(1,161,036)	(54,743)	(54,743)	1,106,293
Fund balance - beginning	4,551,600	4,551,600	4,551,600	4,551,600	-
Fund balance - ending	<u>\$ 3,390,564</u>	<u>\$ 3,390,564</u>	<u>\$ 4,496,857</u>	<u>\$ 4,496,857</u>	<u>\$ 1,106,293</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, 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%
January 1, 2012	16,051,432	19,170,390	3,118,959	83.7%	3,185,592	97.9%

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, 2012

	Public Safety Fund 021	E-911 Fund 022	LLEA Grant Fund 024	Utility Assistance Fund 083	Juvenile Court Fund 078	Bethany Development Authority 082	Debt Service Fund 040	Commodity Fund 081	Parks and Streets Capital Fund 059	Totals
Assets										
Cash	178,647	\$ 0	\$ 0	\$ 120	\$ 165,289	\$ 82,568	\$ 83,578	\$ 116,442	\$ 43,630	\$ 670,275
Investments	0	0	0	0	0	0	0	100,000	4,326	104,326
Accounts receivable	0	0	0	0	0	0	0	0	0	0
Total assets	\$ 178,647	\$ 0	\$ 0	\$ 120	\$ 165,289	\$ 82,568	\$ 83,578	\$ 216,442	\$ 47,956	\$ 774,601
Liabilities and Fund Balances										
Accounts payable	25,407	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,669	\$ 0	\$ 0	\$ 0	\$ 49,077
Due to other funds	0	0	0	0	-6,870	-7,835	0	0	0	-14,705
Total liabilities	25,407	0	0	0	-6,870	15,834	0	0	0	34,372
Fund Balances:										
Restricted for debt service	0	0	0	0	6,870	7,835	83,578	0	0	98,283
Restricted for specific purposes	153,239	0	0	120	165,289	58,899	0	216,442	47,956	641,946
Total fund balance	153,239	0	0	120	172,159	66,734	83,578	216,442	47,956	740,229
Total liabilities and fund balance	\$ 178,647	\$ 0	\$ 0	\$ 120	\$ 165,289	\$ 82,568	\$ 83,578	\$ 216,442	\$ 47,956	\$ 774,601

City of Bethany, Oklahoma
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Public Safety Fund	E-911 Fund	LLEA Grant Fund	Utility Assistance Fund	Juvenile Court Fund	Bethany Development Authority	Debt Service Fund	Commodity Fund	Parks and Streets Capital Fund	Totals
Revenues:										
Taxes	-	7,075	-	-	-	-	18,251	-	-	18,251
Telephone tax - E911	-	-	-	-	-	-	-	-	-	7,075
Interest income	-	-	-	-	523	111	288	-	20	942
Intergovernmental revenues	74,962	-	-	-	-	-	-	-	-	74,962
Charge for services	120,995	-	-	-	30,849	27,510	-	9,830	-	189,204
Donations and other income	8,023	-	-	120	-	-	-	-	-	8,143
Total revenues	203,981	7,075	-	120	31,272	27,621	18,539	9,830	20	298,578
Expenditures:										
Public safety	137,675	-	-	-	317	-	-	-	-	137,991
Public services	-	-	-	-	-	-	-	1,050	-	1,050
Economic development	-	-	-	-	-	161,612	-	-	-	161,612
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Total expenditures	137,675	-	-	-	317	161,612	-	1,050	-	300,653
Other financing source:										
Transfers from other funds	122	-	-	-	-	139,800	-	-	-	139,922
Transfers (to) other funds	(53,264)	(24,336)	-	-	(10,000)	-	-	-	-	(87,600)
Proceeds from sales of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources	(31,042)	(24,336)	-	-	(10,000)	139,800	-	-	-	52,322
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	13,165	(17,262)	-	120	21,055	5,808	18,539	8,800	20	50,246
Fund balances - beginning	140,075	17,562	-	-	144,234	55,091	65,039	207,642	47,936	675,279
Fund balances - ending	\$ 153,240	\$ 0	\$ -	\$ 120	\$ 165,289	\$ 58,899	\$ 83,578	\$ 216,442	\$ 47,956	\$ 725,525

City of Bethany, Oklahoma
 Combining Balance Sheet
 All Agency Funds
 as of June 30, 2012

	Prepaid Inspection Fund 070	Municipal Court Fund 072	Council on Law Enforcement Education and Training 073	ICMA Retirement Fund 075	Sales Tax Collection Fund 077	Agency Fund Total
Assets						
Cash and cash equivalents	\$ 23,637	\$ 33,668	\$ 12,895	\$ 0	\$ 1,810	\$ 93,399
Investments	0	0	0	647,194	0	647,194
Total assets	\$ 23,637	\$ 33,668	\$ 12,895	\$ 647,194	\$ 1,810	\$ 740,593
Liabilities						
Due to depositors	\$ 23,637	\$ 0	\$ 0	\$ 647,194	\$ 1,810	\$ 694,030
Due to state	0	0	0	0	0	0
Due to other funds	0	33,668	12,895	0	0	46,563
Total liabilities	\$ 23,637	\$ 33,668	\$ 12,895	\$ 647,194	\$ 1,810	\$ 740,593

City of Bethany, Oklahoma
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2012

	Prepaid Inspection Fund	Municipal Court Fund	Council on Law Enforcement Education and Training	ICMA Retirement Fund	Sales Tax Collection Fund	Agency Fund Total
Cash and investments, beginning	\$ 23,637	\$ 40,538	\$ 4,616	\$ 647,194	\$ 2,857	\$ 740,230
Additions	-	-	8,279	-	-	8,279
Deductions	-	6,870	-	-	1,047	7,916
Cash and investments, ending	\$ 23,637	\$ 33,668	\$ 12,895	\$ 647,194	\$ 1,810	\$ 740,593
Liabilities, beginning	\$ 23,637	\$ 40,538	\$ 4,616	\$ 647,194	\$ 2,857	\$ 740,230
Additions	-	-	8,279	-	-	8,279
Deductions	-	6,870	-	-	1,047	7,916
Liabilities, ending	\$ 23,637	\$ 33,668	\$ 12,895	\$ 647,194	\$ 1,810	\$ 740,593





CPAs &
Advisors

**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, 2012, which collectively comprise the City of Bethany, Oklahoma's basic financial statements and have issued our report thereon dated November 12, 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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 CPAs & Advisors

November 12, 2013

City of Bethany, Oklahoma
Schedule of Expenditure of Federal Awards
Year Ended June 30, 2012

Federal Grantor / Grant Title / State Agency/Program title	Federal CFDA No.	Pass-Through Grantor's No.	Amount Expended
U.S. Department of Transportation			
State & Community Highway Safety Grant			
Oklahoma Highway Safety Office			
Bethany Traffic Enforcement	20.600	OP-10-03-01-10	\$ 35,150
Total U.S. Department of Transportation			<u>\$ 35,150</u>
U.S. Department of Justice			
Bureau of Justice Assistance			
Equitable Sharing Grant	16.922	OK0550100	3,630
Bulletproof Vest Partnership Program	16.607	2006BUBX06132373	2,160
Office of Juvenile Justice			
Too	16.727		30,005
Total U.S. Department of Justice			<u>\$ 35,795</u>
U.S. Department of Homeland Security			
Total U.S. Department of Homeland Security			<u>\$ -</u>
Total expenditures of federal awards			<u><u>\$ 70,945</u></u>

City of Bethany, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
June 30, 2012

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)



City of Bethany, Oklahoma

Net Assets by Component
Last Nine Fiscal Years
Unaudited

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities									
Invested in capital assets, net of related debt	\$ 7,308,895	\$ 7,640,188	\$ 7,298,738	\$ 7,513,450	\$ 7,774,938	\$ 8,033,601	\$ 8,516,080	\$ 8,648,343	\$ 8,184,444
Restricted									
Capital projects	697,773	657,901	810,288	670,294	790,878	857,779	846,744	754,777	988,922
Debt service	98,283	65,039	64,675	52,480	51,768	51,250	39,180	32,291	15,702
Emergencies	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Other purposes	641,946	610,239	461,368	555,100	411,076	362,535	315,232	245,171	716,386
Encumbrances	-	-	-	-	-	32,972	32,972	32,972	32,972
Unrestricted	3,351,481	3,351,642	3,517,561	3,900,164	3,810,321	2,517,204	1,611,663	811,466	1,007,722
Total governmental activities net assets	\$ 12,698,378	\$ 12,925,009	\$ 12,752,630	\$ 13,291,489	\$ 13,438,982	\$ 12,455,341	\$ 11,961,871	\$ 11,125,020	\$ 11,546,148
Business-type activities									
Invested in capital assets, net of related debt	\$ 12,923,941	\$ 13,251,204	\$ 14,164,853	\$ 11,635,991	\$ 13,616,250	\$ 12,168,594	\$ 14,430,782	\$ 13,654,150	\$ 10,918,784
Restricted									
Capital projects	1,251,025	1,251,025	1,251,025	1,251,025	1,251,025	1,251,025	-	220,823	1,251,025
Debt service	272,095	272,095	1,398,104	272,095	272,095	272,095	360,917	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	1,452,365	1,525,473	1,525,473	1,525,473	1,525,473	1,525,473	1,368,085
Unrestricted	10,092,876	9,208,849	6,355,117	8,658,879	4,614,993	5,536,483	3,185,376	3,261,713	3,292,629
Total business-type activities net assets	\$ 26,592,303	\$ 26,035,538	\$ 25,221,464	\$ 23,943,463	\$ 21,879,836	\$ 21,353,670	\$ 20,102,548	\$ 19,534,254	\$ 17,702,618
Primary government									
Invested in capital assets, net of related debt	\$ 20,232,836	\$ 20,891,392	\$ 21,463,591	\$ 19,149,441	\$ 21,391,188	\$ 20,202,195	\$ 22,946,862	\$ 22,302,493	\$ 19,103,228
Restricted									
Capital projects	1,948,798	1,908,926	2,061,313	1,921,319	2,041,903	2,108,804	846,744	975,600	2,239,947
Debt service	370,378	337,134	1,462,779	324,575	323,863	323,345	400,097	304,386	287,797
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	2,094,311	2,062,604	1,913,733	2,080,573	1,936,549	1,888,008	1,840,705	1,770,644	2,084,471
Unrestricted	13,444,357	12,560,491	9,872,678	12,559,043	8,425,314	8,053,687	4,797,039	4,073,179	4,300,351
Total primary government net assets	\$ 39,290,680	\$ 38,960,547	\$ 37,974,094	\$ 37,234,951	\$ 35,318,818	\$ 33,776,039	\$ 32,031,447	\$ 30,626,302	\$ 29,215,794

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 Ten Fiscal Years
Unaudited**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES										
Governmental activities:										
General government	\$ 1,903,476	\$ 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	6,020,024	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	746,091	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	681,535	660,209	738,887	682,324	605,426	556,356	519,048	428,403	361,728	348,346
Economic development	161,612	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
Total governmental activities expenses	\$ 9,512,738	\$ 9,196,942	\$ 9,070,181	\$ 8,647,196	\$ 8,387,199	\$ 7,894,345	\$ 7,887,423	\$ 8,557,308	\$ 7,571,212	\$ 7,227,038
Business-type activities:										
Water	\$ 3,258,843	\$ 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	1,543,889	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	1,439,991	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	201,548	145,886	135,001	133,151	133,151	135,151	140,824	434,320	158,840
Total business-type activities expenses	\$ 6,444,271	\$ 6,125,971	\$ 5,979,358	\$ 5,771,694	\$ 5,652,370	\$ 4,842,873	\$ 4,876,211	\$ 4,616,821	\$ 4,816,219	\$ 4,527,222
Total primary government expense:	\$ 15,957,009	\$ 15,322,913	\$ 15,049,539	\$ 14,418,890	\$ 14,039,569	\$ 12,737,218	\$ 12,763,634	\$ 13,174,129	\$ 12,387,431	\$ 11,754,260
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 126,883	\$ 313,564	\$ 159,363	\$ 122,073	\$ 123,525	\$ 134,190	\$ 111,538	\$ 107,992	\$ 129,704	\$ 111,612
Public safety	1,752,438	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	108,624	148,154	109,193	108,179	108,179	109,915	-	-	-	-
Culture and recreation	45,674	53,368	90,016	84,533	84,533	59,313	73,206	64,623	62,724	62,653
Economic development	27,621	31,685	22,680	36,545	20,449	70,777	133,046	149,065	89,292	-
Debt service	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	83,361	56,473	107,426	122,930	15,239	36,393	52,964	258,555	107,293	83,938
Capital grants and contributions	8,023	201,326	-	-	86,595	76,735	151,061	145,975	87,579	128,635
Total governmental activities revenues	\$ 2,152,624	\$ 2,610,379	\$ 1,971,143	\$ 2,017,754	\$ 1,799,513	\$ 1,532,059	\$ 1,346,554	\$ 1,486,704	\$ 1,183,178	\$ 1,005,377
Business-type activities:										
Charges for services:										
Water	\$ 3,178,895	\$ 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	2,222,341	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	2,205,005	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	319,493	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	-
Total business-type activities revenues	\$ 7,925,734	\$ 7,555,337	\$ 7,337,856	\$ 7,273,137	\$ 7,033,537	\$ 6,561,703	\$ 6,578,197	\$ 6,196,094	\$ 6,058,268	\$ 5,358,810
Total primary government revenues	\$ 10,078,358	\$ 10,165,716	\$ 9,308,999	\$ 9,290,891	\$ 8,833,050	\$ 8,093,762	\$ 7,924,751	\$ 7,682,798	\$ 7,241,446	\$ 6,364,187
NET(EXPENSE)/REVENUE										
Governmental activities:	(7,360,114)	(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:	1,481,463	1,429,366	1,358,498	1,501,443	1,381,167	1,718,830	1,701,986	1,579,273	1,242,409	831,588
Total primary government net expense	\$ (5,878,651)	\$ (5,157,197)	\$ (5,740,540)	\$ (5,127,999)	\$ (5,206,519)	\$ (4,643,456)	\$ (4,838,883)	\$ (5,491,331)	\$ (5,145,985)	\$ (5,390,073)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Sales and use taxes	\$ 4,543,380	\$ 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	847,990	803,511	820,084	759,307	759,307	784,146	767,197	682,466	706,824	679,334
Property tax	18,251	117	12,201	712	518	12,070	6,889	16,589	387,742	384,816
Occupancy tax	55,539	48,665	52,217	36,193	36,193	312	-	-	-	-
Emergency management taxes	7,075	8,873	12,550	14,121	13,784	13,338	11,085	11,654	12,846	12,144
Intergovernmental	220,110	232,388	267,272	272,835	272,835	271,931	286,149	225,343	207,673	208,524
Investment income	24,763	27,788	68,297	139,276	210,181	239,916	147,443	119,414	68,391	67,346
Miscellaneous	177,835	358,425	335,868	324,664	227,531	213,261	283,624	168,204	310,349	368,704
Transfers between funds	1,237,930	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	-	-
Total governmental activities	\$ 7,132,873	\$ 6,758,943	\$ 6,560,179	\$ 6,372,046	\$ 7,571,327	\$ 6,855,759	\$ 7,377,720	\$ 6,135,047	\$ 6,980,176	\$ 7,023,766
Business-type activities:										
Investment income	\$ 51,710	\$ 71,433	\$ 336,405	\$ 340,709	\$ 367,214	\$ 364,079	\$ 280,195	\$ 248,292	\$ 223,606	\$ 99,424
Miscellaneous	316,584	261,935	275,190	483,056	265,408	183,610	118,395	166,863	168,856	312,336
Transfers between funds	(1,237,930)	(937,805)	(692,092)	(261,581)	(1,487,622)	(1,015,397)	(1,532,282)	(645,391)	(1,191,906)	(1,217,417)
Total business-type activities	\$ (869,636)	\$ (604,437)	\$ (80,497)	\$ 562,184	\$ (855,001)	\$ (467,708)	\$ (1,133,692)	\$ (230,236)	\$ (799,444)	\$ (805,657)
Total primary government	\$ 6,263,237	\$ 6,154,506	\$ 6,479,682	\$ 6,934,230	\$ 6,716,326	\$ 6,388,051	\$ 6,244,028	\$ 5,904,811	\$ 6,180,732	\$ 6,218,109
CHANGE IN NET ASSETS										
Governmental activities	\$ (227,241)	\$ 172,380	\$ (538,859)	\$ (257,396)	\$ 983,641	\$ 493,473	\$ 836,851	\$ (935,557)	\$ 592,142	\$ 802,105
Business-type activities	611,827	824,929	1,278,001	2,063,627	526,166	1,251,122	568,294	1,349,037	442,605	25,931
Total primary government	\$ 384,586	\$ 997,309	\$ 739,142	\$ 1,806,231	\$ 1,509,807	\$ 1,744,595	\$ 1,405,145	\$ 413,480	\$ 1,034,747	\$ 828,036

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 Ten Fiscal Years
Unaudited**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
FUNCTION/PROGRAMS										
Governmental activities:										
General government	\$ 127,003	\$ 313,564	\$ 159,363	\$ 122,073	\$ 123,525	\$ 210,922	\$ 208,482	\$ 192,255	\$ 217,283	\$ 111,612
Public safety	1,843,702	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	108,624	343,154	109,193	108,179	108,179	109,915	54,117	49,212	-	-
Culture and recreation	45,674	53,368	90,016	84,533	84,533	59,313	73,206	64,623	62,724	62,653
Economic development	27,621	31,685	22,680	36,545	20,449	70,777	133,046	149,065	89,292	128,635
Debt service	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	\$ 2,152,624	\$ 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	\$ 3,178,895	\$ 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	2,222,341	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	2,205,005	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	319,493	205,332	224,495	207,814	210,148	210,506	209,312	164,100	84,500	235,733
Subtotal business-type activities	7,925,734	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	\$ 10,078,358	\$ 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 Ten Fiscal Years
Unaudited**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved for:										
Encumbrances	\$ 32,972	\$ 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	600,000
Undesignated	3,863,885	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
Total general fund	\$ 4,496,857	\$ 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
Other Governmental Funds										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Retirement										
Unreserved, reported in:										
Debt service	98,283	65,039	64,675	52,480	51,768	51,250	39,180	32,291	15,702	7,330
Capital projects	697,773	657,901	810,288	670,294	790,878	857,779	846,744	754,777	988,922	1,203,318
Special revenue	641,946	610,239	461,368	555,100	411,076	362,535	315,232	278,143	716,386	326,065
Total other governmental funds	\$ 1,438,002	\$ 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
Total governmental funds	\$ 5,934,859	\$ 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.

City of Bethany, Oklahoma
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$ 5,472,234	\$ 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	29,267	34,077	68,297	139,276	210,181	239,916	147,443	119,414	68,391	67,346
Licenses and permits	99,033	97,101	118,531	91,356	82,433	98,290	71,750	71,663	95,472	76,948
Intergovernmental	295,073	599,754	374,698	431,895	374,669	461,788	339,113	568,161	402,545	421,097
Charges for services	647,768	643,285	463,556	424,678	429,489	443,100	234,599	243,272	191,565	98,775
Fines and court costs	1,319,785	1,379,962	1,239,562	1,335,185	1,143,052	847,966	800,881	734,714	675,094	592,406
Miscellaneous	185,978	474,800	466,990	359,479	282,323	242,836	318,924	200,729	336,524	393,380
Total revenues	\$ 8,049,138	\$ 8,431,516	\$ 7,928,284	\$ 8,124,017	\$ 7,895,305	\$ 7,449,148	\$ 7,040,932	\$ 6,897,463	\$ 6,971,448	\$ 6,811,727
Expenditures										
General government	\$ 1,779,307	\$ 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	5,567,517	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	666,535	676,932	882,097	829,022	846,756	728,584	565,189	606,983	571,196	618,585
Culture and recreation	625,762	604,323	666,732	613,532	534,504	480,892	450,561	366,238	298,295	287,652
Economic development	161,612	109,434	103,679	132,811	143,955	294,732	270,147	674,868	380,747	103,634
Capital outlay	437,573	838,765	462,232	364,456	404,901	174,211	373,512	748,242	819,440	745,325
Debt service										
Principal	13,387	45,673	127,770						400,000	400,000
Interest									21,870	43,040
Total expenditures	\$ 9,251,693	\$ 9,506,461	\$ 8,932,439	\$ 8,351,800	\$ 8,132,025	\$ 7,421,802	\$ 7,773,120	\$ 8,574,506	\$ 8,138,967	\$ 7,755,771
Excess (deficiency) of revenues over (under) expenditures	\$ (1,202,555)	\$ (1,074,945)	\$ (1,004,155)	\$ (227,783)	\$ (236,720)	\$ 27,346	\$ (732,188)	\$ (1,677,043)	\$ (1,167,519)	\$ (944,044)
Other financing sources										
Transfer from other funds	\$ 5,745,747	\$ 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	(4,507,817)	(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	
Total other financing sources	\$ 1,237,930	\$ 937,806	\$ 692,092	\$ 261,582	\$ 1,487,622	\$ 940,534	\$ 1,532,282	\$ 865,391	\$ 1,490,073	\$ 1,217,417
Net change in fund balances	\$ 35,375	\$ (137,139)	\$ (312,063)	\$ 33,798	\$ 1,250,902	\$ 967,880	\$ 800,094	\$ (811,652)	\$ 322,554	\$ 273,373
Debt service as a percentage of noncapital expenditures	0.2%	0.5%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%	6.3%

Source: Comprehensive Annual Financial Reports

Notes:

- (1) Modified accrual basis of accounting.
- (2) GASB 34 was implemented in Fiscal Year 2003.



City of Bethany, Oklahoma
Tax Revenues by Source
Last Ten Fiscal Years
Unaudited

	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Property	\$ -	\$ 117	\$ 12,195	\$ 712	\$ 518	\$ 12,070	\$ 6,889	\$ 16,589	\$ 387,742	\$ 384,816	\$ 426,711
Sales	4,301,207	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
Use	242,172	239,652	211,348	239,184	280,308	237,511	225,186	219,466	180,323	140,109	161,116
Hotel	55,539	48,665	52,217	55,455	36,193	312	-	-	-	-	-
Franchise	847,990	803,511	820,084	823,035	709,992	734,802	767,197	682,466	706,824	679,334	632,967
Motor fuel	-	12,374	34,719	37,016	39,854	40,833	42,810	41,534	41,303	42,090	40,114
Motor vehicle	130,335	134,306	144,911	144,911	144,120	144,119	156,413	144,092	144,159	144,231	136,646
Cigarette	62,921	58,144	57,855	56,794	60,507	60,865	60,423	15,669	-	-	-
Alcohol beverage	26,854	27,563	29,787	29,693	28,354	26,115	26,503	24,048	22,211	22,203	20,456
Emergency 911	-	8,873	12,550	14,121	13,784	13,338	11,085	11,654	12,846	12,144	9,658
Total tax revenues	\$ 5,667,019	\$ 5,434,925	\$ 5,463,916	\$ 5,610,562	\$ 5,596,679	\$ 5,337,839	\$ 5,414,370	\$ 5,184,854	\$ 5,409,530	\$ 5,321,134	\$ 5,560,149

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.

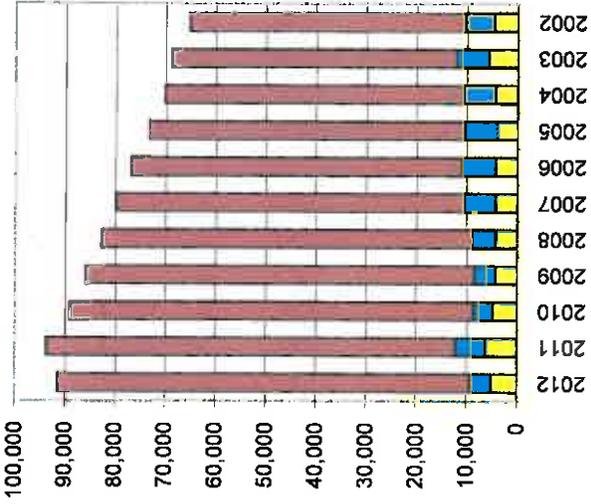


City of Bethany, Oklahoma

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

Unaudited

	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Taxable property											
Personal	5,080	6,215	4,829	4,365	4,379	4,339	4,344	4,087	4,395	5,765	4,665
Public service	4,352	6,063	3,924	4,143	4,594	6,114	6,742	6,374	6,357	6,373	5,540
Real estate	81,923	81,549	80,385	77,526	73,870	69,516	65,760	62,739	59,412	56,799	55,034
Total taxable property	91,355	93,827	89,138	86,035	82,843	79,970	76,846	73,200	70,164	68,937	65,239
Less tax-exempt property	4,332	4,458	4,417	4,410	4,436	4,492	4,327	4,403	4,490	4,507	4,495
Total taxable assessed value	87,023	89,369	84,721	81,625	78,407	75,478	72,519	68,798	65,674	64,431	60,744
Total direct tax rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.95	6.15	6.98



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)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Unaudited										
City direct rates										
General obligation debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.95	6.15
Total city direct rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.95	6.15
Overlapping rates										
Oklahoma County	24.06	24.27	24.79	23.18	22.29	22.81	22.90	22.99	23.15	22.35
Bethany School District	75.49	74.68	73.22	67.58	70.24	73.77	76.42	64.90	71.88	66.95
Putnam City School District	62.43	61.20	61.52	60.72	56.90	55.96	55.14	55.71	56.09	56.29
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	15.69	14.96	14.96

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>2012</u>	<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>
PROPERTY TAX											
Taxes levied	0	0	0	0	0	0	0	0	390,705	396,455	423,808
Current year collections	0	0	0	0	0	0	0	0	377,889	375,033	419,249
Amount	0	0	0	0	0	0	0	0	96.72	94.60	98.92
Levy percentage											
Subsequent year collections	0	117	12,195	712	518	12,070	6,889	16,589	9,853	9,783	7,461
Total collections to date											
Amount	0	117	12,195	712	518	12,070	6,889	16,589	387,742	384,816	426,711
Levy percentage	0	0	0	0	0	0	0	0	99.24	97.06	100.68

Source: City of Bethany

Notes:

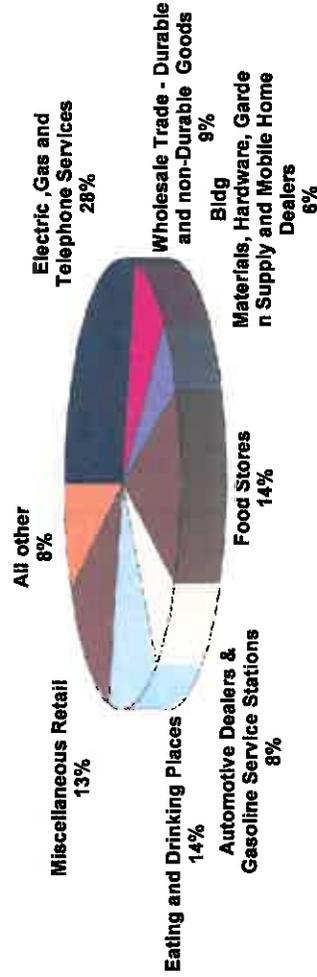
(1) City property tax millages expired in Fiscal Year 2004.

City of Bethany, Oklahoma

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

CATEGORY	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Electric, Gas and Telephone Services	\$ 29,256	\$ 28,199	\$ 29,935	\$ 30,184	\$ 28,626	\$ 29,001	\$ 28,981	\$ 28,981	\$ 26,874	\$ 27,324	\$ 27,267
Wholesale Trade - Durable and non-Durable Goods	9,839	9,382	7,757	7,757	8,641	8,697	9,027	9,027	8,588	7,748	6,172
Bldg Materials, Hardware, Garden Supply and Mobile Home	5,933	5,933	5,021	4,956	4,757	5,197	5,382	5,382	5,016	5,017	4,515
Food Stores	14,699	14,699	13,938	14,523	14,736	14,663	15,186	15,186	18,489	18,777	19,344
Automotive Dealers & Gasoline Service Stations	7,842	7,842	6,224	6,271	4,485	4,393	4,644	4,644	4,557	4,946	6,281
Eating and Drinking Places	14,480	14,480	13,410	14,764	17,062	14,021	13,671	13,671	12,155	10,737	10,715
Miscellaneous Retail	14,079	14,079	10,023	8,769	7,727	6,773	8,459	8,459	6,969	6,948	7,984
All other	8,173	8,173	17,164	18,756	21,358	19,772	18,444	18,444	18,874	17,966	16,998
Total taxable sales	\$ 104,301	\$ 102,787	\$ 103,472	\$ 105,981	\$ 107,392	\$ 102,516	\$ 103,792	\$ 103,792	\$ 101,522	\$ 99,463	\$ 99,275
City direct sales tax rate	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%

Source: Oklahoma Tax Commission



City of Bethany, Oklahoma

**Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
Unaudited**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	3.300	2.300	2.300	2.300
Temporary general government	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000
Total city direct rate	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%									

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
INDUSTRY										
Electric, Gas and Telephone Services	\$ 1,170,232	\$ 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
Wholesale Trade - Durable and non-Durable Goods	393,579	375,279	310,263	310,291	345,654	347,871	361,080	343,512	309,909	246,892
Blgd Materials, Hardware, Garden Supply and Mob	328,818	237,330	231,975	198,228	190,265	207,862	215,262	200,658	200,664	180,582
Food Stores	598,629	587,977	563,925	580,917	589,457	586,534	607,424	739,549	751,094	773,759
Automotive Dealers & Gasoline Service Stations	308,876	313,697	318,735	250,831	179,382	175,734	185,773	182,289	197,833	251,258
Eating and Drinking Places	642,632	579,219	536,343	590,574	682,471	560,823	546,825	486,188	429,485	428,595
Miscellaneous Retail	519,972	563,170	625,778	350,758	309,069	270,901	338,361	278,742	277,921	319,347
All other	373,802	326,935	354,389	750,258	854,319	790,863	737,750	754,973	718,644	679,904
Total sales tax remitted	\$4,336,540	\$4,111,573	\$4,138,799	\$4,239,220	\$4,295,669	\$4,100,643	\$4,151,699	\$4,060,868	\$3,978,514	\$3,971,011
City direct sales tax rate	4.00%									

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

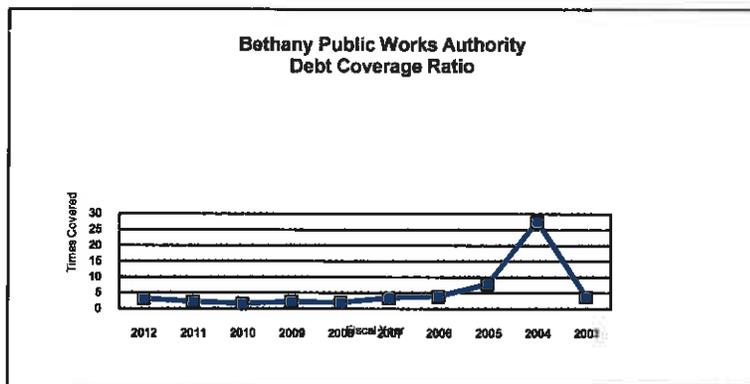
Ratios of Outstanding Debt by Type Last Ten Fiscal Years Unaudited

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			
2012	\$0	\$0	\$0	\$3,585,000	\$11,322,483	\$14,907,483	\$14,907,483	\$14,907,483	17.81%	\$757
2011	\$0	\$0	\$0	\$1,830,000	\$12,109,841	\$13,939,841	\$13,939,841	\$13,939,841	16.66%	\$708
2010	\$0	\$31,391	\$31,391	\$2,030,000	\$12,523,876	\$14,553,876	\$14,553,876	\$14,585,267	18.36%	\$740
2009	\$0	\$142,006	\$142,006	\$2,225,000	\$11,608,366	\$13,833,366	\$13,833,366	\$13,975,372	16.70%	\$709
2008	\$0	\$178,679	\$178,679	\$2,415,000	\$8,550,220	\$10,965,220	\$10,965,220	\$11,143,900	14.03%	\$566
2007	\$0	\$0	\$0	\$2,600,000	\$8,908,313	\$11,508,313	\$11,508,313	\$11,508,313	16.09%	\$584
2006	\$0	\$0	\$0	\$2,780,000	\$7,149,580	\$9,929,580	\$9,929,580	\$9,929,580	12.29%	\$504
2005	\$0	\$0	\$0	\$2,950,000	\$3,217,120	\$6,167,120	\$6,167,120	\$6,167,120	8.41%	\$324
2004	\$0	\$0	\$0	\$3,110,000	\$0	\$3,110,000	\$3,110,000	\$3,110,000	4.52%	\$158
2003	\$400,000	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000	0.62%	\$20

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	
2012	7,896,077	4,781,035	3,115,042	730,630	278,112	1,008,742	3.09
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



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	
2012	319,493	0	319,493	0	0	0	N/A
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

- (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 2003 revenue bonds in 2012.
- (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 Deaconnes Hospital was signed.
- (7) Operating expenses includes all operating expenses except interest and depreciation.
- (8) The Trust refunded all outstanding revenue bonds in 1999.



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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Demographic data										
Est. population	19,701	19,406	19,051	19,729	19,607	19,559	19,627	19,905	20,044	20,025
Est. personal income (in thousands)	836,898	794,520	715,041	807,745	733,008	688,672	645,238	623,524	610,320	584,770
Per capita personal income (msa)	42,480	40,942	37,533	40,942	37,385	35,210	32,875	31,325	30,449	29,202
Annual unemployment rate (msa)	5.4%	5.7%	6.8%	3.8%	4.3%	3.9%	4.3%	4.5%	5.2%	4.5%

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.
- Source: Governing.com

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

	Fiscal Year								
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
FUNCTION/PROGRAMS									
Governmental activities:									
General government	6.7	6.7	6.8	6.8	5.3	5.0	5.6	6.5	6.5
Public safety	73.1	73.1	70.8	70.8	67.0	64.9	66.0	68.5	68.6
Highways and streets	9.2	9.2	9.3	9.3	8.3	8.9	7.6	9.1	12.1
Culture and recreation	23.9	23.9	24.1	24.1	22.2	23.3	21.4	20.3	17.2
Economic development	4.0	4.0	3.0	3.0	4.0	5.0	6.0	6.7	6.4
Subtotal governmental activities	116.9	116.9	114.0	114.0	106.8	107.1	106.6	111.1	110.8
Business-type activities:									
Water	15.9	15.9	15.8	15.8	16.0	16.3	17.0	17.7	16.8
Sewer	2.0	2.0	2.0	2.0	2.0	2.0	3.2	3.5	4.3
Sanitation	15.1	15.1	15.2	15.2	16.8	17.0	15.6	15.5	17.7
Hospital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal business-type activities	33.0	33.0	33.0	33.0	34.8	35.3	35.8	36.7	38.8
Total primary government	149.9	149.9	147.0	147.0	141.6	142.3	142.4	147.8	149.6

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

FUNCTION/PROGRAMS	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	36	36	35	36	35	35	35	33	33	30
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	80.85	80.73	80.73	80.73
Fire hydrants	581	581	581	581	581	581	581	575	568	568
Storage capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	5,500	5,500	5,500
Sewer										
Sanitary sewers (miles)	99.38	99.38	99.38	99.38	99.38	99.38	99.38	99.19	99.19	99.19
Storm sewers (miles)	20.14	20.14	20.14	20.14	20.14	20.14	20.14	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:

