CITY OF UNALASKA, ALASKA

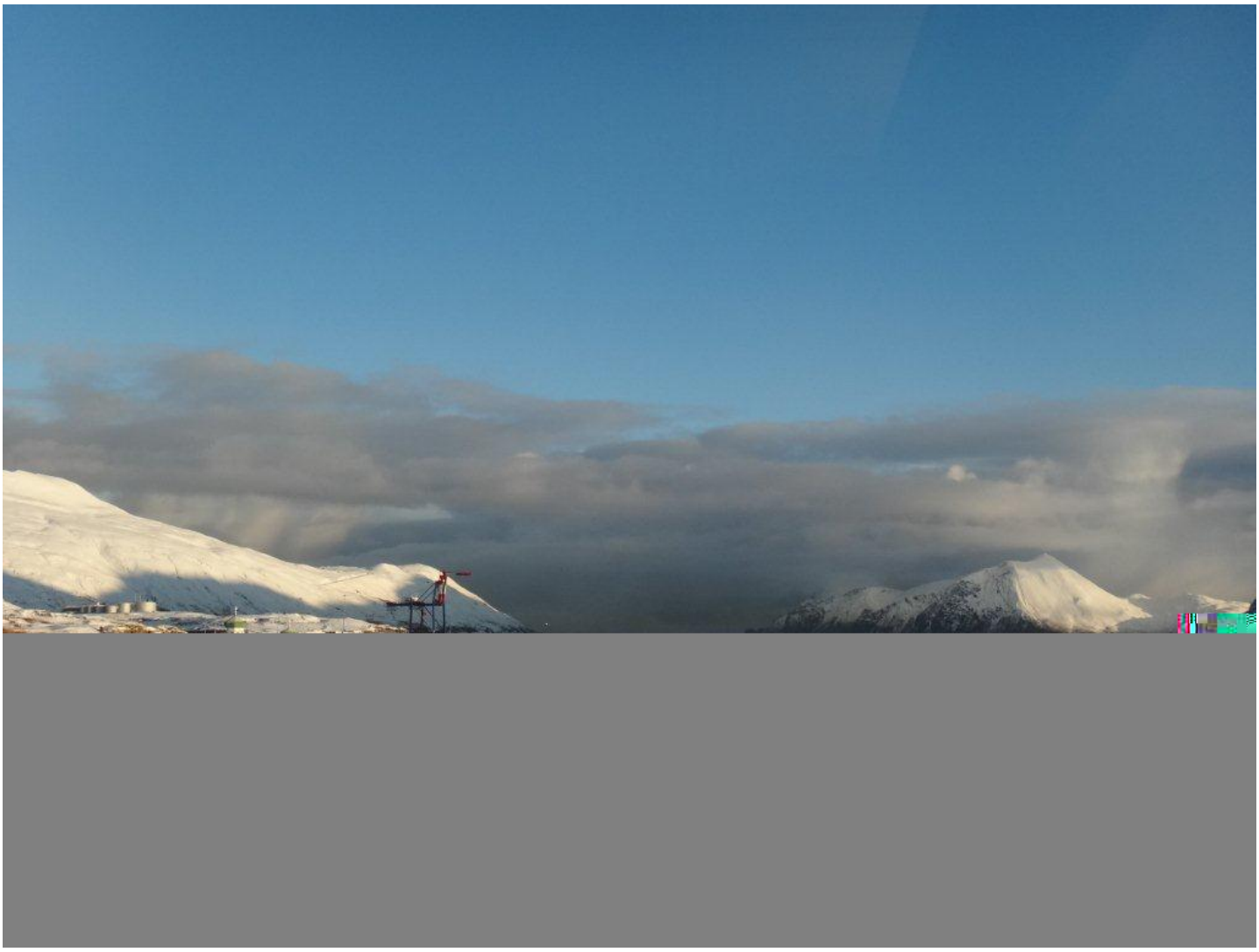
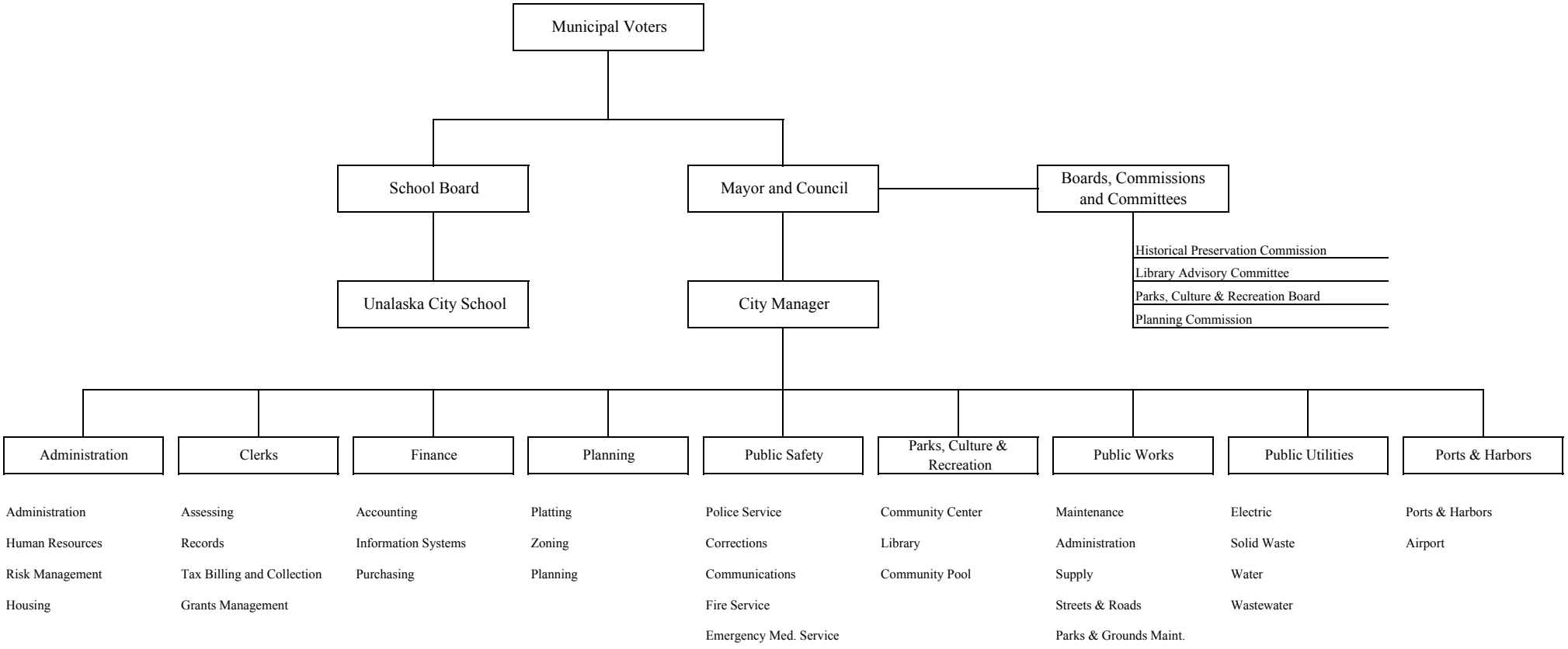


Photo by: Tim Khrapunov

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

City of Unalaska
Organizational Chart



PRINCIPAL EXECUTIVE OFFICERS

September 15, 2012

Unalaska City Council	
Mayor	Shirley Marquardt
Council Member	Zoya Johnson
Council Member	Zac Schasteen
Council Member	Dave Gregory
Council Member	Roger Rowland
Council Member	Dennis Robinson
Council Member	Tom Enlow
City Management	
City Manager	Chris Hladick
Assistant City Manager	John Fulton
City Clerk	Elizabeth Masoni
Finance Director	Tonya Miller
Parks, Culture, and Recreation Director	Jeff Hawley
Planning Director	Erin Reinders
Ports and Harbors Director	Peggy McLaughlin
Public Safety Director	Jamie Sunderland
Public Works Director	Nancy Peterson
Public Utilities Director	Dan Winters
Special Services	
Attorney	Hicks, Boyd, Chandler & Falconer
Auditors	KPMG LLP
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	Jim Wilson
Elementary Principal	Jeannie Schiaffo
Business Manager	Holly Holman

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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, 2012, 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 auditors.

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 as well as the budgetary comparisons for the General Fund and 1% sales special revenue fund of the City of Unalaska, Alaska, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2013 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

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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.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

KPMG LLP

January 17, 2013

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, 2012. 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 – v 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 $319,863,866 (*net assets*).
- The government's total net assets increased by $19,886,324, or 6.7%.
- As of the close of the current fiscal year, the City of Unalaska's governmental funds reported combined ending fund balances of $57,771,789, which is a decrease of $6,320,861 from the prior year. Most of this total amount, $42,980,558, is either committed or assigned for projects identified in the City's Capital and Major Maintenance Plan (CMMP). The main reason for this decrease in fund balance is due to the use of fund balance for major capital projects in the Solid Waste Fund and the initial expenses in the Wastewater Fund for a new Wastewater Treatment Plant.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $12,508,617, or 59% of total General Fund expenditures.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. 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 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 14 – 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 and 1% Sales Tax Special Revenue Fund, both of which are considered major funds. Data from the other six 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 56 and 57.

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.

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, 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 – 55 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 $319,863,866 at the close of the most recent fiscal year.

Approximately 65.5% 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

	Governmental activities		Business-type activities		Total*	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 138,435,516	123,169,901	55,620,762	48,042,097	194,056,278	171,211,998
Capital assets	90,446,870	92,512,986	159,979,269	145,619,394	250,426,139	238,132,380
Total assets	$ 228,882,386	215,682,887	215,600,031	193,661,491	444,482,417	409,344,378
Long-term liabilities	$ 7,218,356	8,042,400	39,924,492	42,229,844	47,142,848	50,272,244
Other liabilities	71,892,892	51,995,660	5,582,811	7,098,932	77,475,703	59,094,592
Total liabilities	$ 79,111,248	60,038,060	45,507,303	49,328,776	124,618,551	109,366,836
Net assets:						
Invested in capital assets, net of related debt	$ 84,763,100	85,914,165	125,055,086	114,908,898	209,818,186	200,823,063
Unrestricted	65,008,038	69,730,662	45,037,642	29,423,817	110,045,680	99,154,479
Total net assets	$ 149,771,138	155,644,827	170,092,728	144,332,715	319,863,866	299,977,542

* To facilitate ease of presentation, the total columns do not include the elimination of $71,914,191 of internal balances.

The balance of unrestricted net assets, $110,045,680, 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.

(Continued)

Table 2

City of Unalaska's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 218,236	249,873	29,979,860	23,783,598	30,198,096	24,033,471
Operating grants and contributions	1,620,078	1,603,614	994,862	1,421,015	2,614,940	3,024,629
Capital grants and contributions	21,023	759,054	4,544,648	6,608,120	4,565,671	7,367,174
General revenues:						
Property taxes	4,749,706	4,629,941	—	—	4,749,706	4,629,941
General sales tax	13,960,079	10,755,100	—	—	13,960,079	10,755,100
Raw seafood tax	5,260,999	5,371,768	—	—	5,260,999	5,371,768
Fisheries tax	9,323,933	7,378,514	—	—	9,323,933	7,378,514
Investment earnings	1,067,295	1,602,608	—	—	1,067,295	1,602,608
Other	1,930,824	1,889,476	—	1,974,105	1,930,824	3,863,581
Total revenues	38,152,173	34,239,948	35,519,370	33,786,838	73,671,543	68,026,786
Expenses:						
General government	4,123,313	4,190,488	—	—	4,123,313	4,190,488
Public safety	4,268,613	4,476,477	—	—	4,268,613	4,476,477
Public works	6,746,102	6,368,549	—	—	6,746,102	6,368,549
Parks, culture, and recreation	3,208,371	3,146,192	—	—	3,208,371	3,146,192
Community support	931,803	919,774	—	—	931,803	919,774
Education	4,736,055	4,534,873	—	—	4,736,055	4,534,873
Interest on long-term debt	431,243	265,350	—	—	431,243	265,350
Electric	—	—	16,764,882	13,752,529	16,764,882	13,752,529
Water	—	—	2,248,290	2,227,524	2,248,290	2,227,524
Wastewater	—	—	2,302,410	1,748,164	2,302,410	1,748,164
Solid waste	—	—	2,093,139	1,986,323	2,093,139	1,986,323
Ports and harbors	—	—	4,407,784	4,420,389	4,407,784	4,420,389
Airport	—	—	787,183	776,673	787,183	776,673
Housing	—	—	736,031	355,464	736,031	355,464
Total expenses	24,445,500	23,901,703	29,339,719	25,267,066	53,785,219	49,168,769
Increase in net assets before transfers	13,706,673	10,338,245	6,179,651	8,519,772	19,886,324	18,858,017
Transfers	(19,580,362)	5,458,903	19,580,362	(5,458,903)	—	—
Increase (decrease) in net assets	(5,873,689)	15,797,148	25,760,013	3,060,869	19,886,324	18,858,017
Net assets. beginning of year	155,644,827	139,847,679	144,332,715	141,271,846	299,977,542	281,119,525
Net assets, end of year	$ 149,771,138	155,644,827	170,092,728	144,332,715	319,863,866	299,977,542

The government's net assets increased by $19,886,324 during the current fiscal year. Revenues overall were up 8.7%. The largest area of increase was in general sales tax in governmental activities ($3.2 million) and in charges for services in business-type activities ($6.2 million). The increase in sales tax in governmental activities is largely due to the increase in price of fuel as sales tax is collected on fuel (including marine fuel) and the business-type activities increase is mainly due to increased revenue because of the rise in the cost of fuel.

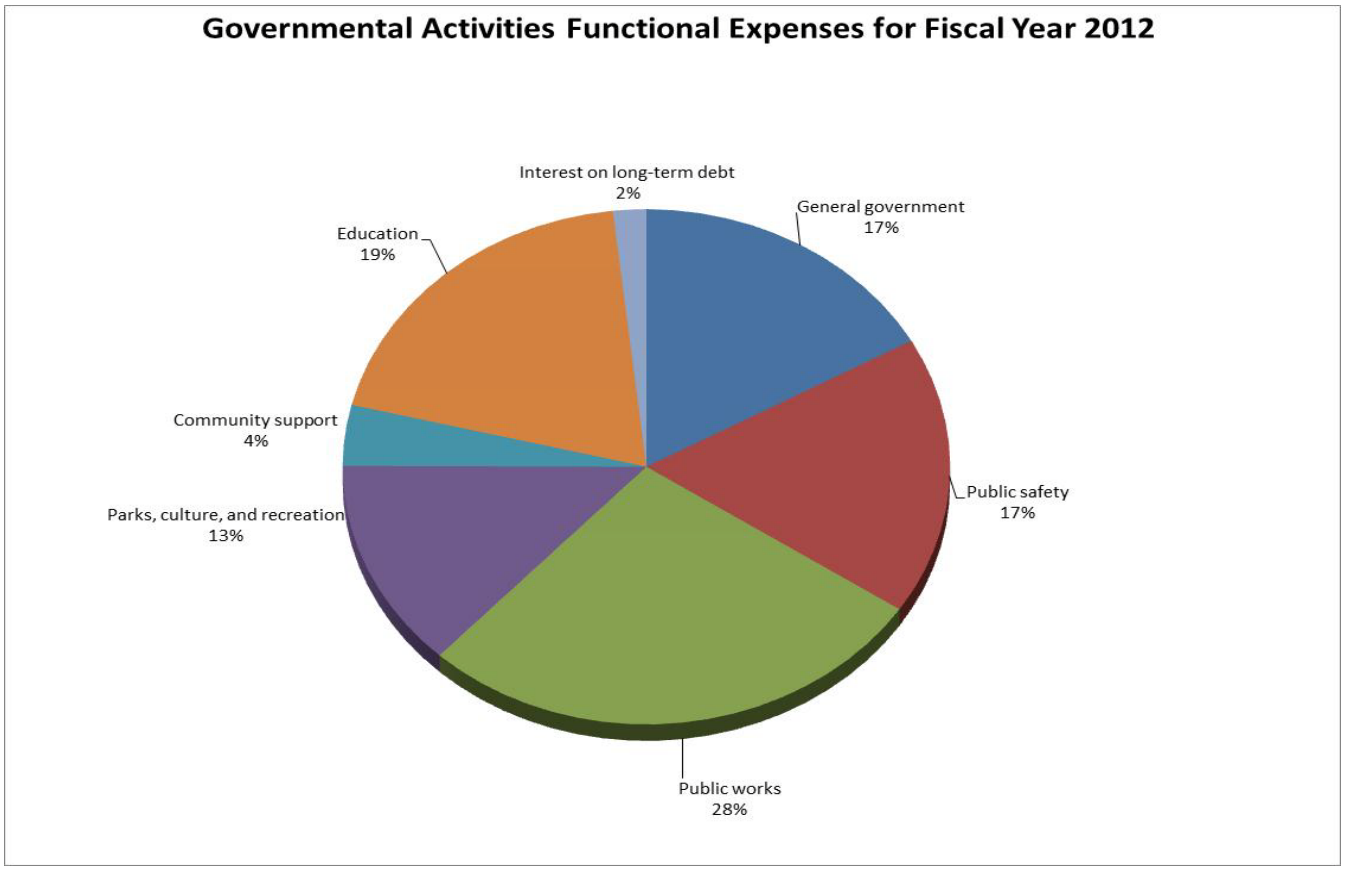
(Continued)

Total expenses were just over $4.6 million more than last year. This increase can also be attributed to an increase in the price of fuel as most of this increase ($3 million) is an increase in fuel at the powerhouse. There were slight increases in all of the other governmental functions except general government and public safety, which both had moderate decreases. The other significant increases in expenses are in the Wastewater Fund, an increase of $554,246, which is largely for legal fees associated with the environmental remediation lawsuit with the Department of Justice, and in the housing fund for an increase of $380,567, which includes expenses related to environmental remediation. The Electric Fund had a significant increase ($3 million) due mostly to the increased price of fuel. There were modest increases in all of the other enterprise funds except the ports and harbors fund, which had a slight decrease.

Governmental Activities

Governmental activities decreased the City of Unalaska's net assets by $5,873,689 million, which is due mainly to funds that were classified as committed being transferred out to capital projects in the enterprise funds. The major expenditures/expenses for capital projects are explained below.

In total, revenues for governmental activities increased 11.4%, which is due to an increase in the price of fuel, which was quite evident in the sales tax revenue.



Business-Type Activities

Business-type activities increased the City of Unalaska's net assets by $25,760,013 (table 2); this significant increase is due to large transfers in from the General Fund, which total just over $19 million for three major capital projects (Water Treatment Plant, Wastewater Treatment Plant, and Landfill (addition of new cells and a road realignment). Key elements of the increase are in transfers that are discussed in detail in the notes to the financial statements (pp. 43-44).

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 $57,771,789, which is a decrease of $6,320,861 from the prior year. Approximately 96% of this total amount, $55,489,175, 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 $32,998,709, while total fund balance reached $35,281,323. 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 155% of total General Fund expenditures, while total fund balance represents 165% of that same amount.

The fund balance of the City of Unalaska's General Fund decreased by $12,401,453 during this fiscal year. This decrease is due to major transfers to enterprise fund capital projects in fiscal year 2012. The decrease would have been more but budgeted expenditures were $2.2 million more than actual expenditures and budgeted revenues were $1.6 million less than actual revenue; these two combined resulted in $3.8 million being added to the fund balance.

The fund balance of the City of Unalaska's 1% Sales Tax Fund decreased by $1,667,137. This fund is for capital projects only, and the city was intentionally building a balance for projects in the future. Last 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. This year, 1/10 of the amount (1/10 equals of $1.2 million) was transferred again and there were significant transfers for Ballyhoo Road Improvements as well as many drainage projects. All of the transfers can be seen in the notes to the financial statements.

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 $44,868,315. The business-type net assets increased $25,760,013 – most of which is due to transfers from governmental funds for capital projects in the Solid Waste Fund (additional landfill cells, a road realignment, and a leachate tank) and the Wastewater Fund (Treatment Plant).

General Fund Budgetary Highlights

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

- The final budget for revenues in the General Fund was slightly higher ($37,873) than the original budget mainly because of a few small public safety grants.
- The final budget for expenditures and transfers was significantly more than the original budget. The major reasons for the increases are as follows:
    - $12,675 was added to the FY12 budget for public safety expenditures. This money was received but not spent in FY11 so the money was budgeted to be spent in FY12. During FY12, Public Safety successfully submitted for and received $14,343 from Local Emergency Planning Committee funds and $18,000 from the State of Alaska's Department of Correction Local Community Jails Program (Capital Projects) for a new live scan fingerprint capture system.
    - Similarly, the library received a $15,000 grant from the Rasmuson Foundation in FY11 but did not spend the entire amount. Therefore, the remaining $5,283 was budgeted to be spent in FY12.
    - The finance department's budget increased by $24,000. $19,000 of this increase was for additional audit work for more major programs than previously that had to be included in the single audits, and $5,000 was for moving expenses for a new senior accountant.
    - The facilities maintenance department had a budget increase of $32,000 for the purchase and installation of a new generator for public safety and for the purchase and installation of new door locks for public safety.
    - In FY12 the following transfers out to other funds were added to the budget:
        - $15,000 was budgeted and transferred to the housing fund for the cleanup of a heating fuel discharge at the Lear Road Duplexes.
        - $45,000 was budgeted and transferred to the housing fund for renovations to the 4-plex units.
        - $60,000 was budgeted and transferred to the Solid Waste Fund for a contract to have someone remove junk cars and scrap metal from our landfill.
        - $1,500,000 was budgeted and transferred to the Solid Waste Fund for the road realignment at the landfill. City council classified this amount as committed in the General Fund in fiscal year 2009.

- $3,000,000 was budgeted and transferred to the Solid Waste Fund for the construction of a leachate tank. City council also classified this amount as committed in the General Fund in fiscal year 2009. An additional $4,288,165 was budgeted and transferred in FY12 for the leachate flow-leveling tank project.
- $215,000 was budgeted and transferred to the wastewater utility fund for legal fees and professional services fees associated with an environmental remediation law suit that the U.S. Department of Justice filed against the city regarding the wastewater treatment plant.
- $6,100,000 was budgeted and transferred to the wastewater utility fund for design and construction of a new wastewater treatment plant. City council classified this amount as committed in the General Fund in fiscal year 2009.
- $3,600,000 was budgeted and transferred to the street paving capital projects fund for the pavement resurfacing project. City council also classified part of this amount as committed in the General Fund in fiscal year 2006 and more in fiscal year 2009.
- $415,000 was budgeted and transferred to the road and utility betterments projects in the street paving and Electric Funds.

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, 2012 amounts to $250,426,409 (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 $12 million.

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

- Sediment Separators $298,542 in funds were used in FY12.
- Public Works purchased an Asphalt Re-Claimer in FY12 for $174,000.
- Public Works Started the Pavement Resurfacing project in FY12 using $183,549 in funds.
- Work on the new Power Plant continued this year. Construction costs for FY12 were $325,436.
- Construction for a third engine at the New Power Plant continued this year with $5,046,271 being spent in FY12.
- The Ballyhoo Road Drainage project for the Electric Fund cost $584,701 in FY12.
- A New Water Treatment Plant project was started in FY09. The costs for FY12 were $103,774.
- Replacement of the CT Tank Ladder started in FY12 with advertising for the project costs were $239.04.

- The Wastewater Treatment Plant Improvements analysis continued this year with a total of $794,626 being spent in FY12.
- The Leachate Flow Leveling project that was started in FY09 used $635,643 in Engineering and Design costs for FY12.
- Work began in FY11 for the design for Landfill Cell 2-1 with costs of $150,634 for FY12.
- The Mooring Buoy project started in FY12 with a cost of $316,454.
- A Fender System repair project for positions 4-7 at the UMC Dock was started in FY11 with $803,707 being spent in FY12.
- The Carl E. Moses Small Boat Harbor at Little South America continued construction with a total of $7,464,390 spent on the Inner Harbor construction in FY12.
- In FY11, the City started construction on a New 8-Plex for employee housing costs in FY12 totaled $2,414,369.

Table 3

City of Unalaska Capital Assets
(Net of Accumulated Depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 31,147,603	29,289,603	3,309,476	3,309,476	34,457,079	32,599,079
Buildings	28,749,913	30,065,473	48,484,355	9,757,880	77,234,268	39,823,353
Infrastructure	15,549,888	11,168,291	77,660,869	45,726,780	93,210,757	56,895,071
Machinery and equipment	2,345,819	2,845,849	8,634,186	1,032,435	10,980,005	3,878,284
Construction in progress	12,653,917	19,143,770	21,890,383	85,792,823	34,544,300	104,936,593
Total capital assets	$ 90,447,140	92,512,986	159,979,269	145,619,394	250,426,409	238,132,380

Additional information on the City of Unalaska's capital assets can be found in note 3(c) on pages 40 – 42 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Unalaska had total debt outstanding of $40,600,282 (table 4). Of this amount, $10,775,000 comprises debt backed by the full faith and credit of the government.

Table 4

City of Unalaska Debt

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$ 6,140,000	6,973,601	4,635,000	4,815,000	10,775,000	11,788,601
Revenue bonds	—	—	29,560,000	30,380,000	29,560,000	30,380,000
Other contracts and loans	—	—	265,282	308,743	265,282	308,743
Total Long-Term Debt	$ 6,140,000	6,973,601	34,460,282	35,503,743	40,600,282	42,477,344

(Continued)

The City of Unalaska's total debt decreased by $1,877,062 (4.4%) during the current fiscal year. No additional debt was acquired in FY 2012.

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 45 – 50 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 7.3% for calendar year 2011, which is an increase from a rate of 6.5% in calendar year 2010. 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.

Higher oil prices have positively impacted our sales tax through marine fuel. Marine fuel sales generate approximately 40% of the City's sales tax. Total sales tax is 39% of governmental activities revenue.

The City council authorized increases in the wastewater rates of 15% for fiscal year 2012, an increase of 6% for FY 2013 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. With the new powerhouse and plans for a new water treatment facility, wastewater treatment plant, and a new cell, and leachate tank at the landfill rate studies will extend beyond the three-year period but the total costs will be included when the rate studies are conducted.

A landfill rate study was completed by Bristol Environmental and Engineering Services in June 2008. Landfill rates were adjusted by 11.5% for FY12.

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.

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, Alaska 99685.

CITY OF UNALASKA, ALASKA

Statement of Net Assets

June 30, 2012

	Primary government				Component unit
	Governmental activities	Business-type activities	Eliminations	Total	Unalaska City School District
Assets:					
Cash and cash equivalents	$ 1,831,511	150	—	1,831,661	2,121,187
Temporary investments	20,541,009	—	—	20,541,009	—
Receivables:					
Interest	314,236	—	—	314,236	—
Taxes	2,658,686	—	—	2,658,686	—
Accounts, net of allowance for uncollectible amounts of $40,000	6,671	2,462,845	—	2,469,516	76,387
Special assessments	5,644	68,480	—	74,124	—
Intergovernmental	8,839,698	1,410,215	—	10,249,913	—
Internal balances	24,144,067	47,770,124	(71,914,191)	—	—
Inventories	466,690	1,213,832	—	1,680,522	26,143
Prepaid items	92,390	1,075	—	93,465	117,297
Deferred charges	—	321,824	—	321,824	—
Restricted assets:					
Cash for health insurance	—	—	—	—	344,236
Cash held by fiscal agent	—	2,372,217	—	2,372,217	—
Temporary investments	427,575	—	—	427,575	—
Long-term investments	79,107,069	—	—	79,107,069	—
Capital assets:					
Not being depreciated	43,801,520	25,199,859	—	69,001,379	42,500
Depreciated, net	46,645,620	134,779,410	—	181,425,030	282,322
Total	228,882,386	215,600,031	(71,914,191)	372,568,226	3,010,072
Liabilities and net assets:					
Liabilities:					
Accounts payable	1,020,301	2,451,921	—	3,472,222	91,360
Accounts payable – intergovernmental	—	112,876	—	112,876	—
Retainage payable	44,757	169,327	—	214,084	—
Accrued payroll and payroll liabilities	537,749	311,619	—	849,368	766,003
Accrued interest payable	98,317	448,952	—	547,269	—
Deposit payable	1,110	355,697	—	356,807	10,150
Unearned revenue	—	—	—	—	2,781
Internal balances	70,190,658	140,000	(70,330,658)	—	—
Due to:					
Student groups	—	—	—	—	90,307
Noncurrent liabilities:					
Internal balances	—	1,583,533	(1,583,533)	—	—
Long-term debt due within one year	2,021,981	1,592,419	—	3,614,400	—
Long-term debt due in more than one year	5,196,375	38,340,959	—	43,537,334	—
Total liabilities	79,111,248	45,507,303	(71,914,191)	52,704,360	960,601
Net assets:					
Invested in capital assets, net of related debt	84,763,100	125,055,086	—	209,818,186	560,426
Unrestricted	65,008,038	45,037,642	—	110,045,680	1,489,045
Net assets	149,771,138	170,092,728	—	319,863,866	2,049,471

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Statement of Activities

Year ended June 30, 2012

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions
Primary government:				
Governmental activities:				
Current:				
General government	$ 4,123,313	9,369	—	—
Public safety	4,268,613	7,765	723,416	—
Public works	6,746,102	—	31,181	21,023
Parks, culture, and recreation	3,208,371	201,102	32,163	—
Community support	931,803	—	—	—
Education	4,736,055	—	—	—
Interest on long-term debt	431,243	—	833,318	—
Total governmental activities	24,445,500	218,236	1,620,078	21,023
Business-type activities:				
Electric	16,764,882	18,295,210	231,403	191,286
Water	2,248,290	2,214,578	60,830	17,428
Ports and harbors	4,407,784	5,458,748	511,888	317,144
Solid waste	2,093,139	1,555,306	122,198	390,032
Wastewater	2,302,410	1,815,346	50,379	524,718
Airport	787,183	456,991	8,435	—
Housing	736,031	183,681	9,729	3,104,040
Total business-type activities	29,339,719	29,979,860	994,862	4,544,648
Total primary government	$ 53,785,219	30,198,096	2,614,940	4,565,671
Component unit:				
Unalaska City School District	$ 9,926,804	304,864	2,737,119	21,946
General revenues:				
Property taxes				
Personal property taxes				
General sales tax				
Raw seafood sales tax				
Fisheries tax				
Payment in lieu of taxes				
Grants not restricted to specific programs				
Loss on disposal of capital assets				
Investment earnings				
Support from City of Unalaska				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

See accompanying notes to financial statements.

	Net (expense) revenue and changes in net assets			
	Primary government			Component Unit Unalaska City School District
	Governmental activities	Business-type activities	Total	
$	(4,113,944)	—	(4,113,944)	—
	(3,537,432)	—	(3,537,432)	—
	(6,693,898)	—	(6,693,898)	—
	(2,975,106)	—	(2,975,106)	—
	(931,803)	—	(931,803)	—
	(4,736,055)	—	(4,736,055)	—
	402,075	—	402,075	—
	(22,586,163)	—	(22,586,163)	—
	—	1,953,017	1,953,017	—
	—	44,546	44,546	—
	—	1,879,996	1,879,996	—
	—	(25,603)	(25,603)	—
	—	88,033	88,033	—
	—	(321,757)	(321,757)	—
	—	2,561,419	2,561,419	—
	—	6,179,651	6,179,651	—
	(22,586,163)	6,179,651	(16,406,512)	—
				(6,862,875)
	3,388,630	—	3,388,630	—
	1,361,076	—	1,361,076	—
	13,960,079	—	13,960,079	—
	5,260,999	—	5,260,999	—
	9,323,933	—	9,323,933	—
	632,646	—	632,646	—
	1,232,079	—	1,232,079	4,095,348
	—	—	—	—
	1,067,295	—	1,067,295	3,404
	—	—	—	3,054,589
	66,099	—	66,099	124,246
	(19,580,362)	19,580,362	—	—
	16,712,474	19,580,362	36,292,836	7,277,587
	(5,873,689)	25,760,013	19,886,324	414,712
	155,644,827	144,332,715	299,977,542	1,634,759
$	149,771,138	170,092,728	319,863,866	2,049,471

CITY OF UNALASKA, ALASKA

Governmental Funds

Balance Sheet

June 30, 2012

Assets	General Fund	1% Sales Tax Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 1,831,511	—	—	1,831,511
Temporary investments	20,541,009	—	—	20,541,009
Receivables, net:				
General	6,671	—	—	6,671
Interest	314,236	—	—	314,236
Taxes	1,979,617	666,835	12,234	2,658,686
Special assessments	5,644	—	—	5,644
Intergovernmental	8,818,675	—	21,023	8,839,698
Due from other funds	—	3,215,124	19,205,410	22,420,534
Inventories	466,690	—	—	466,690
Prepaid items	92,390	—	—	92,390
Restricted assets:				
Temporary investments	427,575	—	—	427,575
Advances to other funds	1,723,533	—	—	1,723,533
Long-term investments	79,107,069	—	—	79,107,069
Total assets	$ 115,314,620	3,881,959	19,238,667	138,435,246
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 437,666	70,175	512,460	1,020,301
Retainage payable	—	—	44,757	44,757
Accrued payroll liabilities	537,481	—	268	537,749
Customer deposits	1,110	—	—	1,110
Due to other funds	70,190,658	—	—	70,190,658
Unearned revenues	8,866,382	2,500	—	8,868,882
Total liabilities	80,033,297	72,675	557,485	80,663,457
Fund balances:				
Nonspendable:				
Inventories	466,691	—	—	466,691
Prepaid items	92,390	—	—	92,390
Advances to other funds	1,723,533	—	—	1,723,533
Committed:				
Emergency operations	13,000,000	—	—	13,000,000
Compensated absences	1,000,000	—	—	1,000,000
Capital projects	6,300,000	3,000,000	—	9,300,000
Assigned	190,092	809,284	18,681,182	19,680,558
Unassigned	12,508,617	—	—	12,508,617
Total fund balances	35,281,323	3,809,284	18,681,182	57,771,789
Total liabilities and fund balances	$ 115,314,620	3,881,959	19,238,667	138,435,246

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

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

June 30, 2012

Amounts reported as fund balances on the governmental funds balance sheet	$	57,771,789
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		90,447,140
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds:		
Shared fisheries business tax		3,968,378
Shared fisheries resource landing tax		4,500,000
Real property		89,628
Personal property		26,937
Sales taxes		7,500
Special assessments		5,644
School debt reimbursement due from the State		270,795
		8,868,882
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		(98,317)
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		(6,140,000)
Premium on general obligation bonds		(46,142)
Compensated absences		(1,032,214)
		(7,218,356)
Net assets of governmental activities	$	149,771,138

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, 2012

	General Fund	1% Sales Tax Special Revenue Fund	Other governmental funds	Total governmental funds
Revenues:				
Taxes:				
General sales	$ 9,193,256	4,597,103	169,720	13,960,079
Seafood sales	5,260,999	—	—	5,260,999
Real property	3,363,872	—	—	3,363,872
Personal property	1,366,817	—	—	1,366,817
Other	66,099	—	—	66,099
Intergovernmental:				
Fisheries business tax	4,143,777	—	—	4,143,777
Fisheries resource landing tax	3,469,263	—	—	3,469,263
Payments in lieu of taxes	632,646	—	—	632,646
Corrections contract	731,181	—	—	731,181
Debt reimbursement	833,318	—	—	833,318
Other	1,295,423	—	21,023	1,316,446
Charges for services	210,471	—	—	210,471
Investment income	1,067,295	—	—	1,067,295
Total revenues	31,634,417	4,597,103	190,743	36,422,263
Expenditures:				
Current:				
General government	3,916,674	—	—	3,916,674
Public safety	4,030,551	—	—	4,030,551
Public works	5,131,731	—	—	5,131,731
Parks, culture, and recreation	2,232,849	—	—	2,232,849
Community support	782,123	—	149,680	931,803
Education	4,024,455	—	—	4,024,455
Debt service:				
Principal	833,601	—	—	833,601
Interest	396,899	—	—	396,899
Capital projects	—	—	1,664,199	1,664,199
Total expenditures	21,348,883	—	1,813,879	23,162,762
Excess revenues over expenditures	10,285,534	4,597,103	(1,623,136)	13,259,501
Other financing sources (uses):				
Transfers in	1,201,498	53,760	14,425,400	15,680,658
Transfers out	(23,888,485)	(6,318,000)	(5,054,535)	(35,261,020)
Net other financing sources (uses)	(22,686,987)	(6,264,240)	9,370,865	(19,580,362)
Net change in fund balances	(12,401,453)	(1,667,137)	7,747,729	(6,320,861)
Fund balances, beginning of year	47,682,776	5,476,421	10,933,453	64,092,650
Fund balances, end of year	$ 35,281,323	3,809,284	18,681,182	57,771,789

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, 2012

Net change in fund balance – total governmental funds	$	(6,320,861)
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		1,664,199
Depreciation expense		(3,730,045)
		(2,065,846)
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		188,378
Shared fisheries resource landing tax		1,522,515
Real and personal property tax		19,017
		1,729,910
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. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Principal repayments		833,601
Change in compensated absences		(16,149)
Amortization of deferred amounts		6,592
		824,044
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		(40,936)
Change in net assets of governmental activities	$	(5,873,689)

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, 2012

	Original budget	Final budget	Actual amount	Variance with final budget positive (negative)
Revenues:				
Taxes:				
General sales	$ 6,100,000	6,100,000	9,193,256	3,093,256
Seafood sales	4,500,000	4,500,000	5,260,999	760,999
Real property	3,400,000	3,400,000	3,363,872	(36,128)
Personal property	1,370,000	1,370,000	1,366,817	(3,183)
Other	50,000	50,000	66,099	16,099
Intergovernmental:				
Fisheries business tax	3,900,000	3,900,000	4,143,777	243,777
Fisheries resource landing tax	5,500,000	5,500,000	3,469,263	(2,030,737)
Payments in lieu of taxes	640,000	640,000	632,646	(7,354)
Corrections contract	481,355	481,355	731,181	249,826
Debt reimbursement	850,000	850,000	833,318	(16,682)
Other	966,272	1,003,245	1,295,423	292,178
Charges for services	296,000	296,900	210,471	(86,429)
Investment income	1,800,000	1,800,000	1,067,295	(732,705)
Other revenues	112,200	112,200	—	(112,200)
Total revenues	29,965,827	30,003,700	31,634,417	1,630,717
Expenditures:				
Current:				
General government	4,504,257	4,579,558	3,916,674	662,884
Public safety	4,867,002	4,931,319	4,030,551	900,768
Public works	5,327,521	5,468,036	5,131,731	336,305
Parks, culture, and recreation	2,530,752	2,567,490	2,232,849	334,641
Community support	782,123	782,123	782,123	—
Education	4,024,461	4,024,461	4,024,455	6
Debt service:				
Principal	823,043	823,043	833,601	(10,558)
Interest	327,565	327,565	396,899	(69,334)
Total expenditures	23,186,724	23,503,595	21,348,883	2,154,712
Excess of revenues over expenditures	6,779,103	6,500,105	10,285,534	3,785,429
Other financing sources (uses):				
Proceeds from the sale of assets	100,000	100,000	—	(100,000)
Transfers in	—	—	1,201,498	1,201,498
Transfers out	(6,217,564)	(26,572,383)	(23,888,485)	2,683,898
Net other financing uses	(6,117,564)	(26,472,383)	(22,686,987)	3,785,396
Excess of revenues and other financing sources over expenditures and other financing uses	$ 661,539	(19,972,278)	(12,401,453)	7,570,825
Fund balances, beginning of year			47,682,776	
Fund balances, end of year			$ 35,281,323	

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, 2012

	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
General sales	$ 3,050,000	3,050,000	4,597,103	1,547,103
Total revenues	3,050,000	3,050,000	4,597,103	1,547,103
Expenditures	—	—	—	—
Excess of revenues over expenditures	3,050,000	3,050,000	4,597,103	1,547,103
Other financing sources (uses):				
Transfers in	—	—	53,760	53,760
Transfers out	(6,318,000)	(6,318,000)	(6,318,000)	—
Net change in fund balance	$ (3,268,000)	(3,268,000)	(1,667,137)	1,600,863
Fund balances, beginning of year			5,476,421	
Fund balances, end of year			$ 3,809,284	

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Net Assets

June 30, 2012

Assets	Electric	Water	Ports and Harbors	Solid Waste	Other Proprietary Funds	Total
Current assets:						
Cash and cash equivalents	$ —	—	150	—	—	150
Accounts receivables (net of allowance for uncollectibles)	1,416,989	167,651	473,224	124,989	279,992	2,462,845
Assessments receivable	—	11,307	—	—	57,173	68,480
Accounts receivable – Intergovernmental	362,960	—	439,009	—	608,246	1,410,215
Due from General Fund	287,669	6,619,861	12,701,796	16,556,586	11,604,212	47,770,124
Prepaids	—	—	1,075	—	—	1,075
Inventories	702,816	362,295	—	52,029	96,692	1,213,832
Deferred charges	267,636	—	54,188	—	—	321,824
Total current assets	3,038,070	7,161,114	13,669,442	16,733,604	12,646,315	53,248,545
Noncurrent assets:						
Restricted assets:						
Cash held by fiscal agent	2,372,217	—	—	—	—	2,372,217
Capital assets, net	56,892,179	13,007,344	61,888,187	9,800,461	18,391,098	159,979,269
Total noncurrent assets	59,264,396	13,007,344	61,888,187	9,800,461	18,391,098	162,351,486
Total assets	62,302,466	20,168,458	75,557,629	26,534,065	31,037,413	215,600,031
Liabilities						
Current liabilities:						
Accounts payable	746,322	50,681	530,567	398,223	726,128	2,451,921
Accounts payable – intergovernmental	—	—	—	112,876	—	112,876
Retainage payable	58,470	—	74,400	32,482	3,975	169,327
Accrued payroll and payroll liabilities	247,491	99,147	107,544	94,470	108,930	657,582
Accrued interest	384,648	—	61,462	—	2,842	448,952
Bonds and loans payable	854,682	—	190,502	—	43,461	1,088,645
Advances from General Fund	140,000	—	—	—	—	140,000
Customer deposits	269,302	24,676	250	9,380	52,089	355,697
Accrued landfill closure and post closure costs	—	—	—	157,811	—	157,811
Total current liabilities	2,700,915	174,504	964,725	805,242	937,425	5,582,811
Noncurrent liabilities:						
Bonds and loans payable	28,895,347	—	4,549,043	—	221,821	33,666,211
Advances from General Fund	1,540,000	—	—	—	43,533	1,583,533
Accrued landfill closure and post closure costs	—	—	—	4,674,748	—	4,674,748
Total noncurrent liabilities	30,435,347	—	4,549,043	4,674,748	265,354	39,924,492
Total liabilities	33,136,262	174,504	5,513,768	5,479,990	1,202,779	45,507,303
Net Assets						
Invested in capital assets, net of related debt	27,142,150	13,007,344	57,148,642	9,800,461	18,125,816	125,224,413
Unrestricted	2,024,054	6,986,610	12,895,219	11,253,614	11,708,818	44,868,315
Total net assets	$ 29,166,204	19,993,954	70,043,861	21,054,075	29,834,634	170,092,728

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, 2012

	Electric	Water	Ports and Harbors	Solid Waste	Other proprietary funds	Total
Operating revenues:						
Charges for services	$ 18,295,210	2,214,578	5,458,748	1,555,306	2,456,018	29,979,860
Total operating revenues	18,295,210	2,214,578	5,458,748	1,555,306	2,456,018	29,979,860
Operating expenses:						
Operations	12,298,195	866,745	2,019,774	1,266,512	1,455,177	17,906,403
General and administrative	1,049,874	518,186	866,946	284,873	1,461,845	4,181,724
Landfill closure and postclosure care costs	—	—	—	156,271	—	156,271
Depreciation and amortization	1,557,806	863,200	1,437,823	385,483	908,430	5,152,742
Total operating expenses	14,905,875	2,248,131	4,324,543	2,093,139	3,825,452	27,397,140
Operating income (loss)	3,389,335	(33,553)	1,134,205	(537,833)	(1,369,434)	2,582,720
Nonoperating revenues (expenses):						
Intergovernmental revenue	231,403	60,830	511,888	122,198	68,543	994,862
Interest expense	(1,859,007)	(159)	(83,241)	—	(172)	(1,942,579)
Net nonoperating revenues (expenses)	(1,627,604)	60,671	428,647	122,198	68,371	(947,717)
Income (loss) before capital contributions and transfers	1,761,731	27,118	1,562,852	(415,635)	(1,301,063)	1,635,003
Capital contributions	191,286	17,428	317,144	390,032	3,628,758	4,544,648
Transfers in	1,497,154	660,710	100,000	9,803,795	7,519,426	19,581,085
Transfers out	—	(723)	—	—	—	(723)
Change in net assets	3,450,171	704,533	1,979,996	9,778,192	9,847,121	25,760,013
Net assets, beginning of year	25,716,033	19,289,421	68,063,865	11,275,883	19,987,513	144,332,715
Net assets, end of year	$ 29,166,204	19,993,954	70,043,861	21,054,075	29,834,634	170,092,728

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2012

	Electric	Water	Ports and Harbors	Solid Waste	Other Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities:						
Receipts from customers and users	$ 18,125,122	2,212,957	5,356,719	1,563,773	2,115,830	29,374,401
Payments to employees	(2,131,540)	(848,740)	(1,291,991)	(871,912)	(1,003,200)	(6,147,383)
Payments to vendors	(11,680,526)	(582,183)	(1,645,925)	(686,316)	(1,790,730)	(16,385,680)
Net cash provided by (used for) operating activities	4,313,056	782,034	2,418,803	5,545	(678,100)	6,841,338
Cash flows from noncapital and related financing activities:						
Cash received from other governments	231,403	60,830	511,888	122,198	68,543	994,862
Transfers in	1,497,154	660,710	100,000	9,803,795	7,519,426	19,581,085
Net cash provided by (used for) noncapital and related financing activities	1,728,557	721,540	611,888	9,925,993	7,587,969	20,575,947
Cash flows from capital and related financing activities:						
Interest payments on long-term obligations	(1,474,359)	(159)	(21,779)	—	(172)	(1,496,469)
Principal payments on long-term debt obligations	(828,922)	—	(185,503)	—	(43,461)	(1,057,886)
Repayment of capital projects advances from General Fund	(140,000)	(723)	—	—	—	(140,723)
Acquisition and construction of capital assets	(6,996,680)	(300,403)	(8,953,838)	(536,255)	(4,353,607)	(21,140,783)
Capital contributions	233,475	17,428	248,143	770,913	3,607,560	4,877,519
Net cash provided by (used for) capital and related financing activities	(9,206,486)	(283,857)	(8,912,977)	234,658	(789,680)	(18,958,342)
Cash flows from investing activities:						
Sales of investments	5,101,908	—	3,180,541	—	—	8,282,449
Net cash provided by investing activities	5,101,908	—	3,180,541	—	—	8,282,449
Change in cash and due from General Fund	1,937,035	1,219,717	(2,701,745)	10,166,196	6,120,189	16,741,392
Cash and due (to) from other funds, beginning of year	(1,649,366)	5,400,144	15,403,691	6,390,390	5,484,023	31,028,882
Cash and due from other funds, end of year	$ 287,669	6,619,861	12,701,946	16,556,586	11,604,212	47,770,274
Reconciliation to balance sheet:						
Cash and cash equivalents	$ —	—	150	—	—	150
Due from other funds	287,669	6,619,861	12,701,796	16,556,586	11,604,212	47,770,124
Cash and due from General Fund, June 30, 2012	$ 287,669	6,619,861	12,701,946	16,556,586	11,604,212	47,770,274
Noncash capital and related financing activities:						
Acquisition and construction of capital assets through accounts and retainages payable	$ 367,893	37,535	583,127	401,096	335,252	1,724,903

(Continued)

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2012

	Electric	Water	Ports and Harbors	Solid Waste	Other Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ 3,389,335	(33,553)	1,134,205	(537,833)	(1,369,434)	2,582,720
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,557,806	863,200	1,437,823	385,483	908,430	5,152,742
Amortization of landfill	—	—	—	138,990	—	138,990
Changes in assets and liabilities that provided (used) cash:						
Accounts receivable	(117,923)	(8,416)	(100,279)	7,611	(360,416)	(579,423)
Assessments receivable	—	4,775	—	—	14,383	19,158
Inventories	(314,255)	(41,671)	—	(12,737)	(29,883)	(398,546)
Interest receivable	—	—	—	—	—	—
Deferred charges and other assets	—	—	9,586	—	—	9,586
Accounts payable	(162,166)	(17,221)	(40,450)	9,424	146,987	(63,426)
Accrued payroll and payroll liabilities	12,424	12,900	(20,332)	13,751	(856)	17,887
Customer deposits	(10,720)	2,020	(1,750)	856	13,154	3,560
Deferred revenue	(41,445)	—	—	—	—	(41,445)
Accrued interest payable	—	—	—	—	(465)	(465)
Other liabilities	—	—	—	—	—	—
Net cash provided by (used for) operating activities	$ 4,313,056	782,034	2,418,803	5,545	(678,100)	6,841,338

See accompanying notes to financial statements.

(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, Alaska 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.

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 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.
- 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 – account 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.

(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 moneys, 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. Changes in fair value are included as a component of investment income. The City's 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 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 $1,110 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 $15,613 to cover damage to its rental properties.

The Electric Utility Fund, Water Utility Fund, Ports and Harbors Fund, Waste Water Utility Fund, and the Solid Waste Fund hold refundable customer deposits of $269,302, $24,676, $250, $26,476, and $9,380, 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 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 2012 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

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

In June 2011, the GASB issued GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 62 provides financial reporting guidance for deferred outflows and deferred inflows of resources. The new standard is effective for periods beginning after December 15, 2011. The City is currently evaluating the impact that the adoption of Statement 63 will have on its financial statements.

In March 2012, the GASB issued GASB 65, *Items Previously Reported as Assets and Liabilities*. Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reports as assets and liabilities. The new standard is effective for periods beginning after December 15, 2012. The City is currently evaluating the impact that the adoption of Statement 65 will have on its financial statements.

In June 2012, the GASB issued GASB 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. This Statement requires that an employer recognize its obligation for pensions net of the amount of the pensions plan's fiduciary net position that is available to satisfy that obligation as well as additional note disclosures regarding the obligation. The new standard is effective for financial statements for periods beginning after December 15, 2012. The City is currently evaluating the impact that the adoption of Statement 68 will have on its financial statements.

(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, Alaska 99685-0610 or on the Web at: 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 flow assumptions

Sometimes, the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The city council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The city council has by resolution authorized the finance director to assign fund balance, including removal and modification of assigned amounts. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The following table shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2012:

	General Fund	1% Sales tax special revenue fund	Nonmajor governmental funds
Nonspendable:			
Inventories	$ 466,691	—	—
Prepaid items	92,390	—	—
Advances to other funds	1,723,533	—	—
Total nonspendable	2,282,614	—	—
Committed:			
Emergency operations	13,000,000	—	—
Road improvements	2,400,000	3,000,000	—
Compensated absences	1,000,000	—	—
Waste heat recovery	300,000	—	—
Water treatment plant	3,600,000	—	—
	20,300,000	3,000,000	—
Assigned:			
Encumbrances	190,092	—	1,292,610
1% Sales tax special revenue fund	—	809,284	—
Nonmajor Governmental Funds	—	—	17,388,572
Unassigned	12,508,617	—	—
Total fund balance	$ 35,281,323	3,809,284	18,681,182

(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, 2012, the City's carrying amount of bank deposits was $1,590,111 and the bank balance was $1,905,265. The $315,154 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, 2012, 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. The City is authorized by City Council resolution to invest in, and is restricted to, the following types of securities:

(1) obligations of the United States and of an agency or instrumentality of the United States;

(2) certificates of deposit;

(3) repurchase and agreements secured by obligations of the Treasury of the United States and obligations of an agency or instrumentality of the United States;

(4) 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;

(5) 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;

(6) 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

(7) money market funds in which the securities of the funds consist of obligations listed in investment policy and otherwise meet the requirements of the investment policy.

At June 30, 2012, the City corporate bonds were rated as follows.

Investment	Standard & Poor's	Moody's Investor Service
Domestic corporate bonds	AAA to A	Aaa to A2
Foreign corporate bonds	AAA to AA-	Aaa to Aa1
Asset backed securities	—	Aaa

(Continued)

Investments

As of June 30, 2012, the City has the following investments and maturities.

		Investment maturities (in years)			
	Fair value	Less than 1	1 – 2	2 – 3	3 – 5
AML investment pool	$ 20,968,587	20,968,587	—	—	—
Wells Fargo money market	309,945	309,945	—	—	—
U S. government obligations	25,473,641	5,797,610	11,294,821	5,262,380	3,118,830
U.S. agency securities	34,931,646	—	14,899,455	14,604,930	5,427,261
Domestic corporate bonds	10,116,530	1,009,430	5,449,030	1,564,620	2,093,450
Foreign corporate bonds	7,104,230	—	2,695,190	2,117,280	2,291,760
Asset backed securities	1,171,074	—	—	—	1,171,074
	$ 100,075,653	28,085,572	34,338,496	23,549,210	14,102,375

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		1,590,111
Time certificates of deposits		240,000
Total cash	$	1,831,661
Investments:		
Temporary investments	$	20,541,009
Temporary investments – restricted		427,575
Long-term investments		79,107,069
	$	100,075,653

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, 2012, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares.

(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 percentage sales tax special revenue fund	Nonmajor governmental funds	Electric utility	Water utility	Ports and harbors	Solid waste	Nonmajor business type
Receivables:								
Interest	$ 314,236	—	—	—	—	—	—	—
Taxes	1,979,617	666,835	12,234	—	—	—	—	—
Accounts	6,671	—	—	1,426,989	177,651	483,224	125,989	288,992
Special assessments	5,644	—	—	—	11,307	—	—	57,173
Intergovernmental	8,818,675	—	—	362,960	—	439,009	—	608,246
Gross receivables	11,124,843	666,835	12,234	1,789,949	188,958	922,233	125,989	954,411
Less allowance for uncollectibles	—	—	—	(10,000)	(10,000)	(10,000)	(1,000)	(9,000)
Net receivables	$ 11,124,843	666,835	12,234	1,779,949	178,958	912,233	124,989	945,411

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	$ 3,968,378
Shared fisheries resource landing tax	4,500,000
Property taxes	116,565
Sales taxes	7,500
Special assessments	5,644
School debt reimbursement due from the state	270,795
	$ 8,868,882

(c) Capital Assets

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

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 29,289,603	1,858,000	—	31,147,603
Construction in progress	19,143,770	1,664,199	(8,154,052)	12,653,917
Total	48,433,373	3,522,199	(8,154,052)	43,801,520
Capital assets, being depreciated:				
Buildings	52,586,158	—	—	52,586,158
Infrastructure	26,824,466	6,296,052	—	33,120,518
Machinery and equipment	8,192,257	—	(79,530)	8,112,727
Total	87,602,881	6,296,052	(79,530)	93,819,403
Less accumulated depreciation for:				
Buildings	(22,520,685)	(1,315,560)	—	(23,836,245)
Infrastructure	(15,656,175)	(1,914,455)	—	(17,570,630)
Machinery and equipment	(5,346,408)	(500,030)	79,530	(5,766,908)
Total	(43,523,268)	(3,730,045)	79,530	(47,173,783)
Total capital assets, being depreciated, net	44,079,613	2,566,007	—	46,645,620
Governmental-type activities, net	$ 92,512,986	6,088,206	(8,154,052)	90,447,140

(Continued)

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 3,309,476	—	—	3,309,476
Construction in progress	85,792,823	19,230,875	(83,133,315)	21,890,383
Total	89,102,299	19,230,875	(83,133,315)	25,199,859
Capital assets, being depreciated:				
Buildings	19,469,788	40,293,827	—	59,763,615
Infrastructure	88,726,921	35,037,341	—	123,764,262
Machinery and equipment	5,118,807	8,118,934	—	13,237,741
Total	113,315,516	83,450,102	—	196,765,618
Less accumulated depreciation for:				
Buildings	(9,711,908)	(1,567,352)	—	(11,279,260)
Infrastructure	(43,000,141)	(3,103,252)	—	(46,103,393)
Machinery and equipment	(4,086,372)	(517,183)	—	(4,603,555)
Total	(56,798,421)	(5,187,787)	—	(61,986,208)
Total capital assets, being depreciated, net	56,517,095	78,262,315	—	134,779,410
Business-type activities, net	$ 145,619,394	97,493,190	(83,133,315)	159,979,269

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

General government	$ 197,156
Public safety	223,940
Public works	1,616,787
Parks, culture, and recreation	980,562
Education	711,600
Total – governmental activities	$ 3,730,045

(Continued)

Business-type activities:		
Electric	$	1,557,806
Water		863,200
Ports and harbors		1,437,823
Solid waste		385,483
Wastewater		494,518
Airport		298,070
Housing		115,842
Total – business-type activities	$	5,152,742

(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, 2012 were as follows:

Receivable		Payable General Fund
1% Sales Tax Special Revenue Fund	$	3,215,124
Capital equipment and small projects		6,719,568
Street Paving		11,419,644
Nonmajor governmental funds		1,066,198
Water		6,619,861
Electric		287,669
Ports and harbors		12,701,796
Solid waste		16,556,586
Nonmajor enterprise funds		11,604,212
	$	70,190,658

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.

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, 2012 were as follows:

	Advances to	Advances from
General Fund	$ —	1,723,533
Enterprise funds:	—	—
Electric utility:	—	—
Current portion	140,000	—
Long-term portion	1,540,000	—
Housing – long term	43,533	—
	$ 1,723,533	1,723,533

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 1 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, 2012 is as follows:

	Transfers out						
Transfers in	General Fund	One Percent Sales Tax	Equip Cap Proj Fund	Nonmajor Gov. Funds	Water	Nonmajor Ent. Funds	Total
General Fund	$ —	1,200,000	—	775	723	—	1,201,498
Equip Cap Proj Fund	412,400	2,638,000	—	—	—	—	3,050,400
1% Sales tax	—	—	—	53,760	—	—	53,760
Street paving	4,445,000	1,930,000	5,000,000	—	—	—	11,375,000
Major enterprise fund:							
Electric	947,154	550,000	—	—	—	—	1,497,154
Water	660,710	—	—	—	—	—	660,710
Solid Waste	9,803,795	—	—	—	—	—	9,803,795
Ports and Harbors	100,000	—	—	—	—	—	100,000
Nonmajor enterprise funds	7,519,426	—	—	—	—	—	7,519,426
	$ 23,888,485	6,318,000	5,000,000	54,535	723	—	35,261,743

A summary of significant transfers are as follows:

- The General Fund transferred $412,400 to the Equipment Capital Projects Fund for capital additions.
- The General Fund transferred $4,445,000 to the Street Paving Fund for capital additions.
- The General Fund transferred $920,500 to the Electric Fund for capital additions and $26,654 for operating expenses.

- The General Fund transferred $660,710 to the Water Fund for capital additions.
- The General Fund transferred $6,100,000 to the Wastewater Fund for capital additions and $555,000 for operating expenses.
- The General Fund transferred $9,388,165 to the Solid Waste Fund for capital additions and $415,630 for operating expenses.
- The General Fund transferred $321,753 and $542,673 to the Airport Fund and Housing Fund, respectively, 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.
- The 1% Sales Tax Special Revenue Fund transferred $2,638,000, $1,930,000, and $550,000 to the Equipment Capital Project Fund, Street Paving Fund, and Electric Fund, respectively, for capital additions.
- The Equipment & Capital Project Fund transferred $5,000,000 to the Street Paving Fund for capital additions.

(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 on 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 on June 30, 2014.

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 in 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 one-year apartment lease. Monthly payments are $1,300 due the first day of each month. The lease will end on June 30, 2012.

Rent expense for the year ended June 30, 2012 was $198,789.

The future commitment for operating lease payments is as follows:

2013	$	110,021
2014		98,794
2015		97,594
2016		97,595
2017		97,595
2018 – 2022		487,973
2023 – 2027		170,100
2028 – 2032		12,810
2033 – 2037		5,124
	$	1,177,606

(f) Long-Term Debt

General Obligation Bonds. The City issues general obligation bonds to provide moneys 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.

(Continued)

General obligation bonds currently outstanding are as follows:

		Principal balance
Governmental activities:		
General obligation bonds:		
2005 school bonds issued on March 22, 2005 for $3,295,000, interest rates of 2.50% to 4.25% due in semiannual installments of $30,000 to $405,000 to 2020, payable to the Alaska Municipal Bond Bank Authority		2,825,000
2009A school bonds issued on 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		3,315,000
Total	$	6,140,000

(Continued)

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

		Principal balance
Business-type activities:		
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	$	24,375,000
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 $440,000 to 2021, payable to the Alaska Municipal Bond Bank Authority		1,905,000
2010 Series B (taxable Build America Bond) General Obligation Harbor Improvement Bond issued in 2010 for $2,730,000, 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		1,820,000
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
Wastewater – loan:		
1997 1.50% Alaska Clean Water Act loan payable in annual installments over 20 years		31,596
1997 1.50% Alaska Clean Water Act loan payable in annual installments over 20 years		233,686
Total	$	34,460,282

(Continued)

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Governmental activities:					
Bonds payable:					
General Obligation Bonds	$ 6,973,601	—	(833,601)	6,140,000	983,175
Premium on Bonds	52,734	—	(6,592)	46,142	6,592
Compensated absences	1,016,065	1,062,882	(1,046,733)	1,032,214	1,032,214
Governmental activity long-term liabilities	$ 8,042,400	1,062,882	(1,886,926)	7,218,356	2,021,981
Business-type activities-					
Bonds payable:					
Revenue bonds	$ 25,000,000	—	(625,000)	24,375,000	640,000
Revenue bonds – tax-exempt	2,015,000	—	(195,000)	1,820,000	205,000
RZED Revenue bonds – taxable	3,365,000	—	—	3,365,000	—
GO Bonds – tax exempt	2,085,000	—	(180,000)	1,905,000	185,000
BAB GO Bonds – taxable	2,730,000	—	—	2,730,000	—
Premium on Bonds	308,999	—	(14,425)	294,574	15,184
Total bonds payable	35,503,999	—	(1,014,425)	34,489,574	1,045,184
Other contracts and loans:					
Loans	308,743	—	(43,461)	265,282	43,461
Accrued landfill closure and postclosure care costs	4,693,569	138,990	—	4,832,559	157,811
Compensated absences	359,431	414,298	(427,766)	345,963	345,963
Business-type activity – long-term liabilities	$ 40,865,742	553,288	(1,485,652)	39,933,378	1,592,419

(Continued)

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

	Governmental activities		
	Principal	**Interest**	**Total**
Year(s) ending June 30,			
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	850,000	133,825	983,825
2018 – 2022	2,220,000	174,725	2,394,725
	$ 6,140,000	1,176,614	7,316,614

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

	Electric		
	Principal	**Interest**	**Total**
Year(s) ending June 30:			
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	990,000	1,360,167	2,350,167
2018 – 2022	5,675,000	6,028,476	11,703,476
2023 – 2027	7,105,000	4,430,210	11,535,210
2028 – 2032	8,675,000	2,257,348	10,932,348
2033 – 2037	3,550,000	207,000	3,757,000
	$ 29,560,000	20,124,669	49,684,669

(Continued)

	Ports and Harbors		
	Principal	**Interest**	**Total**
Year(s) ending June 30:			
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	210,000	217,149	427,149
2018 – 2022	925,000	950,494	1,875,494
2023 – 2027	1,395,000	601,235	1,996,235
2028 – 2032	1,335,000	131,259	1,466,259
	$ 4,635,000	2,835,233	7,470,233

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

	Other proprietary funds		
	Principal	**Interest**	**Total**
Year(s) ending June 30,			
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	43,461	1,371	44,832
2018 – 2021	47,977	787	48,764
	$ 265,282	14,164	279,446

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.

Alaska Department of Environmental Conservation Loan

On July 23, 2012, the City was approved for a $5,000,000 loan from the Alaska Department of Environmental Conservation. As of January 17, 2013, no funds were drawn on the loan.

(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 reinsurers 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, 2012.

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 2012, the estimated closure and postclosure care costs were reevaluated and adjusted to reflect conditions as of June 30, 2012. As of June 30, 2012, the City has an accrued liability associated with these estimated closure and postclosure care costs of $4,832,559, based on the use of 51% of the estimated capacity of the landfill. It is estimated the City will recognize additional $4,617,441 of expense and liability between July 2012, 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 2012. 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.

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.

In June 2011, the federal government, through the Department of Justice (DOJ) and the Environmental Protection Agency (EPA), sued the City and the State of Alaska alleging numerous violations of the Clean Water Act (CWA) related to certain operations of the City's wastewater treatment plan under its National Pollutant Discharge Elimination System permit. The City completed settlement negotiations with the EPA, DOJ, and the State of Alaska, which resulted in a negotiated consent decree. Under the consent decree, the City must pay a civil penalty of $340,000 for alleged past CWA violations, which the City paid in July 2012. The remaining obligations under the consent decree require phased construction of various upgrades to the City's wastewater over a period of three plus years with at upgraded wastewater treatment plant required to begin operations by December 31, 2015. Construction costs are estimated to be about $18 million.

(d) Commitments

Encumbrances outstanding at year end, including purchase orders, contracts and other commitments for the expenditure of moneys, are reported as committed or assigned fund balances in the governmental funds. Outstanding encumbrances at June 30, 2012 were as follows:

Governmental funds:		
General Fund	$	190,092
Other nonmajor governmental funds		1,292,610
Total governmental funds		1,482,702
Proprietary funds:		
Electric Fund		793,493
Water Fund		263,098
Ports and Harbor fund		333,711
Solid Waste Fund		8,133,870
Other nonmajor proprietary funds		378,697
Total proprietary funds		9,902,869
Total	$	11,385,571

(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 PERS 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.

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

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, 2012, 2011, and 2010 was $3,265,782, $2,742,207, and $2,728,403, 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, 2012 are as follows:

	Employer	Employee
Defined contribution	$ 175,414	280,663
Retiree medical plan	17,892	—
Occupational health and disability benefits	12,493	—
Health reimbursement agreement (HRA)	107,556	—

Actual contributions were equal to the annual required contributions.

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF UNALASKA, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2012

Assets	Bed Tax Special Revenue Fund	Capital projects			Total nonmajor governmental funds
		Road to LSA	Equipment Capital Project Fund	Street Paving	
Receivables, net:					
Taxes	$ 12,234	—	—	—	12,234
Intergovernmental	—	—	21,023	—	21,023
Due from other funds	162,452	903,746	6,719,568	11,419,644	19,205,410
Total assets	$ 174,686	903,746	6,740,591	11,419,644	19,238,667
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ —	3,749	36,825	471,886	512,460
Retainage payable	—	—	—	44,757	44,757
Accrued payroll liabilities	—	—	268	—	268
Total liabilities	—	3,749	37,093	516,643	557,485
Fund balances:					
Assigned	174,686	899,997	6,703,498	10,903,001	18,681,182
Total liabilities and fund balances	$ 174,686	903,746	6,740,591	11,419,644	19,238,667

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Governmental Funds

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

Year ended June 30, 2012

	Bed Tax Special Revenue Fund	Capital projects					Total nonmajor governmental funds
		Community Park Development	Pathways Development	Road to LSA	Equipment Capital Project Fund	Street Paving	
Operating revenues:							
Taxes	$ 169,720	—	—	—	—	—	169,720
Intergovernmental	—	—	—	—	21,023	—	21,023
Total revenues	169,720	—	—	—	21,023	—	190,743
Expenditures:							
Current:							
Community support	149,680	—	—	—	—	—	149,680
Capital projects	—	—	—	57,531	757,438	849,230	1,664,199
Total expenditures	149,680	—	—	57,531	757,438	849,230	1,813,879
Excess (deficiency) revenues over expenditures	20,040	—	—	(57,531)	(736,415)	(849,230)	(1,623,136)
Other financing sources (uses):							
Transfers in	—	—	—	—	3,050,400	11,375,000	14,425,400
Transfers out	—	(53,760)	(775)	—	(5,000,000)	—	(5,054,535)
Net other financing sources (uses)	—	(53,760)	(775)	—	(1,949,600)	11,375,000	9,370,865
Net change in fund balances	20,040	(53,760)	(775)	(57,531)	(2,686,015)	10,525,770	7,747,729
Fund balances, beginning of year	154,646	53,760	775	957,528	9,389,513	377,231	10,933,453
Fund balances, end of year	$ 174,686	—	—	899,997	6,703,498	10,903,001	18,681,182

See accompanying independent auditors' report.

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, 2012

	Final budget	Actual amount	Variance with final budget positive (negative)
Revenues:			
Taxes	$ 164,000	169,720	5,720
Expenditures:			
Current – community support:			
Unalaska Convention and Visitors Bureau	149,680	149,680	—
Excess of revenues over expenditures	14,320	20,040	5,720
Other financing sources (uses):			
Transfers in	—	—	—
Net change in fund balance	$ 14,320	20,040	5,720
Fund balance at beginning of year		154,646	
Fund balance at end of year		$ 174,686	

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Balance Sheet

June 30, 2012

Assets	Wastewater	Airport	Housing	Total
Current assets:				
Accounts receivables (net of allowance for uncollectibles)	$ 124,304	151,863	3,825	279,992
Assessments receivable	57,173	—	—	57,173
Intergovernmental receivables	587,048	—	21,198	608,246
Due from General Fund	8,310,537	1,511,063	1,782,612	11,604,212
Inventories	96,692	—	—	96,692
Total current assets	9,175,754	1,662,926	1,807,635	12,646,315
Noncurrent assets:				
Capital assets, net	9,282,147	4,052,044	5,056,907	18,391,098
Total noncurrent assets	9,282,147	4,052,044	5,056,907	18,391,098
Total assets	$ 18,457,901	5,714,970	6,864,542	31,037,413
Liabilities				
Current liabilities:				
Accounts payable	$ 583,016	25,635	117,477	726,128
Accrued payroll and payroll liabilities	96,815	5,866	6,249	108,930
Accrued interest	2,842	—	—	2,842
Bonds and loans payable	43,461	—	—	43,461
Retainage payable	—	—	3,975	3,975
Customer deposits	26,476	10,000	15,613	52,089
Total current liabilities	752,610	41,501	143,314	937,425
Noncurrent liabilities:				
Bonds and loans payable	221,821	—	—	221,821
Advances from General Fund	—	—	43,533	43,533
Total noncurrent liabilities	221,821	—	43,533	265,354
Total liabilities	974,431	41,501	186,847	1,202,779
Net Assets				
Invested in capital assets, net of related debt	9,016,865	4,052,044	5,056,907	18,125,816
Unrestricted	8,466,605	1,621,425	1,620,788	11,708,818
Total net assets	17,483,470	5,673,469	6,677,695	29,834,634
Total liabilities and net assets	$ 18,457,901	5,714,970	6,864,542	31,037,413

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

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

Year ended June 30, 2012

	Wastewater	Airport	Housing	Total
Operating revenues:				
Charges for services	$ 1,815,346	456,991	183,681	2,456,018
Total operating revenues	1,815,346	456,991	183,681	2,456,018
Operating expenses:				
Operations	808,787	489,113	157,277	1,455,177
General and administrative	998,933	—	462,912	1,461,845
Depreciation and amortization	494,518	298,070	115,842	908,430
Total operating expenses	2,302,238	787,183	736,031	3,825,452
Operating loss	(486,892)	(330,192)	(552,350)	(1,369,434)
Nonoperating revenues (expenses):				
Intergovernmental revenue	50,379	8,435	9,729	68,543
Interest expense	(172)	—	—	(172)
Net nonoperating revenues	50,207	8,435	9,729	68,371
Loss before capital contributions and transfers	(436,685)	(321,757)	(542,621)	(1,301,063)
Capital contributions	524,718	—	3,104,040	3,628,758
Transfers in	6,655,000	321,753	542,673	7,519,426
Change in net assets	6,743,033	(4)	3,104,092	9,847,121
Net assets, beginning of year	10,740,437	5,673,473	3,573,603	19,987,513
Net assets, end of year	$ 17,483,470	5,673,469	6,677,695	29,834,634

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2012

	Wastewater	Airport	Housing	Total
Cash flows from operating activities:				
Receipts from customers and users	$ 1,574,414	348,127	193,289	2,115,830
Payments to employees	(732,426)	(126,508)	(144,266)	(1,003,200)
Payments to vendors	(976,694)	(345,532)	(468,504)	(1,790,730)
Net cash used for operating activities	(134,706)	(123,913)	(419,481)	(678,100)
Cash flows from noncapital and related financing activities:				
Cash received from other governments	50,379	8,435	9,729	68,543
Transfers in	6,655,000	321,753	542,673	7,519,426
Net cash provided by noncapital and related financing activities	6,705,379	330,188	552,402	7,587,969
Cash flows from capital and related financing activities:				
Interest payments on long-term obligations	(172)	—	—	(172)
Principal payments on long-term obligations	(43,461)	—	—	(43,461)
Capital contributions	524,718	—	3,082,842	3,607,560
Acquisition and construction of capital assets	(917,457)	—	(3,436,150)	(4,353,607)
Net cash used for capital and related financing activities	(436,372)	—	(353,308)	(789,680)
Change in cash and due from General Fund	6,134,301	206,275	(220,387)	6,120,189
Cash and due from other funds, beginning of year	2,176,236	1,304,788	2,002,999	5,484,023
Cash and due from other funds, end of year	$ 8,310,537	1,511,063	1,782,612	11,604,212
Reconciliation to balance sheet:				
Cash and due from General Fund, June 30, 2012	$ 8,310,537	1,511,063	1,782,612	11,604,212
Reconciliation of operating loss to net cash used for operating activities:				
Operating loss	$ (486,892)	(330,192)	(552,350)	(1,369,434)
Adjustments to reconcile operating loss to net cash used for operating activities:				
Depreciation and amortization	494,518	298,070	115,842	908,430
Changes in assets and liabilities that provided (used) cash:				
Accounts receivable	(256,468)	(108,863)	4,915	(360,416)
Assessments receivable	14,383	—	—	14,383
Inventories	(29,883)	—	—	(29,883)
Customer deposits	1,153	7,308	4,693	13,154
Accrued interest payable	(465)	—	—	(465)
Accounts payable	129,601	9,961	7,425	146,987
Accrued payroll and payroll liabilities	(653)	(197)	(6)	(856)
Net cash used for operating activities	$ (134,706)	(123,913)	(419,481)	(678,100)
Noncash capital and related financing activities:				
Acquisition and construction of capital assets through accounts and retainages payable	$ 221,665	—	113,587	335,252

See accompanying independent auditors' report.

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STATISTICAL SECTION

CITY OF UNALASKA, ALASKA

Statistical Section

June 30, 2012

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.

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	Page(s)
Financial Trends	62 – 68
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	69 – 74
These schedules contain information to help the reader assess the government's most significant sources of revenue.	
Debt Capacity	75 – 79
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.	
Demographic and Economic Information	79 – 80
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	81 – 84
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.	

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,								
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Governmental activities:									
Invested in capital assets, net of related debt	$ 77,291	78,163	80,110	80,437	77,882	74,518	78,951	85,914	84,763
Restricted	293	—	—	—	—	—	—	—	—
Unrestricted	51,873	54,473	58,720	66,810	72,154	84,150	60,934	69,731	65,008
Total governmental activities	$ 129,457	132,636	138,830	147,247	150,036	158,668	139,885	155,645	149,771
Business-type activities:									
Invested in capital assets, net of related debt	$ 62,208	63,230	68,192	72,205	79,963	67,851	86,670	114,909	125,224
Restricted	264	—	—	—	—	—	—	—	—
Unrestricted	18,199	21,804	18,384	20,840	28,144	51,281	54,602	29,424	44,868
Total business-type activities	$ 80,671	85,034	86,576	93,045	108,107	119,132	141,272	144,333	170,092
Primary government:									
Invested in capital assets, net of related debt	$ 139,499	141,393	148,302	152,642	157,845	142,369	165,621	200,823	209,987
Restricted	557	—	—	—	—	—	—	—	—
Unrestricted	70,072	76,277	77,104	87,650	100,298	135,431	115,536	99,155	109,876
Total primary government activities	$ 210,128	217,670	225,406	240,292	258,143	277,800	281,157	299,978	319,863

*The accrual basis of accounting was not maintained before 2004.

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,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
General government	$ 3,406	3,942	3,668	3,718	4,023	4,025	3,982	4,191	4,123
Public safety	3,704	4,166	4,129	4,228	4,660	4,515	4,577	4,477	4,269
Public works	4,371	5,903	5,508	5,608	6,332	6,128	6,347	6,369	6,746
Parks, culture, and recreation	3,186	2,260	2,327	2,466	3,232	2,955	3,073	3,146	3,208
Community support	770	771	841	776	797	853	843	1,626	932
Education support	3,484	3,667	3,975	4,102	4,234	4,473	4,438	3,828	4,736
Interest on long-term debt	410	218	261	168	281	275	349	265	431
Total governmental activities expenses	19,331	20,927	20,709	21,066	23,559	23,224	23,609	23,902	24,445
Business-type activities									
Electric	6,108	7,322	10,257	10,014	12,851	10,368	13,954	13,753	16,765
Water	1,883	1,814	1,862	1,950	2,199	1,987	2,072	2,227	2,248
Wastewater	1,306	1,380	1,438	1,494	1,622	1,532	3,947	1,748	4,408
Solid waste	3,234	1,680	3,029	2,061	2,014	1,722	1,814	1,986	2,093
Ports and harbors	523	3,289	3,426	3,360	3,915	4,063	1,560	4,421	2,302
Airport	1,642	689	636	568	652	784	894	777	787
Housing	247	231	227	266	304	233	227	355	736
Total business-type activities expenses	14,943	16,405	20,875	19,713	23,557	20,689	24,468	25,267	29,339
Total primary government expenses	$ 34,274	37,332	41,584	40,779	47,116	43,913	48,077	49,169	53,784
Program revenues:									
Governmental activities:									
Charges for services:									
General government	$ 20	77	18	—	10	13	65	12	9
Public safety	66	88	236	305	77	85	29	54	8
Public works	57	—	—	—	—	—	—	—	—
Culture and recreation	213	206	117	—	194	219	204	183	201
Operating grants and contributions	973	928	1,077	926	923	1,275	1,703	1,604	1,620
Capital grants and contributions	—	134	189	—	5	—	63	760	21
Total primary government activities program revenues	1,329	1,433	1,637	1,231	1,209	1,592	2,064	2,613	1,859

(Continued)

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,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Electric	$ 6,131	7,760	10,196	10,911	12,867	11,611	10,488	12,847	18,295
Water	2,111	2,224	2,177	2,233	2,013	1,937	1,870	2,020	2,215
Wastewater	800	880	922	908	1,199	1,365	3,986	1,456	5,459
Solid waste	740	862	1,002	955	1,115	1,165	1,111	1,331	1,555
Ports and harbors	4,114	4,210	4,421	4,425	4,938	3,681	1,334	5,545	1,815
Airport	390	316	308	333	399	425	488	458	457
Housing	232	243	244	236	201	190	157	127	184
Capital grants and contributions	1,605	419	66	1,189	4,748	2,582	1,162	6,608	4,544
Operating grants and contributions	—	—	—	—	—	—	213	1,421	995
Total business-type activities program revenues	16,123	16,914	19,336	21,190	27,480	22,956	20,809	31,813	35,519
Total primary government program revenues	$ 17,452	18,347	20,973	22,421	28,689	24,548	22,873	34,426	37,378
Net (expense) revenue:									
Governmental activities	$ (18,002)	(19,494)	(19,072)	(19,835)	(22,350)	(21,632)	21,507	(21,289)	(22,586)
Business-type activities	1,180	509	(1,539)	1,477	3,923	2,267	3,660	6,546	6,180
Total primary government net expense	$ (16,822)	(18,985)	(20,611)	(18,358)	(18,427)	(19,365)	25,167	(14,743)	(16,406)
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	$ 4,243	3,976	3,971	4,176	4,288	4,257	4,296	4,630	4,750
General sales tax	6,436	7,724	9,034	9,292	11,041	10,361	8,863	10,755	13,960
Raw seafood sales tax	4,190	3,874	4,188	4,077	4,690	4,044	3,594	5,372	5,261
Other taxes	462	271	229	204	239	266	56	158	(21)
Fisheries tax	—	—	—	9,384	8,971	9,079	7,094	7,378	9,324
Grants not restricted to specific programs	8,077	8,240	7,487	—	—	—	632	811	1,232
Gain (loss) on disposal of capital assets	212	190	(14)	105	179	80	(6)	—	—
Investment earnings	370	1,554	1,839	4,166	5,266	5,618	2,650	1,603	1,067
Other	103	552	951	1,639	1,584	2,033	1,326	920	719
Transfers	(1,370)	(3,708)	(2,734)	(4,790)	(11,120)	(7,493)	(25,781)	5,459	(19,580)
Extraordinary item	—	—	—	—	—	2,019	—	—	—
Total governmental activities	22,723	22,673	24,951	28,253	25,138	30,264	2,724	37,086	16,712
Business-type activities:									
Gain (loss) on disposal of capital assets	(5)	66	4	—	6	19	(39)	—	—
Investment earnings	7	3	10	6	—	102	57	—	—
Other	—	76	156	195	13	10	—	1,974	—
Transfers	1,370	3,708	2,734	4,790	11,120	7,493	25,781	(5,459)	19,580
Extraordinary item	—	—	—	—	—	1,135	—	—	—
Total business-type activities	1,372	3,853	2,904	4,991	11,139	8,759	25,799	(3,485)	19,580
Total primary government	$ 24,095	26,526	27,855	33,244	36,277	39,023	28,523	33,601	36,292
Change in net assets:									
Governmental activities	$ 4,721	3,179	5,879	8,418	2,788	8,632	(18,783)	15,797	(5,874)
Business-type activities	2,552	4,362	1,365	6,468	15,062	11,025	22,139	3,061	25,760
Total primary government	$ 7,273	7,541	7,244	14,886	17,850	19,657	3,356	18,858	19,886

Table 3

CITY OF UNALASKA, ALASKA

Governmental Activities Tax Revenues by Source

Last Nine Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

Fiscal year	Sales tax	Raw seafood tax	Real property taxes	Personal property taxes	Bed tax	Penalty and interest on taxes	Total
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
2012	13,960	5,261	3,389	1,361	170	87	24,228

The accrual basis of accounting was not maintained before 2003.

Figure 1: General Governmental Tax Revenues
(accrual basis of accounting)(amounts expressed in thousands)

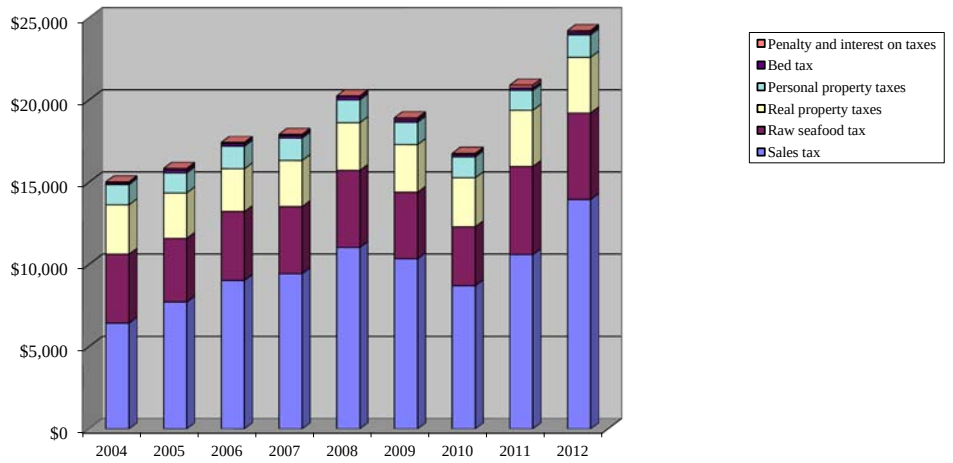

Table 4

CITY OF UNALASKA, ALASKA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(Amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund (after GASB 54):										
Nonspendable	$ —	—	—	—	—	—	—	—	2,316	2,190
Committed	—	—	—	—	—	—	—	—	34,500	20,300
Assigned	—	—	—	—	—	—	—	—	264	—
Unassigned	—	—	—	—	—	—	—	—	10,603	12,791
General Fund (prior to GASB 54):										
Reserved	1,020	3,807	3,274	3,039	2,972	2,924	2,736	3,581	—	—
Unreserved	33,171	29,622	33,327	38,363	45,360	44,554	49,012	35,014	—	—
Total General Fund	$ 34,191	33,429	36,601	41,402	48,332	47,478	51,748	38,595	47,683	35,281
All other governmental funds (after GASB 54):										
Committed	$ —	—	—	—	—	—	—	—	3,000	3,000
Assigned	—	—	—	—	—	—	—	—	1,577	19,491
Unassigned	—	—	—	—	—	—	—	—	11,833	—
All other governmental funds (prior to GASB 54):										
Reserved	1,416	978	3,339	1,653	—	—	2,795	3,918	—	—
Unreserved, reported in:										
Special revenue funds	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	$ 8,130	12,080	11,444	10,795	12,199	18,390	24,857	17,267	16,410	22,491

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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	$ 14,083	15,337	15,738	17,421	17,901	20,232	19,514	16,763	20,901	24,018
Intergovernmental	9,041	7,481	9,708	9,637	11,122	10,699	12,307	12,742	10,747	11,127
Changes for services	249	355	372	372	304	281	317	298	250	210
Investment income	2,779	370	1,554	1,839	4,166	5,266	5,618	2,650	1,603	1,067
Other	177	103	105	78	82	85	79	206	99	—
Total revenues	26,329	23,646	27,477	29,347	33,575	36,563	37,835	32,659	33,600	36,422
Expenditures:										
General government	3,195	3,277	3,431	3,483	3,604	3,549	3,937	4,013	3,572	3,917
Public safety	3,455	3,485	3,967	3,770	3,909	3,807	4,228	4,308	4,237	4,030
Public works	3,534	4,050	4,096	4,140	4,510	4,743	5,016	5,203	5,143	5,132
Parks, culture, and recreation	1,782	1,732	1,764	1,799	1,956	2,053	2,101	2,139	2,194	2,233
Community support	841	770	766	841	777	797	853	843	920	932
Education support	2,678	2,790	2,919	3,253	3,379	3,511	3,750	3,736	3,828	4,024
Debt service:										
Principal	325	270	285	321	347	363	379	771	823	834
Interest	342	328	225	262	242	224	237	337	325	397
Other	—	—	46	—	—	—	—	—	—	—
Capital projects	4,355	2,644	4,026	4,593	1,955	1,286	3,753	6,379	9,795	1,664
Total expenditures	20,507	19,346	21,525	22,462	20,679	20,333	24,254	27,729	30,837	23,163
Excess of revenues over (under) expenditures	5,822	4,300	5,952	6,885	12,896	16,230	13,581	4,930	2,763	13,259
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	5,210	6,366	1,754	2,052	831	3,753	6,905	13,206	11,683	15,681
Transfers out	(8,230)	(7,736)	(5,462)	(4,784)	(5,621)	(14,872)	(14,398)	(38,987)	(6,224)	(35,261)
Other	—	258	245	—	—	—	—	102	8	—
Prior period adjustments	1,034	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	(1,986)	(1,112)	(3,416)	(2,732)	(4,563)	(10,893)	(2,845)	(25,672)	5,467	(19,580)
Net change in fund balance	$ 3,836	3,188	2,536	4,153	8,333	5,337	10,736	(20,742)	8,230	(6,321)
Debt service as a percentage of noncapital expenditures	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	5.5%	

Table 6

Figure 2A: Governmental Expenditures

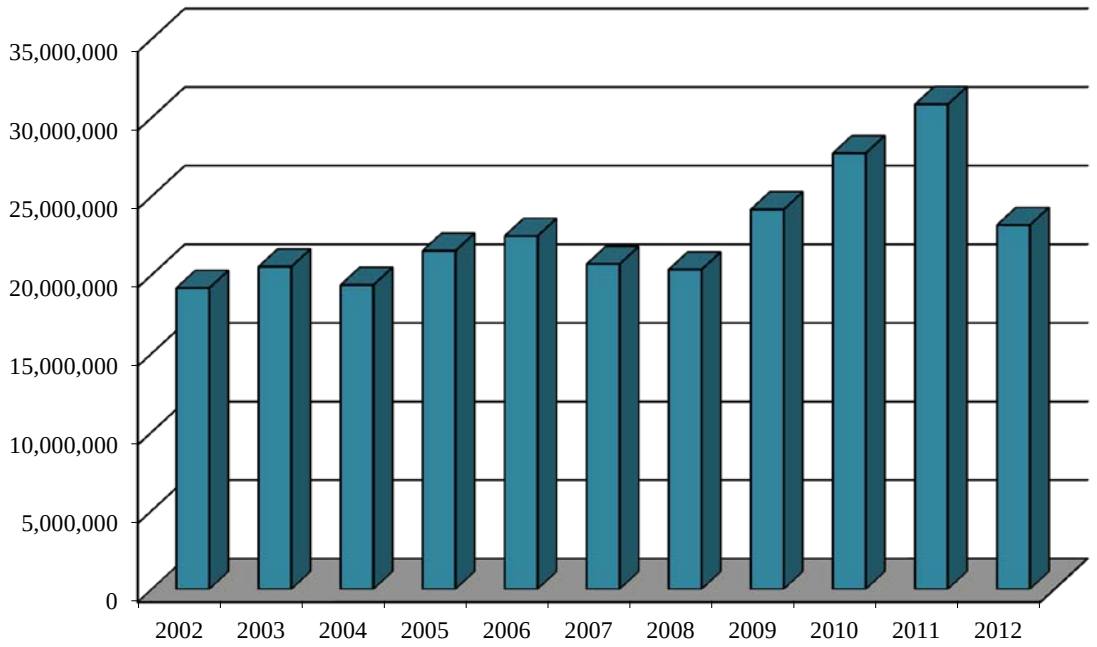

Figure 2B: Governmental Expenditures By Function for Fiscal Year 2012

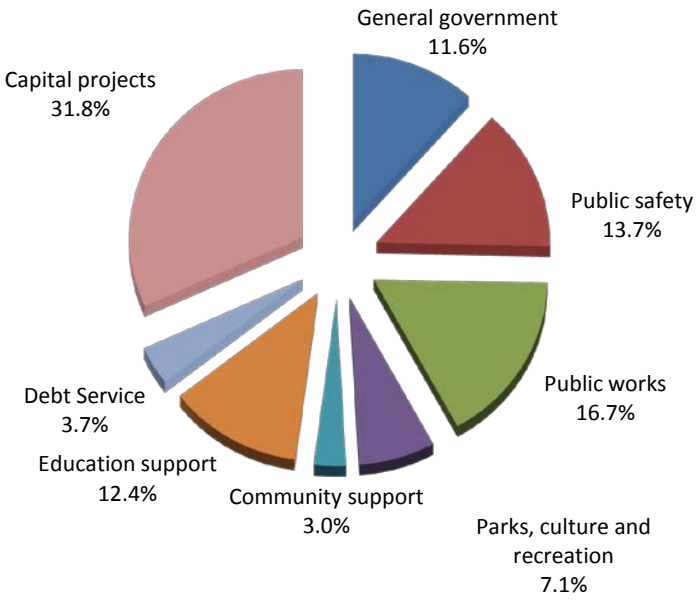

Table 7

CITY OF UNALASKA, ALASKA

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(Amounts expressed in thousands)

Fiscal year	Sales tax	Raw seafood tax	Real property taxes	Personal property taxes	Bed tax	Penalty and interest on taxes	Total
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
2012	13,790	5,261	3,364	1,367	170	87	24,039

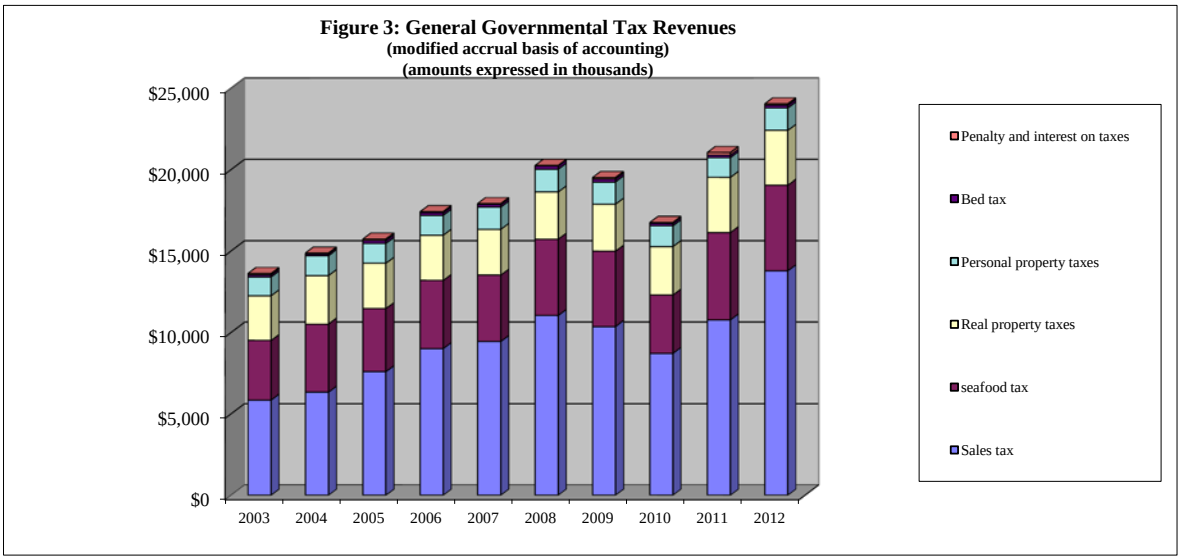

Table 8

CITY OF UNALASKA, ALASKA

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Amounts 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		
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
2012	330,239	393,142	134,744	160,410	464,983	553,552	84	10.50

Table 9

CITY OF UNALASKA, ALASKA

Property Tax Rates

All Governments

Last Ten Fiscal Years

	Total city millage rate (1)
Fiscal year:	
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
2012	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, 2012

	2012			2002*		
Taxpayer	**Taxable assessed value**	**Rank**	**Percentage of total taxable assessed value**	**Taxable assessed value**	**Rank**	**Percentage of total taxable assessed value**
Ounalashka Corporation	$ 94,759,310	1	29%	$ 66,385,450	1	36%
Western Pioneer	45,175,464	2	14	—		—
Unisea	40,662,617	3	13	34,624,900	2	11
Westward Seafoods	24,888,000	4	8	24,619,600	3	13
Alyeska Seafoods	19,534,094	5	6	19,063,900	4	7
Offshore Systems	11,505,305	6	4	—		—
Valdez Petroleum	4,139,500	7	1	—		—
Puget Sound Tug and Barge	3,786,301	8	1	—		—
Strong Holdings	3,178,051	9	1	—		—
Telco Properties	2,224,804	10	1	—		—
Total taxable assessed value	$ 249,853,446		78%	$ 144,693,850		67%

* Information for the top 10 real property taxpayers is not available for 2002.

Table 11

CITY OF UNALASKA, ALASKA

Principal Electric Utility Customers

June 30, 2012

	2012			2006*		
Taxpayer	**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	$ 4,093,464	1	22%	$ 1,957,151	1	19%
Horizon Lines, LLC	2,408,273	2	13	1,070,717	3	10
City of Unalaska	1,465,883	3	8	1,181,967	2	11
Dutch Harbor Acquisitions	927,607	4	5	—	—	—
Kloosterboer	758,981	5	4	—	—	—
Safeway	709,530	6	4	507,355	5	5
North Pacific Fuel	610,121	7	3	461,612	6	4
Alaska Ship Supply	584,111	8	3	299,363	9	3
Coastal Transportation	422,788	9	2	—	—	—
Unalaska City School	421,359	10	2	316,463	7	3
Pacific Stevedoring, Inc.	—			301,660	8	3
Alaska Commercial Company	—			203,484	10	2
Harbor Crown	—			672,326	4	6
Total taxable assessed value	$ 12,402,117		66%	$ 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)

Fiscal year	Total tax levy	Current tax collections	Percent of levy collected	Delinquent tax collections	Total tax collections (1)	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of delinquent taxes to tax levy
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
2012	4,760	4,689	98.51	22	4,711	99.0	117	2.5

Table 13

CITY OF UNALASKA, ALASKA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts expressed in thousands, except per capital amount)

	Governmental activities	Business Type activities					
Fiscal year	General obligation bonds	Ports and Harbors fund GO bonds	Electric Fund revenue bonds	Nonmajor funds ADEC loans	Total primary government	Percentage of personal income	Per capita
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	*	*
2012	6,140	4,635	29,560	265	40,600	*	*

* 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)

Fiscal year	General obligation bonds	Percentage of estimated actual taxable value of property	Per capita
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	1,598
2012	6,140	1.14	*

* Data unavailable or incomplete

Table 15

CITY OF UNALASKA, ALASKA

Direct Governmental Activities Debt (1)

June 30, 2012

Jurisdiction	Outstanding debt	Percentage applicable to City of Unalaska	Amount applicable to City of Unalaska
Direct:			
City of Unalaska	$ 6,140,000	100%	$ 6,140,000

(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.

Table 16

CITY OF UNALASKA, ALASKA

Legal Debt Margin Information

June 30, 2012

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

Table 17

CITY OF UNALASKA, ALASKA

Pledged-Revenue Coverage

Electric Fund

Fiscal year		Operating revenues	Operating expenses (1)	Income from operations	Principal	Interest	Total	Coverage (2)
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
2012		18,526,613	13,348,069	5,178,544	820,000	1,859,007	2,679,007	193

(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 on January 8, 2009 and there were no payments during fiscal year 2009.

Table 18

CITY OF UNALASKA, ALASKA

Demographic Statistics

Last Ten Fiscal Years

Calendar year	Unalaska population (1)	Aleutians west region personal income (amounts expressed in thousands) (2)	Aleutians west region per capita personal income (2)	Unalaska school enrollment (3)	Aleutians west region unemployment (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	5.3
2008	3,551	166,328	36,127	403	5.6
2009	3,662	156,852	33,668	403	7.3
2010	4,376	159,644	28,791	407	6.5
2011	4,364	*	*	412	7.3

* 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

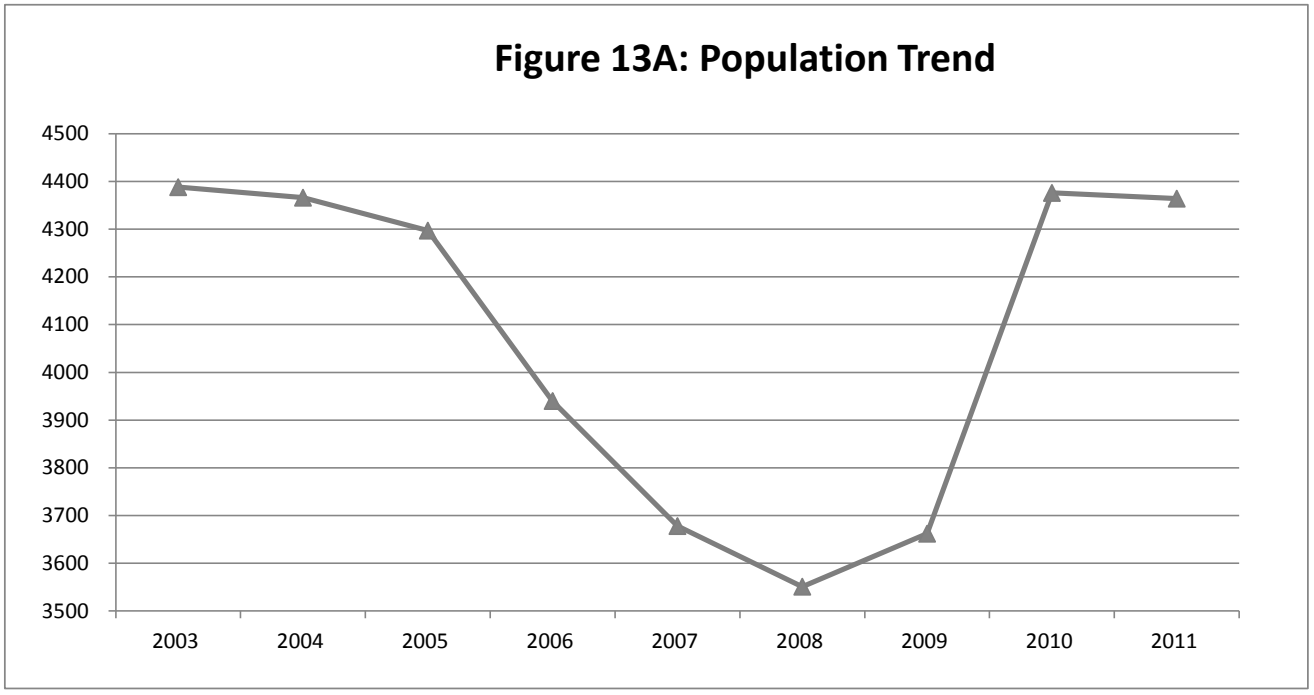

Table 19

CITY OF UNALASKA, ALASKA

Principal Employers

Alaska Department of Labor can no longer give out any information related to employers in Alaska due to new federal regulations.

CITY OF UNALASKA, ALASKA

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	Fiscal year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	13.25	13.00	12.25	12.25	12.25	11.50	11.50	11.50	12.50	12.50
IS	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Planning	3.00	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	22.00	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	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.35
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	4.75	4.75	4.75	4.50	4.50	4.50	4.50	4.50	4.50	5.00
Community pool	4.38	4.38	4.38	4.63	4.63	5.50	5.50	5.50	5.50	5.00
Public utilities administration	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric	13.22	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Water	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.33
Wastewater	3.67	3.67	3.67	3.67	3.67	3.34	3.34	3.34	3.34	3.34
Ports and airport	10.50	11.00	10.00	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
Total employees	155.80	155.59	154.84	154.84	154.84	153.63	153.63	153.63	154.63	156.31

CITY OF UNALASKA, ALASKA

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Custodies	453	479	391	395	443	420	337	320	257	6
Fire:										
Fire response	35	30	40	19	22	36	24	37	50	42
Burn permits	101	87	121	117	150	145	159	116	129	99
Fire safety	90	51	42	27	29	45	31	26	41	15
EMS:										
EMS ambulance Calls	289	320	267	320	208	176	191	107	147	184
Public works:										
Building permits issued	24	12	22	32	29	43	28	55	34	18
Parks, culture, and recreation:										
Community Center admissions	*	66,396	73,146	79,340	113,971	84,904	72,532	84,134	72,889	89,178
Aquatic center attendance	*	*	*	*	*	*	18,500	19,072	14,631	18,348
CC & aquatic center volunteer hours	4,493	4,810	2,823	4,710	4,303	1,175	2,280	1,334	1,908	1,731
Library volunteer hours	*	*	*	*	*	*	840	410	733	667
Library circulation	86,404	73,546	96,632	107,079	130,823	83,976	197,743	183,497	196,835	195,382
Library attendance	*	*	*	*	*	*	110,960	115,735	113,439	105,931
Electric:										
Power generated MW	28,313	29,818	31,107	33,185	33,491	31,443	35,705	30,060	37,998	46,958
Water:										
Water produced (MG)	1,111	1,219	1,213	1,161	1,208	1,042	1,093	971	1,090	1,204
Daily pumping capacity (MGD)	2	2	2	2	4	4	4	—	—	—
Total daily capacity (MGD)	10	10	10	10	5.5-13	5.5-13	13	—	—	—
Wastewater:										
Average daily treatment (MG)	0.48	0.48	0.57	0.48	0.53	0.47	0.48	0.47	0.56	0.55
Solid waste:										
Tons of waste collected	8,556	8,467	8,671	9,533	8,496	6,702	6,785	6,061	6,442	7,128
Cubic yards of waste collected	*	*	*	*	*	*	9,234	8,637	8,978	10,625
Ports and harbors:										
UMC vessel calls	554	564	533	458	437	520	407	334	237	577
UMC wharfage tons	225,270	413,869	448,078	444,338	465,491	464,549	286,698	363,038	338,029	479,630
Airport:										
Passengers	57,300	54,499	59,941	58,618	57,654	58,431	53,624	52,613	55,135	53,698

* Data unavailable or incomplete

CITY OF UNALASKA, ALASKA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	6	6	7	7	7	7
EMS:										
Ambulances	3	3	3	3	2	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	40.0	40.0
Miles of paved roads	5.8	5.8	5.8	6.6	6.6	6.6	6.6	6.6	7.0	7.0
Street lights	107	107	107	107	107	179	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	8	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	593	598	555	599	599	599	599	599
Wastewater:										
Sanitary sewers MH's	340	352	352	352	352	353	353	353	353	353
Miles of sewer lines	16.5	16.8	16.8	16.8	16.8	16.9	16.9	16.9	17.0	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)	2,051	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
C.E.M. Boat Harbor	*	*	*	*	*	*	*	*	*	345

* Boat harbor placed into service in FY12