

# **CITY OF UNALASKA, ALASKA**



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

**CITY OF UNALASKA, ALASKA**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

(With Independent Auditors' Report Thereon)

# CITY OF UNALASKA, ALASKA

## Table of Contents

	<b>Page(s)</b>
<b>Introduction Section</b>	
Transmittal Letter	i – iv
GFOA Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi
Principal Executive Officers	vii
<b>Financial Section</b>	
Independent Auditors' Report	1 – 2
Management Discussion and Analysis (MD&A)	3 – 14
Basic Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Governmental Funds:	
Balance Sheet	17
Reconciliation of Net Assets between the Government-Wide and Fund Financial Statements	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Major Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Original and Final Budget and Actual:	
General Fund	21
1% Sales Tax Special Revenue Fund	22
Proprietary Funds:	
Statement of Net Assets	23
Statement of Revenues, Expenses and Changes in Fund Net Assets	24
Statement of Cash Flows	25 – 26
Notes to Financial Statements	27 – 53

# CITY OF UNALASKA, ALASKA

## Table of Contents

		<b>Page(s)</b>
<b>Additional Supplementary Information:</b>		
Nonmajor Governmental Funds:		
Combining Balance Sheet		54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		55
Special Revenue Funds:		
Bed Tax Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		56
Nonmajor Enterprise Funds:		
Combining Balance Sheet		57
Combining Statement of Revenues, Expenses, and Changes in Net Assets		58
Combining Statement of Cash Flows		59
<b>Statistical Section</b>	<b>Table</b>	
Net Assets by Component	1	60
Changes in Net Assets	2	61 – 62
Governmental Activities Tax Revenues by Source	3	63
Fund Balances of Governmental Funds	4	64
Changes in Fund Balances of Governmental Funds	5	65
Governmental Expenditures	6	66
General Governmental Tax Revenues by Source	7	67
Assessed and Estimated Actual Value of Taxable Property	8	68
Property Tax Rates	9	69
Principal Real Property Taxpayers	10	70

# CITY OF UNALASKA, ALASKA

## Table of Contents

	<b>Table</b>	<b>Page(s)</b>
Principal Electric Utility Customers	11	71
Property Tax Levies and Collections	12	72
Ratios of Outstanding Debt by Type	13	73
Ratios of General Bonded Debt Outstanding	14	74
Direct Governmental Activities Debt	15	75
Legal Debt Margin Information	16	76
Pledged-Revenue Coverage	17	77
Demographic Statistics	18	78
Principal Employers	19	79
Full-time Equivalent City Government Employees by Function	20	80
Operating Indicators by Function	21	81
Capital Asset Statistics by Function	22	82

## **INTRODUCTION SECTION**

# CITY OF UNALASKA

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UNALASKA, ALASKA 99685-0610  
(907) 581-1251 FAX (907) 581-1417



November 21, 2011

The Honorable Mayor, Members of the City Council,  
and Citizens of the City of Unalaska:

State law requires that all cities annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Unalaska, Alaska for the fiscal year ended June 30, 2011.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

KPMG, Certified Public Accountants, has issued an unqualified (clean) opinion on the City of Unalaska's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report. The independent audit of the financial statements of the City of Unalaska was part of a broader, state-mandated "Single Audit" designed to meet the special needs of state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state awards. These reports will be available in the City of Unalaska's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

The City of Unalaska, incorporated as a first class city in 1942, is located on an island within an archipelago in the southwestern part of the state. The Bering Sea to the north is considered to have one of the most productive fisheries in the country. Located nearly 800 miles from Anchorage, the City of Unalaska, which serves a population of 3,662, currently occupies an area of 215 square miles, of which 46% is seawater. The City of Unalaska is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council. Annexation authority was exercised once in 1986.

The City of Unalaska has operated under the council-manager form of government since 1968. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The city council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Council members are elected to serve three-year, staggered terms, with two council members elected every year. The mayor is also elected to serve a three-year term. The mayor and council members are all elected at large.

The City of Unalaska provides a full range of services including the following: police and fire protection; emergency medical services; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; electrical, water, wastewater, and landfill services; port, harbor, and airport terminal services; and limited housing for city employees. The City of Unalaska also is financially accountable for a legally separate school district, which is reported separately within the City of Unalaska's financial statements. Additional information on the Unalaska City School District can be found in note 1(a).

The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Unalaska's fiscal year. This annual budget serves as the foundation for the City of Unalaska's financial planning and control. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g. police). The city manager is authorized to transfer appropriations within a function. Transfers of appropriations between functions, however, require the special approval of the city council.

### **Local Economy**

With continued well-managed fisheries in the Federal and State waters of the Bering Sea/Aleutian Islands (BSAI), the City of Unalaska, which has been active in the effort of supporting the best science practices and achievements for continued sustainability of those BSAI fisheries, will be able to maintain strong fishery-related revenues in future years.

Unalaska is the number one fishing port in the nation in terms of quantity of fish landed and has been for 20 straight years. According to the 2009 report by the National Marine Fishery Service, a catch of 506.3 million pounds of fish was landed in Unalaska in 2009. These deliveries were worth slightly more than \$159 million dollars in 2009, positioning us in the number two slot in the US for income derived from fishing. Fifty-five percent of the nation's fish resources are harvested and processed in the State of Alaska. Unalaska's local processing plants handle 13% of the state's landings. Because our economy centers on a single industry, seafood, we must deal with a tax base that is subject to change based on fluctuations in fishery harvest levels. One mitigating factor to revenue volatility is the sustainability and good management of the fishery resources in the BSAI waters. In addition, the intentional portioning of rationalized fisheries allow fishing seasons throughout the year and provides continuous annual processing that ensures revenues derived from state shared and local seafood taxes are paid to the City on a steady basis.

Processed seafood products are sold both domestically and internationally. As much as 60% of our fish products are exported, and as a consequence, changes in fisheries and markets around the world affect our local economy. For example, the decline of Atlantic cod stock has resulted in an increased demand both domestically and internationally for Pollock fillets and Cod fillets from Alaska. A large percentage of our local seafood products is sold on the Japanese market, as well as in Europe and domestically. The extended recession in Japan has resulted in moderate demand with some improvement seen as the yen exchange rate continues to affect selling prices. In addition, the fact that younger generations of Japanese people do not



consume as much surimi has resulted in less demand for the product. However, prices for high grade surimi are anticipated to remain strong. Pollock fillets are more valuable than surimi, and demand for the fillets is expected to remain strong both domestically and in Europe.

Unalaska's economic outlook is tied closely the Bering Sea fisheries. Nearly 95% of our seafood sales tax comes from Pollock, Pacific Cod, Red King Crab, Snow Crab, Halibut, Sablefish, and Brown King Crab. With only one exception, the fisheries in the BSAI are well-managed fisheries with no over-fished ground fish species in the BSAI. The single exception is one species of crab that is listed as over-fished not due to fishery activity, but because of ecosystem changes. Harvest levels for Bering Sea Snow Crab have increased from 37 million pounds harvested in the 2007 season to 49.5 million pounds for the 2011 season and an increase is expected in both allocation and ex-vessel value for the January 2011 season Snow Crab opening. The Bristol Bay Red King Crab stocks have increased from 15 million pounds harvested in 2006 to 15.8 million pounds for the 2009 season. A small decrease is expected in allocation for the 2011 season that opens in October but ex-vessel value should increase over the mid \$4.50 per pound paid in 2009. The Pollock fishery is the nation's largest and most valuable. The quota for the 2011 fishery was 815,000 MT = 1.8 billion pounds with an ex-vessel value of approximately \$2.3 billion dollars at \$0.13 per pound. An increase is expected in the Pollock allocation for the 2011 potentially up to 1.0MMT ex-vessel value should remain stable in 2011.

Federal management of fisheries has come under scrutiny as a result of declining stocks in all but one region, the North Pacific, which includes the Bering Sea/Aleutian Islands Fisheries. Federal regulators are using the successful management practices of the North Pacific Fisheries Management Council as a model to improve management in other fisheries regions. Fisheries in the BSAI region and the Gulf of Alaska are expected to remain sustainable, well-managed, and healthy for the foreseeable future.

### **Long-Term Financial Planning**

In continuing efforts to improve budgeting and long-term capital planning, the council, once again, set formal goals before the FY11 budget process and prior to preparing the five-year Capital and Major Maintenance Plan (CMMP). Development of long-term maintenance and replacement schedules for capital assets continue to be developed.

Increasing power generation capacity has been needed for many years. Two five-megawatt generators have been built and are ready for installation in 2011. A C280 Caterpillar (4.4 megawatt) generator has been built as well and will be installed within one year of the operation of the new powerhouse. A four-bay power house is being constructed on the same lot as the existing site. It is estimated that this project will cost \$48 million. The project is financed largely by revenue bonds and partially with a loan from the general fund. The powerhouse is expected to be operational by December, 2010. We are also exploring the island's geothermal potential. Exploration holes are planned to be drilled in the summer of 2011 at an estimated cost of \$3-4 million. The exploration drilling will be financed by the general fund and grants.

Ultraviolet (UV) treatment of wastewater does not meet new permit requirements. Leachate from the landfill has been identified as contributing to the problem. Unfortunately, to meet permit requirements, the five-year-old plant will have to be upgraded to advance primary treatment, which is estimated to cost between \$10 and \$25 million or possibly secondary treatment, which is estimated to cost between \$15 and \$20 million. The anticipated timeline for development of new plant is five to eight years. The City is seeking significant funding from the State of Alaska and the federal government.

Phase 2 of the Landfill Development Plan, which responds to anticipated future landfill needs, is in the design phase. This project involves moving the existing PCB cell to a new location, the construction of two new cells, moving the road towards the shoreline, and the development of leachate treatment capabilities at the landfill. This project is estimated to cost between \$8 and \$10 million. The City is continuing to research

ways of recycling. At this time we are removing monofil items, predominantly fish nets, and metal from the island to increase the life of the landfill. Staff is researching a shredder system to shred tires, cardboard, wood and plastic material. Shredding these materials will facilitate the shipping of the material.

Development of the new Carl E. Moses Boat Harbor at the base of Bunker Hill, in the area known as Little South America, continues to progress after many years of planning. A Feasibility Study and Environmental Impact Statement was approved by the U.S. Army Corps of Engineers (COE). Ultimate development costs range from \$45 to \$50 million with an additional amount for the COE's share which is estimated at approximately \$24 million. Other Federal sources of funding include an EDA grant for \$1.3 million which will assist with the construction of the utilities and road. State sources include a \$5 million revenue bond reimbursement program that has a deadline of June 30, 2012, a \$4 million grant awarded in the State of Alaska's FY06 budget, and a \$1.5 million State of Alaska FY10 grant. The general fund has designated \$5.5 million for this project. An estimated timeline for this project is two to four years. ACOE has completed the dredging, the boat ramp and the rubble mound breakwaters. Construction of the road, utilities and inner harbor development began in the summer of 2011. Construction of the floating breakwaters will begin this fall with an anticipated completion date of July 2012.

The City is developing a road improvement plan to address short-term and long-term improvements for the roads in Unalaska. Road surfacing improvements including pavement, gravel and possibly concrete are being evaluated and a 10-year plan for project funding for new construction and for maintenance will be completed by February 2011.

#### **Pension and Other Post-Employment Benefits**

The City of Unalaska provides pension benefits for all eligible employees through a state-wide plan managed by the State of Alaska's Public Employees Retirement System (PERS). The City of Unalaska has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to PERS. The employer contribution rate as of July 1, 2009 was 22%.

Additional information on the City of Unalaska's pension arrangements and post employment benefits can be found on pages 51 – 53.

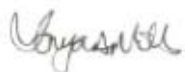
#### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the City of Unalaska staff. We would like to express our appreciation to all who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their support for maintaining the highest standards of professionalism in the management of the City of Unalaska's finances.

Respectfully submitted,



Chris Hladick  
City Manager



Tonya Miller  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Unalaska  
Alaska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



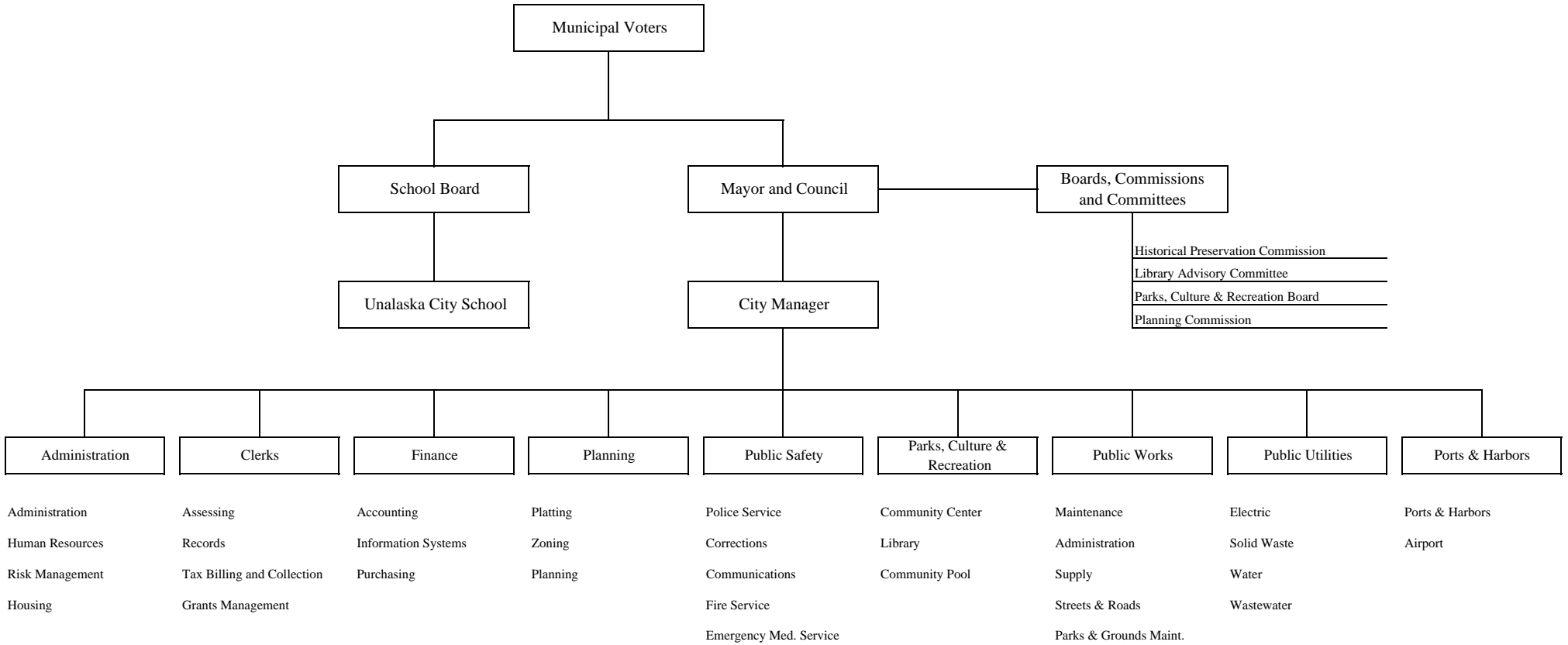
*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

# City of Unalaska Organizational Chart



## **PRINCIPAL EXECUTIVE OFFICERS**

September 15, 2011

### **Unalaska City Council**

Mayor	Shirley Marquardt
Council Member	Katherine McGlashan
Council Member	Zac Schasteen
Council Member	Dave Gregory
Council Member	Roger Rowland
Council Member	Dennis Robinson
Council Member	Dick Peck

### **City Management**

City Manager	Chris Hladick
Assistant City Manager	John Fulton
City Clerk	Elizabeth Masoni
Finance Director	Tonya Miller
Parks, Culture, & Recreation Director	Jeff Hawley
Planning Director	Erin Reinders
Ports & Harbors Director	Alvin Osterback
Public Safety Director	Jamie Sunderland
Public Works Director	Nancy Peterson
Public Utilities Director	Dan Winters

### **Special Services**

Attorney	Hicks, Boyd, Chandler & Falconer
Auditors	KPMG

### **School Board**

President	Tammy Pound
Clerk/Treasurer	Tonya Miller
Member	Sonia Handforth-Kome
Member	Melanie Magnusen
Member	Dan Masoni

### **School Officials**

Superintendent	John Conwell
Secondary Principal	Glenn Cole
Elementary Principal	Lorrie Scoles
Business Manager	Holly Holman

## **FINANCIAL SECTION**



KPMG LLP  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

## Independent Auditors' Report

The Honorable Mayor and  
Members of the City Council  
City of Unalaska, Alaska:

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Unalaska, Alaska (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based on the report of the other auditor.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Unalaska, Alaska, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and 1% sales special revenue fund for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 2(b) to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.



The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, including the introductory section, supplemental information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 21, 2011



**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis

June 30, 2011

Management of the City of Unalaska offers readers of the City of Unalaska's financial statements this narrative overview and analysis of the financial activities of the City of Unalaska for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – iv of this report.

**Financial Highlights**

- The assets of the City of Unalaska exceeded its liabilities at the close of the most recent fiscal year by \$299,977,542 (*net assets*).
- The government's total net assets increased by \$18,858,017, or 6.3%.
- As of the close of the current fiscal year, the City of Unalaska's governmental funds reported combined ending fund balances of \$64,092,650, which is an increase of \$8,230,093 over the prior year. Most of this total amount, \$34,356,963, is either committed or assigned for projects identified in the City's Capital and Major Maintenance Plan (CMMP). The main reason for this increase in fund balance is due to excess revenues over expenditures in the general fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,603,136, or 51% of total General Fund expenditures.
- The City of Unalaska increased revenue bond debt for business type activities by \$5,380,000. These bonds were issued for completion of the power house project in the electric utility.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Unalaska's basic financial statements. The City of Unalaska's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, and 4) Federal and State Awards. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide a broad overview of the City of Unalaska's finances in a manner similar to that of a private-sector business.

The *statement of net assets* presents information on all of the City of Unalaska's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as indicators of whether the financial position of the City of Unalaska is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Unalaska that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions

## CITY OF UNALASKA, ALASKA

### Management's Discussion and Analysis

June 30, 2011

that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Unalaska include general government; public safety; public works; parks, culture and recreation; community support; and education. The business-type activities of the City of Unalaska include electric, water, wastewater, ports and harbors, airport terminal, solid waste, and housing operations.

The government-wide financial statements include not only the City of Unalaska itself (known as the *primary government*), but also the Unalaska City School District (known as *component unit*), a legally separate entity for which the City of Unalaska is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 – 16 of this report.

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Unalaska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Unalaska can be divided into two categories: governmental funds and proprietary funds.

#### ***Governmental Funds***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information will be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. In so doing, a better understanding of the long-term impact of the government's near-term financing decisions may be obtained. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Unalaska maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 1% Sales Tax Special Revenue Fund, Major Equipment Capital Project Fund, and the Road to LSA Capital Project Fund, all of which are considered major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements and schedules*, which can be found on pages 54 and 55.

The City of Unalaska adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 – 22 of this report.

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

***Proprietary Funds***

The City of Unalaska maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Unalaska uses enterprise funds to account for its electric, water, wastewater, solid waste, ports and harbors, airport terminal, and housing operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for electric, water, and ports and harbors and solid waste, all of which are considered to be major funds of the City of Unalaska. Wastewater, airport terminal, and housing operations are accounted for in separate funds but are not presented as major funds.

The basic proprietary fund financial statements can be found on pages 23 – 26 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 – 53 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Unalaska, assets exceeded liabilities by \$299,977,542 at the close of the most recent fiscal year.

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

Almost 67% of the City of Unalaska's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Unalaska uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Unalaska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**

**City of Unalaska Net Assets**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total*</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 123,169,901	120,128,962	48,042,097	14,253,601	171,211,998	134,382,563
Capital assets	<u>92,512,986</u>	<u>86,320,665</u>	<u>145,619,394</u>	<u>113,226,198</u>	<u>238,132,380</u>	<u>199,546,863</u>
<b>Total assets</b>	<b>\$ 215,682,887</b>	<b>206,449,627</b>	<b>193,661,491</b>	<b>127,479,799</b>	<b>409,344,378</b>	<b>333,929,426</b>
Long-term liabilities	\$ 8,042,400	8,717,308	42,229,844	35,431,053	50,272,244	44,148,361
Other liabilities	<u>51,995,660</u>	<u>1,659,833</u>	<u>7,098,932</u>	<u>7,001,708</u>	<u>59,094,592</u>	<u>8,661,541</u>
<b>Total liabilities</b>	<b>\$ 60,038,060</b>	<b>10,377,141</b>	<b>49,328,776</b>	<b>42,432,761</b>	<b>109,366,836</b>	<b>52,809,902</b>
Net assets:						
Invested in capital assets, net of related debt	\$ 85,914,165	78,951,461	114,908,898	86,669,746	200,823,063	165,621,207
Unrestricted	<u>69,730,662</u>	<u>60,896,218</u>	<u>29,423,817</u>	<u>54,602,100</u>	<u>99,154,479</u>	<u>115,498,318</u>
<b>Total net assets</b>	<b>\$ 155,644,827</b>	<b>139,847,679</b>	<b>144,332,715</b>	<b>141,271,846</b>	<b>299,977,542</b>	<b>281,119,525</b>

\* To facilitate ease of presentation, the total columns do not include the elimination of \$53,309,639 of internal balances.

The balance of unrestricted net assets, \$99,154,479, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Unalaska is able to report positive balances in both categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$18,858,017 during the current fiscal year. Revenues overall were up 31.2%. The largest area of increase was in raw seafood tax in governmental activities (\$1.8 million) and in capital grants and contributions in business-type activities (\$5.4 million). The business-type activities increase is mainly due to a \$5 million grant from the Alaska State legislature.

**CITY OF UNALASKA, ALASKA**  
**Management's Discussion and Analysis**

June 30, 2011

Total expenses were just over \$500,000 more than last year. This increase can be attributed to an increase in public works and community support while education had a slight decrease in funding. There were modest increases in all of the enterprise funds except the electric and airport funds which had a slight decrease.

**Table 2**

**City of Unalaska's Changes in Net Assets**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 249,873	297,657	23,783,598	19,434,037	24,033,471	19,731,694
Operating grants and contributions	1,603,614	1,703,407	1,421,015	212,860	3,024,629	1,916,267
Capital grants and contributions	759,054	62,971	6,608,120	1,161,802	7,367,174	1,224,773
General revenues:						
Property taxes	4,629,941	4,296,539	—	—	4,629,941	4,296,539
General sales tax	10,755,100	8,862,591	—	—	10,755,100	8,862,591
Raw seafood tax	5,371,768	3,594,173	—	—	5,371,768	3,594,173
Fisheries tax	7,378,514	7,093,581	—	—	7,378,514	7,093,581
Investment earnings	1,602,608	2,650,449	—	57,320	1,602,608	2,707,769
Other	1,889,476	2,008,225	1,974,105	(39,468)	3,863,581	1,968,757
<b>Total revenues</b>	<b>34,239,948</b>	<b>30,569,593</b>	<b>33,786,838</b>	<b>20,826,551</b>	<b>68,026,786</b>	<b>51,396,144</b>
<b>Expenses:</b>						
General government	4,190,488	3,981,480	—	—	4,190,488	3,981,480
Public safety	4,476,477	4,577,165	—	—	4,476,477	4,577,165
Public works	6,368,549	6,346,786	—	—	6,368,549	6,346,786
Parks, culture, and recreation	3,146,192	3,073,366	—	—	3,146,192	3,073,366
Community support	1,626,265	842,656	—	—	1,626,265	842,656
Education	3,828,382	4,437,869	—	—	3,828,382	4,437,869
Interest on long-term debt	265,350	349,303	—	—	265,350	349,303
Electric	—	—	13,752,529	13,954,311	13,752,529	13,954,311
Water	—	—	2,227,524	2,072,265	2,227,524	2,072,265
Wastewater	—	—	1,748,164	3,947,416	1,748,164	3,947,416
Solid waste	—	—	1,986,323	1,814,029	1,986,323	1,814,029
Ports and harbors	—	—	4,420,389	1,559,838	4,420,389	1,559,838
Airport	—	—	776,673	893,740	776,673	893,740
Housing	—	—	355,464	226,747	355,464	226,747
<b>Total expenses</b>	<b>23,901,703</b>	<b>23,608,625</b>	<b>25,267,066</b>	<b>24,468,346</b>	<b>49,168,769</b>	<b>48,076,971</b>
Increase (decrease) in net assets before transfers	10,338,245	6,960,968	8,519,772	(3,641,795)	18,858,017	3,319,173
Transfers	5,458,903	(25,781,269)	(5,458,903)	25,781,269	—	—
Increase in net assets	15,797,148	(18,820,301)	3,060,869	22,139,474	18,858,017	3,319,173
Net assets, beginning of year	139,847,679	158,667,980	141,271,846	119,132,372	281,119,525	277,800,352
Net assets, end of year	\$ 155,644,827	139,847,679	144,332,715	141,271,846	299,977,542	281,119,525

**Governmental Activities**

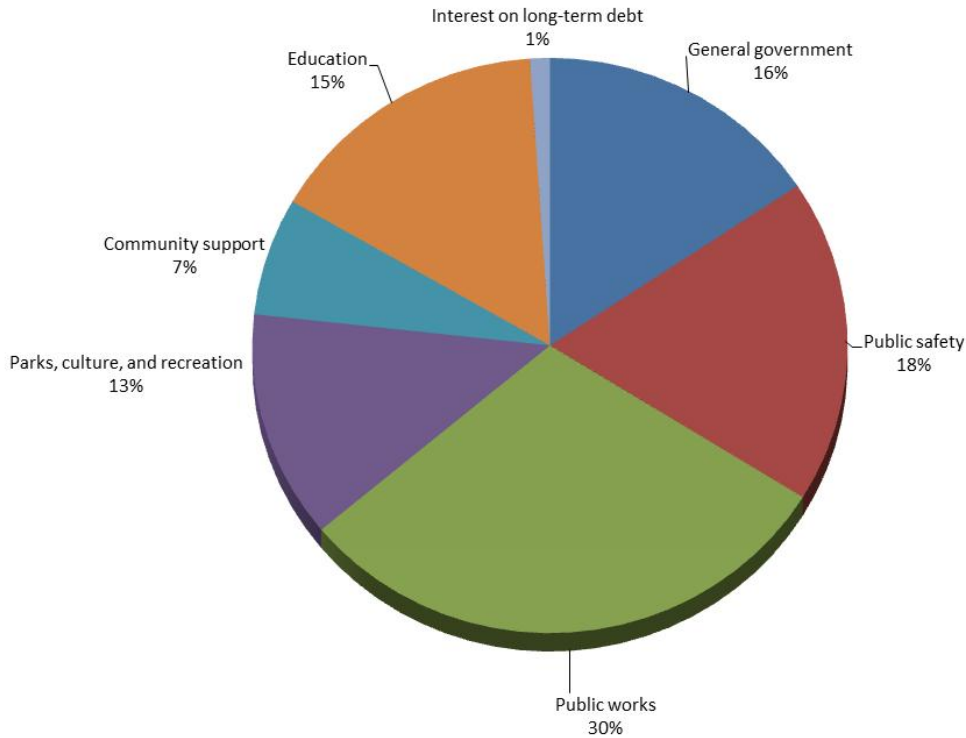
Governmental activities increased the City of Unalaska's net assets by \$15.8 million, which is due mainly to additional capital assets and excess revenues over expenditures in FY11. Approximately, \$8 million of the

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

increase was budgeted. Additionally, insurance costs came in less than expected and some general governmental positions were not filled during most of FY11. In FY11 the Pollock quotas were back up and the economic situation was slightly better for the city as shown in Table 2 above.

In total, revenues for governmental activities increased 12% which is due to an increase in the Pollock quotas which was quite evident in the raw seafood tax revenues.

**Governmental Activities Functional Expenses for Fiscal Year 2011**



**Business-Type Activities**

Business-type activities increased the City of Unalaska's net assets by \$3,060,869 (see table 2); this slight increase is due to an increase in revenues from charges for services as well as the grant from the legislature for the power house project while expenses remained virtually the same. Last year business-type activities accounted for an increase of \$22,139,474 due to the large transfers for the construction of the Carl E. Moses small boat harbor. Key elements of the increase are in transfers which are discussed in detail in the notes to the financial statements (pp. 41-43).

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Unalaska uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The focus of the City of Unalaska's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Unalaska's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Unalaska's governmental funds reported combined ending fund balances of \$64,092,650, which is an increase of \$8,230,093 over the prior year. Approximately 95% of this total amount, \$60,762,983, constitutes spendable fund balance much of which has been committed for projects identified by the government.

The General Fund is the chief operating fund of the City of Unalaska. At the end of the current fiscal year, spendable fund balance of the General Fund was \$44,353,109, while total fund balance reached \$47,682,776. As a measure of the General Fund's liquidity, both spendable fund balance and total fund balance may be compared to total fund expenditures. Spendable fund balance represents 213% of total General Fund expenditures, while total fund balance represents 228% of that same amount.

The fund balance of the City of Unalaska's General Fund increased by \$9,087,231 during this fiscal year. This increase is due to excess revenues over expenditures in fiscal year 2011. Final budgeted revenue was slightly higher than actual revenue. This is due to both the city's practice of budgeting conservatively, but also due to the continued anticipation of a declining economy.

The fund balance of the City of Unalaska's 1% Sales Tax Fund increased by \$2,338,444. This fund is for capital projects only, and had been allowed to build a balance for projects in the future. Last year there were significant transfers out to other funds for the funding of paving projects and construction of the Carl E. Moses Small Boat Harbor, but this fiscal year there was only a transfer out to the general fund which was 1/10 of the amount the 1% Sales Tax Fund will repay the general fund to replenish funds transferred to Carl E. Moses small boat harbor project.

***Proprietary Funds***

The City of Unalaska's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$30,937,183. The business-type net assets increased \$3,060,869 – most of which is due to transfers from governmental funds for the construction of the Carl E. Moses Small Boat Harbor.

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- There is a slight increase in other intergovernmental revenues for grants that public safety was awarded during the fiscal year.
- Transfers in increased due to remaining capital project monies being transferred back to the general fund.
- Transfers out increased due to monies needed for capital projects related to the powerhouse and the CEM Small Boat Harbor.
- \$174,000 increase in public works for the purchase of an asphalt reclaimer for performing large patches and repairs on roads.

**Capital Asset and Debt Administration**

*Capital Assets*

The City of Unalaska's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$238,132,380 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The increase in the City of Unalaska's investment in capital assets for the current fiscal year was \$38.6 million.

Major capital asset events during the current fiscal year included the following:

- Financial system software was upgraded and expanded for \$14,496.
- Tsunami sirens continued to be implemented and integrated for \$10,195 in FY11.
- In FY11, \$5,742,811 was spent on the Road to the Carl E. Moses Small Boat Harbor.
- In FY11, Public Safety spent \$41,769 on the purchase of a new patrol vehicle.
- Work continues on the replacement/upgrade for the Fuel Island and Storage tank with \$50,644 being spent in FY11.
- The City continued the expansion of the Community Center with \$3,048,167 being spent in FY11.
- The City initiated the development of a city-wide strategic plan in FY09 to guide the development of Geographic Information System (GIS). In FY11 this initiative continued and \$76,636 was spent from the general fund, \$26,066 was spent from the electric fund, \$26,066 was spent from the water fund, and \$26,066 was spent from the wastewater fund.
- Work was started on the access to and upgrading of Expedition Park; 4,917 was spent in FY11.
- \$76,156 was spent in FY11 for engineering & design of Ballyhoo Road.
- A road grader was purchased for the Department of Public Works for \$347,457.
- Engineering services have been contracted to complete a strategic report for a paving master plan and road design. In FY11 \$17,100 was spent.



**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis

June 30, 2011

- Improvements/upgrades to the Jr./Sr. High School continued this year with \$364,683 being spent in FY11.
- A waste heat recovery system for the power plant was started in FY10 and continued in FY11 with \$72,953 spent in FY11.
- Maintenance was performed on the power plant cooling pipe for \$139,880.
- Development of a new power plant continued this year. Construction costs for FY11 were \$7,240,298.
- Primary Line Relocates were continued in the Electric Department for \$26,864 in FY11.
- Construction for a third engine at the new power plant continued this year with \$1,270,739 being spent in FY11.
- The Electric Department performed work for upgrades for APL's electrical equipment for \$125,354.
- Construction of the electrical extension for the new Carl E. Moses boat harbor continued this year with \$2,484,255 being spent in FY11.
- A water transmission distribution and flushing project was started in FY08. The project continued in FY11 with a cost of \$74,680.
- In FY11 there were Well House #1 Upgrades for \$11,345, Well House #2 Upgrades for 5,758 and Pump Control House Upgrades for \$14,467.
- The Icy Creek sluice gate replacement was completed with 3,423 spent in FY11.
- A new water treatment plant project was started in FY09. Engineering and design costs for FY11 were 131,365.
- The water department purchased a subsurface leak detector for \$24,400.
- The Carl E. Moses water extension construction continued with \$770,703 spent this year.
- The Wastewater Treatment Plant Improvements analysis continued this year with a total of \$467,353 being spent in FY11.
- Improvements to Lift Station #7 & 8 were completed. Costs this year were \$73,453.
- Work began on Improvements to Lift Stations #2 & 3. Costs for FY11 were \$65,722.
- The Wastewater Treatment Plant SCADA Computer and radio upgrade continued in FY11 for a cost of \$35,590.
- The Wastewater extension for the new Carl E. Moses boat harbor continued this year with \$874,905 being spent.
- The Baler Bagging System upgrade at the landfill was completed this year with \$19,438 being spent in FY11.
- Landfill development plan phase II Summer Bay Road Re-alignment project was started in FY08. The engineering and design phase have continued in FY11 with a cost of \$5,075.
- A Leachate Flow Leveling project was started in FY09. Engineering and design costs for FY11 were \$349,781.

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

- Work began this year for the design of Landfill Cell 2-1 with costs of 207,095 for FY11.
- A new platen ram for the baler was purchased for \$22,516.
- New heat trace cables were purchased for the landfill scale for \$18,810.
- The Dock Anode Replacement project continued in FY11 for a total of \$473,954.
- A fender system repair project for positions 4-7 at the UMC dock was started with \$33,250 being spent in FY11.
- The Ports Department purchased a new copier for \$12,383.
- The new Carl E. Moses small boat harbor at Little South America continued construction with a total of \$1,628,620 spent on Outer Harbor Construction and \$17,442,800 spent on Inner Harbor Construction in FY11.
- The City started construction on a new 8-Plex for employee housing. Costs for FY11 \$2,061,539.

**Table 3**

**City of Unalaska Capital Assets**  
(Net of Accumulated Depreciation)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 29,289,603	29,289,603	3,309,476	3,309,476	32,599,079	32,599,079
Buildings	30,065,473	31,381,031	9,757,880	10,150,465	39,823,353	41,531,496
Infrastructure	11,168,291	8,803,668	45,726,780	44,587,713	56,895,071	53,391,381
Machinery and equipment	2,845,849	1,944,783	1,032,435	652,927	3,878,284	2,597,710
Construction in progress	19,143,770	14,901,580	85,792,823	54,525,617	104,936,593	69,427,197
<b>Total capital assets</b>	<b>\$ 92,512,986</b>	<b>86,320,665</b>	<b>145,619,394</b>	<b>113,226,198</b>	<b>238,132,380</b>	<b>199,546,863</b>

Additional information on the City of Unalaska's capital assets can be found in note 3(c) on pages 39 – 41 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City of Unalaska had total debt outstanding of \$42,477,344 (see table 4). Of this amount, \$17,168,601 comprises debt backed by the full faith and credit of the government.

**Table 4**

**City of Unalaska Debt**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 6,973,601	7,796,644	10,195,000	5,000,000	17,168,601	12,796,644
Revenue bonds	—	—	25,000,000	25,000,000	25,000,000	25,000,000
Other contracts and loans	—	—	308,743	352,204	308,743	352,204
<b>Total Long-Term Debt</b>	<b>\$ 6,973,601</b>	<b>7,796,644</b>	<b>35,503,743</b>	<b>30,352,204</b>	<b>42,477,344</b>	<b>38,148,848</b>

## **CITY OF UNALASKA, ALASKA**

### **Management's Discussion and Analysis**

June 30, 2011

The City of Unalaska's total debt increased by \$4,328,496 (11.3%) during the current fiscal year. Additional debt was acquired in business-type activities for the completion of the power house project.

State statutes do not limit the amount of debt a governmental entity may issue. Additional information on the City of Unalaska's long-term debt can be found in note 3(f) on pages 44 – 49 of this report.

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

The average unemployment rate for the Aleutians West Region, which includes Unalaska, was 6.5% for calendar year 2010, which is a decrease from a rate of 7.3% in calendar year 2009. Management does not believe either figure is indicative of unemployment within the City's limits. Since the seafood economy is robust in Unalaska while other communities that are more reliant on snow crab and salmon may be experiencing higher unemployment, neither unemployment rate for the region is indicative of unemployment in Unalaska.

Lower oil prices may negatively impact our sales tax through marine fuel. Marine fuel sales generate approximately 40% of the City's sales tax. Total sales tax is 29% of governmental activities revenue.

City council authorized increases in the wastewater rates of 15% for fiscal years 2011 and 2012 and an increase of 6% for FY2013 beginning July 1, 2012. The goal in approving the increases was to improve self-sufficiency of the operation and reduce taxpayer subsidies. Each enterprise fund is kept on a three-year rate study program when possible.

A landfill rate study was completed by Bristol Environmental and Engineering Services in June 2008. Landfill rates were adjusted by 11.52% for FY10 and FY11.

A rate study was completed in FY09 for the Ports and Harbors Fund by Northern Economics. A 4.8% increase was recommended for each of the next three years. Council adopted a 4.8% increase effective July 1, 2012, and will review the tariff again next year.

**CITY OF UNALASKA, ALASKA**  
Management's Discussion and Analysis  
June 30, 2011

**Requests for Information**

This financial report is designed to provide a general overview of the City of Unalaska's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Unalaska, PO Box 610, Unalaska, AK, 99685.

**CITY OF UNALASKA, ALASKA**

Statement of Net Assets

June 30, 2011

	Primary government				Component unit
	Governmental activities	Business-type activities	Eliminations	Total	Unalaska City School District
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,039,453	150	—	1,039,603	1,863,982
Temporary investments	7,359,058	—	—	7,359,058	—
<b>Receivables:</b>					
Interest	412,482	—	—	412,482	—
Taxes	2,141,168	—	—	2,141,168	—
Accounts, net of allowance for uncollectible amounts of \$40,000	133,302	2,115,404	—	2,248,706	69,773
Special assessments	5,644	87,638	—	93,282	—
Intergovernmental	7,455,113	1,392,507	—	8,847,620	—
Internal balances	20,631,541	32,678,098	(53,309,639)	—	—
Inventories	454,323	815,286	—	1,269,609	31,263
Prepaid items	144,401	—	—	144,401	105,287
Deferred charges	—	298,348	—	298,348	—
<b>Restricted assets:</b>					
Cash for health insurance	—	—	—	—	383,081
Cash held by fiscal agent	—	2,372,217	—	2,372,217	—
Temporary investments	427,514	8,282,449	—	8,709,963	—
Long-term investments	82,965,902	—	—	82,965,902	—
<b>Capital assets:</b>					
Not being depreciated	48,433,373	89,102,299	—	137,535,672	42,500
Depreciated, net	44,079,613	56,517,095	—	100,596,708	142,460
<b>Total</b>	<b>215,682,887</b>	<b>193,661,491</b>	<b>(53,309,639)</b>	<b>356,034,739</b>	<b>2,638,346</b>
<b>Liabilities and net assets:</b>					
<b>Liabilities:</b>					
Accounts payable	1,281,701	3,819,240	—	5,100,941	42,456
Retainage payable	331,894	493,599	—	825,493	—
Accrued payroll and payroll liabilities	527,184	280,264	—	807,448	881,511
Accrued interest payable	57,381	3,307	—	60,688	—
Deposit payable	760	353,725	—	354,485	11,850
Deferred revenue	—	—	—	—	3,163
Internal balances	49,796,740	1,789,366	(51,586,106)	—	—
<b>Due to:</b>					
Student groups	—	—	—	—	64,607
<b>Noncurrent liabilities:</b>					
Internal balances	—	1,723,533	(1,723,533)	—	—
Long-term debt due within one year	1,856,258	1,560,789	—	3,417,047	—
Long-term debt due in more than one year	6,186,142	39,304,953	—	45,491,095	—
<b>Total liabilities</b>	<b>60,038,060</b>	<b>49,328,776</b>	<b>(53,309,639)</b>	<b>56,057,197</b>	<b>1,003,587</b>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	85,914,165	114,908,898	—	200,823,063	184,960
Unrestricted	69,730,662	29,423,817	—	99,154,479	1,449,799
<b>Net assets</b>	<b>155,644,827</b>	<b>144,332,715</b>	<b>—</b>	<b>299,977,542</b>	<b>1,634,759</b>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Statement of Activities

Year ended June 30, 2011

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets			Component Unit Unalaska City School District
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			
					Governmental activities	Business-type activities	Total	
Primary government:								
Governmental activities:								
Current:								
General government	\$ 4,190,488	12,174	106,714	—	(4,071,600)	—	(4,071,600)	—
Public safety	4,476,477	54,140	634,055	7,400	(3,780,882)	—	(3,780,882)	—
Public works	6,368,549	—	26,554	751,654	(5,590,341)	—	(5,590,341)	—
Parks, culture, and recreation	3,146,192	183,559	20,665	—	(2,941,968)	—	(2,941,968)	—
Community support	1,626,265	—	—	—	(1,626,265)	—	(1,626,265)	—
Education	3,828,382	—	—	—	(3,828,382)	—	(3,828,382)	—
Interest on long-term debt	265,350	—	815,626	—	550,276	—	550,276	—
Total governmental activities	<u>23,901,703</u>	<u>249,873</u>	<u>1,603,614</u>	<u>759,054</u>	<u>(21,289,162)</u>	<u>—</u>	<u>(21,289,162)</u>	<u>—</u>
Business-type activities:								
Electric	13,752,529	12,847,522	252,563	5,188,250	—	4,535,806	4,535,806	—
Water	2,227,524	2,019,595	43,115	91,102	—	(73,712)	(73,712)	—
Ports and harbors	4,420,389	5,544,771	486,643	694,151	—	2,305,176	2,305,176	—
Solid waste	1,986,323	1,330,878	292,918	182,430	—	(180,097)	(180,097)	—
Wastewater	1,748,164	1,456,221	345,776	97,862	—	151,695	151,695	—
Airport	776,673	457,759	—	354,325	—	35,411	35,411	—
Housing	355,464	126,852	—	—	—	(228,612)	(228,612)	—
Total business-type activities	<u>25,267,066</u>	<u>23,783,598</u>	<u>1,421,015</u>	<u>6,608,120</u>	<u>—</u>	<u>6,545,667</u>	<u>6,545,667</u>	<u>—</u>
Total primary government	<u>\$ 49,168,769</u>	<u>24,033,471</u>	<u>3,024,629</u>	<u>7,367,174</u>	<u>(21,289,162)</u>	<u>6,545,667</u>	<u>(14,743,495)</u>	<u>—</u>
Component unit:								
Unalaska City School District	<u>\$ 9,461,559</u>	<u>339,895</u>	<u>2,387,402</u>	<u>12,000</u>				<u>(6,722,262)</u>
General revenues:								
Property taxes					\$ 3,415,561	—	3,415,561	—
Personal property taxes					1,214,380	—	1,214,380	—
General sales tax					10,755,100	—	10,755,100	—
Raw seafood sales tax					5,371,768	—	5,371,768	—
Other taxes					158,758	—	158,758	—
Fisheries tax					7,378,514	—	7,378,514	—
Payment in lieu of taxes					820,604	—	820,604	—
Grants not restricted to specific programs					811,094	—	811,094	3,769,075
Loss on disposal of capital assets					—	—	—	—
Investment earnings					1,602,608	—	1,602,608	3,523
Litigation settlement					—	1,960,000	1,960,000	—
Support from City of Unalaska					—	—	—	2,961,021
Other					99,020	14,105	113,125	99,636
Transfers					5,458,903	(5,458,903)	—	—
Total general revenues and transfers					<u>37,086,310</u>	<u>(3,484,798)</u>	<u>33,601,512</u>	<u>6,833,255</u>
Change in net assets					15,797,148	3,060,869	18,858,017	110,993
Net assets, beginning of year					<u>139,847,679</u>	<u>141,271,846</u>	<u>281,119,525</u>	<u>1,523,766</u>
Net assets, end of year					<u>\$ 155,644,827</u>	<u>144,332,715</u>	<u>299,977,542</u>	<u>1,634,759</u>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Governmental Funds

Balance Sheet

June 30, 2011

<b>Assets</b>	<b>General Fund</b>	<b>1% Sales Tax Special Revenue Fund</b>	<b>Major Equipment Capital Project Fund</b>	<b>Road To LSA</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 1,039,453	—	—	—	—	1,039,453
Temporary investments	7,359,058	—	—	—	—	7,359,058
Receivables, net:						
General	133,302	—	—	—	—	133,302
Interest	412,482	—	—	—	—	412,482
Taxes	1,590,877	536,204	—	—	14,087	2,141,168
Special assessments	5,644	—	—	—	—	5,644
Intergovernmental	7,299,610	—	—	155,503	—	7,455,113
Due from other funds	1,649,366	4,942,717	9,418,863	2,184,737	572,325	18,768,008
Inventories	454,323	—	—	—	—	454,323
Prepaid items	144,401	—	—	—	—	144,401
Restricted assets:						
Temporary investments	427,514	—	—	—	—	427,514
Advances to other funds	1,863,533	—	—	—	—	1,863,533
Long-term investments	82,965,902	—	—	—	—	82,965,902
<b>Total assets</b>	<b>\$ 105,345,465</b>	<b>5,478,921</b>	<b>9,418,863</b>	<b>2,340,240</b>	<b>586,412</b>	<b>123,169,901</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 199,533	—	29,350	1,052,818	—	1,281,701
Retainage payable	2,000	—	—	329,894	—	331,894
Accrued payroll liabilities	527,184	—	—	—	—	527,184
Customer deposits	760	—	—	—	—	760
Due to other funds	49,796,740	—	—	—	—	49,796,740
Unearned revenues	7,136,472	2,500	—	—	—	7,138,972
<b>Total liabilities</b>	<b>57,662,689</b>	<b>2,500</b>	<b>29,350</b>	<b>1,382,712</b>	<b>—</b>	<b>59,077,251</b>
Fund balances:						
Nonspendable:						
Inventories	307,733	—	—	—	—	307,733
Prepaid items	144,401	—	—	—	—	144,401
Advances to other funds	1,863,533	—	—	—	—	1,863,533
Committed:						
Emergency operations	13,000,000	—	—	—	—	13,000,000
Compensated absences	1,000,000	—	—	—	—	1,000,000
Capital projects	20,500,000	3,000,000	—	—	—	23,500,000
Assigned	263,973	2,476,421	9,389,513	1,035,684	586,412	13,752,003
Unassigned	10,603,136	—	—	(78,156)	—	10,524,980
<b>Total fund balances</b>	<b>47,682,776</b>	<b>5,476,421</b>	<b>9,389,513</b>	<b>957,528</b>	<b>586,412</b>	<b>64,092,650</b>
<b>Total liabilities and fund     balances</b>	<b>\$ 105,345,465</b>	<b>5,478,921</b>	<b>9,418,863</b>	<b>2,340,240</b>	<b>586,412</b>	<b>123,169,901</b>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Reconciliation of Net Assets between the  
Government-Wide and Fund Financial Statements

June 30, 2011

Amounts reported as fund balances on the governmental funds balance sheet	\$ 64,092,650
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	92,512,986
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds:	
Shared fisheries business tax	3,780,000
Shared fisheries resource landing tax	2,977,485
Real property	64,870
Personal property	32,678
Sales taxes	7,500
Special assessments	5,644
School debt reimbursement due from the State	270,795
	<u>7,138,972</u>
Interest payable on long-term debt and capital leases are not due and payable in the current period and, therefore, are not reported in the funds	(57,381)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(6,973,601)
Premium on general obligation bonds	(52,734)
Compensated absences	(1,016,065)
	<u>(8,042,400)</u>
Net assets of governmental activities	\$ <u><u>155,644,827</u></u>

See accompanying notes to financial statements.



**CITY OF UNALASKA, ALASKA**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2011

	<u>General Fund</u>	<u>1% Sales Tax Special Revenue Fund</u>	<u>Equipment Capital Project Fund</u>	<u>Road To LSA</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Revenues:						
Taxes:						
General sales	\$ 7,076,894	3,538,444	—	—	156,778	10,772,116
Seafood sales	5,371,768	—	—	—	—	5,371,768
Real property	3,383,940	—	—	—	—	3,383,940
Personal property	1,214,380	—	—	—	—	1,214,380
Other	158,758	—	—	—	—	158,758
Intergovernmental:						
Fisheries business tax	3,199,290	—	—	—	—	3,199,290
Fisheries resource landing tax	3,531,739	—	—	—	—	3,531,739
Payments in lieu of taxes	820,604	—	—	—	—	820,604
Corrections contract	481,355	—	—	—	—	481,355
Debt reimbursement	837,556	—	—	—	—	837,556
Other	1,125,227	—	—	751,654	—	1,876,881
Charges for services	249,873	—	—	—	—	249,873
Investment income	1,602,608	—	—	—	—	1,602,608
Other	98,920	—	—	—	—	98,920
Total revenues	<u>29,152,912</u>	<u>3,538,444</u>	<u>—</u>	<u>751,654</u>	<u>156,778</u>	<u>33,599,788</u>
Expenditures:						
Current:						
General government	3,571,548	—	—	—	—	3,571,548
Public safety	4,236,939	—	—	—	—	4,236,939
Public works	5,142,805	—	—	—	—	5,142,805
Parks, culture, and recreation	2,193,971	—	—	—	—	2,193,971
Community support	806,774	—	—	—	113,000	919,774
Education	3,828,382	—	—	—	—	3,828,382
Debt service:						
Principal	823,043	—	—	—	—	823,043
Interest	325,016	—	—	—	—	325,016
Capital projects	—	—	4,052,220	5,742,811	—	9,795,031
Total expenditures	<u>20,928,478</u>	<u>—</u>	<u>4,052,220</u>	<u>5,742,811</u>	<u>113,000</u>	<u>30,836,509</u>
Excess revenues over expenditures	<u>8,224,434</u>	<u>3,538,444</u>	<u>(4,052,220)</u>	<u>(4,991,157)</u>	<u>43,778</u>	<u>2,763,279</u>
Other financing sources (uses):						
Proceeds from the sale of capital assets	7,911	—	—	—	—	7,911
Transfers in	4,796,854	—	873,237	6,100,000	—	11,770,091
Transfers out	(3,941,968)	(1,200,000)	(1,154,100)	—	(15,120)	(6,311,188)
Net other financing sources (uses)	<u>862,797</u>	<u>(1,200,000)</u>	<u>(280,863)</u>	<u>6,100,000</u>	<u>(15,120)</u>	<u>5,466,814</u>
Net change in fund balances	9,087,231	2,338,444	(4,333,083)	1,108,843	28,658	8,230,093
Fund balances, beginning of year	38,595,545	3,137,977	13,722,596	(151,315)	557,754	55,862,557
Fund balances, end of year	\$ <u>47,682,776</u>	<u>5,476,421</u>	<u>9,389,513</u>	<u>957,528</u>	<u>586,412</u>	<u>64,092,650</u>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

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

Year ended June 30, 2011

Net change in fund balance – total governmental funds	\$ 8,230,093
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	9,795,031
Proceeds from sale of capital assets	(7,911)
Loss on the disposal of capital assets	(346,888)
Depreciation expense	<u>(3,247,911)</u>
	<u>6,192,321</u>
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds – change in:	
Shared fisheries business tax	900,000
Shared fisheries resource landing tax	(252,515)
Real and personal property tax	31,621
Sales taxes	(17,016)
School debt reimbursement due from the State of Alaska	<u>(21,930)</u>
	<u>640,160</u>
The issuance of long-term debt and accrual of compensated absences provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:	
Principal repayments	823,043
Change in compensated absences	<u>(148,135)</u>
	<u>674,908</u>
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:	
Accrued interest payable	<u>59,666</u>
Change in net assets of governmental activities	<u>\$ 15,797,148</u>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances – Original and Final Budget and Actual

Year ended June 30, 2011

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual amount</u>	<b>Variance with final budget positive (negative)</b>
<b>Revenues:</b>				
Taxes:				
General sales	\$ 6,000,000	6,000,000	7,076,894	1,076,894
Seafood sales	4,400,000	4,400,000	5,371,768	971,768
Real property	3,400,000	3,400,000	3,383,940	(16,060)
Personal property	1,370,000	1,370,000	1,214,380	(155,620)
Other	38,000	38,000	158,758	120,758
Intergovernmental:				
Fisheries business tax	4,175,000	4,175,000	3,199,290	(975,710)
Fisheries resource landing tax	4,075,000	4,075,000	3,531,739	(543,261)
Payments in lieu of taxes	838,605	838,605	820,604	(18,001)
Corrections contract	481,355	481,355	481,355	—
Debt reimbursement	837,556	837,556	837,556	—
Other	762,536	887,757	1,125,227	237,470
Charges for services	292,300	296,134	249,873	(46,261)
Investment income	3,000,000	3,000,000	1,602,608	(1,397,392)
Other revenues	82,200	97,200	98,920	1,720
<b>Total revenues</b>	<u>29,752,552</u>	<u>29,896,607</u>	<u>29,152,912</u>	<u>(743,695)</u>
<b>Expenditures:</b>				
Current:				
General government	4,525,439	4,734,560	3,571,548	1,163,012
Public safety	4,557,191	4,645,050	4,236,939	408,111
Public works	5,448,142	5,662,058	5,142,805	519,253
Parks, culture, and recreation	2,456,105	2,491,624	2,193,971	297,653
Community support	812,129	812,129	806,774	5,355
Education	3,828,382	3,828,382	3,828,382	—
Debt service:				
Principal	813,045	813,045	823,043	(9,998)
Interest	336,999	336,999	325,016	11,983
<b>Total expenditures</b>	<u>22,777,432</u>	<u>23,323,847</u>	<u>20,928,478</u>	<u>2,395,369</u>
Excess of revenues over expenditures	<u>6,975,120</u>	<u>6,572,760</u>	<u>8,224,434</u>	<u>1,651,674</u>
<b>Other financing sources (uses):</b>				
Proceeds from the sale of assets	100,000	100,000	7,911	(92,089)
Transfers in	30,000	3,093,991	4,796,854	1,702,863
Transfers out	(1,558,093)	(3,557,093)	(3,941,968)	(384,875)
<b>Net other financing uses</b>	<u>(1,428,093)</u>	<u>(363,102)</u>	<u>862,797</u>	<u>1,225,899</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 5,547,027</u>	<u>6,209,658</u>	<u>9,087,231</u>	<u>2,877,573</u>
Fund balances, beginning of year			<u>38,595,545</u>	
Fund balances, end of year			<u>\$ 47,682,776</u>	

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

1% Sales Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund balances – Original and Final Budget and Actual

Year ended June 30, 2011

	<b>Budget</b>		<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Taxes:				
General sales	\$ 3,000,000	3,000,000	3,538,444	538,444
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,538,444</u>	<u>538,444</u>
Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	3,000,000	3,000,000	3,538,444	538,444
Other financing uses:				
Transfers out	<u>—</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>—</u>
Net change in fund balance	<u>\$ 3,000,000</u>	<u>1,800,000</u>	2,338,444	<u>538,444</u>
Fund balances, beginning of year			<u>3,137,977</u>	
Fund balances, end of year			<u>\$ 5,476,421</u>	

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Proprietary Funds

Statement of Net Assets

June 30, 2011

<b>Assets</b>	<b>Electric</b>	<b>Water</b>	<b>Ports and Harbors</b>	<b>Solid Waste</b>	<b>Other proprietary funds</b>	<b>Total</b>
<b>Current assets:</b>						
Cash and cash equivalents	\$ —	—	150	—	—	150
Accounts receivables (net of allowance for uncollectibles)	1,299,066	159,235	370,945	132,600	153,558	2,115,404
Assessments receivable	—	16,082	—	—	71,556	87,638
Accounts receivable – Intergovernmental	405,149	—	370,008	268,005	349,345	1,392,507
Interest receivable	—	—	—	—	—	—
Due from General Fund	—	5,400,144	15,403,541	6,390,390	5,484,023	32,678,098
Inventories	388,561	320,624	—	39,292	66,809	815,286
Deferred charges	226,191	—	64,849	—	7,308	298,348
<b>Total current assets</b>	<b>2,318,967</b>	<b>5,896,085</b>	<b>16,209,493</b>	<b>6,830,287</b>	<b>6,132,599</b>	<b>37,387,431</b>
<b>Noncurrent assets:</b>						
<b>Restricted assets:</b>						
Cash held by fiscal agent	2,372,217	—	—	—	—	2,372,217
Temporary investments	5,101,908	—	3,180,541	—	—	8,282,449
Capital assets, net	52,344,063	13,666,023	54,470,467	9,293,849	15,844,992	145,619,394
<b>Total noncurrent assets</b>	<b>59,818,188</b>	<b>13,666,023</b>	<b>57,651,008</b>	<b>9,293,849</b>	<b>15,844,992</b>	<b>156,274,060</b>
<b>Total assets</b>	<b>62,137,155</b>	<b>19,562,108</b>	<b>73,860,501</b>	<b>16,124,136</b>	<b>21,977,591</b>	<b>193,661,491</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	1,693,819	104,585	743,712	65,441	1,211,683	3,819,240
Retainage payable	163,897	59,199	—	—	270,503	493,599
Due to general fund	1,649,366	—	—	—	—	1,649,366
Accrued payroll and payroll liabilities	235,067	86,247	127,876	80,719	109,786	639,695
Accrued interest	—	—	—	—	3,307	3,307
Bonds and loans payable	824,682	—	180,000	—	43,461	1,048,143
Advances from General Fund	140,000	—	—	—	—	140,000
Customer deposits	280,022	22,656	—	8,524	42,523	353,725
Accrued landfill closure and post closure costs	—	—	—	153,215	—	153,215
<b>Total current liabilities</b>	<b>4,986,853</b>	<b>272,687</b>	<b>1,051,588</b>	<b>307,899</b>	<b>1,681,263</b>	<b>8,300,290</b>
<b>Noncurrent liabilities:</b>						
Bonds and loans payable	29,754,269	—	4,745,048	—	265,282	34,764,599
Advances from General Fund	1,680,000	—	—	—	43,533	1,723,533
Accrued landfill closure and post closure costs	—	—	—	4,540,354	—	4,540,354
<b>Total noncurrent liabilities</b>	<b>31,434,269</b>	<b>—</b>	<b>4,745,048</b>	<b>4,540,354</b>	<b>308,815</b>	<b>41,028,486</b>
<b>Total liabilities</b>	<b>36,421,122</b>	<b>272,687</b>	<b>5,796,636</b>	<b>4,848,253</b>	<b>1,990,078</b>	<b>49,328,776</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	26,867,020	13,666,023	52,725,960	4,600,280	15,536,249	113,395,532
Unrestricted	(1,150,987)	5,623,398	15,337,905	6,675,603	4,451,264	30,937,183
<b>Total net assets</b>	<b>\$ 25,716,033</b>	<b>19,289,421</b>	<b>68,063,865</b>	<b>11,275,883</b>	<b>19,987,513</b>	<b>144,332,715</b>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Proprietary Funds

Statement of Revenues, Expenditures, and Changes in Fund Net Assets

Year ended June 30, 2011

	<u>Electric</u>	<u>Water</u>	<u>Ports and Harbors</u>	<u>Solid Waste</u>	<u>Other proprietary funds</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 12,847,522	2,019,595	5,544,771	1,330,878	2,040,832	23,783,598
Other	—	593	675	—	12,837	14,105
Total operating revenues	<u>12,847,522</u>	<u>2,020,188</u>	<u>5,545,446</u>	<u>1,330,878</u>	<u>2,053,669</u>	<u>23,797,703</u>
Operating expenses:						
Operations	11,328,849	932,408	1,691,804	1,245,374	1,358,321	16,556,756
General and administrative	1,002,521	428,047	805,697	207,663	514,939	2,958,867
Payment in lieu of taxes	23,008	34,758	—	42,179	98,660	198,605
Landfill closure and post closure care costs	—	—	—	127,534	—	127,534
Depreciation and amortization	311,137	831,646	1,271,442	363,489	808,077	3,585,791
Total operating expenses	<u>12,665,515</u>	<u>2,226,859</u>	<u>3,768,943</u>	<u>1,986,239</u>	<u>2,779,997</u>	<u>23,427,553</u>
Operating income (loss)	<u>182,007</u>	<u>(206,671)</u>	<u>1,776,503</u>	<u>(655,361)</u>	<u>(726,328)</u>	<u>370,150</u>
Nonoperating revenues (expenses):						
Intergovernmental revenue	252,563	43,115	486,643	292,918	345,776	1,421,015
Interest expense	(1,003,389)	(665)	(245,167)	(84)	(5,331)	(1,254,636)
Legal settlement	1,960,000	—	—	—	—	1,960,000
Loss on disposition of assets	(83,625)	—	(406,279)	—	(94,973)	(584,877)
Net nonoperating revenues (expenses)	<u>1,125,549</u>	<u>42,450</u>	<u>(164,803)</u>	<u>292,834</u>	<u>245,472</u>	<u>1,541,502</u>
Income (loss) before capital contributions and transfers	<u>1,307,556</u>	<u>(164,221)</u>	<u>1,611,700</u>	<u>(362,527)</u>	<u>(480,856)</u>	<u>1,911,652</u>
Capital contributions	5,188,250	91,102	694,151	182,430	452,187	6,608,120
Transfers in	3,030,000	—	460,000	616,075	167,656	4,273,731
Transfers out	(1,776,991)	(8,893)	(7,305,000)	(8,782)	(632,968)	(9,732,634)
Change in net assets	<u>7,748,815</u>	<u>(82,012)</u>	<u>(4,539,149)</u>	<u>427,196</u>	<u>(493,981)</u>	<u>3,060,869</u>
Net assets, beginning of year	<u>17,967,218</u>	<u>19,371,433</u>	<u>72,603,014</u>	<u>10,848,687</u>	<u>20,481,494</u>	<u>141,271,846</u>
Net assets, end of year	\$ <u>25,716,033</u>	<u>19,289,421</u>	<u>68,063,865</u>	<u>11,275,883</u>	<u>19,987,513</u>	<u>144,332,715</u>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2011

	<u>Electric utility</u>	<u>Water utility</u>	<u>Ports and harbors</u>	<u>Solid waste</u>	<u>Other enterprise funds</u>	<u>Total enterprise funds</u>
Cash flows from operating activities:						
Receipts from customers and users	\$ 12,670,367	2,010,555	5,651,494	1,090,084	1,727,774	23,150,274
Payments to employees	(2,179,875)	(917,297)	(1,249,702)	(634,113)	(945,374)	(5,926,361)
Payments to vendors	(9,608,951)	(450,880)	(1,173,914)	(820,442)	(731,951)	(12,786,138)
Net cash provided (used) by operating activities	<u>881,541</u>	<u>642,378</u>	<u>3,227,878</u>	<u>(364,471)</u>	<u>50,449</u>	<u>4,437,775</u>
Cash flows from noncapital and related financing activities:						
Cash received from other governments	252,563	43,115	486,643	292,918	345,776	1,421,015
Transfers out	(1,776,991)	(8,893)	(6,845,000)	(8,782)	(632,968)	(9,272,634)
Legal settlement	1,960,000	—	—	—	—	1,960,000
Transfers in	3,030,000	—	—	616,075	167,656	3,813,731
Net cash provided (used) by noncapital and related financing activities	<u>3,465,572</u>	<u>34,222</u>	<u>(6,358,357)</u>	<u>900,211</u>	<u>(119,536)</u>	<u>(2,077,888)</u>
Cash flows from capital and related financing activities:						
Proceeds from issuance of debt	5,543,291	—	—	—	—	5,543,291
Principal payments on long-term obligations	—	—	(185,000)	—	(43,461)	(228,461)
Interest payments on long-term obligations	(1,440,142)	(665)	(245,167)	(84)	(5,331)	(1,691,389)
Repayment of capital projects advances from General Fund	(140,000)	—	—	—	—	(140,000)
Acquisition and construction of capital assets	(13,374,263)	(1,016,533)	(21,473,320)	(622,714)	(2,807,981)	(39,294,811)
Capital contributions	4,901,328	91,102	331,281	147,778	452,187	5,923,676
Net cash provided (used) by capital and related financing activities	<u>(4,509,786)</u>	<u>(926,096)</u>	<u>(21,572,206)</u>	<u>(475,020)</u>	<u>(2,404,586)</u>	<u>(29,887,694)</u>
Cash flows from investing activities:						
Acquisition of restricted assets	(1,572,665)	—	—	—	—	(1,572,665)
Proceeds from sale of restricted assets	—	—	1,900,864	—	—	1,900,864
Net cash provided (used) by investing activities	<u>(1,572,665)</u>	<u>—</u>	<u>1,900,864</u>	<u>—</u>	<u>—</u>	<u>328,199</u>
Change in cash and due from General Fund	<u>(1,735,338)</u>	<u>(249,496)</u>	<u>(22,801,821)</u>	<u>60,720</u>	<u>(2,473,673)</u>	<u>(27,199,608)</u>
Cash and due from other funds, beginning of year	85,972	5,649,640	38,205,512	6,329,670	7,957,696	58,228,490
Cash and due from other funds, end of year	\$ <u>(1,649,366)</u>	<u>5,400,144</u>	<u>15,403,691</u>	<u>6,390,390</u>	<u>5,484,023</u>	<u>31,028,882</u>
Reconciliation to balance sheet:						
Cash and cash equivalents	\$ —	—	150	—	—	150
Due to other funds	(1,649,366)	—	—	—	—	(1,649,366)
Due from other funds	—	5,400,144	15,403,541	6,390,390	5,484,023	32,678,098
Cash and due from General Fund, June 30, 2011	\$ <u>(1,649,366)</u>	<u>5,400,144</u>	<u>15,403,691</u>	<u>6,390,390</u>	<u>5,484,023</u>	<u>31,028,882</u>
Noncash capital and related financing activities:						
Acquisition and construction of capital assets through accounts and retainages payable	\$ 1,258,649	59,199	681,422	—	1,150,973	3,150,243

**CITY OF UNALASKA, ALASKA**

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2011

	<u>Electric utility</u>	<u>Water utility</u>	<u>Ports and harbors</u>	<u>Solid waste</u>	<u>Other enterprise funds</u>	<u>Total enterprise funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 182,007	(206,671)	1,776,503	(655,361)	(726,328)	370,150
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	311,137	831,646	1,271,442	363,489	808,077	3,585,791
Amortization of landfill	—	—	—	280,749	—	280,749
Changes in assets and liabilities that provided (used) cash:						
Accounts receivable	(375,239)	(13,333)	106,048	(244,871)	(330,481)	(857,876)
Assessments receivable	—	9,112	—	—	7,014	16,126
Inventories	(34,430)	12,148	—	7,963	33,047	18,728
Refundable deposits	—	—	—	—	(7,308)	(7,308)
Interest receivable	17,521	—	—	—	—	17,521
Deferred charges and other assets	—	—	(4,640)	—	—	(4,640)
Accounts payable	599,067	33,121	62,290	35,885	286,957	1,017,320
Accrued payroll and payroll liabilities	915	(18,233)	16,235	(3,187)	(17,636)	(21,906)
Customer deposits	117,266	(4,124)	—	4,077	(1,416)	115,803
Deferred revenue	63,297	(1,288)	—	—	(1,012)	60,997
Accrued interest payable	—	—	—	—	(465)	(465)
Other liabilities	—	—	—	(153,215)	—	(153,215)
Net cash provided (used) by operating activities	\$ <u>881,541</u>	<u>642,378</u>	<u>3,227,878</u>	<u>(364,471)</u>	<u>50,449</u>	<u>4,437,775</u>

See accompanying notes to financial statements.



# CITY OF UNALASKA, ALASKA

## Notes to Financial Statements

June 30, 2011

### (1) Summary of Significant Accounting Policies

#### (a) *Reporting Entity*

The City of Unalaska, Alaska (the City), was incorporated in 1942 as a first class city and operates under a Council – Manager form of government. The City provides a variety of services including police and fire protections; electric, water, wastewater and solid waste services; port harbor and airport terminal services; the construction and maintenance of streets and infrastructure; and recreational activities and cultural events.

As required by accounting principles generally accepted in the United States of America, these basic financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

#### **Discretely Presented Component Unit – Unalaska City School District**

The Unalaska City School District (School District) is responsible for elementary and secondary education within the City's jurisdiction. The members of the School District's governing board are elected by registered voters of the City. However, the School District is fiscally dependent upon the City because the City Council approves the School District's budget, levies taxes to finance operations (if necessary) and must approve any debt issuances.

Complete financial statements of the School District can be obtained from the Unalaska City School District, P.O. Box 570, Unalaska, AK 99685.

#### (b) *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the Statement of Net Assets and Statement of Activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been eliminated from the total columns in the statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

# CITY OF UNALASKA, ALASKA

## Notes to Financial Statements

June 30, 2011

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) ***Measurement Focus, Basis of Accounting, and Basis of Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales tax, licenses, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants, including capital grants, recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *1% Sales Tax Special Revenue Fund* accounts for special projects financed by a percentage of sales tax revenues generated.
- The *Major Equipment Capital Project Fund* accounts for major equipment capital projects within the governmental funds.
- The *Road to LSA Capital Project Fund* accounts for the construction of and installation of utilities in the road to the new Carl E. Moses small boat harbor.

The City reports the following major proprietary funds:

- The *Electric Utility Fund* accounts for the operations of the City-owned Electric Utility.
- The *Water Utility Fund* accounts for the operations of the City-owned Water Utility.

## CITY OF UNALASKA, ALASKA

### Notes to Financial Statements

June 30, 2011

- The *Ports and Harbors Fund* accounts for operations at the International Port of Dutch Harbor and the Unalaska Marine Center.
- The *Solid Waste Fund* accounts for operations of the City-owned landfill.

Additionally, the City reports the following fund types:

*Special Revenue Funds* – account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

*Capital Project Funds* – accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment in lieu of taxes paid by the enterprise funds to the General Fund and charges between the government's various utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Other operating income consists primarily of late fees on unpaid balances and connection fees intended to recover the cost of connecting new customers to the applicable system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

*(d) Assets, Liabilities, and Net Assets*

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less from date of acquisition. In proprietary funds, the City considers changes in amounts due to/from other funds as cash and cash equivalent transactions on the statement of cash flows because the proprietary funds are able to withdraw cash at any time without prior notice or penalty.

There are no statutory limitations on the type of investments allowed; however, there are policies in place listing accepted investment vehicles as noted below:

- a. obligations of, the United States and of an agency or instrumentality of the United States;
- b. certificates of deposit; those over \$100,000 must be secured by eligible collateral;
- c. repurchase and agreements secured by obligations of the Treasury of the United States and obligations of an agency or instrumentality of the United States. A Master Repurchase Agreement must be signed with the bank or dealer, before repurchase agreements are entered into;
- d. the Alaska Municipal League Investment Pool, Inc. made in accordance with the terms of that Pool's "Common Investment Agreement"; and in accordance with AS 37.23.010-37.23.900;
- e. commercial paper and other short-term taxable instruments that, at the time of investment, maintain the highest rating by at least two nationally recognized rating services;
- f. obligations of a corporation domiciled in the United States or obligations of a municipality if the obligations are rated AA or higher by at least one nationally recognized rating service at the time of investment; and
- g. money market funds in which the securities of the funds consist of obligations listed in this section and otherwise meet the requirements of this investment policy.

Investments shall not be purchased through the use of leveraged funds.

Collateralization is required on two types of investments: certificates of deposit over \$100,000 and repurchase agreements. In order to anticipate market changes and provide a level of security for all monies, the collateralization level is (102)% of market value of principal and accrued interest.

All investments are recorded at fair value when quoted market prices are available. Differences between fair value and cost are included as a component of investment income. The City's

# CITY OF UNALASKA, ALASKA

## Notes to Financial Statements

June 30, 2011

budget ordinance requires that all investment income be recorded in the General Fund unless State or federal laws, regulations or grant conditions require otherwise.

The City's budget ordinance requires that all investment earnings that are not legally or contractually required to be recorded in a specific fund must be recorded in the General Fund. The amount of investment earnings that would have otherwise been assigned to other funds is not known.

### **2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "internal balances" on the statement of net assets and as "advances to/from other funds" in the fund level financial statements. In the fund level financial statements advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

All outstanding current balances between funds are reported as "due to/from other funds" in the fund level financial statements. These balances represent the numerous transactions that occur during the course of operations between individual funds for goods provided or services rendered. On the Statement of Cash Flows for proprietary funds, these are treated as cash and cash equivalent transactions.

All trade and property tax receivables are shown net of an allowance for doubtful receivables. The allowance for doubtful receivables is an estimate of the amount uncollectible based on past experience.

Property taxes are levied as of January 1 on property values assessed by an appraisal company. Assessment notices are mailed on or before March 31. Tax bills are mailed on or before June 30. The first half of the payment is due in August and the second half is due in October. Personal property supplemental and involuntary tax rolls are not eligible for two payment dates and are due in full in August. Penalties and interest are assessed the day after the due date.

### **3. Inventories and Prepaid Items**

Inventories are valued at cost using the weighted average method. The costs of governmental and proprietary fund inventories are recorded as expenditures when consumed rather than when purchased.

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

### **4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$50,000 (amount not rounded) in governmental funds and \$10,000 (amount not rounded) in proprietary funds and an estimated useful life in excess of two years. All capital assets are reported including those purchased or acquired before June 30, 1980. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets or capital assets received in exchange are recorded at their estimated fair value at the date of donation or exchange. Interest incurred during construction is not capitalized on general capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets acquired or constructed for general governmental and School District purposes are reported as expenditures in the fund that finances the asset acquisition.

Property and equipment acquired by proprietary funds are reported in those funds at cost or at estimated fair market value at time of donation.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Utility distribution system and improvements	20 – 40 years
Buildings and improvements	20 – 40 years
Motor vehicles and motorized equipment	5 – 10 years
Furniture, machinery, and equipment	5 – 10 years
Dock and improvements	20 – 40 years

**5. Deposits Payable**

The General Fund holds a customer deposit of \$760 to cover damage or additional costs incurred by the City in leasing its recreational facilities.

The Airport Fund holds refundable customer deposits of \$10,000 to cover damage or additional costs incurred by the City in its leasing operations.

The Housing Fund holds refundable customer deposits of \$7,200 to cover damage to its rental properties.

The Electric Utility Fund, Water Utility Fund, Waste Water Utility Fund, and the Solid Waste Fund hold refundable customer deposits of \$280,022, \$22,656, \$25,323, and \$8,524, respectively, to cover equipment held by customers and in the event of nonpayment of utility bills.

**6. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave pay is accrued when incurred in the government-wide and

# CITY OF UNALASKA, ALASKA

## Notes to Financial Statements

June 30, 2011

proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. During 2011 and in prior years, the General Fund has liquidated the liability for compensated absences.

### **7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **8. Fund Equity**

In the fund level financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **9. Net Assets**

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

### **10. Recently Issued Accounting Pronouncements**

On July 1, 2010, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes new categories for reporting fund balance information that is identifying amounts that is considered nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. This Statement also revises the definitions for governmental fund types to clarity and consistency.

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

**(2) Stewardship, Compliance, and Accountability**

**(a) Budgetary Information**

**City**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Capital Projects Funds, which adopt project-length budgets. Governmental funds with adopted annual budgets include the General Fund and Special Revenue Funds. All annual appropriations lapse at fiscal year-end. Enterprise funds are financed through user charges related to providing goods and services to the general public and have annually adopted operating budgets and project length capital budgets.

The appropriated budget is prepared by fund, function, and department. Budgetary control is exercised at the function level as stated and presented in the ordinance adopting the budget. The City Manager is authorized to transfer budget amounts between expenditure categories within any function; however, any supplemental appropriations that amend the total expenditures of any function or fund, require a City ordinance. Reported budgeted amounts are as originally adopted or as amended by ordinance.

The City Council made supplemental budgetary appropriations throughout the year, the majority of which were increases in the Capital Project Funds related to major construction projects. Other supplemental budgetary appropriations in other funds were not considered material.

The City's original budget document is available from the City at P.O. Box 610, Unalaska, AK 99685-0610 or on the web at: [www.unalaska-ak.us](http://www.unalaska-ak.us).

Project budgets are adopted for various Capital Project Funds based on the lives of the construction projects. Expenditure authority is limited to the actual revenue and transfers in.

**School District**

The adopted School Operating Fund budget is submitted to the City for approval of the local appropriation, then to the State of Alaska, Department of Education and Early Development for review to determine compliance with Alaska statutes and Department regulations.

**(b) Fund Equity**

**Fund Balance Components**

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance represents amounts that cannot be spent because they are either not in spendable form or the amount is legally or contractually required to be maintained intact.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law.



**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Unalaska City Council, the City's highest level of decision-making authority. This formal action is the passage of ordinances and resolutions by the City Council, creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2010 (in thousands):

	<u>General fund</u>	<u>1% Sales Tax Special Revenue Fund</u>	<u>Major Equipment Fund</u>	<u>Nonmajor governmental funds</u>	<u>Road to LSA</u>
Nonspendable:					
Inventories	\$ 307,733	—	—	—	—
Prepaid items	144,401	—	—	—	—
Advances to other funds	1,863,533	—	—	—	—
Total nonspendable	<u>2,315,667</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Committed:					
Emergency Operations	13,000,000	—	—	—	—
Road Improvements	6,000,000	3,000,000	—	—	—
Compensated Absences	1,000,000	—	—	—	—
Waste Heat Recovery	300,000	—	—	—	—
Water Treatment Plant	3,600,000	—	—	—	—
Wastewater Treatment Plant	6,100,000	—	—	—	—
Summer Bay Road Re-alignment	1,500,000	—	—	—	—
Leachate Flow Leveling	3,000,000	—	—	—	—
	<u>34,500,000</u>	<u>3,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned:					
Encumbrances	263,973	—	541,179	—	1,035,684
1 % Sales Tax Special Revenue Fund	—	2,476,421	—	—	—
Major Equipment Fund	—	—	8,848,334	—	—
Nonmajor Governmental Funds	—	—	—	586,412	—
Unassigned	10,603,136	—	—	—	(78,156)
Total fund balance	\$ <u>47,682,776</u>	<u>5,476,421</u>	<u>9,389,513</u>	<u>586,412</u>	<u>957,528</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

**(3) Detailed Notes On All Funds**

**(a) Cash and Investments**

The City maintains a cash and investment pool for use by all funds.

**Deposits**

At June 30, 2011, the City's carrying amount of bank deposits was \$798,053 and the bank balance was \$1,230,641. The \$432,588 difference represents outstanding checks and other reconciling items.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2011, the City's deposits were covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus had no deposits that were exposed to custodial credit risk.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than five years.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

At June 30, 2011, the City corporate bonds were rated as follows.

<u>Investment</u>	<u>Standard &amp; Poor's</u>	<u>Moody's Investor Service</u>
Domestic corporate bonds	AAA to A+	Aaa to A2
Foreign corporate bonds	AAA to A	Aaa to A2
Asset backed securities	AAA	Aaa

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

**Investments**

As of June 30, 2011, the City has the following investments and maturities.

	Fair value	Investment maturities (in years)			
		Less than 1	1 – 2	2 – 3	3 – 5
AML investment pool	\$ 16,069,022	16,069,022	—	—	—
Wells Fargo money market	675,046	675,046	—	—	—
U S. government obligations	30,662,995	—	21,949,043	2,612,402	6,101,550
U.S. agency securities	31,300,700	2,787,620	13,021,395	5,473,335	10,018,350
Domestic corporate bonds	14,445,497	3,069,700	6,566,863	4,808,934	—
Foreign corporate bonds	4,964,715	—	2,076,480	812,595	2,075,640
Asset backed securities	916,948	221,242	695,706	—	—
	<u>\$ 99,034,923</u>	<u>22,822,630</u>	<u>44,309,487</u>	<u>13,707,266</u>	<u>18,195,540</u>

Reconciliation of cash and investments to the amounts on the statement of net assets is as follows:

Cash and cash equivalents:	
Petty cash	\$ 1,550
Demand deposits	798,053
Time certificates of deposits	240,000
Total cash	<u>\$ 1,039,603</u>
Investments:	
Temporary investments	\$ 7,359,058
Temporary investments – restricted	8,709,963
Long-term investments	82,965,902
	<u>\$ 99,034,923</u>

The Alaska Municipal League Investment Pool, Inc. (AMLIP), represents the City's share of ownership in the pool rather than ownership of specific securities. AMLIP is considered to be an external investment pool as defined by Generally Accepted Accounting Principles. AMLIP is not SEC-registered and is unrated. Regulatory oversight of the pool is established by Alaska Statute 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2011, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares.

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

**(b) Receivables**

Receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental activities			Business-type activities				
	General fund	One percent sales tax special revenue fund	Nonmajor governmental funds	Electric utility	Water utility	Ports and harbors	Solid waste	Nonmajor business type
Receivables:								
Interest	\$ 412,482	—	—	—	—	—	—	—
Taxes	1,590,877	536,204	14,087	—	—	—	—	—
Accounts	133,302	—	—	1,309,066	169,235	378,945	133,600	162,558
Special assessments	5,644	—	—	—	16,082	—	—	71,556
Intergovernmental	7,299,610	—	155,503	405,149	—	370,008	268,005	349,345
Other	—	—	—	—	—	2,000	—	—
Gross receivables	9,441,915	536,204	169,590	1,714,215	185,317	750,953	401,605	583,459
Less allowance for uncollectibles	—	—	—	(10,000)	(10,000)	(10,000)	(1,000)	(9,000)
Net receivables	\$ 9,441,915	536,204	169,590	1,704,215	175,317	740,953	400,605	574,459

The only receivables not expected to be collected within one year are a total of approximately \$109,000 of special assessments reported in the General, Water, and Wastewater funds.

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

Shared fisheries business tax	\$ 3,780,000
Shared fisheries resource landing tax	2,977,485
Property taxes	97,548
Sales taxes	7,500
Special assessments	5,644
School debt reimbursement due from the State	270,795
	<u>\$ 7,138,972</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

(c) **Capital Assets**

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

	<b>Balance June 30, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2011</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 29,289,603	—	—	29,289,603
Construction in progress	14,901,580	9,795,031	(5,552,841)	19,143,770
Total	<u>44,191,183</u>	<u>9,795,031</u>	<u>(5,552,841)</u>	<u>48,433,373</u>
Capital assets, being depreciated:				
Buildings	52,586,158	—	—	52,586,158
Infrastructure	22,968,545	3,878,372	(22,451)	26,824,466
Machinery and equipment	7,317,110	1,320,144	(444,997)	8,192,257
Total	<u>82,871,813</u>	<u>5,198,516</u>	<u>(467,448)</u>	<u>87,602,881</u>
Less accumulated depreciation for:				
Buildings	(21,205,127)	(1,315,558)	—	(22,520,685)
Infrastructure	(14,164,877)	(1,513,749)	22,451	(15,656,175)
Machinery and equipment	(5,372,327)	(418,604)	444,523	(5,346,408)
Total	<u>(40,742,331)</u>	<u>(3,247,911)</u>	<u>466,974</u>	<u>(43,523,268)</u>
Total capital assets, being depreciated, net	<u>42,129,482</u>	<u>1,950,605</u>	<u>(474)</u>	<u>44,079,613</u>
Governmental-type activities, net	<u>\$ 86,320,665</u>	<u>11,745,636</u>	<u>(5,553,315)</u>	<u>92,512,986</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

	<b>Balance June 30, 2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2011</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,309,476	—	—	3,309,476
Construction in progress	<u>54,525,617</u>	<u>36,209,537</u>	<u>(4,942,331)</u>	<u>85,792,823</u>
Total	<u>57,835,093</u>	<u>36,209,537</u>	<u>(4,942,331)</u>	<u>89,102,299</u>
Capital assets, being depreciated:				
Buildings	19,922,338	321,176	(773,726)	19,469,788
Infrastructure	85,468,702	4,449,308	(1,191,089)	88,726,921
Machinery and equipment	<u>4,705,147</u>	<u>526,174</u>	<u>(112,514)</u>	<u>5,118,807</u>
Total	<u>110,096,187</u>	<u>5,296,658</u>	<u>(2,077,329)</u>	<u>113,315,516</u>
Less accumulated depreciation for:				
Buildings	(9,771,872)	(618,790)	678,754	(9,711,908)
Infrastructure	(40,880,990)	(2,821,607)	702,456	(43,000,141)
Machinery and equipment	<u>(4,052,220)</u>	<u>(145,396)</u>	<u>111,244</u>	<u>(4,086,372)</u>
Total	<u>(54,705,082)</u>	<u>(3,585,793)</u>	<u>1,492,454</u>	<u>(56,798,421)</u>
Total capital assets, being depreciated, net	<u>55,391,105</u>	<u>1,710,865</u>	<u>(584,875)</u>	<u>56,517,095</u>
Business-type activities, net	<u>\$ 113,226,198</u>	<u>37,920,402</u>	<u>(5,527,206)</u>	<u>145,619,394</u>

Depreciation expense was charged to the departments and functions of the primary government as follows:

General government	\$ 123,917
Public safety	239,538
Public works	1,225,744
Parks, culture, and recreation	952,221
Education	<u>706,491</u>
Total – governmental activities	<u>\$ 3,247,911</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

Business-type activities:		
Electric	\$	311,137
Water		831,646
Ports and harbors		1,271,442
Solid waste		363,489
Wastewater		464,216
Airport		275,925
Housing		67,938
		<hr/>
Total – business-type activities	\$	<u>3,585,793</u>

**(d) Interfund Receivables, Payables, and Transfers**

Current interfund receivables and payables are shown as “Due from other funds” or “Due to other funds” in the Governmental Fund Balance Sheet and the Proprietary Funds Statement of Net Assets and as internal balances in the statement of net assets. These balances at June 30, 2011 were as follows:

<u>Receivable</u>	<u>Payable</u>	
	<u>General Fund</u>	<u>Electric</u>
1% Sales Tax Special Revenue Fund	\$ 4,942,717	—
Capital equipment and small projects	9,418,863	—
Nonmajor governmental funds	2,757,062	—
Water	5,400,144	—
Ports and harbors	15,403,541	—
Solid waste	6,390,390	—
Nonmajor enterprise funds	5,484,023	—
General Fund	—	1,649,366
	<hr/>	<hr/>
	\$ <u>49,796,740</u>	<u>1,649,366</u>

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

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

Interfund receivables and payables that are not current are shown and are also included in internal balances on the statement of net assets. These balances at June 30, 2011, were as follows:

	<u>Advances to</u>	<u>Advances from</u>
General fund	\$ —	1,863,533
Enterprise funds:		
Electric utility:		
Current portion	140,000	—
Long-term portion	1,680,000	—
Housing – long term	43,533	—
	<u>\$ 1,863,533</u>	<u>1,863,533</u>

On April 27, 2004, the City Council approved a long-term advance from the General Fund to the Electric Utility Fund in the amount of \$2,800,000 to be paid back in twenty annual installments, interest free. Payments are due on May 1st of each year.

No formal agreement exists related to the advance to the Housing Enterprise Fund. The amount represents the amounts borrowed from the General Fund that are not expected to be repaid within one year.

A summary of transfers between funds of the City for the year ended June 30, 2011 follows:

Transfers in	Transfers out									Total
	General Fund	One percentage sales tax	Major Equip Cap Proj Fund	Nonmajor Gov. Funds	Electric	Water	Solid Waste	Ports and	Nonmajor Ent. Funds	
General Fund	\$ —	1,200,000	1,154,100	15,120	1,776,991	8,893	8,782	—	632,968	4,804,725
Major Equip Cap Proj Fund	873,237	—	—	—	—	—	—	—	—	873,237
Road to LSA	—	—	—	—	—	—	—	6,100,000	—	6,100,000
Major enterprise fund:										
Electric	1,825,000	—	—	—	—	—	1,205,000	—	—	3,030,000
Solid waste	616,075	—	—	—	—	—	—	—	—	616,075
Ports and harbors	460,000	—	—	—	—	—	—	—	—	460,000
Nonmajor enterprise funds	167,656	—	—	—	—	—	—	—	—	167,656
	<u>\$ 3,941,968</u>	<u>1,200,000</u>	<u>1,154,100</u>	<u>15,120</u>	<u>1,776,991</u>	<u>8,893</u>	<u>8,782</u>	<u>7,305,000</u>	<u>632,968</u>	<u>16,051,693</u>

A summary of significant transfers are as follows:

- The General Fund transferred \$873,237 to the Major Equipment Capital Projects Fund for capital additions.
- The General Fund transferred \$1,825,000 to the Electric Fund for capital additions.
- The General Fund transferred \$616,075 to the Solid Waste Fund for operating expenses.
- The General Fund transferred \$460,000 to the Ports and Harbors Fund for capital additions.
- The General Fund transferred \$167,656 to the Housing Fund for operating expenses.
- The 1% Sales Tax Special Revenue Fund transferred \$1,200,000 to the General fund to replenish funds transferred from the General Fund to the Ports and Harbors Fund for capital additions.



## CITY OF UNALASKA, ALASKA

### Notes to Financial Statements

June 30, 2011

- The Wastewater Fund transferred \$425,548 to the General Fund for capital additions to the Ports project CEM Boat Harbor – Outer Harbor Construction.
- The Wastewater Fund transferred \$13,685 to the General Fund after capital project closures.
- The Airport Fund transferred \$193,735 to the General Fund after capital project closures.
- The Major Equipment & Capital Project Fund transferred \$1,154,100 to the General Fund after capital project closures.
- The Street Paving Fund transferred \$15,120 to the General Fund after capital project closures.
- The Electric Fund transferred \$1,776,991 to the General Fund to reimburse for PCB Expenses related to the Powerhouse Expansion project.
- The Water Fund transferred \$8,893 to the General Fund after capital project closures.
- The Solid Waste Fund transferred \$8,782 to the General Fund after capital project closures.
- The Ports Fund transferred \$6,100,000 to the Road to LSA Fund for capital additions.
- The Ports Fund transferred \$1,205,000 to the Electric Fund for capital additions for the CEM Electrical Extension project.

(e) ***Operating Leases***

On June 30, 1981, the City and Ounalashka Corporation signed a 30-year lease with two 10-year renewal options for land at the Spit Dock. The first 10 year renewal option was entered into on July 1, 2011. Lease payments are \$3,114 per month with the amount to be reevaluated every five years.

On July 6, 1983, the City and the State of Alaska Department of Transportation and Public Facilities entered into a 40-year lease (ADA-05248) for the land for the Airport Terminal. Annual payments of \$7,030 are due July 6 each year and the rental rate is not subject to change until May 1, 2012. This lease expires July 6, 2023.

On February 10, 2010, the City and the United Methodist Ministries entered into a 3-year lease for land for a community ballpark at a rate of \$6,000 per year.

On October 2, 1992, the City and North Pacific Fuel entered into a lease agreement for office space for the Port and Harbor Offices. The lease was renewed for one year in October 2010 at a rate of \$2,613 per month.

On January 3, 1996, the City and the State of Alaska Department of Transportation entered into a 40-year lease (ADA-07158) for the Amaknak Fire Station land. Annual payments of \$2,562 are due January 1 each year, ending January 2, 2035.

On November 12, 1999, the City entered into a sublease agreement with Delta Western Fuel for a weather station. Lease payments are \$100 monthly and end June 30, 2014.

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

On May 1, 2000, the City and Ounalashka Corporation entered into a 25-year lease with five 5-year renewal options for land at the Light Cargo Dock. Lease payments are \$4,196 per month with the amount to be reevaluated every 5 years. Next evaluation is 2015.

On July 1, 2005, the City and Ounalashka Corporation agreed on an easement grant for a marine bollard. The terms of this agreement require a payment of \$675 for 10 years, one-half payable on execution of the agreement and the remaining one-half is to be paid at the end of the fifth year of the easement term.

On January 1, 2009, the City and the State of Alaska Department of Transportation and Public Facilities entered into a 3-year land use permit (ADA-08620) for the airport long-term parking land. Annual payments of \$1,882 are due January 1 each year. This lease is paid up through December 31, 2011.

On July 1, 2011, the City and Matthew and Joni Scott entered into a 1-year apartment lease. Monthly payments are \$1,300 due the first day of each month. The lease will end June 30, 2012.

Rent expense for the year ended June 30, 2011 was \$188,703.

The future commitment for operating lease payments follows:

2012	\$	128,572
2013		104,794
2014		98,794
2015		98,795
2016		97,595
2017 – 2021		487,975
2022 – 2026		199,473
2027 – 2031		12,810
2032 – 2036		12,810
2037 – 2041		7,686
	\$	<u>1,249,304</u>

**(f) Long-Term Debt**

*General Obligation Bonds.* The City issues general obligation bonds to provide monies for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year.

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

General obligation bonds currently outstanding are as follows:

	<b><u>Principal balance</u></b>
Governmental activities:	
General obligation bonds:	
1981 school bond issued October 1, 1981 for \$2,500,000, interest rate 5%, due in annual installments of \$162,625 to 2011, payable to CapMark Finance, Inc.	\$ 143,601
2005 school bonds issued March 22, 2005 for \$3,295,000, interest rates of 2.5% to 4.25% due in semiannual installments of \$30,000 to \$405,000 to 2020, payable to the Alaska Municipal Bond Bank Authority	3,115,000
2009A school bonds issued March 1, 2009 for \$4,470,000, interest rates of 1.32% to 4.75% due in semiannual installments of \$370,000 to 535,000 to 2019, payable to the Alaska Municipal Bond Bank Authority	<u>3,715,000</u>
Total	<u>\$ 6,973,601</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

*Other debt.* The City issues other debt instruments in connection with its business-type activities. Other debt balances are as follows:

	<u>Principal balance</u>
<b>Business-type activities:</b>	
2009 Revenue bonds issued in 2009 for \$25,000,000, interest rates of 3.00% to 5.75%, due in semiannual installments of \$625,000 to \$1,825,000, to 2034, payable to the Alaska Municipal Bond Bank Authority	\$ 25,000,000
2010 Series A (tax-exempt) General Obligation Harbor Improvement Bond issued in 2010 for \$2,270,000, interest rates of 2% to 5% due in semiannual installments of \$180,000 to \$,000, to 2021, payable to the Alaska Municipal Bond Bank Authority	2,085,000
2010 Series B (taxable Build America Bond) General Obligation Harbor Improvement Bond issued in 2010 for \$2730,000, interest rates of 5.993% to 6.341% due in semiannual installments of \$255,000 to \$355,000, to 2030, payable to the Alaska Municipal Bond Bank Authority	2,730,000
2010A (tax-exempt) Electric Utility Revenue Bond issued in 2010 for \$2,015,000, interest rates of 2% to 4% due in annual installments of \$195,000 to \$255,000, to 2019, payable to the Alaska Municipal Bond Bank Authority	2,015,000
2010B (taxable Recovery Zone Economic Development Bond – direct payment) Electric Utility Revenue Bond issued in 2010 for \$3,365,000, interest rates of 4.925% to 5.432% due in annual installments of \$265,000 to \$350,000, to 2030, payable to the Alaska Municipal Bond Bank Authority	3,365,000
<b>Wastewater – loan:</b>	
1997 1.50% Alaska Clean Water Act loan payable in annual installments over 20 years	272,635
1997 1.50% Alaska Clean Water Act loan payable in annual installments over 20 years	36,108
Total	\$ <u><u>35,503,743</u></u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

**Changes in Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>one year</u>
Governmental activities:					
Bonds payable:					
General Obligation Bonds	\$ 7,796,644	—	(823,043)	6,973,601	833,601
Premium on Bonds	52,734	—	—	52,734	6,592
Compensated absences	<u>867,930</u>	<u>909,104</u>	<u>(760,969)</u>	<u>1,016,065</u>	<u>1,016,065</u>
Governmental activity long-term liabilities	<u>\$ 8,717,308</u>	<u>909,104</u>	<u>(1,584,012)</u>	<u>8,042,400</u>	<u>1,856,258</u>
Business-type activities-					
Bonds payable:					
Revenue bonds	\$ 25,000,000	—	—	25,000,000	625,000
Revenue bonds - tax-exempt		2,015,000		2,015,000	195,000
RZED Revenue bonds - taxable		3,365,000		3,365,000	—
GO Bonds – tax exempt	2,270,000	—	(185,000)	2,085,000	180,000
BAB GO Bonds – taxable	2,730,000	—	—	2,730,000	—
Premium on Bonds	<u>145,708</u>	<u>163,291</u>	<u>—</u>	<u>308,999</u>	<u>4,682</u>
Total bonds payable	30,145,708	5,543,291	(185,000)	35,503,999	1,004,682
Other contracts and loans:					
Loans	352,204	—	(43,461)	308,743	43,461
Accrued landfill closure and postclosure care costs	4,566,035	127,534	—	4,693,569	153,215
Compensated absences	<u>367,106</u>	<u>398,491</u>	<u>(406,166)</u>	<u>359,431</u>	<u>359,431</u>
Business-type activity long-term liabilities	<u>\$ 35,431,053</u>	<u>6,069,316</u>	<u>(634,627)</u>	<u>40,865,742</u>	<u>1,560,789</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

Annual Debt Service requirements to maturity for governmental activities general obligation bonds are as follows:

	<b>Governmental activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30,			
2012	\$ 833,601	298,500	1,132,101
2013	720,000	263,175	983,175
2014	755,000	233,313	988,313
2015	780,000	203,113	983,113
2016	815,000	168,463	983,463
2017 – 2021	3,070,000	308,550	3,378,550
	<u>\$ 6,973,601</u>	<u>1,475,114</u>	<u>8,448,715</u>

Annual Debt Service requirements to maturity for business-type activities revenue bonds are as follows:

	<b>Electric</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30:			
2012	\$ 820,000	1,536,592	2,356,592
2013	845,000	1,510,417	2,355,417
2014	870,000	1,479,192	2,349,192
2015	910,000	1,445,692	2,355,692
2016	940,000	1,406,167	2,346,167
2017 – 2021	5,425,000	6,295,799	11,720,799
2022 – 2026	6,785,000	4,790,164	11,575,164
2027 – 2031	8,605,000	2,739,251	11,344,251
2032 – 2036	5,180,000	457,988	5,637,988
	<u>\$ 30,380,000</u>	<u>21,661,262</u>	<u>52,041,262</u>

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

	<b>Ports and Harbors</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30:			
2012	\$ 180,000	245,849	425,849
2013	185,000	242,249	427,249
2014	190,000	236,699	426,699
2015	195,000	230,999	425,999
2016	200,000	225,149	425,149
2017 – 2021	1,135,000	998,344	2,133,344
2022 – 2026	1,395,000	685,881	2,080,881
2027 – 2031	1,335,000	215,911	1,550,911
	<u>\$ 4,815,000</u>	<u>3,081,081</u>	<u>7,896,081</u>

Annual Debt Service requirements to maturity for business-type activities other contracts and loans are as follows:

	<b>Other proprietary funds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30,			
2012	\$ 43,461	4,632	48,093
2013	43,461	3,979	47,440
2014	43,461	3,327	46,788
2015	43,461	2,676	46,137
2016	43,461	2,024	45,485
2017 – 2021	91,438	2,158	93,596
	<u>\$ 308,743</u>	<u>18,796</u>	<u>327,539</u>

**Build America Bond**

The City has a \$2,730,000 taxable Build America Bond (2010 Series B General Obligation Harbor Improvement Bond). The City will be reimbursed for 35% of the interest associated with this bond by the U.S. Treasury through the American Recovery and Reinvestment Act.

**Recovery Zone Economic Development Bond**

The City has a \$3,365,000 taxable Recovery Zone Economic Development Bond (2010B Electric Utility Revenue Bond). The City will be reimbursed for 45% of the interest associated with this bond by the U.S. Treasury through the American Recovery and Reinvestment Act.

**CITY OF UNALASKA, ALASKA**

Notes to Financial Statements

June 30, 2011

**(4) Other Information**

**(a) Risk Management**

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets, third party liability, and errors and omissions; and natural disasters for which the City carries commercial insurance. The City's insurance is on a per occurrence basis.

The City currently participates in the Alaska Public Entity Insurance (APEI) pool which covers property and contents, general, auto liability, law enforcement legal liability, errors and omissions, earthquake and flood, marine, and workers compensation. APEI is a public entity risk pool that re-insurers risk above certain levels, thereby relieving the members of the need for additional assessments. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. The Association made no supplemental assessments during the year ended June 30, 2011.

Claims on insurance have not exceeded coverages in any of the last three years.

**(b) Landfill Closure and Postclosure Care**

State and federal laws and regulations require the City to place a final cover on its current landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these estimated closure and postclosure care costs, the City is recording as an operating expense in each period an amount based on landfill capacity used each year of operation. During 2011, the estimated closure and postclosure care costs were reevaluated and adjusted to reflect conditions as of June 30, 2011. As of June 30, 2011, the City has an accrued liability associated with these estimated closure and postclosure care costs of \$4,693,569, based on the use of 46% of the estimated capacity of the landfill. It is estimated the City will recognize additional \$5,473,165 of expense and liability between July 2011, and the year 2049, the date the landfill is expected to reach full capacity. These amounts are based on what it would cost to perform all the closure and postclosure care functions in 2011. Actual costs of closure and postclosures care may be higher due to inflation, changes in technology, or changes in laws and regulations.

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

**(c) Contingencies**

Under the terms of state and federal grants, periodic audits may be performed by funding agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could require reimbursement to the grantor agencies.



# CITY OF UNALASKA, ALASKA

## Notes to Financial Statements

June 30, 2011

In the normal course of its activities, the City is involved in various claims and pending litigation.

Management believes that the outcome of the matters discussed in the preceding paragraphs will not have a material adverse affect on the financial statements of the City. Accordingly, no provision for losses has been recorded.

The Environment Protection Agency has notified the City of its intent to bring an enforcement action for violators of the Clean Water Act, The City and Department of Justice are presently discussing settlement options.

During 2011, the City settled a claim against the federal government. The claim was for reimbursement of costs incurred by the City to remediate the contamination of City owned land that was previously owned by the federal government. The contamination was believed to have occurred during ownership by the federal government. A settlement in the amount of \$1,960,000 was agreed to and received during 2011.

**(d) Construction Commitments**

The City entered into various construction contracts to complete different capital projects throughout the year. At June 30, 2011, the General Fund had \$1,057,888 and the Enterprise Funds had \$15,024,956 in outstanding construction commitments. These contracts will be completed in subsequent periods.

**(e) Retirement Commitments**

**Alaska Public Employee Retirement System (PERS)**

*Retirement Plans.* All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, the system also administers a postemployment healthcare benefit plan.

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

*Plan Description.* The City contributes to the Alaska Public Employees Retirement System (PERS), which includes both a cost-sharing multiple-employer defined benefit pension and postemployment healthcare plans administered by the Commissioner of Administration and the Alaska Retirement Management Board (ARMB). There are currently 160 employers participating in PERS, including the State of Alaska and 159 political subdivisions and public organizations. PERS provides retirement benefits including disability and death benefits and postemployment healthcare to plan members and beneficiaries. The authority to establish and amend benefit provisions is assigned to the ARMB. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, AK 99811.

## CITY OF UNALASKA, ALASKA

### Notes to Financial Statements

June 30, 2011

Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

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

The percentage multipliers for police/fire personnel are 2.00% for the first ten years of service and 2.50% for all service over 10 years. The percentage multipliers for all other participants are 2.00% for the first 10 years, 2.25% for the next 10 years, and 2.50% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2.00%.

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

Pension benefits are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. The increase in the benefits is 75% of the CPI increase up to a 9% maximum for recipients who are at least age 65 or on disability or 50% of the increase up to a 6% maximum for recipients who are at least age 60 but under age 65 or who have been receiving benefits for at least five years. Starting at age 65, or at any age for those employed before July 1, 1986, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10% of the base benefit or \$50 a month, whichever is greater.

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

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

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

# CITY OF UNALASKA, ALASKA

## Notes to Financial Statements

June 30, 2011

*Funding Policy.* Active PERS members are required to contribute 6.75% (2.00% pension cost and 4.75% postemployment healthcare cost) of their annual covered salary and the City is required to contribute at an actuarial determined rate; the current rate is 35.22% (10.91% pension cost and 24.31% postemployment healthcare cost). The legislature capped the employer rate at 22.00%, with the State of Alaska contributing an on behalf payment for the difference between actuarial required contribution and the cap. The contribution requirements of plan members and the City are established and may be amended by the ARMB.

*Annual Pension Cost.* The City's annual pension cost for the years ended June 30, 2011, 2010 and 2009 was \$2,742,207, \$2,728,403, and \$1,544,770, respectively, and was equal to the City's required contributions for each year. The State of Alaska contributed \$770,248 on behalf of the City. The contribution has been reported as revenue and expenditures/expenses in the general fund and enterprise funds.

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

*Plan Description and Funding Requirements.* School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8.00% of gross eligible compensation. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute 0.83% for the retiree medical plan, 0.30% for occupational and death and disability benefits and 3.00% of employers average annual employee compensation of the health reimbursement arrangement (HRA). The employer effective contribution rate is between 19.57% and 22.00% with difference being allocated the defined benefit unfunded liability (DBUL). Plan members are 100.00% vested with their contributions. Members become vested in employers' contributions as follows:

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

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2011 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution	\$ 139,442	223,108
Retiree medical plan	15,339	—
Occupational health and disability benefits	13,272	—
Health reimbursement agreement (HRA)	85,502	—

Actual contributions were equal to the annual required contributions.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**CITY OF UNALASKA, ALASKA**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2011

Assets	Bed Tax Special Revenue Fund	Capital projects			Total nonmajor governmental funds
		Community Park Development	Pathways Development	Street Paving	
Taxes receivable (net of allowance for uncollectibles)	\$ 14,087	—	—	—	14,087
Due from other funds	140,559	53,760	775	377,231	572,325
Total assets	\$ 154,646	53,760	775	377,231	586,412
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ —	—	—	—	—
Retainage payable	—	—	—	—	—
Total liabilities	—	—	—	—	—
Fund balances:					
Assigned	154,646	53,760	775	377,231	586,412
Total liabilities and fund balances	\$ 154,646	53,760	775	377,231	586,412

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Nonmajor Governmental Funds

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

Year ended June 30, 2011

	<b>Bed Tax Special Revenue Fund</b>	<b>Capital projects</b>			<b>Total nonmajor governmental funds</b>
		<b>Community Park Development</b>	<b>Pathways Development</b>	<b>Street Paving</b>	
Operating revenues:					
Taxes	\$ 156,778	—	—	—	156,778
Total revenues	<u>156,778</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>156,778</u>
Expenditures:					
Current:					
Community support	113,000	—	—	—	113,000
Total expenditures	<u>113,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>113,000</u>
Excess (deficiency) revenues over expenditures	<u>43,778</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>43,778</u>
Other financing sources (uses):					
Transfers in	—	—	—	—	—
Transfers out	—	—	—	(15,120)	(15,120)
Net other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(15,120)</u>	<u>(15,120)</u>
Net change in fund balances	43,778	—	—	(15,120)	28,658
Fund balances, beginning of year	<u>110,868</u>	<u>53,760</u>	<u>775</u>	<u>392,351</u>	<u>557,754</u>
Fund balances, end of year	<u>\$ 154,646</u>	<u>53,760</u>	<u>775</u>	<u>377,231</u>	<u>586,412</u>

See accompanying notes to combined financial statements.

**CITY OF UNALASKA, ALASKA**

Bed Tax Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund balance – Budget and Actual

Year ended June 30, 2011

	<u>Final budget</u>	<u>Actual amount</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Other	\$ 170,000	156,778	(13,222)
Expenditures:			
Current – community support:			
Unalaska Convention and Visitors Bureau	<u>164,000</u>	<u>113,000</u>	<u>(51,000)</u>
Excess (deficiency) of revenues over expenditures	6,000	43,778	37,778
Other financing sources (uses):			
Transfers in	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>\$ 6,000</u>	<u>43,778</u>	<u>37,778</u>
Fund balance at beginning of year		<u>110,868</u>	
Fund balance at end of year		<u>\$ 154,646</u>	

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Nonmajor Enterprise Funds

Combining Balance Sheet

June 30, 2011

<b>Assets</b>	<b>Wastewater utility</b>	<b>Airport</b>	<b>Housing</b>	<b>Total</b>
<b>Current assets:</b>				
Accounts receivables (net of allowance for uncollectibles)	\$ 105,539	42,999	5,020	153,558
Intergovernmental receivables	349,345	—	—	349,345
Assessments receivable	71,556	—	—	71,556
Due from General Fund	2,176,236	1,304,788	2,002,999	5,484,023
Inventories	66,809	—	—	66,809
Prepaid items	—	7,308	—	7,308
	<u>2,769,485</u>	<u>1,355,095</u>	<u>2,008,019</u>	<u>6,132,599</u>
<b>Noncurrent assets:</b>				
Capital assets, net	8,780,322	4,350,115	2,714,555	15,844,992
	<u>8,780,322</u>	<u>4,350,115</u>	<u>2,714,555</u>	<u>15,844,992</u>
Total noncurrent assets	<u>8,780,322</u>	<u>4,350,115</u>	<u>2,714,555</u>	<u>15,844,992</u>
Total assets	<u>\$ 11,549,807</u>	<u>5,705,210</u>	<u>4,722,574</u>	<u>21,977,591</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 305,323	15,674	890,686	1,211,683
Accrued payroll and payroll liabilities	97,468	6,063	6,255	109,786
Retainage payable	69,206	—	201,297	270,503
Accrued interest	3,307	—	—	3,307
Bonds and loans payable	43,461	—	—	43,461
Customer deposits	25,323	10,000	7,200	42,523
	<u>544,088</u>	<u>31,737</u>	<u>1,105,438</u>	<u>1,681,263</u>
<b>Noncurrent liabilities:</b>				
Bonds and loans payable	265,282	—	—	265,282
Advances from General Fund	—	—	43,533	43,533
	<u>265,282</u>	<u>—</u>	<u>43,533</u>	<u>308,815</u>
Total noncurrent liabilities	<u>265,282</u>	<u>—</u>	<u>43,533</u>	<u>308,815</u>
Total liabilities	<u>809,370</u>	<u>31,737</u>	<u>1,148,971</u>	<u>1,990,078</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	8,471,579	4,350,115	2,714,555	15,536,249
Unrestricted	2,268,858	1,323,358	859,048	4,451,264
	<u>10,740,437</u>	<u>5,673,473</u>	<u>3,573,603</u>	<u>19,987,513</u>
Total net assets	<u>10,740,437</u>	<u>5,673,473</u>	<u>3,573,603</u>	<u>19,987,513</u>
Total liabilities and net assets	<u>\$ 11,549,807</u>	<u>5,705,210</u>	<u>4,722,574</u>	<u>21,977,591</u>

See accompanying notes to financial statements.



**CITY OF UNALASKA, ALASKA**

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2011

	<u>Wastewater utility</u>	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,456,221	457,759	126,852	2,040,832
Other	1,833	6,571	4,433	12,837
Total operating revenues	<u>1,458,054</u>	<u>464,330</u>	<u>131,285</u>	<u>2,053,669</u>
Operating expenses:				
Operations	813,904	461,777	82,640	1,358,321
General and administrative	425,131	—	89,808	514,939
Payment in lieu of taxes	39,582	38,972	20,106	98,660
Depreciation and amortization	464,216	275,924	67,937	808,077
Total operating expenses	<u>1,742,833</u>	<u>776,673</u>	<u>260,491</u>	<u>2,779,997</u>
Operating loss	<u>(284,779)</u>	<u>(312,343)</u>	<u>(129,206)</u>	<u>(726,328)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	345,776	—	—	345,776
Loss on disposition of assets	—	—	(94,973)	(94,973)
Interest expense	(5,331)	—	—	(5,331)
Net nonoperating revenues (expenses)	<u>340,445</u>	<u>—</u>	<u>(94,973)</u>	<u>245,472</u>
Loss before capital contributions and transfers	55,666	(312,343)	(224,179)	(480,856)
Capital contributions	97,862	354,325	—	452,187
Transfers in	—	—	167,656	167,656
Transfers out	(439,233)	(193,735)	—	(632,968)
Change in net assets	<u>(285,705)</u>	<u>(151,753)</u>	<u>(56,523)</u>	<u>(493,981)</u>
Net assets, beginning of year	<u>11,026,142</u>	<u>5,825,226</u>	<u>3,630,126</u>	<u>20,481,494</u>
Net assets, end of year	<u>\$ 10,740,437</u>	<u>5,673,473</u>	<u>3,573,603</u>	<u>19,987,513</u>

See accompanying notes to financial statements.

**CITY OF UNALASKA, ALASKA**

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2011

	<u>Wastewater utility</u>	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,138,717	466,163	122,894	1,727,774
Payments to employees	(703,075)	(141,329)	(100,970)	(945,374)
Payments to vendors	(275,174)	(369,248)	(87,529)	(731,951)
Net cash provided (used) by operating activities	<u>160,468</u>	<u>(44,414)</u>	<u>(65,605)</u>	<u>50,449</u>
Cash flows from noncapital and related financing activities:				
Cash received from other governments	345,776	—	—	345,776
Transfers out	(439,233)	(193,735)	—	(632,968)
Transfers in	—	—	167,656	167,656
Net cash provided (used) by noncapital and related financing activities	<u>(93,457)</u>	<u>(193,735)</u>	<u>167,656</u>	<u>(119,536)</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term debt obligations	(43,461)	—	—	(43,461)
Interest payments on long-term obligations	(5,331)	—	—	(5,331)
Capital contributions	97,862	354,325	—	452,187
Acquisition and construction of capital assets	(1,473,884)	(354,325)	(979,772)	(2,807,981)
Net cash used by capital and related financing activities	<u>(1,424,814)</u>	<u>—</u>	<u>(979,772)</u>	<u>(2,404,586)</u>
Change in cash and due from General Fund	<u>(1,357,803)</u>	<u>(238,149)</u>	<u>(877,721)</u>	<u>(2,473,673)</u>
Cash and due from other funds, beginning of year	3,534,039	1,542,937	2,880,720	7,957,696
Cash and due from other funds, end of year	\$ <u>2,176,236</u>	\$ <u>1,304,788</u>	\$ <u>2,002,999</u>	\$ <u>5,484,023</u>
Reconciliation to balance sheet:				
Due from General Fund	\$ 2,176,236	1,304,788	2,002,999	5,484,023
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (284,779)	(312,343)	(129,206)	(726,328)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	464,216	275,924	67,937	808,077
Changes in assets and liabilities that provided (used) cash:				
Accounts receivable	(327,294)	1,833	(5,020)	(330,481)
Assessments receivable	7,014	—	—	7,014
Inventory	33,047	—	—	33,047
Refundable deposits	—	(7,308)	—	(7,308)
Customer deposits	1,955	—	(3,371)	(1,416)
Accounts payable	278,292	875	7,790	286,957
Accrued payroll and payroll liabilities:	(10,506)	(3,395)	(3,735)	(17,636)
Accrued interest payable	(465)	—	—	(465)
Deferred revenue	(1,012)	—	—	(1,012)
Net cash provided (used) by operating activities	\$ <u>160,468</u>	<u>(44,414)</u>	<u>(65,605)</u>	<u>50,449</u>
See accompanying notes to financial statements.				
Noncash capital and related financing activities:				
Acquisition and construction of capital assets through accounts and retainages payable	\$ 69,206	—	1,081,767	1,150,973

## **STATISTICAL SECTION**

**CITY OF UNALASKA, ALASKA**

State Schedule of Findings and Questioned Costs

June 30, 2011

**Statistical Section**

This part of the City of Unalaska’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

**Table of Contents**

	<b>Page(s)</b>
Financial Trends	60 – 66
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	67 – 72
<i>These schedules contain information to help the reader assess the government’s most significant sources of revenue.</i>	
Debt Capacity	73 – 77
<i>These schedules presents information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	78 – 79
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	80 – 82
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

Sources: The City’s comprehensive annual financial reports for the previous 10 years, District files, and public records from various local and state agencies.

Table 1

## CITY OF UNALASKA, ALASKA

Net Assets by Component

Last Nine\* Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

	Fiscal year ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 77,253	77,291	78,163	80,110	80,437	77,882	74,518	78,951	85,914
Restricted	293	293	—	—	—	—	—	—	—
Unrestricted	47,190	51,873	54,473	58,720	66,810	72,154	84,150	60,934	69,731
Total governmental activities	\$ 124,736	129,457	132,636	138,830	147,247	150,036	158,668	139,885	155,645
Business-type activities:									
Invested in capital assets, net of related debt	\$ 63,581	62,208	63,230	68,192	72,205	79,963	67,851	86,670	114,909
Restricted	261	264	—	—	—	—	—	—	—
Unrestricted	14,275	18,199	21,804	18,384	20,840	28,144	51,281	54,602	29,424
Total business-type activities	\$ 78,117	80,671	85,034	86,576	93,045	108,107	119,132	141,272	144,333
Primary government:									
Invested in capital assets, net of related debt	\$ 140,834	139,499	141,393	148,302	152,642	157,845	142,369	165,621	200,823
Restricted	554	557	—	—	—	—	—	—	—
Unrestricted	61,465	70,072	76,277	77,104	87,650	100,298	135,431	115,536	99,155
Total primary government activities	\$ 202,853	210,128	217,670	225,406	240,292	258,143	277,800	281,157	299,978

\*The accrual basis of accounting was not maintained before 2003.

Table 2

## CITY OF UNALASKA, ALASKA

## Changes in Net Assets

## Last Nine\* Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

	Fiscal year ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government	\$ 3,338	3,406	3,942	3,668	3,718	4,023	4,025	3,982	4,191
Public safety	3,702	3,704	4,166	4,129	4,228	4,660	4,515	4,577	4,477
Public works	4,892	4,371	5,903	5,508	5,608	6,332	6,128	6,347	6,369
Parks, culture, and recreation	2,234	3,186	2,260	2,327	2,466	3,232	2,955	3,073	3,146
Community support	841	770	771	841	776	797	853	843	1,626
Education support	3,244	3,484	3,667	3,975	4,102	4,234	4,473	4,438	3,828
Interest on long-term debt	342	410	218	261	168	281	275	349	265
Total governmental activities expenses	18,593	19,331	20,927	20,709	21,066	23,559	23,224	23,609	23,902
Business-type activities									
Electric	5,346	6,108	7,322	10,257	10,014	12,851	10,368	13,954	13,753
Water	1,820	1,883	1,814	1,862	1,950	2,199	1,987	2,072	2,227
Wastewater	1,289	1,306	1,380	1,438	1,494	1,622	1,532	3,947	1,748
Solid waste	2,893	3,234	1,680	3,029	2,061	2,014	1,722	1,814	1,986
Ports and harbors	630	523	3,289	3,426	3,360	3,915	4,063	1,560	4,421
Airport	1,595	1,642	689	636	568	652	784	894	777
Housing	222	247	231	227	266	304	233	227	355
Total business-type activities expenses	13,795	14,943	16,405	20,875	19,713	23,557	20,689	24,468	25,267
Total primary government expenses	\$ 32,388	34,274	37,332	41,584	40,779	47,116	43,913	48,077	49,169
Program revenues:									
Governmental activities:									
Charges for services:									
General government	\$ —	20	77	18	—	10	13	65	12
Public safety	50	66	88	236	305	77	85	29	54
Public works	99	57	—	—	—	—	—	—	—
Culture and recreation	200	213	206	117	—	194	219	204	183
Operating grants and contributions	1,114	973	928	1,077	926	923	1,275	1,703	1,604
Capital grants and contributions	—	—	134	189	—	5	—	63	760
Total primary government activities program revenues	1,463	1,329	1,433	1,637	1,231	1,209	1,592	2,064	2,613

Table 2

## CITY OF UNALASKA, ALASKA

## Changes in Net Assets

Last Nine\* Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

	Fiscal year ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Electric	\$ 5,465	6,131	7,760	10,196	10,911	12,867	11,611	10,488	12,847
Water	1,989	2,111	2,224	2,177	2,233	2,013	1,937	1,870	2,020
Wastewater	793	800	880	922	908	1,199	1,365	3,986	1,456
Solid waste	725	740	862	1,002	955	1,115	1,165	1,111	1,331
Ports and harbors	3,858	4,114	4,210	4,421	4,425	4,938	3,681	1,334	5,545
Airport	405	390	316	308	333	399	425	488	458
Housing	232	232	243	244	236	201	190	157	127
Capital grants and contributions	1,511	1,605	419	66	1,189	4,748	2,582	1,162	6,608
Operating grants and contributions	—	—	—	—	—	—	—	213	1,421
Total business-type activities program revenues	<u>14,978</u>	<u>16,123</u>	<u>16,914</u>	<u>19,336</u>	<u>21,190</u>	<u>27,480</u>	<u>22,956</u>	<u>20,809</u>	<u>31,813</u>
Total primary government program revenues	\$ <u>16,441</u>	\$ <u>17,556</u>	\$ <u>18,551</u>	\$ <u>20,567</u>	\$ <u>22,399</u>	\$ <u>29,072</u>	\$ <u>25,020</u>	\$ <u>23,422</u>	\$ <u>34,426</u>
Net (expense) revenue:									
Governmental activities	\$ (17,130)	(18,002)	(19,494)	(19,072)	(19,835)	(22,350)	(21,632)	21,507	(21,289)
Business-type activities	1,183	1,180	509	(1,539)	1,477	3,923	2,267	3,660	6,546
Total primary government net expense	\$ <u>(15,947)</u>	\$ <u>(16,822)</u>	\$ <u>(18,985)</u>	\$ <u>(20,611)</u>	\$ <u>(18,358)</u>	\$ <u>(18,427)</u>	\$ <u>(19,365)</u>	\$ <u>25,167</u>	\$ <u>(14,743)</u>
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	\$ 3,952	4,243	3,976	3,971	4,176	4,288	4,257	4,296	4,630
General sales tax	5,952	6,436	7,724	9,034	9,292	11,041	10,361	8,863	10,755
Raw seafood sales tax	3,667	4,190	3,874	4,188	4,077	4,690	4,044	3,594	5,372
Other taxes	588	462	271	229	204	239	266	56	158
Fisheries tax	—	—	—	—	9,384	8,971	9,079	7,094	7,378
Grants not restricted to specific programs	6,448	8,077	8,240	7,487	—	—	—	632	811
Gain (loss) on disposal of capital assets	364	212	190	(14)	105	179	80	(6)	—
Investment earnings	2,779	370	1,554	1,839	4,166	5,266	5,618	2,650	1,603
Other	186	103	552	951	1,639	1,584	2,033	1,326	920
Transfers	(3,651)	(1,370)	(3,708)	(2,734)	(4,790)	(11,120)	(7,493)	(25,781)	5,459
Extraordinary item	—	—	—	—	—	—	2,019	—	—
Total governmental activities	<u>20,285</u>	<u>22,723</u>	<u>22,673</u>	<u>24,951</u>	<u>28,253</u>	<u>25,138</u>	<u>30,264</u>	<u>2,724</u>	<u>37,086</u>
Business-type activities:									
Gain (loss) on disposal of capital assets	34	(5)	66	4	—	6	19	(39)	—
Investment earnings	4	7	3	10	6	—	102	57	—
Other	(892)	—	76	156	195	13	10	—	1,974
Transfers	3,651	1,370	3,708	2,734	4,790	11,120	7,493	25,781	(5,459)
Extraordinary item	—	—	—	—	—	—	1,135	—	—
Total business-type activities	<u>2,797</u>	<u>1,372</u>	<u>3,853</u>	<u>2,904</u>	<u>4,991</u>	<u>11,139</u>	<u>8,759</u>	<u>25,799</u>	<u>(3,485)</u>
Total primary government	\$ <u>23,082</u>	\$ <u>24,095</u>	\$ <u>26,526</u>	\$ <u>27,855</u>	\$ <u>33,244</u>	\$ <u>36,277</u>	\$ <u>39,023</u>	\$ <u>28,523</u>	\$ <u>33,601</u>
Change in net assets:									
Governmental activities	\$ (11,004)	4,721	3,179	5,879	8,418	2,788	8,632	(18,783)	15,797
Business-type activities	3,980	2,552	4,362	1,365	6,468	15,062	11,025	22,139	3,061
Total primary government	\$ <u>(7,024)</u>	\$ <u>7,273</u>	\$ <u>7,541</u>	\$ <u>7,244</u>	\$ <u>14,886</u>	\$ <u>17,850</u>	\$ <u>19,657</u>	\$ <u>3,356</u>	\$ <u>18,858</u>

**Table 3**

**CITY OF UNALASKA, ALASKA**  
 Governmental Activities Tax Revenues by Source  
 Last Nine Fiscal Years  
 (Accrual basis of accounting)  
 (Amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Sales tax</b>	<b>Raw seafood tax</b>	<b>Real property taxes</b>	<b>Personal property taxes</b>	<b>Bed tax</b>	<b>Penalty and interest on taxes</b>	<b>Total</b>
2003	\$ 5,952	3,667	2,792	1,160	126	90	13,787
2004	6,436	4,190	3,011	1,232	110	45	15,024
2005	7,724	3,874	2,768	1,207	179	92	15,844
2006	9,034	4,188	2,607	1,364	162	67	17,422
2007	9,447	4,077	2,813	1,360	160	58	17,915
2008	11,042	4,690	2,905	1,383	210	29	20,259
2009	10,361	4,044	2,893	1,364	172	94	18,928
2010	8,713	3,594	2,967	1,282	150	56	16,762
2011	10,598	5,372	3,416	1,214	157	159	20,916

The accrual basis of accounting was not maintained before 2003.

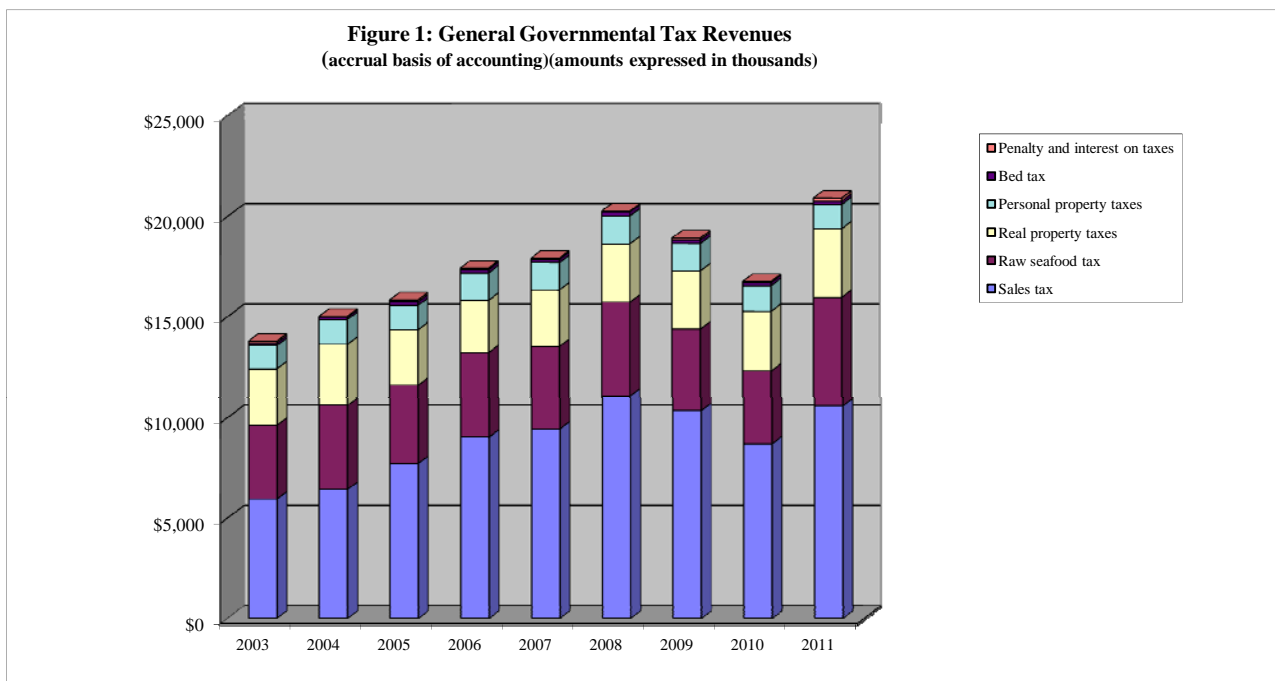




Table 4

**CITY OF UNALASKA, ALASKA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)  
(Amounts expressed in thousands)

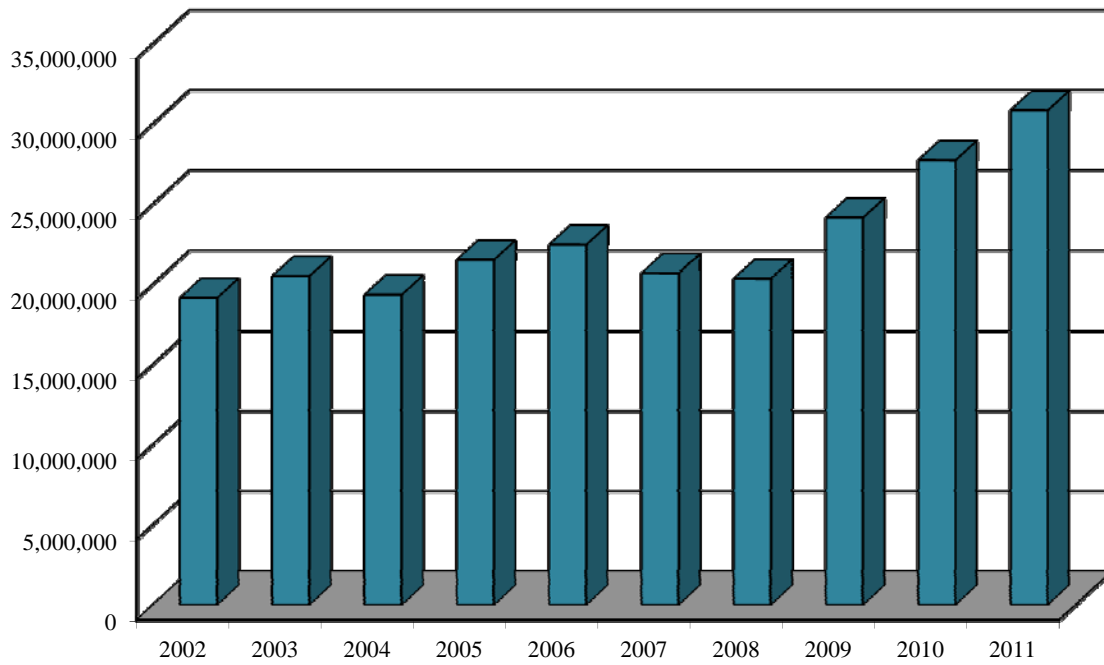
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund (after GASB 54):										
Nonspendable	—	—	—	—	—	—	—	—	—	2,316
Committed	—	—	—	—	—	—	—	—	—	34,500
Assigned	—	—	—	—	—	—	—	—	—	264
Unassigned	—	—	—	—	—	—	—	—	—	10,603
General fund (prior to GASB 54):										
Reserved	\$ 1,251	1,020	3,807	3,274	3,039	2,972	2,924	2,736	3,581	—
Unreserved	28,411	33,171	29,622	33,327	38,363	45,360	44,554	49,012	35,014	—
Total general fund	<u>\$ 29,662</u>	<u>34,191</u>	<u>33,429</u>	<u>36,601</u>	<u>41,402</u>	<u>48,332</u>	<u>47,478</u>	<u>51,748</u>	<u>38,595</u>	<u>47,683</u>
All other governmental funds (after GASB 54):										
Committed	—	—	—	—	—	—	—	—	—	3,000
Assigned	—	—	—	—	—	—	—	—	—	1,577
Unassigned	—	—	—	—	—	—	—	—	—	11,833
All other governmental funds (prior to GASB 54):										
Reserved	\$ 6,346	1,416	978	3,339	1,653	—	—	2,795	3,918	—
Unreserved, reported in:										
Special revenue funds	2,477	1,543	2,050	4,236	6,242	9,391	13,111	16,450	3,249	—
Debt service funds	—	562	562	—	—	—	—	—	—	—
Capital projects funds	—	4,609	8,490	3,869	2,900	2,808	5,279	5,612	10,100	—
Total all other governmental funds	<u>\$ 8,823</u>	<u>8,130</u>	<u>12,080</u>	<u>11,444</u>	<u>10,795</u>	<u>12,199</u>	<u>18,390</u>	<u>24,857</u>	<u>17,267</u>	<u>16,410</u>

Table 5

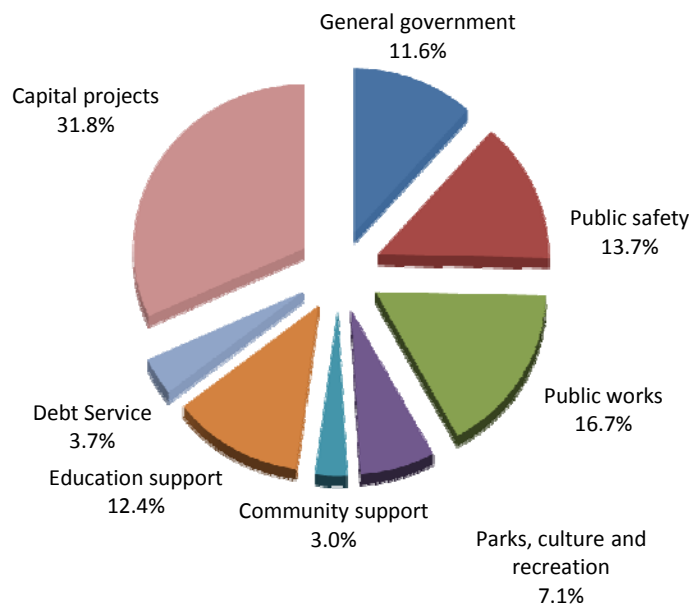
**CITY OF UNALASKA, ALASKA**  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Modified accrual basis of accounting)  
 (Amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	13,191	14,083	15,337	15,738	17,421	17,901	20,232	19,514	16,763	20,901
Intergovernmental	8,606	9,041	7,481	9,708	9,637	11,122	10,699	12,307	12,742	10,747
Changes for services	174	249	355	372	372	304	281	317	298	250
Investment income	2,969	2,779	370	1,554	1,839	4,166	5,266	5,618	2,650	1,603
Other	218	177	103	105	78	82	85	79	206	99
Total revenues	25,158	26,329	23,646	27,477	29,347	33,575	36,563	37,835	32,659	33,600
Expenditures:										
General government	3,143	3,195	3,277	3,431	3,483	3,604	3,549	3,937	4,013	3,572
Public safety	3,566	3,455	3,485	3,967	3,770	3,909	3,807	4,228	4,308	4,237
Public works	3,331	3,534	4,050	4,096	4,140	4,510	4,743	5,016	5,203	5,143
Parks, culture, and recreation	1,715	1,782	1,732	1,764	1,799	1,956	2,053	2,101	2,139	2,194
Community support	948	841	770	766	841	777	797	853	843	920
Education support	2,540	2,678	2,790	2,919	3,253	3,379	3,511	3,750	3,736	3,828
Debt service:										
Principal	359	325	270	285	321	347	363	379	771	823
Interest	355	342	328	225	262	242	224	237	337	325
Other	—	—	—	46	—	—	—	—	—	—
Capital projects	3,198	4,355	2,644	4,026	4,593	1,955	1,286	3,753	6,379	9,795
Total expenditures	19,155	20,507	19,346	21,525	22,462	20,679	20,333	24,254	27,729	30,837
Excess of revenues over (under) expenditures	6,003	5,822	4,300	5,952	6,885	12,896	16,230	13,581	4,930	2,763
Other financing sources (uses):										
Proceeds from long term debt	—	—	—	—	—	227	226	4,648	—	—
Refunding bonds issued	—	—	—	3,319	—	—	—	—	255	—
Payments to refunded bond escrow agent	—	—	—	(3,272)	—	—	—	—	(248)	—
Transfers in	6,331	5,210	6,366	1,754	2,052	831	3,753	6,905	13,206	11,683
Transfers out	(6,792)	(8,230)	(7,736)	(5,462)	(4,784)	(5,621)	(14,872)	(14,398)	(38,987)	(6,224)
Other	—	—	258	245	—	—	—	—	102	8
Prior period adjustments/accounting ???	—	1,034	—	—	—	—	—	—	—	—
Total other financing sources (uses)	(461)	(1,986)	(1,112)	(3,416)	(2,732)	(4,563)	(10,893)	(2,845)	(25,672)	5,467
Net change in fund balance	\$ 5,542	3,836	3,188	2,536	4,153	8,333	5,337	10,736	(20,742)	8,230
Debt service as a percentage of noncapital expenditures	5.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	5.5%

**Figure 2A: Governmental Expenditures**



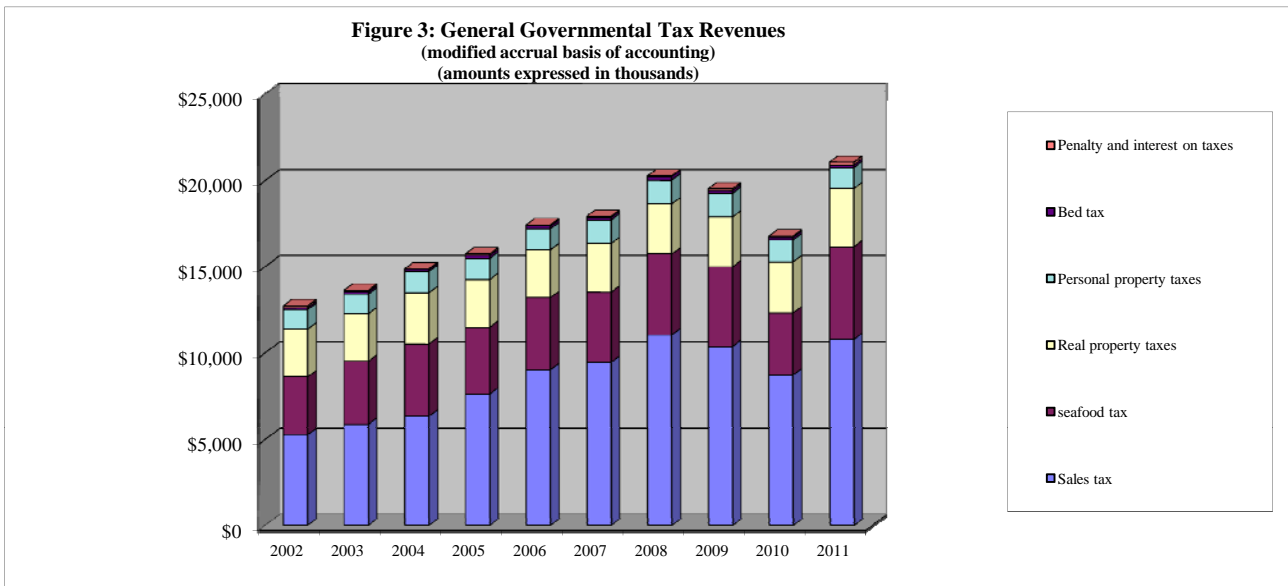
**Figure 2B: Governmental Expenditures By Function for Fiscal Year 2011**



**Table 7**

**CITY OF UNALASKA, ALASKA**  
 General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified accrual basis of accounting)  
 (Amounts expressed in thousands)

<b>Fiscal year</b>	<b>Sales tax</b>	<b>Raw seafood tax</b>	<b>Real property taxes</b>	<b>Personal property taxes</b>	<b>Bed tax</b>	<b>Penalty and interest on taxes</b>	<b>Total</b>
2002	5,281	3,329	2,762	1,142	114	101	12,729
2003	5,851	3,663	2,746	1,146	126	90	13,622
2004	6,331	4,190	2,977	1,221	110	45	14,874
2005	7,598	3,874	2,788	1,207	179	92	15,738
2006	9,012	4,188	2,779	1,214	162	67	17,422
2007	9,447	4,077	2,813	1,360	160	58	17,915
2008	11,042	4,690	2,905	1,383	210	29	20,259
2009	10,368	4,619	2,892	1,367	172	93	19,511
2010	8,713	3,594	2,967	1,282	150	56	16,762
2011	10,772	5,372	3,384	1,214	157	159	21,058



**Table 8**

**CITY OF UNALASKA, ALASKA**  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (amount expressed in thousands)

Fiscal year	Real property		Personal property		Total		Ratio of assessed value to estimated	Total direct tax rate
	Assessed value	Estimated value	Assessed value	Estimated value	Assessed value	Estimated value		
2002	\$ 233,857	285,192	98,524	120,151	332,381	405,343	82	11.78
2003	233,345	245,627	97,674	102,814	331,019	348,441	95	11.78
2004	252,583	255,135	104,454	105,509	357,037	360,644	99	11.78
2005	235,921	268,092	101,591	115,444	337,512	383,536	88	11.78
2006	235,911	291,248	103,313	127,547	339,224	418,795	81	11.78
2007	238,939	324,687	115,906	156,124	354,845	480,811	74	11.78
2008	246,322	328,429	117,384	156,512	363,706	484,941	75	11.78
2009	284,432	320,884	125,775	141,894	410,207	462,778	89	10.50
2010	329,903	378,069	122,778	140,704	452,681	518,773	87	10.50
2011	321,616	382,876	132,439	157,665	454,055	540,541	84	10.50

**Table 9**

**CITY OF UNALASKA, ALASKA**

Property Tax Rates

All Governments

Last Ten Fiscal Years

	<b>Total city millage rate (1)</b>
Fiscal year:	
2002	11.78
2003	11.78
2004	11.78
2005	11.78
2006	11.78
2007	11.78
2008	11.78
2009	10.50
2010	10.50
2011	10.50

(1) The rate is per thousand dollars of assessed value. There are no restrictions or mandates on the rate.

Note: There are no overlapping governmental units.

Table 10

## CITY OF UNALASKA, ALASKA

## Principal Real Property Taxpayers

June 30, 2011

Taxpayer	2011			2001*		
	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxable assessed value	Rank	Percentage of total taxable assessed value
Ounalashka Corporation	\$ 88,682,856	1	28%	\$ 83,284,198	1	36%
Western Pioneer	45,175,464	2	14	—	—	—
Unisea	40,626,213	3	13	24,330,300	3	11
Westward Seafoods	24,888,000	4	8	30,008,788	2	13
Alyeska Seafoods	19,534,094	5	6	16,546,884	4	7
Offshore Systems	11,501,800	6	4	—	—	—
Valdez Petroleum	4,139,500	7	1	—	—	—
Puget Sound Tug and Barge	3,786,300	8	1	—	—	—
Strong Holdings	3,027,790	9	1	—	—	—
Telco Properties	2,110,000	10	1	—	—	—
Total taxable assessed value	\$ 243,472,017		76%	\$ 154,170,170		67%

Information for the top 10 real property taxpayers is not available for 2001.

Table 11

## CITY OF UNALASKA, ALASKA

## Principal Electric Utility Customers

June 30, 2011

Taxpayer	2011			2006*		
	Receipts from customer	Rank	Percentage of total electric utility customers billed	Receipts from customer	Rank	Percentage of total electric utility customers billed
American President Lines	\$ 2,144,827	1	17%	\$ 1,957,151	1	19%
Horizon Lines, LLC	1,609,605	2	13	1,070,717	3	10
City of Unalaska	1,137,953	3	9	1,181,967	2	11
Safeway	541,131	4	4	507,355	5	5
Kloosterboer	525,596	5	4	—	—	—
Alaska Ship Supply	509,329	6	4	299,363	9	3
Dutch Harbor Acquisitions	498,841	7	4	—	—	—
Coastal Transportation	422,788	8	3	—	—	—
Unalaska City School	421,359	9	3	316,463	7	3
North Pacific Fuel	410,814	10	3	461,612	6	4
Pacific Stevedoring, Inc.	—			301,660	8	3
Alaska Commercial Company	—			203,484	10	2
Harbor Crown	—			672,326	4	6
Total taxable assessed value	\$ 8,222,243		64%	\$ 6,972,098		66%

\* Information not available prior to FY06 due to software conversion.



**Table 12**

**CITY OF UNALASKA, ALASKA**

Property Tax Levies and Collections

Last Ten Fiscal Years

(Amounts expressed in thousands)

<b>Fiscal year</b>	<b>Total tax levy</b>	<b>Current tax collections</b>	<b>Percent of levy collected</b>	<b>Delinquent tax collections</b>	<b>Total tax collections (1)</b>	<b>Percent of total tax collections to tax levy</b>	<b>Outstanding delinquent taxes</b>	<b>Percent of delinquent taxes to tax levy</b>
2002	\$ 3,915	3,893	99.44%	11	3,904	99.7%	55	1.4%
2003	3,899	3,863	99.08	29	3,892	99.8	42	1.1
2004	4,206	4,188	99.57	11	4,199	99.8	53	1.3
2005	3,976	3,966	99.75	30	3,996	100.5	40	1.0
2006	3,996	3,983	99.67	11	3,994	99.9	14	0.4
2007	4,180	4,167	99.69	9	4,176	99.9	14	0.3
2008	4,284	4,278	99.86	4	4,282	100.0	22	0.5
2009	4,307	4,260	98.91	2	4,262	99.0	13	0.3
2010	4,299	4,249	98.84	6	4,255	99.0	57	1.3
2011	4,645	4,622	99.50	8	4,630	99.7	65	1.4

**Table 13**

**CITY OF UNALASKA, ALASKA**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts expressed in thousands, except per capital amount)

<u>Fiscal year</u>	<u>Governmental activities</u> <u>General obligation bonds</u>	<u>Business Type activities</u> <u>Ports and Harbors fund GO bonds</u>	<u>Electric fund revenue bonds</u>	<u>Nonmajor funds ADEC loans</u>	<u>Total primary government</u>	<u>Percentage of personal income</u>	<u>Per capita</u>
2002	\$ 5,963	1,658	—	701	8,322	6%	\$ 1,881
2003	5,708	1,275	—	657	7,640	5	1,591
2004	5,438	870	—	614	6,922	4	1,445
2005	5,498	443	—	570	6,511	4	1,383
2006	5,176	—	—	526	5,702	3	1,314
2007	4,830	—	—	483	5,313	3	1,313
2008	4,467	—	—	439	4,906	3	1,258
2009	8,558	—	25,000	396	33,954	21%	9,164
2010	7,796	5,000	25,000	352	38,148	*	8,637
2011	6,974	4,815	30,380	309	42,478	*	*

\* Data unavailable or incomplete.

**Table 14****CITY OF UNALASKA, ALASKA**

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts expressed in thousands, except per capital amount)

<b>Fiscal year</b>	<b>General obligation bonds</b>	<b>Percentage of estimated actual taxable value of property</b>	<b>Per capita</b>
2002	\$ 5,963	1.53%	\$ 1,472
2003	5,708	1.41	1,301
2004	5,438	1.56	1,246
2005	5,498	1.52	1,279
2006	5,176	1.35	1,314
2007	4,830	1.15	1,313
2008	4,467	0.93	1,258
2009	8,558	1.76	2,337
2010	7,796	1.68	1,782
2011	6,974	1.34	*

\* Data unavailable or incomplete.

Table 15

CITY OF UNALASKA, ALASKA  
Direct Governmental Activities Debt (1)  
June 30, 2011

<u>Jurisdiction</u>	<u>Outstanding debt</u>	<u>Percentage applicable to City of Unalaska</u>	<u>Amount applicable to City of Unalaska</u>
Direct:			
City of Unalaska	\$ 6,973,683	100%	\$ 6,973,683

(1) Direct debt is long-term debt and does not include long-term liabilities such as internal advances, accrued landfill closure costs, or compensated absences.

Note: There are no overlapping governmental units.

**CITY OF UNALASKA, ALASKA**

Legal Debt Margin Information

June 30, 2011

There is no legal debt margin for municipalities in the State of Alaska.

**Table 17**

**CITY OF UNALASKA, ALASKA**

Pledged-Revenue Coverage

Electric Fund

<b>Fiscal year</b>	<b>Operating revenues</b>	<b>Operating expenses (1)</b>	<b>Income from operations</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage (2)</b>
2009	\$ 11,610,609	10,365,709	1,244,900	—	—	—	*
2010	10,488,583	10,146,531	342,052	—	169,547	169,547	202%
2011	13,100,085	12,331,370	768,715	—	1,003,389	1,003,389	77

(1) Operating expenses exclude depreciation and payments in lieu of tax (PILT).

(2) Rates are required to generate net revenues equal to or greater than 135% times annual debt payments.

\* The revenue bond was issued January 8, 2009 and there were no payments during fiscal year 2009.

**CITY OF UNALASKA, ALASKA**

Demographic Statistics

Last Ten Fiscal Years

<b>Calendar year</b>	<b>Unalaska population (1)</b>	<b>Aleutians west region personal income (amounts expressed in thousands) (2)</b>	<b>Aleutians west region per capita personal income (2)</b>	<b>Unalaska school enrollment (3)</b>	<b>Aleutians west region unemployment (4)</b>
2002	4,051	131,086	24,778	393	6.4%
2003	4,388	144,666	25,096	399	6.3
2004	4,366	145,599	26,279	399	6.4
2005	4,297	150,950	28,120	398	5.7
2006	3,940	156,600	32,103	386	5.6
2007	3,678	155,597	33,318	388	5.6
2008	3,551	166,328	36,127	403	5.6
2009	3,662	156,852	33,668	403	7.3
2010	4,376	*	*	407	6.5
2011	*	*	*	*	*

\* Data unavailable or incomplete.

(1) Source – Alaska Department of Community and Economic Development

(2) Source – U.S. Department of Commerce, Bureau of Economic Analysis: Statistics are kept for the region, not for the City of Unalaska.

(3) Source – Unalaska City School District: Official fall count of calendar year

(4) Source – Alaska Department of Labor: Statistics are kept for the region, not for the City of Unalaska.

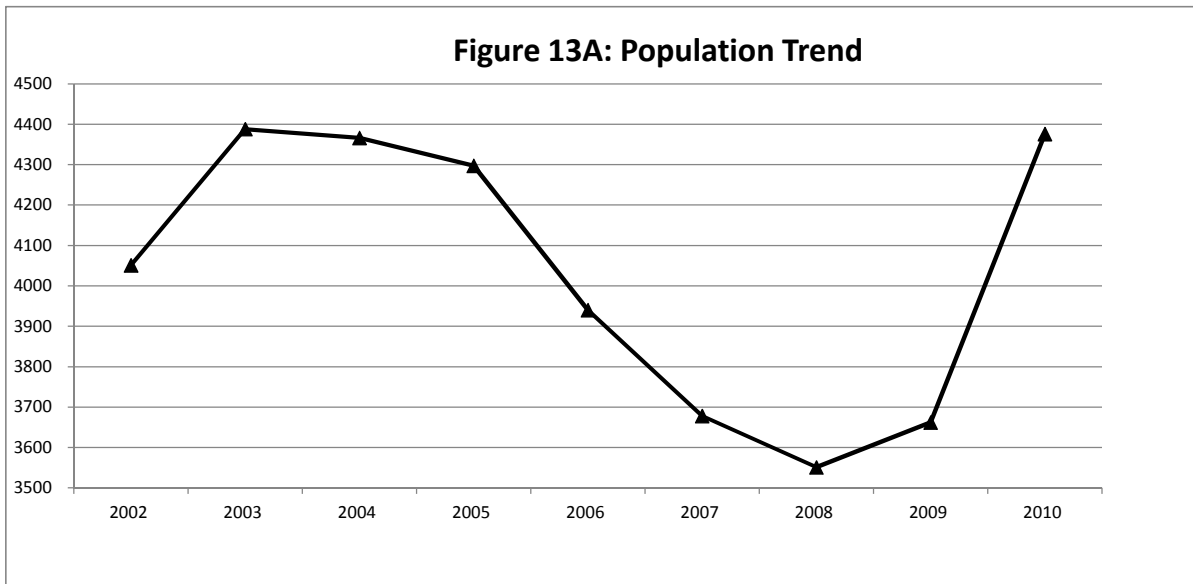


Table 19

CITY OF UNALASKA, ALASKA

Principal Employers

Employer	2011*		2000		Percentage of total city employment
	Range number of employees	Rank	Employees	Rank	
Unisea, Inc.	750 – 999	1	688	1	29%
Westward Seafoods, Inc.	500 – 749	2	349	2	15
Alyeska Seafood, Inc.	250 – 499	3	194	3	8
City of Unalaska	100 – 249	4	162	5	7
Pacific Stevedoring Inc.	50 – 99	5	—	—	—
Unalaska City School	50 – 99	6	61	9	3
American President Lines	50 – 99	7	68	8	3
Safeway, dba Eagle Quality Centers	50 – 99	8	—	—	—
Iliuliuk Family and Health Services	20 – 49	9	—	—	—
Magone Marine Services, Inc.	20 – 49	10	—	—	—
Petro Star, Inc., dba North Pacific Fuel	—	—	182	4	8
Western Pioneer, dba Alaska Ship Supply	—	—	100	6	4
Royal Aleutian Seafood	—	—	89	7	4
Western Power and Equipment	—	—	33	10	1
Total annual average number of employees			<u>2,363</u>		

Source: Alaska Department of Labor, Research and Analysis Section

\* Alaska Department of Labor can no longer give an exact number of employees due to new federal regulations. Therefore, we have included ranges for number of employees.



Table 20

**CITY OF UNALASKA, ALASKA**  
 Full-Time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

Function	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:										
Council	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Manager	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Clerk	3.24	3.24	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	12.50	13.25	13.00	12.25	12.25	12.25	11.50	11.50	11.50	12.50
IS	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public safety:	23.00	23.00	23.00	23.00	23.00	23.00	22.00	22.00	22.00	22.00
Correction	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fire protection	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public works:										
Public works administration	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Streets and roads	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Supply	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Vehicle department	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Building maintenance	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Parks, culture, and recreation:										
Community center	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Libraries	4.38	4.75	4.75	4.75	4.50	4.50	4.50	4.50	4.50	4.50
Community pool	4.13	4.38	4.38	4.38	4.63	4.63	5.50	5.50	5.50	5.50
Public utilities administrator:	2.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric	13.00	13.22	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Water	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Wastewater	3.67	3.67	3.67	3.67	3.67	3.67	3.34	3.34	3.34	3.34
Ports and airport	10.50	10.50	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Solid waste	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33
<b>Total employees</b>	<b>154.96</b>	<b>155.80</b>	<b>155.59</b>	<b>154.84</b>	<b>154.84</b>	<b>154.84</b>	<b>153.63</b>	<b>153.63</b>	<b>153.63</b>	<b>154.63</b>

Table 21

## CITY OF UNALASKA, ALASKA

## Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Custodies	420	453	479	391	395	443	420	337	320	257
Fire:										
Fire response	31	35	30	40	19	22	36	24	37	50
Burn permits	120	101	87	121	117	150	145	159	116	129
Fire safety	63	90	51	42	27	29	45	31	26	41
EMS:										
EMS ambulance Calls	328	289	320	267	320	208	176	191	107	147
Public works:										
Building permits issued	27	24	12	22	32	29	43	28	55	34
Parks, culture, and recreation:										
Community Center admissions	*	*	66,396	73,146	79,340	113,971	84,904	72,532	84,134	72,889
Aquatic center attendance	*	*	*	*	*	*	*	18,500	19,072	14,631
CC & aquatic center volunteer hours	*	4,493	4,810	2,823	4,710	4,303	1,175	2,280	1,334	1,908
Library volunteer hours	*	*	*	*	*	*	*	840	410	733
Library circulation	70,083	86,404	73,546	96,632	107,079	130,823	83,976	197,743	183,497	196,835
Library attendance	*	*	*	*	*	*	*	110,960	115,735	113,439
Electric:										
Power generated MW	28,392	28,313	29,818	31,107	33,185	33,491	31,443	35,705	30,060	37,998
Water:										
Water produced (MG)	1,049	1,111	1,219	1,213	1,161	1,208	1,042	1,093	971	1,090
Daily pumping capacity (MGD)	2	2	2	2	2	4	4	4	—	—
Total daily capacity (MGD)	10	10	10	10	10	5.5-13	5.5-13	13	—	—
Wastewater:										
Average daily treatment (MG)	0.50	0.48	0.48	0.57	0.48	0.53	0.47 #	0.48	0.47	0.56
Solid waste:										
Tons of waste collected	8,152	8,556	8,467	8,671	9,533	8,496	6,702	6,785	6,061	6,442
Cubic yards of waste collected	*	*	*	*	*	*	*	9,234	8,637	8,978
Ports and harbors:										
UMC vessel calls	552	554	564	533	458	437	520	407	334	237
UMC wharfage tons	393,247	225,270	413,869	448,078	444,338	465,491	464,549	286,698	363,038	338,029
Airport:										
Passengers	59,515	57,300	54,499	59,941	58,618	57,654	58,431	53,624	52,613	55,135

\* Data unavailable or incomplete.

Table 22

**CITY OF UNALASKA, ALASKA**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Function	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Response vehicles	8	8	8	8	8	6	6	7	7	7
EMS:										
Ambulances	3	3	3	3	3	2	2	2	2	2
Public works:										
Miles of public roads	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.0
Miles of paved roads	5.8	5.8	5.8	5.8	6.6	6.6	6.6	6.6	6.6	7.0
Street lights	107	107	107	107	107	107	179	179	179	179
Flashing/cautionary lights	9	9	9	9	9	9	9	9	9	9
Number of bridges	7	7	7	7	7	7	7	7	7	7
Parks, culture and recreation:										
Community Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Parks	6	6	6	8	8	8	8	8	8	8
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Electric:										
Number of city owned power plants	1	1	1	1	1	1	1	1	1	1
Number of sub-stations	2	2	2	2	2	2	2	2	2	2
Water:										
Wells	4	4	4	4	4	4	4	4	4	4
Surface water treatment facilities	1	1	1	1	1	1	1	1	1	1
Miles of water lines	23	23	23	23	23	23	23	23	23	23
Number of connections	497	497	497	593	598	555	599	599	599	599
Wastewater:										
Sanitary sewers MH's	340	340	352	352	352	352	353	353	353	353
Miles of sewer lines	16.5	16.5	16.8	16.8	16.8	16.8	16.9	16.9	16.9	17.0
Lift stations	9	9	9	9	9	9	9	9	9	9
Solid waste:										
Landfills	1	1	1	1	1	1	1	1	1	1
Ports and harbors:										
Dock facilities – lineal feet of docking:										
Unalaska Marine Center (UMC)	1,140	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051
Spit Dock facility	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975	1,975
Light Cargo Dock	340	340	340	340	340	340	340	340	340	340
Small Boat Harbor	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232