

CITY OF UNALASKA ALASKA



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013

CITY OF UNALASKA, ALASKA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

(With Independent Auditors' Report Thereon)

CITY OF UNALASKA, ALASKA

Table of Contents

	Page(s)
Introduction Section	
Transmittal Letter	i –v
GFOA Certificate of Achievement for Excellence in Financial Reporting	vi
Organizational Chart	vii
Principal Executive Officers	viii
Financial Section	
Independent Auditors' Report	1 – 3
Management Discussion and Analysis (MD&A)	4 – 13
Basic Financial Statements:	
Statement of Net Position	14
Statement of Activities	15 – 16
Governmental Funds:	
Balance Sheet	17
Reconciliation of Net Position between the Government-Wide and Fund Financial Statements	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Major Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Original and Final Budget and Actual:	
General Fund	21
1% Sales Tax Special Revenue Fund	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25 – 26
Notes to Financial Statements	27 – 54

CITY OF UNALASKA, ALASKA

Table of Contents

		Page(s)
Additional Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet		55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		56
Bed Tax Special Revenue Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual		57
Nonmajor Enterprise Funds:		
Combining Statement of Net Position		58
Combining Statement of Revenues, Expenses, and Changes in Net Position		59
Combining Statement of Cash Flows		60
Statistical Section	Table	
Net Position by Component	1	61
Changes in Net Position	2	62 – 63
Governmental Activities Tax Revenues by Source	3	64
Fund Balances of Governmental Funds	4	65
Changes in Fund Balances of Governmental Funds	5	66
Governmental Expenditures	6	67
General Governmental Tax Revenues by Source	7	68
Assessed and Estimated Actual Value of Taxable Property	8	69
Property Tax Rates	9	70
Principal Real Property Taxpayers	10	71

CITY OF UNALASKA, ALASKA

Table of Contents

	Table	Page(s)
Principal Electric Utility Customers	11	72
Property Tax Levies and Collections	12	73
Ratios of Outstanding Debt by Type	13	74
Ratios of General Bonded Debt Outstanding	14	75
Direct Governmental Activities Debt	15	76
Legal Debt Margin Information	16	77
Pledged-Revenue Coverage	17	78
Demographic Statistics	18	79
Principal Employers	19	80
Full-time Equivalent City Government Employees by Function	20	81
Operating Indicators by Function	21	82
Capital Asset Statistics by Function	22	83

This page was intentionally left blank.

INTRODUCTION SECTION

CITY OF UNALASKA

P.O. BOX 610
UNALASKA, ALASKA 99685-0610
(907) 581-1251 FAX (907) 581-1417



December 16, 2013

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

State law requires that all cities annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Unalaska, Alaska for the fiscal year ended June 30, 2013.

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

KPMG, Certified Public Accountants, has issued an unmodified (clean) opinion on the City of Unalaska's financial statements for the year ended June 30, 2013. The independent auditors' report is located at the front of the financial section of this report. The independent audit of the financial statements of the City of Unalaska was part of a broader, state-mandated "Single Audit" designed to meet the special needs of state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state awards. These reports will be available in the City of Unalaska's separately issued Single Audit Report.

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

Profile of the Government

The City of Unalaska, incorporated as a first class city in 1942, is located on an island within an archipelago in the southwestern part of the state. The Bering Sea to the north is considered to have one of the most productive fisheries in the country. Located nearly 800 miles from Anchorage, the City of Unalaska, which serves a population of 4,768, currently occupies an area of 215 square miles, of which 46% is seawater. The City of Unalaska is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits

by annexation, which occurs periodically when deemed appropriate by the governing council. Annexation authority was exercised once in 1986.

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

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

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

Local Economy

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

Unalaska is the number one fishing port in the nation in terms of tons of seafood landed and has been for 16 straight years, according to the 2012 report by the National Marine Fishery Service (NMFS). A catch of 751.5 million pounds was landed in Unalaska in 2012, with a value of \$214.2 million dollars, positioning Unalaska as the number two port in value in the United States for income derived from fishing. In 2012, NMFS shows that 55% of the nation's fish resources were harvested and processed in the State of Alaska. Unalaska's local processing plants handled 14% of the state's landings and accounted for 12.6% of the value. For the nation, Unalaska landed 7.7% of the nation's seafood and accounted for 4% of the nation's value.

Because the city of Unalaska's economy centers on a single industry, seafood, the tax base is subject to change based upon fluctuations in fishery harvest levels. One mitigating factor to revenue volatility is the sustainability and good management of the fishery resources in both state and federal waters of the BSAI. In addition, the intentional portioning of rationalized fisheries allow fishing seasons throughout the year and provides continuous annual processing that ensures revenues derived from state shared and local seafood taxes are paid to the City on a steady basis.

Processed seafood products are sold both domestically and internationally. As much as 60% of Unalaska's fish products are exported, and as a consequence, changes in fisheries, and markets around the world affect

the local economy. For example, the decline of Barents Sea cod fishery off the coasts of Norway and Russia have resulted in an increased demand in Europe of H/G cod and cod fillets from Alaska. Japan is the largest market for seafood produced in Alaska, which has shown moderate demand with the value of the Yen affecting selling price which affects demand. In addition, the fact that younger generations of Japanese people do not consume as much surimi, has resulted in less demand for the product. However, prices for high-grade surimi are anticipated to remain stable. Pollock fillets are more valuable than surimi, and demand for the fillets is expected to remain stable both domestically and in Europe, but market prices have declined over the past year and that trend may continue.

Unalaska's economic outlook is tied closely the Bering Sea fisheries. Nearly 97% of the seafood sales tax comes from Pollock, Pacific Cod, Red King Crab, Snow Crab, Halibut, Sablefish, and Brown King Crab. With one exception, the fisheries in the BSAI are well-managed with no over-fished groundfish species. The exception is a species of crab that is listed as over-fished, and is in a rebuilding plan. This is not due to fishery activity, but because of ecosystem changes. Harvest levels for Bering Sea Snow Crab have decreased for the 2014 season by 19% from 66 million pounds harvested in the 2012/2013 season to 54 million pounds during the 2013/2014 season. The ex-vessel value to the crab fleet should remain stable, near the 2013 levels of \$2.00 per pound range. The Bristol Bay Red King Crab stocks have increased slightly from 8 million pounds harvested in 2012 to 8.7 million pounds for the 2013 season. The ex-vessel value is expected to remain stable in the \$6.40 to \$7.00 price range for the 2013 fishing season. The Eastern Bering Sea Pollock fishery is the nation's largest and most valuable. The quota for the 2013 fishery was 1.26MMT or 2.77 billion pounds with first wholesale value well in excess of a billion dollars. We expect the Pollock allocation for the 2014 season to be very close to the 2013 allocation for the Bering Sea at 1.26MMT. Unalaska processing plants Pollock harvest amount should be in the, 360,000MT range or 775 million pounds. Ex-vessel value to the Pollock catcher vessels could decrease slightly in 2014 due to the very soft market conditions worldwide on whitefish. The Pacific Cod fishery in the Bering Sea will once again be seeing slight increases in its 2013 allocation that could be increase to 275,000-300,000MT for the 2014 fishing season. Pacific Cod ex-vessel values for the catcher vessel fleet have declined due to poor market conditions worldwide to the mid \$0.20 per pound range.

The National Marine Fisheries Service (NMFS) and State of Alaska are using the successful management practices of the North Pacific Fisheries Management Council and the State of Alaska Board of Fisheries as a model to improve management in other fishery regions nation-wide. The Fisheries in the Bering Sea and Aleutian Islands which Unalaska depends on for its economic livelihood are expected to remain sustainable, well-managed, and healthy for the foreseeable future.

Long-Term Financial Planning

In continuing efforts to improve budgeting and long-term capital planning, the council, once again, set formal goals before the fiscal year13 budget process and prior to preparing the five-year Capital and Major Maintenance Plan (CMMP). Development of long-term maintenance and replacement schedules for capital assets continue to be developed.

The new powerhouse came online in 2010 with two 5.2-megawatt generators. In 2012 a third generator (4.4 megawatt) was installed. With the increasing electrical demand, a fourth generator has been ordered and is scheduled to be installed in the summer of 2014. A waste heat recovery system is also being installed which will generate approximately 50 kilowatts of electricity from the hot water from the diesel generators cooling systems. The City also is committed to investigating other sources of electrical power including LNG and geothermal.

To comply with new federal regulations, a new water treatment plant is planned for Pyramid Valley. This new plant, with an estimated cost of \$18 million, will provide treatment for Cryptosporidium, a

microorganism that is resistant to chlorine and other disinfectants, and has caused waterborne disease outbreaks in the lower 48.

The City has begun construction of a new chemically enhanced primary treatment wastewater facility as required by federal law. The final cost of the facility is estimated to be \$28 million, with more than \$20 million in State of Alaska grants and low interest loans. The wastewater facility is scheduled to be completed in 2015.

Most of the work on Phase 2 of the Landfill Development Plan was completed last year, which responds to anticipated future landfill needs. Summer Bay Road was moved closer to the shoreline and two new cells were constructed. Additionally, a 1.3 million gallon leachate holding tank was constructed, which holds water contaminated by the landfill to be later treated at the wastewater plant. The City is continuing to research ways of recycling. At this time, the City is removing monofil items, predominantly fish nets, and metal from the island to increase the life of the landfill. Staff is also researching a shredder system to shred tires, cardboard, wood, and plastic material. Shredding these materials will facilitate the shipping of the material or make it possible to use these materials to cover the garbage placed in the cells.

The City's road improvement plan continued with the paving of Ballyhoo Road. Additional paving projects also included the Tom Madson Airport parking lot and the Unalaska Marine Center. New truck operating regulations were passed to extend the life of the road infrastructure.

Pension and Other Postemployment Benefits

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

Additional information on the City of Unalaska's pension arrangements and postemployment benefits can be found on pages 52 – 54.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Unalaska for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the seventh consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully submitted,



Chris Hladick
City Manager



Karl Swanson
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

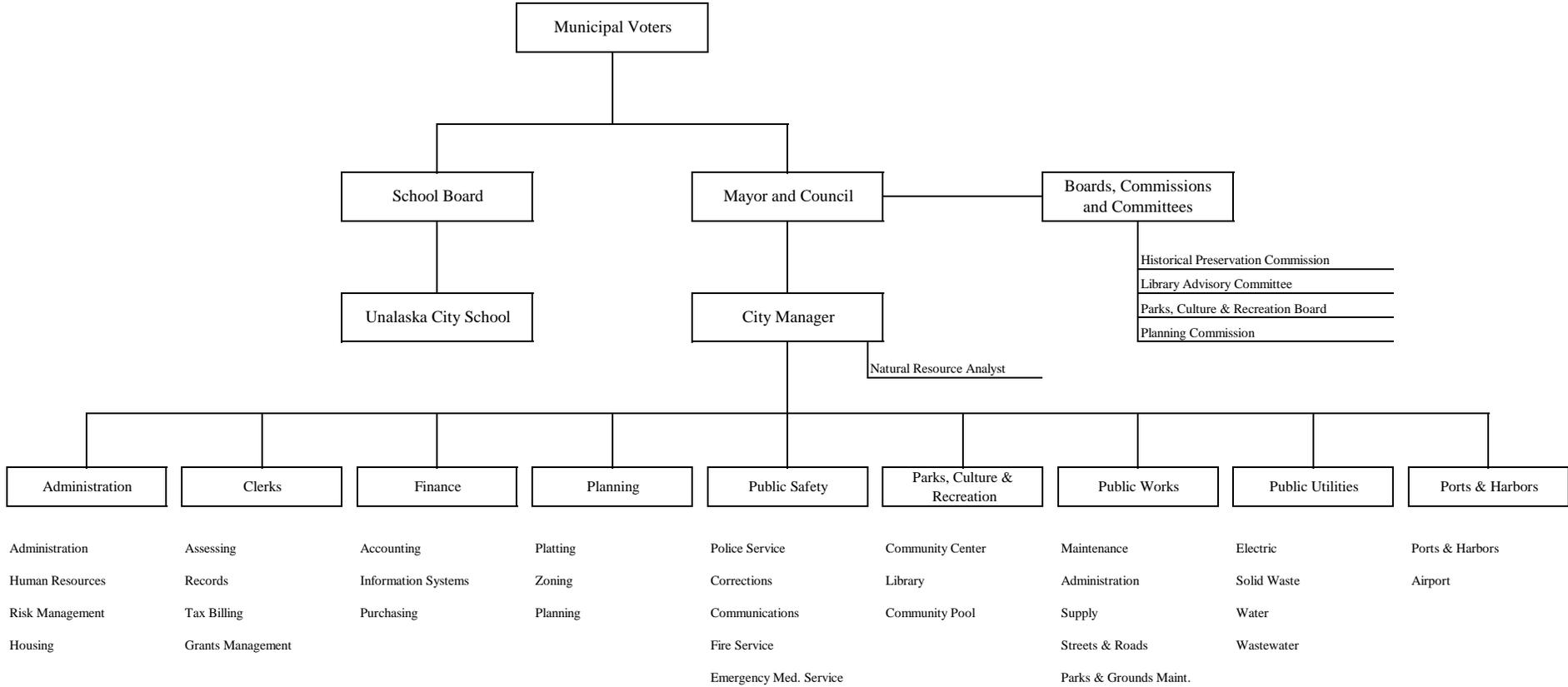
City of Unalaska
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Unalaska Organizational Chart



PRINCIPAL EXECUTIVE OFFICERS

June 30, 2013

Unalaska City Council

Mayor	Shirley Marquardt
Council Member	Zoya Johnson
Council Member	Alejandro Tungul
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	Patrick Jordan
City Clerk	Elizabeth Masoni
Finance Director	Karl Swanson
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 Fowler Pound
Clerk/Treasurer	Sonia Handforth-Kome
Member	Abner Hoage
Member	Melanie Magnusen
Member	Dan Masoni
Student Representative	Reanna Marquez

School Officials

Superintendent	John Conwell
Secondary Principal	Jim Wilson
Elementary Principal	Jeannie Schiaffo
Business Manager	Holly Holman

This page was intentionally left blank.

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:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

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

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Unalaska, Alaska, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and 1% Sales Tax Special Revenue Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4–13 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

December 16, 2013

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 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, 2013. 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 \$357,019,502 (*net position*).
- The government's total net position increased by \$37,155,636, or 11.6%.
- As of the close of the current fiscal year, the City of Unalaska's governmental funds reported combined ending fund balances of \$59,823,541, which is an increase of \$2,051,752 from the prior year. Most of this total amount, \$42,972,491, is either committed or assigned for projects identified in the City's Capital and Major Maintenance Plan (CMMP).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,759,866, or 66% 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 position* presents information on all of the City of Unalaska's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the City's net position 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 position changed during the most recent fiscal year. All changes in net position 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, solid waste, ports and harbors, airport terminal, and housing operations.

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 1% Sales Tax Special Revenue Fund, and the Street Paving Fund, all of which are considered major funds. Data from the other three 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 55 and 56.

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.

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

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 – 54 of this report.

Government-Wide Financial Analysis

As noted earlier, net position 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 \$357,019,502 at the close of the most recent fiscal year.

Approximately 68% of the City of Unalaska’s net position 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's Changes in Net Position

	Governmental activities		Business-type activities		Total*	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 121,240,843	138,435,516	58,334,966	55,620,762	179,575,809	194,056,278
Capital assets	92,712,404	90,446,870	191,094,108	159,979,269	283,806,512	250,426,139
Total assets	<u>\$ 213,953,247</u>	<u>228,882,386</u>	<u>249,429,074</u>	<u>215,600,031</u>	<u>463,382,321</u>	<u>444,482,417</u>
Long-term liabilities	\$ 6,542,321	7,218,356	42,331,333	39,924,492	48,873,654	47,142,848
Other liabilities	50,562,954	71,892,892	6,926,211	5,582,811	57,489,165	77,475,703
Total liabilities	<u>\$ 57,105,275</u>	<u>79,111,248</u>	<u>49,257,544</u>	<u>45,507,303</u>	<u>106,362,819</u>	<u>124,618,551</u>
Net position:						
Net investment in capital assets	\$ 87,329,497	84,763,100	154,862,931	125,055,086	242,192,428	209,818,186
Unrestricted	69,518,475	65,008,038	45,308,599	45,037,642	114,827,074	110,045,680
Net Position	<u>\$ 156,847,972</u>	<u>149,771,138</u>	<u>200,171,530</u>	<u>170,092,728</u>	<u>357,019,502</u>	<u>319,863,866</u>

* To facilitate ease of presentation, the total columns do not include the elimination of \$50,674,630 of internal balances.

CITY OF UNALASKA, ALASKA
Management Discussion and Analysis (MD&A)
June 30, 2013

The balance of unrestricted net position, \$114,827,074, 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 position, 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.

Table 2

City of Unalaska's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 290,495	218,236	29,736,160	29,979,860	30,026,655	30,198,096
Operating grants and contributions	1,635,032	1,620,078	1,064,896	994,862	2,699,928	2,614,940
Capital grants and contributions	59,292	21,023	22,721,175	4,544,648	22,780,467	4,565,671
General revenues:						
Property taxes	4,987,005	4,749,706	—	—	4,987,005	4,749,706
General sales tax	13,272,143	13,960,079	—	—	13,272,143	13,960,079
Raw seafood tax	4,784,198	5,260,999	—	—	4,784,198	5,260,999
Fisheries tax	11,422,361	9,323,933	—	—	11,422,361	9,323,933
Investment earnings	436,013	1,067,295	—	—	436,013	1,067,295
Other	2,415,726	1,930,824	16,460	—	2,432,186	1,930,824
Total revenues	39,302,265	38,152,173	53,538,691	35,519,370	92,840,956	73,671,543
Expenses:						
General government	4,438,615	4,123,313	—	—	4,438,615	4,123,313
Public safety	5,002,794	4,268,613	—	—	5,002,794	4,268,613
Public works	6,595,282	6,746,102	—	—	6,595,282	6,746,102
Parks, culture, and recreation	3,494,437	3,208,371	—	—	3,494,437	3,208,371
Community support	1,257,948	931,803	—	—	1,257,948	931,803
Education	4,482,999	4,736,055	—	—	4,482,999	4,736,055
Interest on long-term debt	148,656	431,243	—	—	148,656	431,243
Electric	—	—	16,981,402	16,764,882	16,981,402	16,764,882
Water	—	—	2,372,204	2,248,290	2,372,204	2,248,290
Wastewater	—	—	1,818,391	2,302,410	1,818,391	2,302,410
Solid waste	—	—	2,220,450	2,093,139	2,220,450	2,093,139
Ports and harbors	—	—	5,504,361	4,407,784	5,504,361	4,407,784
Airport	—	—	839,962	787,183	839,962	787,183
Housing	—	—	527,819	736,031	527,819	736,031
Total expenses	25,420,731	24,445,500	30,264,589	29,339,719	55,685,320	53,785,219
Increase in net position before transfers	13,881,534	13,706,673	23,274,102	6,179,651	37,155,636	19,886,324
Transfers	(6,804,700)	(19,580,362)	6,804,700	19,580,362	—	—
Increase (decrease) in net position	7,076,834	(5,873,689)	30,078,802	25,760,013	37,155,636	19,886,324
Net position, beginning of year	149,771,138	155,644,827	170,092,728	144,332,715	319,863,866	299,977,542
Net position, end of year	\$ 156,847,972	149,771,138	200,171,530	170,092,728	357,019,502	319,863,866

The government's net position increased by \$37,155,636 during the current fiscal year. Revenues overall were up 26%. The largest area of increase was in fisheries tax in governmental activities (\$2.1 million) and capital grants

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

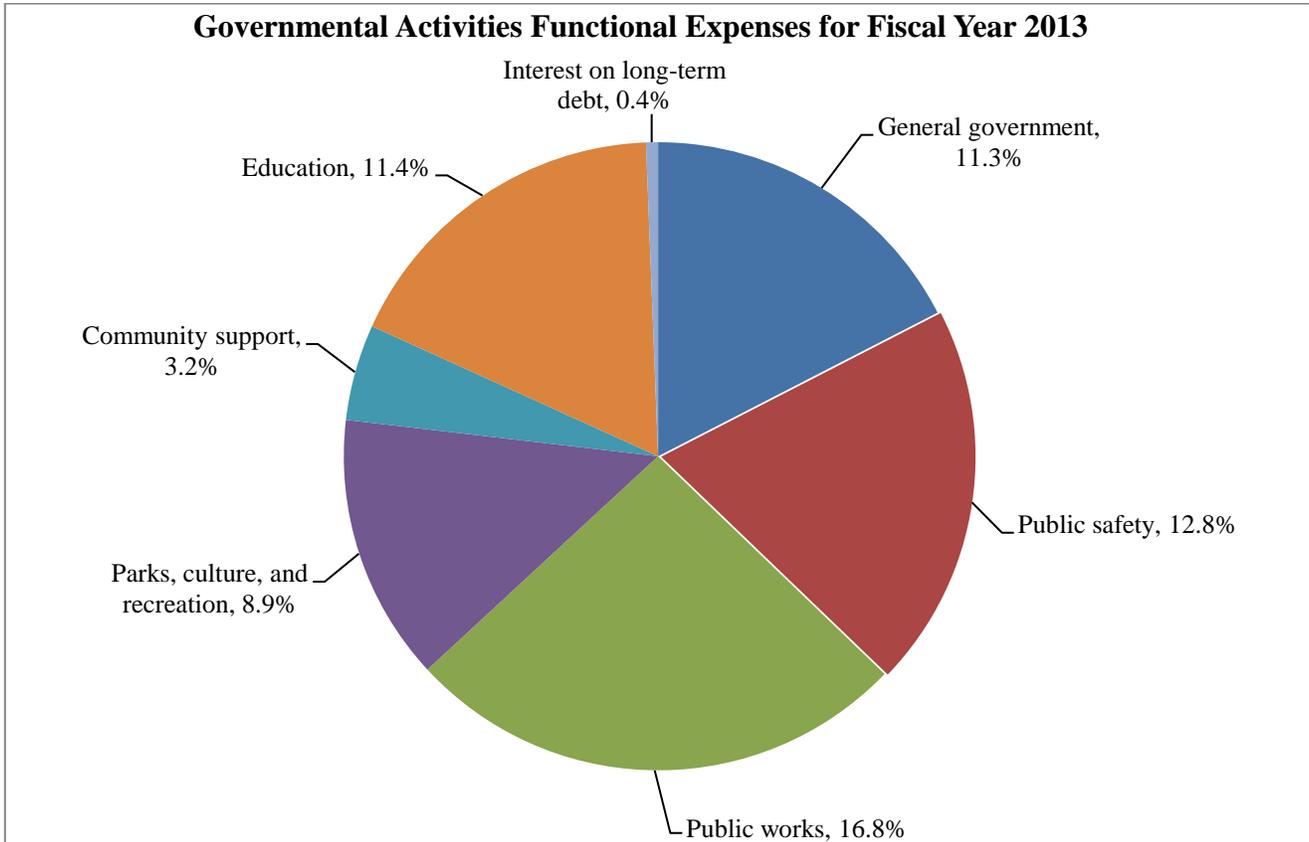
June 30, 2013

in business-type activities (\$18.2 million). The increase in fisheries tax in governmental activities is due to the price of seafood and the amount of seafood that is allowed to be caught and the business-type activities increase is largely due to the breakwater on the Carl E. Moses Small Boat Harbor that was built and contributed by the U.S. Army Corps of Engineers.

Total expenses were just over \$1.9 million more than last year. Over a million dollars of this increase was in the Ports and Harbors Fund, which had the Carl E. Moses Small Boat Harbor complete its first full year of operation. The increase in depreciation alone from the prior year was more than \$570,000. There were slight increases in all of the governmental functions except Public Works and Education, which both had moderate decreases. The Wastewater Fund, had a decrease of \$484,019, which was largely for legal fees associated with the environmental remediation lawsuit with the Department of Justice in the prior year. The Housing Fund had a decrease of \$208,212 due to environmental clean-up costs in the prior year. There were modest increases in all of the other enterprise funds.

Governmental Activities

Governmental activities increased the City of Unalaska's net position by \$7,076,834 million, which is due to many factors including collecting more revenue than budgeted, spending less than budgeted and transferring less to capital projects and proprietary funds than in the past.



CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

Business-Type Activities

Business-type activities increased the City of Unalaska's net position by \$30,078,802 (table 2); this is largely due to the breakwater on the Carl E. Moses Small Boat Harbor that was built and contributed to the City by the U.S. Army Corps of Engineers. Other 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 \$59,823,541, which is an increase of \$2,051,752 from the prior year. Approximately 97% of this total amount, \$57,732,357, 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 \$29,393,239, while total fund balance reached \$31,484,423. 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 131% of total General Fund expenditures, while total fund balance represents 203% of that same amount.

The fund balance of the City of Unalaska's General Fund decreased by \$3,796,900 during this fiscal year. This decrease is due to major transfers to enterprise fund capital projects in fiscal year 2013. The decrease would have been more but budgeted expenditures were \$2.3 million more than actual expenditures and budgeted revenues were \$1.0 million less than actual revenue; these two combined resulted in \$3.3 million being added to the fund balance.

The fund balance of the City of Unalaska's 1% Sales Tax Fund decreased by \$1,835,804. This fund is for capital projects only, and the city was intentionally building a balance for projects in the future. This year, \$5 million was transferred to governmental capital project funds for paving projects. Another \$1.2 million was transferred to continue a 10 year repayment schedule to the general fund for the Carl E. Moses Small Boat Harbor. 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 position of the proprietary funds at the end of the year amounted to \$45,308,599. The business-type net position increased \$30,078,802 – most of which is due to the capital contribution from the

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

U.S. Army Corp of Engineers for the Carl E. Moses Small Boat Harbor and transfers from governmental funds for capital improvements.

General Fund Budgetary Highlights

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

- Two public safety grants, totaling \$102,143 and a library grant for \$7,157 increased budgeted General Fund revenues from the original amounts.
- The final budget for expenditures and transfers was significantly more than the original budget. The major reasons for the increases are as follows:
 - The general government budget increased from its original amount primarily by increases in investment management fees of \$22,000, increases in audit services of \$21,980, and website improvement costs of \$20,000. Funds encumbered in the prior year increased the original budget by \$39,709. The public safety budget increases were due to expenses associated with the public safety grants of \$102,143 and additional personnel costs due to wage and benefit increases after union negotiations of \$109,644.
 - The Museum of the Aleutians received an additional \$202,000 for a re-design of the permanent gallery increasing the budget for Community support.
 - In FY13 the following transfers out to other funds were added to the budget:
 - Transfers totaling \$5,069,995 were made to capital project funds for paving Ballyhoo Road and other paving projects around the City.
 - Grant funds of \$60,000 were transferred to capital projects fund for purchase of a Public Safety generator.
 - The Electric Fund had \$2,000,000 transferred to it for purchase of a forth engine in the powerhouse.
 - The Airport Fund was transferred \$330,000 to pave the parking lot.

Capital Asset and Debt Administration

Capital Assets

The City of Unalaska's net investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$283,806,512 (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 over \$33 million.

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

- Phase II of the Tsunami Warning Siren system was completed with additional expenditures of \$64,776.
- An ambulance was purchased with \$156,875 of City funds.

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

- Public Works continued work on the Pavement Resurfacing project using \$3,432,010 in general funds.
- The Ballyhoo Road Paving project continued with \$432,066 being spent in FY13. The majority of the work is scheduled to be completed in FY14.
- Ballyhoo Drainage and Electrical improvements continued using \$1,036,280 from the General Fund and \$405,298 from the Electrical Fund.
- Improvements to the Junior/Senior High School continued using \$448,993.
- Continued construction of the Carl E. Moses Small Boat Harbor road and utilities used \$65,758 from the General Fund.
- A new major electrical tie-in project in Captains Bay was started using \$62,625.
- The Waste Heat Recovery System for the powerhouse continued the design phase spending \$197,115.
- Construction for a third engine at the New Power Plant was completed this year with \$82,281 being spent.
- A down payment of \$382,889 was made on a fourth engine at the New Power Plant.
- A New Water Treatment Plant project was started in FY09. The current year costs were \$204,505.
- A project to bring power to the drinking water reservoir at Icy Lake that was started in FY12 spent \$50,849.
- Replacement of the chlorine tank ladder and interior maintenance cost the Water utility \$131,448.
- Two sewer lift station panel replacements and upgrades cost the Wastewater utility \$196,303.
- The Wastewater Treatment Plant Improvements construction started this year with \$6,562,417 being spent.
- The Summer Bay Road realignment cost the Solid Waste utility \$1,391,428.
- The Leachate Flow Leveling project that was started in FY09 used \$6,292,589 in construction costs.
- A Fender System repair project for positions 4-7 at the UMC Dock that was started in FY11 spent \$326,585.
- The Unalaska Marine Center backreach grading and drainage project cost the Port \$434,610.
- The Mooring Buoy project started in FY12 had current year costs of \$76,166.
- The USCG utility building was resided for \$53,750.
- Construction of the Carl E. Moses Small Boat Harbor breakwaters was completed by the U.S. Army Corp of Engineers during the year. Capital costs of the project totaled \$23,365,222, of which \$19,291,236 was contributed by the U.S. Army Corps of Engineers and the remainder funded by the City. During the year the City also expended \$190,497 on other capital projects for the Carl E. Moses Small Boat Harbor.

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

Table 3

City of Unalaska Capital Assets
(Net of Accumulated Depreciation)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 31,147,603	31,147,603	3,309,476	3,309,476	34,457,079	34,457,079
Buildings	31,468,958	28,749,913	46,976,097	48,484,355	78,445,055	77,234,268
Infrastructure	14,840,545	15,549,888	95,716,515	77,660,869	110,557,060	93,210,757
Machinery and equipment	2,201,843	2,345,819	16,828,128	8,634,186	19,029,971	10,980,005
Construction in progress	13,053,455	12,653,917	28,263,892	21,890,383	41,317,347	34,544,300
Total capital assets	\$ 92,712,404	90,447,140	191,094,108	159,979,269	283,806,512	250,426,409

Additional information on the City of Unalaska’s capital assets can be found in note 3(b) 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 \$39,106,818 (table 4). Of this amount, \$10,170,000 comprises debt backed by the full faith and credit of the government.

Table 4

City of Unalaska Debt

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 5,420,000	6,140,000	4,450,000	4,635,000	9,870,000	10,775,000
Revenue bonds	—	—	28,715,000	29,560,000	28,715,000	29,560,000
Other contracts and loans	—	—	221,818	265,282	221,818	265,282
Total Long-Term Debt	\$ 5,420,000	6,140,000	33,386,818	34,460,282	38,806,818	40,600,282

The City of Unalaska’s total debt decreased by \$1,493,464 (3.7%) during the current fiscal year. No additional debt was acquired in FY 2013.

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(e) 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 9.1% for calendar year 2013, which is an increase from a rate of 7.8% in calendar year 2012. 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 the City’s sales tax through marine fuel. Fuel sales generate over half of the City’s sales tax. Total sales tax is 36% of governmental activities revenue.

CITY OF UNALASKA, ALASKA

Management Discussion and Analysis (MD&A)

June 30, 2013

The City council authorized rate increases in three of the City's utilities as of July 1, 2013. Water rates increased 7.12%, wastewater rates increased by 14.1% and landfill rates increased 10.7%. This followed a year without rate increases other than the Cost of Power Adjustment (COPA) charges in the electrical fund that reflect changes in the price of fuel. 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 landfill cell, rate studies will extend beyond the three-year period but the total costs will be included when the rate studies are conducted.

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 Position

June 30, 2013

	Primary government			Total	Component unit
	Governmental activities	Business-type activities	Eliminations		Unalaska City School District
Assets:					
Cash and cash equivalents	\$ 1,537,935	150	—	1,538,085	2,253,542
Temporary investments	23,793,872	—	—	23,793,872	—
Receivables:					
Interest	242,297	—	—	242,297	—
Taxes	2,571,612	—	—	2,571,612	—
Accounts, net of allowance for uncollectible amounts of \$40,000	30,944	2,423,525	—	2,454,469	53,899
Special assessments	—	63,948	—	63,948	—
Intergovernmental	10,935,568	2,931,777	—	13,867,345	—
Internal balances	1,540,000	49,134,630	(50,674,630)	—	—
Inventories	521,190	1,147,235	—	1,668,425	31,974
Prepaid items	15,706	—	—	15,706	158,671
Deferred charges	—	258,984	—	258,984	—
Restricted assets:					
Cash for health insurance	—	—	—	—	361,716
Cash held by fiscal agent	—	2,374,717	—	2,374,717	—
Temporary investments	427,694	—	—	427,694	—
Assets held for sale	14,288	—	—	14,288	—
Long-term investments	79,609,737	—	—	79,609,737	—
Capital assets:					
Not being depreciated	44,201,058	31,573,368	—	75,774,426	42,500
Depreciated, net	48,511,346	159,520,740	—	208,032,086	301,236
Total assets	213,953,247	249,429,074	(50,674,630)	412,707,691	3,203,538
Liabilities:					
Accounts payable	451,232	3,859,344	—	4,310,576	58,734
Retainage payable	351,051	467,955	—	819,006	—
Accrued payroll and payroll liabilities	536,596	689,413	—	1,226,009	904,740
Accrued interest payable	88,710	435,444	—	524,154	—
Deposit payable	735	1,474,055	—	1,474,790	14,150
Unearned revenue	—	—	—	—	6,114
Internal balances	49,134,630	140,000	(49,274,630)	—	—
Due to:					
Student groups	—	—	—	—	79,686
Noncurrent liabilities:					
Internal balances	—	1,400,000	(1,400,000)	—	—
Long-term debt due within one year	1,844,363	3,215,658	—	5,060,021	—
Long-term debt due in more than one year	4,697,958	37,575,675	—	42,273,633	—
Total liabilities	57,105,275	49,257,544	(50,674,630)	55,688,189	1,063,424
Net position:					
Net investment in capital assets	87,329,497	154,862,931	—	242,192,428	343,736
Unrestricted	69,518,475	45,308,599	—	114,827,074	1,796,378
Net position	\$ 156,847,972	200,171,530	—	357,019,502	2,140,114

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Statement of Activities

Year ended June 30, 2013

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
Current:				
General government	\$ 4,438,615	65,531	—	—
Public safety	5,002,794	3,197	716,318	—
Public works	6,595,282	—	4,325	59,292
Parks, culture, and recreation	3,494,437	221,767	90,438	—
Community support	1,257,948	—	—	—
Education	4,482,999	—	—	—
Interest on long-term debt	148,656	—	823,951	—
Total governmental activities	<u>25,420,731</u>	<u>290,495</u>	<u>1,635,032</u>	<u>59,292</u>
Business-type activities:				
Electric	16,981,402	17,389,996	282,070	101,874
Water	2,372,204	2,323,158	76,787	—
Wastewater	1,818,391	1,898,264	63,627	3,412,412
Solid waste	2,220,450	1,630,045	75,010	1,131,407
Ports and harbors	5,504,361	5,784,924	542,281	17,828,493
Airport	839,962	472,107	14,062	—
Housing	527,819	237,666	11,059	246,989
Total business-type activities	<u>30,264,589</u>	<u>29,736,160</u>	<u>1,064,896</u>	<u>22,721,175</u>
Total primary government	<u>\$ 55,685,320</u>	<u>30,026,655</u>	<u>2,699,928</u>	<u>22,780,467</u>
Component unit:				
Unalaska City School District	\$ 10,807,650	346,438	3,005,522	95,181
General revenues:				
Property taxes				
Personal property taxes				
General sales tax				
Raw seafood sales tax				
Other taxes				
Fisheries tax				
Payment in lieu of taxes				
Grants not restricted to specific programs				
Gain/loss on disposal of capital assets				
Investment earnings				
Support from City of Unalaska				
Other				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See accompanying notes to financial statements.

Net (expense) revenue and changes in net position

Primary government		Total	Component Unit Unalaska City School District
Governmental activities	Business- type activities		
\$ (4,373,084)	—	(4,373,084)	—
(4,283,279)	—	(4,283,279)	—
(6,531,665)	—	(6,531,665)	—
(3,182,232)	—	(3,182,232)	—
(1,257,948)	—	(1,257,948)	—
(4,482,999)	—	(4,482,999)	—
675,295	—	675,295	—
(23,435,912)	—	(23,435,912)	—
—	792,538	792,538	—
—	27,741	27,741	—
—	3,555,912	3,555,912	—
—	616,012	616,012	—
—	18,651,337	18,651,337	—
—	(353,793)	(353,793)	—
—	(32,105)	(32,105)	—
—	23,257,642	23,257,642	—
(23,435,912)	23,257,642	(178,270)	—
			(7,360,509)
3,446,342	—	3,446,342	—
1,540,663	—	1,540,663	—
13,272,143	—	13,272,143	—
4,784,198	—	4,784,198	—
101,943	—	101,943	—
11,422,361	—	11,422,361	—
769,986	—	769,986	—
1,436,141	—	1,436,141	4,549,390
—	16,460	16,460	—
436,013	—	436,013	3,476
—	—	—	2,825,150
107,656	—	107,656	73,136
(6,804,700)	6,804,700	—	—
30,512,746	6,821,160	37,333,906	7,451,152
7,076,834	30,078,802	37,155,636	90,643
149,771,138	170,092,728	319,863,866	2,049,471
\$ 156,847,972	200,171,530	357,019,502	2,140,114

CITY OF UNALASKA, ALASKA

Governmental Funds

Balance Sheet

June 30, 2013

Assets	General Fund	1% Sales Tax Special Revenue Fund	Street Paving	Total nonmajor funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,537,935	—	—	—	1,537,935
Temporary investments	23,793,872	—	—	—	23,793,872
Receivables, net:					
General	30,944	—	—	—	30,944
Interest	242,297	—	—	—	242,297
Taxes	1,908,559	651,146	—	11,907	2,571,612
Intergovernmental	10,935,568	—	—	—	10,935,568
Due from other funds	—	1,326,296	11,876,029	14,890,378	28,092,703
Inventories	521,190	—	—	—	521,190
Prepaid items	15,706	—	—	—	15,706
Restricted assets:					
Temporary investments	427,694	—	—	—	427,694
Advances to other funds	1,540,000	—	—	—	1,540,000
Assets held for resale	14,288	—	—	—	14,288
Long-term investments	79,609,737	—	—	—	79,609,737
Total assets	\$ 120,577,790	1,977,442	11,876,029	14,902,285	149,333,546
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 376,145	1,462	16,712	56,913	451,232
Retainage payable	12,000	—	302,276	36,775	351,051
Accrued payroll liabilities	536,596	—	—	—	536,596
Customer deposits	735	—	—	—	735
Due to other funds	77,227,333	—	—	—	77,227,333
Unearned revenues	10,940,558	2,500	—	—	10,943,058
Total liabilities	89,093,367	3,962	318,988	93,688	89,510,005
Fund balances:					
Nonspendable:					
Inventories	521,190	—	—	—	521,190
Prepaid items	15,706	—	—	—	15,706
Advances to other funds	1,540,000	—	—	—	1,540,000
Assets held for resale	14,288	—	—	—	14,288
Committed:					
Emergency operations	13,000,000	—	—	—	13,000,000
Compensated absences	1,000,000	—	—	—	1,000,000
Capital projects	300,000	1,973,480	—	—	2,273,480
Assigned	333,373	—	11,557,041	14,808,597	26,699,011
Unassigned	14,759,866	—	—	—	14,759,866
Total fund balances	31,484,423	1,973,480	11,557,041	14,808,597	59,823,541
Total liabilities and fund balances	\$ 120,577,790	1,977,442	11,876,029	14,902,285	149,333,546

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

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

June 30, 2013

Amounts reported as fund balances on the governmental funds balance sheet	\$ 59,823,541
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	92,712,404
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds:	
Shared fisheries business tax	3,957,391
Shared fisheries resource landing tax	6,636,364
Real property	42,178
Personal property	28,830
Sales taxes	7,500
School debt reimbursement due from the State	270,795
	<u>10,943,058</u>
Interest payable on long-term debt and capital leases are not due and payable in the current period and, therefore, are not reported in the funds	(88,710)
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	(5,420,000)
Premium on general obligation bonds	(39,550)
Compensated absences	(1,082,771)
	<u>(6,542,321)</u>
Net position of governmental activities	<u><u>\$ 156,847,972</u></u>

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2013

	<u>General Fund</u>	<u>1% Sales Tax Special Revenue Fund</u>	<u>Street Paving</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
Revenues:					
Taxes:					
General sales	\$ 8,722,523	4,361,052	—	188,568	13,272,143
Seafood sales	4,784,198	—	—	—	4,784,198
Real property	3,493,791	—	—	—	3,493,791
Personal property	1,538,770	—	—	—	1,538,770
Other	101,943	—	—	—	101,943
Intergovernmental:					
Fisheries business tax	4,398,441	—	—	—	4,398,441
Fisheries resource landing tax	4,898,543	—	—	—	4,898,543
Payments in lieu of taxes	769,986	—	—	—	769,986
Corrections contract	628,132	—	—	—	628,132
Debt reimbursement	823,951	—	—	—	823,951
Other	1,619,090	—	59,292	—	1,678,382
Charges for services	290,495	—	—	—	290,495
Investment income	436,013	—	—	—	436,013
Other revenues	104,016	—	—	—	104,016
Total revenues	<u>32,609,892</u>	<u>4,361,052</u>	<u>59,292</u>	<u>188,568</u>	<u>37,218,804</u>
Expenditures:					
Current:					
General government	4,290,547	—	—	—	4,290,547
Public safety	4,706,973	—	—	—	4,706,973
Public works	5,274,947	—	—	—	5,274,947
Parks, culture, and recreation	2,439,537	—	—	—	2,439,537
Community support	1,068,686	—	—	189,262	1,257,948
Education	3,821,546	—	—	—	3,821,546
Debt service:					
Principal	720,000	—	—	—	720,000
Interest	164,854	—	—	—	164,854
Capital projects	—	—	4,505,252	1,190,032	5,695,284
Total expenditures	<u>22,487,090</u>	<u>—</u>	<u>4,505,252</u>	<u>1,379,294</u>	<u>28,371,636</u>
Excess revenues over expenditures	<u>10,122,802</u>	<u>4,361,052</u>	<u>(4,445,960)</u>	<u>(1,190,726)</u>	<u>8,847,168</u>
Other financing sources (uses):					
Proceeds from sale of assets	9,284	—	—	—	9,284
Transfers in	1,804,733	3,144	5,100,000	8,450,000	15,357,877
Transfers out	(15,733,719)	(6,200,000)	—	(228,858)	(22,162,577)
Net other financing sources (uses)	<u>(13,919,702)</u>	<u>(6,196,856)</u>	<u>5,100,000</u>	<u>8,221,142</u>	<u>(6,795,416)</u>
Net change in fund balances	<u>(3,796,900)</u>	<u>(1,835,804)</u>	<u>654,040</u>	<u>7,030,416</u>	<u>2,051,752</u>
Fund balances, beginning of year	<u>35,281,323</u>	<u>3,809,284</u>	<u>10,903,001</u>	<u>7,778,181</u>	<u>57,771,789</u>
Fund balances, end of year	\$ <u>31,484,423</u>	<u>1,973,480</u>	<u>11,557,041</u>	<u>14,808,597</u>	<u>59,823,541</u>

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

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

Year ended June 30, 2013

Net change in fund balance – total governmental funds	\$	2,051,752
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		5,695,284
Depreciation expense		<u>(3,430,020)</u>
		<u>2,265,264</u>
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds – change in:		
Shared fisheries business tax		(10,987)
Shared fisheries resource landing tax		2,136,364
Real and personal property tax		(45,557)
Special assessments		<u>(5,644)</u>
		<u>2,074,176</u>
The issuance of long-term debt and accrual of compensated absences provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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		720,000
Change in compensated absences		(50,557)
Amortization of deferred amounts		<u>6,592</u>
		<u>676,035</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest payable		<u>9,607</u>
Change in net position of governmental activities	\$	<u><u>7,076,834</u></u>

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

General Fund

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

Year ended June 30, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual amount</u>	Variance with final budget positive (negative)
Revenues:				
Taxes:				
General sales	\$ 7,000,000	7,000,000	8,722,523	1,722,523
Seafood sales	5,500,000	5,500,000	4,784,198	(715,802)
Real property	3,450,000	3,450,000	3,493,791	43,791
Personal property	1,370,000	1,370,000	1,538,770	168,770
Other	55,000	55,000	101,943	46,943
Intergovernmental:				
Fisheries business tax	4,300,000	4,300,000	4,398,441	98,441
Fisheries resource landing tax	5,000,000	5,000,000	4,898,543	(101,457)
Payments in lieu of taxes	626,272	626,272	769,986	143,714
Corrections contract	481,355	481,355	628,132	146,777
Debt reimbursement	834,585	834,585	823,951	(10,634)
Other	1,451,491	1,560,791	1,619,090	58,299
Charges for services	294,600	294,600	290,495	(4,105)
Investment income	1,000,000	1,000,000	436,013	(563,987)
Other revenues	82,500	82,500	104,016	21,516
	<u>31,445,803</u>	<u>31,555,103</u>	<u>32,609,892</u>	<u>1,054,789</u>
Expenditures:				
Current:				
General government	4,857,438	4,961,128	4,290,547	670,581
Public safety	4,945,321	5,129,901	4,706,973	422,928
Public works	5,751,478	5,778,425	5,274,947	503,478
Parks, culture, and recreation	2,653,660	2,673,592	2,439,537	234,055
Community support	872,191	1,074,191	1,068,686	5,505
Education	4,216,484	4,216,484	3,821,546	394,938
Debt service:				
Principal	720,000	720,000	720,000	—
Interest	263,175	263,175	164,854	98,321
	<u>24,279,747</u>	<u>24,816,896</u>	<u>22,487,090</u>	<u>2,329,806</u>
Total expenditures				
Excess of revenues over expenditures	<u>7,166,056</u>	<u>6,738,207</u>	<u>10,122,802</u>	<u>3,384,595</u>
Other financing sources (uses):				
Proceeds from the sale of assets	100,000	100,000	9,284	(90,716)
Transfers in	1,200,000	1,200,000	1,804,733	604,733
Transfers out	(9,919,836)	(17,379,836)	(15,733,719)	1,646,117
	<u>(8,619,836)</u>	<u>(16,079,836)</u>	<u>(13,919,702)</u>	<u>2,160,134</u>
Net other financing uses				
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,453,780)</u>	<u>(9,341,629)</u>	<u>(3,796,900)</u>	<u>5,544,729</u>
Fund balances, beginning of year			<u>35,281,323</u>	
Fund balances, end of year			<u>\$ 31,484,423</u>	

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

1% Sales Tax Special Revenue Fund

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

Year ended June 30, 2013

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
General sales	\$ 3,500,000	3,500,000	4,361,052	861,052
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>4,361,052</u>	<u>861,052</u>
Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	3,500,000	3,500,000	4,361,052	861,052
Other financing sources (uses):				
Transfers in	—	—	3,144	3,144
Transfers out	<u>(3,200,000)</u>	<u>(6,200,000)</u>	<u>(6,200,000)</u>	<u>—</u>
Net change in fund balance	\$ <u>300,000</u>	<u>(2,700,000)</u>	(1,835,804)	<u>864,196</u>
Fund balances, beginning of year			<u>3,809,284</u>	
Fund balances, end of year			\$ <u><u>1,973,480</u></u>	

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Net Position

June 30, 2013

Assets	Electric	Water	Wastewater	Solid Waste	Ports and Harbors	Other proprietary funds	Total
Current assets:							
Cash	\$ —	—	—	—	150	—	150
Accounts receivables (net of allowance for uncollectibles)	1,487,388	159,356	142,859	134,922	379,445	119,555	2,423,525
Assessments receivable	—	10,170	53,778	—	—	—	63,948
Accounts receivable – Intergovernmental	179,295	—	2,352,036	32,451	367,995	—	2,931,777
Due from General Fund	3,747,846	10,862,312	5,135,699	10,429,631	15,489,074	3,470,068	49,134,630
Inventories	672,138	339,039	44,702	91,356	—	—	1,147,235
Deferred charges	207,806	—	—	—	51,178	—	258,984
Total current assets	6,294,473	11,370,877	7,729,074	10,688,360	16,287,842	3,589,623	55,960,249
Noncurrent assets:							
Restricted assets:							
Cash held by fiscal agent	2,372,217	—	—	—	2,500	—	2,374,717
Capital assets, net	56,144,558	12,515,627	15,524,467	17,139,439	80,834,779	8,935,238	191,094,108
Total noncurrent assets	58,516,775	12,515,627	15,524,467	17,139,439	80,837,279	8,935,238	193,468,825
Total assets	64,811,248	23,886,504	23,253,541	27,827,799	97,125,121	12,524,861	249,429,074
Liabilities							
Current liabilities:							
Accounts payable	768,617	133,463	1,799,298	663,174	469,197	25,595	3,859,344
Retainage payable	—	600	57,500	362,705	40,350	6,800	467,955
Accrued payroll and payroll liabilities	259,403	100,952	102,949	94,018	111,426	20,665	689,413
Accrued interest	373,892	—	2,377	—	59,175	—	435,444
Bonds and loans payable	879,682	—	43,461	—	2,292,515	—	3,215,658
Advances from General Fund	140,000	—	—	—	—	—	140,000
Customer deposits	1,377,806	29,794	30,216	9,704	—	26,535	1,474,055
Total current liabilities	3,799,400	264,809	2,035,801	1,129,601	2,972,663	79,595	10,281,869
Noncurrent liabilities:							
Bonds and loans payable	28,015,665	—	178,358	—	4,353,541	—	32,547,564
Advances from General Fund	1,400,000	—	—	—	—	—	1,400,000
Accrued landfill closure and post closure costs	—	—	—	5,028,111	—	—	5,028,111
Total noncurrent liabilities	29,415,665	—	178,358	5,028,111	4,353,541	—	38,975,675
Total liabilities	33,215,065	264,809	2,214,159	6,157,712	7,326,204	79,595	49,257,544
Net Position							
Net investment in capital assets	27,249,211	12,515,027	15,245,148	16,776,734	74,148,373	8,928,438	154,862,931
Unrestricted	4,346,972	11,106,668	5,794,234	4,893,353	15,650,544	3,516,828	45,308,599
Total net position	\$ 31,596,183	23,621,695	21,039,382	21,670,087	89,798,917	12,445,266	200,171,530

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Revenues, Expenditures, and Changes in Net Position

Year ended June 30, 2013

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Ports and Harbors</u>	<u>Other proprietary funds</u>	<u>Total</u>
Operating revenues:							
Charges for services	\$ 17,389,996	2,323,158	1,898,264	1,630,045	5,784,924	709,773	29,736,160
Total operating revenues	<u>17,389,996</u>	<u>2,323,158</u>	<u>1,898,264</u>	<u>1,630,045</u>	<u>5,784,924</u>	<u>709,773</u>	<u>29,736,160</u>
Operating expenses:							
Operations	12,445,046	1,015,763	928,135	1,328,715	2,227,624	724,101	18,669,384
General and administrative	1,085,920	456,381	369,685	302,756	969,015	164,934	3,348,691
Landfill closure and post closure care costs	—	—	—	198,072	—	—	198,072
Depreciation and amortization	1,958,549	899,856	516,814	390,907	2,073,263	478,746	6,318,135
Total operating expenses	<u>15,489,515</u>	<u>2,372,000</u>	<u>1,814,634</u>	<u>2,220,450</u>	<u>5,269,902</u>	<u>1,367,781</u>	<u>28,534,282</u>
Operating income (loss)	<u>1,900,481</u>	<u>(48,842)</u>	<u>83,630</u>	<u>(590,405)</u>	<u>515,022</u>	<u>(658,008)</u>	<u>1,201,878</u>
Nonoperating revenues (expenses):							
Intergovernmental revenue	282,070	76,787	63,627	75,010	542,281	25,121	1,064,896
Gain on sale of assets	16,460	—	—	—	—	—	16,460
Interest expense	(1,491,887)	(204)	(3,757)	—	(234,459)	—	(1,730,307)
Net nonoperating revenues (expenses)	<u>(1,193,357)</u>	<u>76,583</u>	<u>59,870</u>	<u>75,010</u>	<u>307,822</u>	<u>25,121</u>	<u>(648,951)</u>
Income (loss) before capital contributions and transfers	707,124	27,741	143,500	(515,395)	822,844	(632,887)	552,927
Capital contributions	101,874	—	3,412,412	1,131,407	17,828,493	246,989	22,721,175
Transfers in	2,000,000	3,600,000	—	—	1,103,719	480,000	7,183,719
Transfers out	(379,019)	—	—	—	—	—	(379,019)
Change in net position	<u>2,429,979</u>	<u>3,627,741</u>	<u>3,555,912</u>	<u>616,012</u>	<u>19,755,056</u>	<u>94,102</u>	<u>30,078,802</u>
Net position, beginning of year	<u>29,166,204</u>	<u>19,993,954</u>	<u>17,483,470</u>	<u>21,054,075</u>	<u>70,043,861</u>	<u>12,351,164</u>	<u>170,092,728</u>
Net position, end of year	\$ <u><u>31,596,183</u></u>	<u><u>23,621,695</u></u>	<u><u>21,039,382</u></u>	<u><u>21,670,087</u></u>	<u><u>89,798,917</u></u>	<u><u>12,445,266</u></u>	<u><u>200,171,530</u></u>

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2013

	<u>Electric utility</u>	<u>Water utility</u>	<u>Wastewater</u>	<u>Solid waste</u>	<u>Ports and harbors</u>	<u>Other enterprise funds</u>	<u>Total enterprise funds</u>
Cash flows from operating activities:							
Receipts from customers and users	\$ 18,458,781	2,359,827	1,886,844	1,620,436	5,881,463	746,828	30,954,179
Payments to employees	(2,181,998)	(896,692)	(738,618)	(900,070)	(1,334,362)	(286,521)	(6,338,261)
Payments to vendors	<u>(11,118,587)</u>	<u>(477,989)</u>	<u>(781,923)</u>	<u>(711,965)</u>	<u>(1,740,272)</u>	<u>(661,385)</u>	<u>(15,492,121)</u>
Net cash provided by (used for) operating activities	<u>5,158,196</u>	<u>985,146</u>	<u>366,303</u>	<u>8,401</u>	<u>2,806,829</u>	<u>(201,078)</u>	<u>9,123,797</u>
Cash flows from noncapital and related financing activities:							
Cash received from other governments	—	—	—	—	427,249	21,198	448,447
Transfers in	<u>1,620,981</u>	<u>3,600,000</u>	—	—	<u>1,103,719</u>	<u>480,000</u>	<u>6,804,700</u>
Net cash provided by (used for) noncapital and related financing activities	<u>1,620,981</u>	<u>3,600,000</u>	—	—	<u>1,530,968</u>	<u>501,198</u>	<u>7,253,147</u>
Cash flows from capital and related financing activities:							
Interest payments on long-term obligations	(1,502,643)	(204)	(4,222)	—	(236,746)	—	(1,743,815)
Principal payments on long-term debt obligations	(854,682)	—	(43,463)	—	(190,502)	(43,533)	(1,132,180)
Repayment of capital projects advances from General Fund	(140,000)	—	—	—	—	—	(140,000)
Proceeds from the sale of assets	27,872	—	—	—	—	—	27,872
Acquisition and construction of capital assets	(1,135,086)	(342,491)	(5,140,880)	(7,121,436)	(1,202,141)	(327,183)	(15,269,217)
Capital contributions	<u>285,539</u>	—	<u>1,647,424</u>	<u>986,080</u>	<u>78,870</u>	<u>246,989</u>	<u>3,244,902</u>
Net cash provided by (used for) capital and related financing activities	<u>(3,319,000)</u>	<u>(342,695)</u>	<u>(3,541,141)</u>	<u>(6,135,356)</u>	<u>(1,550,519)</u>	<u>(123,727)</u>	<u>(15,012,438)</u>
Change in cash and due from General Fund	3,460,177	4,242,451	(3,174,838)	(6,126,955)	2,787,278	176,393	1,364,506
Cash and due (to) from other funds, beginning of year	<u>287,669</u>	<u>6,619,861</u>	<u>8,310,537</u>	<u>16,556,586</u>	<u>12,701,946</u>	<u>3,293,675</u>	<u>47,770,274</u>
Cash and due from other funds, end of year	\$ <u><u>3,747,846</u></u>	<u><u>10,862,312</u></u>	<u><u>5,135,699</u></u>	<u><u>10,429,631</u></u>	<u><u>15,489,224</u></u>	<u><u>3,470,068</u></u>	<u><u>49,134,780</u></u>
Reconciliation to balance sheet:							
Cash and cash equivalents	\$ —	—	—	—	150	—	150
Due from other funds	<u>3,747,846</u>	<u>10,862,312</u>	<u>5,135,699</u>	<u>10,429,631</u>	<u>15,489,074</u>	<u>3,470,068</u>	<u>49,134,630</u>
Cash and due from General Fund, June 30, 2013	\$ <u><u>3,747,846</u></u>	<u><u>10,862,312</u></u>	<u><u>5,135,699</u></u>	<u><u>10,429,631</u></u>	<u><u>15,489,224</u></u>	<u><u>3,470,068</u></u>	<u><u>49,134,780</u></u>
Noncash capital and related financing activities:							
Acquisition and construction of capital assets through direct capital contributions, and accounts retainages and notes payable.	\$ 87,254	65,648	1,618,254	608,449	20,017,586	2,852	22,400,043

CITY OF UNALASKA, ALASKA

Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2013

	<u>Electric utility</u>	<u>Water utility</u>	<u>Wastewater</u>	<u>Solid waste</u>	<u>Ports and harbors</u>	<u>Other enterprise funds</u>	<u>Total enterprise funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ 1,900,481	(48,842)	83,630	(590,405)	515,022	(658,008)	1,201,878
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation and amortization	2,018,379	899,856	516,814	390,907	2,073,263	478,746	6,377,965
Intergovernmental payments made on behalf	282,070	76,787	63,627	75,010	115,032	25,121	637,647
Amortization of landfill	—	—	—	195,552	—	—	195,552
Changes in assets and liabilities that provided (used) cash:							
Accounts receivable	(70,399)	8,295	(18,555)	(9,933)	93,779	36,133	39,320
Assessments receivable	—	1,137	3,395	—	—	—	4,532
Inventories	30,678	23,256	51,990	(39,327)	—	—	66,597
Deferred charges and other assets	—	—	—	—	1,585	—	1,585
Accounts payable	(123,429)	17,734	(344,472)	(13,275)	4,516	(92,542)	(551,468)
Accrued payroll and payroll liabilities	11,912	1,805	6,134	(452)	3,882	8,550	31,831
Customer deposits	1,108,504	5,118	3,740	324	(250)	922	1,118,358
Net cash provided by (used for) operating activities	\$ <u>5,158,196</u>	<u>985,146</u>	<u>366,303</u>	<u>8,401</u>	<u>2,806,829</u>	<u>(201,078)</u>	<u>9,123,797</u>

See accompanying notes to financial statements.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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

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

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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 *Street Paving* capital project fund accounts for the construction costs of paving the City's roadways.

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 *Wastewater Utility Fund* accounts for the operations of the City-owned Wastewater Utility.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

- The *Solid Waste Fund* accounts for the operations of the City-owned landfill.
- The *Ports and Harbors Fund* accounts for operations at six marine facilities at the International Port of Dutch Harbor.

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.

Proprietary Funds – account for business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the 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 Position*

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.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

of net position 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 government 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.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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 \$735 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 \$16,535 to cover damage to its rental properties.

The Electric Utility Fund, Water Utility Fund, Waste Water Utility Fund, and the Solid Waste Fund hold refundable customer deposits of \$1,377,806, \$29,794, \$30,216, and \$9,704, 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 2013 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 position. 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

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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 Position

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

10. Recently Issued Accounting Pronouncements

On July 1, 2012, the City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Issued in June 2011, this Statement provides guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and deferred inflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period and the acquisition of net assets by the government that is applicable to a future reporting period. Net position is defined as the residual of all other elements presented in a statement of financial position. This Statement had no significant impact on the financial statements as of or for the fiscal year ended June 30, 2013.

On July 1, 2012, the City also adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. Issued in November 2010, this Statement modifies certain requirements for inclusion of component units in the financial reporting entity; it amends the criteria for reporting component units as if they were part of the primary government in certain circumstances, it also clarifies the reporting of equity interests in legally separate organizations. This Statement had no significant impact on the financial statements as of or for the fiscal year ended June 30, 2013.

On July 1, 2012, the City also adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

Pronouncements. Issued in December 2010, this Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance from all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This Statement had no significant impact on the financial statements as of or for the fiscal year ended June 30, 2013.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Issued in March 2012, this Statement 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 reported as assets and liabilities. This Statement is effective for the City's financial statements for fiscal year ending June 30, 2014.
- GASB Statement No. 66, *an Amendment of GASB Statement No. 10 and No. 62*. Issued in March 2012, this Statement resolves the conflicting guidance that resulted from the issuance of two pronouncements. The statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund based reporting of an entity's risk financing activities to the general fund and the internal service fund type. It also amends Statement No. 62, *Fund Balance Reporting and Governmental Fund Type Definition*, by providing specific guidance on accounting for operating lease payments, purchased loan or group of loans, and service fees related to mortgaged loans. This Statement is effective for the City's financial statements for fiscal year ending June 30, 2014.
- GASB Statement No. 68, *Accounting for Pensions*. Issued in June 2012, this Statement provides guidance for employers offering defined benefit pensions through plans administered as trusts or equivalent arrangements. It replaces certain requirements related to plan trusts in Statement No. 27 *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement is effective for the City's financial statements for fiscal year ending June 30, 2015. The impact on adoption of this statement is expected to be material.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

(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) Equity

Net position flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

The following table shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2013:

	General Fund	1% Sales Tax	Street Paving	Total nonmajor funds
Nonspendable:				
Inventories	\$ 521,190	—	—	—
Prepaid items	15,706	—	—	—
Advances to other funds	1,540,000	—	—	—
Assets held for resale	14,288	—	—	—
Total nonspendable	<u>2,091,184</u>	<u>—</u>	<u>—</u>	<u>—</u>
Committed:				
Emergency operations	13,000,000	—	—	—
Capital projects	—	1,973,480	—	—
Compensated absences	1,000,000	—	—	—
Waste heat recovery	300,000	—	—	—
	<u>14,300,000</u>	<u>1,973,480</u>	<u>—</u>	<u>—</u>
Assigned:				
Purchases on order	333,373	—	—	9,790,745
1% Sales tax special revenue fund	—	—	—	—
Street paving	—	—	11,557,041	—
Community support	—	—	—	173,992
Capital projects	—	—	—	4,843,860
Unassigned	14,759,866	—	—	—
Total fund balance	\$ <u><u>31,484,423</u></u>	<u><u>1,973,480</u></u>	<u><u>11,557,041</u></u>	<u><u>14,808,597</u></u>

(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, 2013, the City's carrying amount of bank deposits was \$1,536,535 and the bank balance was \$1,961,528. The \$424,993 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, 2013, the City's deposits were covered by federal depository insurance

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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; those over \$100,000 must be secured by eligible collateral;
- (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, 2013, 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

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

Investments

As of June 30, 2013, the City has the following investments and maturities.

	Fair value	Investment maturities (in years)			
		Less than 1	1 – 2	2 – 3	3 – 5
AML Investment Pool	\$ 24,221,566	24,221,566	—	—	—
Wells Fargo money market	1,323,711	1,323,711	—	—	—
U.S. Government obligations	60,873,089	7,331,010	30,122,510	19,495,609	3,923,960
Corporate bonds	10,948,170	404,504	2,715,516	6,822,200	1,005,950
Mortgage/asset backed securities	2,095,942	—	—	—	2,095,942
Private debt obligations	4,368,825	—	2,083,500	—	2,285,325
	<u>\$ 103,831,303</u>	<u>33,280,791</u>	<u>34,921,526</u>	<u>26,317,809</u>	<u>9,311,177</u>

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

Cash and cash equivalents:	
Petty cash	\$ 1,550
Demand deposits	1,296,535
Time certificates of deposits	<u>240,000</u>
Total cash	<u>\$ 1,538,085</u>
Investments:	
Temporary investments	\$ 23,793,872
Temporary investments – restricted	427,694
Long-term investments	<u>79,609,737</u>
	<u>\$ 103,831,303</u>

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

The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2013, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

(b) Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,147,603	—	—	31,147,603
Construction in progress	12,653,917	5,695,284	(5,295,746)	13,053,455
Total	<u>43,801,520</u>	<u>5,695,284</u>	<u>(5,295,746)</u>	<u>44,201,058</u>
Capital assets, being depreciated:				
Buildings	52,586,158	4,099,139	—	56,685,297
Infrastructure	33,120,518	865,732	—	33,986,250
Machinery and equipment	8,112,727	330,875	(54,372)	8,389,230
Total	<u>93,819,403</u>	<u>5,295,746</u>	<u>(54,372)</u>	<u>99,060,777</u>
Less accumulated depreciation for:				
Buildings	(23,836,245)	(1,380,094)	—	(25,216,339)
Infrastructure	(17,570,630)	(1,575,075)	—	(19,145,705)
Machinery and equipment	(5,766,908)	(474,851)	54,372	(6,187,387)
Total	<u>(47,173,783)</u>	<u>(3,430,020)</u>	<u>54,372</u>	<u>(50,549,431)</u>
Total capital assets, being depreciated, net	<u>46,645,620</u>	<u>1,865,726</u>	<u>—</u>	<u>48,511,346</u>
Governmental-type activities, net	\$ <u>90,447,140</u>	<u>7,561,010</u>	<u>(5,295,746)</u>	<u>92,712,404</u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,309,476	—	—	3,309,476
Construction in progress	<u>21,890,383</u>	<u>17,526,739</u>	<u>(11,153,230)</u>	<u>28,263,892</u>
Total	<u>25,199,859</u>	<u>17,526,739</u>	<u>(11,153,230)</u>	<u>31,573,368</u>
Capital assets, being depreciated:				
Buildings	59,763,615	129,425	—	59,893,040
Infrastructure	123,764,262	21,923,147	—	145,687,409
Machinery and equipment	<u>13,237,741</u>	<u>9,018,308</u>	<u>(712,989)</u>	<u>21,543,060</u>
Total	<u>196,765,618</u>	<u>31,070,880</u>	<u>(712,989)</u>	<u>227,123,509</u>
Less accumulated depreciation for:				
Buildings	(11,279,260)	(1,637,683)	—	(12,916,943)
Infrastructure	(46,103,393)	(3,867,501)	—	(49,970,894)
Machinery and equipment	<u>(4,603,555)</u>	<u>(812,951)</u>	<u>701,574</u>	<u>(4,714,932)</u>
Total	<u>(61,986,208)</u>	<u>(6,318,135)</u>	<u>701,574</u>	<u>(67,602,769)</u>
Total capital assets, being depreciated, net	<u>134,779,410</u>	<u>24,752,745</u>	<u>(11,415)</u>	<u>159,520,740</u>
Business-type activities, net	<u>\$ 159,979,269</u>	<u>42,279,484</u>	<u>(11,164,645)</u>	<u>191,094,108</u>

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

General government	\$ 179,352
Public safety	225,747
Public works	1,329,232
Parks, culture, and recreation	1,034,236
Education	<u>661,453</u>
Total – governmental activities	<u>\$ 3,430,020</u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

Business-type activities:	
Electric	\$ 1,958,549
Water	899,856
Ports and harbors	2,073,263
Solid waste	390,907
Wastewater	516,814
Airport	298,070
Housing	<u>180,676</u>
Total – business-type activities	<u><u>\$ 6,318,135</u></u>

(c) ***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 Position and as internal balances in the statement of net position. These balances at June 30, 2013 were as follows:

Receivable	Payable General Fund
1% Sales Tax Special Revenue Fund	\$ 1,326,296
Street Paving	11,876,029
Nonmajor governmental funds	14,890,378
Electric	3,747,846
Water	10,862,312
Wastewater	5,135,699
Solid waste	10,429,631
Ports and harbors	15,489,074
Nonmajor enterprise funds	<u>3,470,068</u>
	<u><u>\$ 77,227,333</u></u>

The outstanding balances between funds result from cash being held in a central treasury in the General Fund.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

Interfund receivables and payables that are not current are shown and are also included in internal balances on the statement of net position. These balances at June 30, 2013 were as follows:

	<u>Advances to</u>	<u>Advances from</u>
General Fund	\$ —	1,540,000
Enterprise funds:		
Electric utility:		
Current portion	140,000	—
Long-term portion	<u>1,400,000</u>	<u>—</u>
	\$ <u>1,540,000</u>	<u>1,540,000</u>

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

A summary of transfers between funds of the City for the year ended June 30, 2013 is as follows:

<u>Transfers in</u>	<u>Transfers out</u>				
	<u>General Fund</u>	<u>1% Sales Tax</u>	<u>Nonmajor Gov. Funds</u>	<u>Electric</u>	<u>Total</u>
General Fund	\$ —	1,200,000	225,714	379,019	1,804,733
1% Sales tax	—	—	3,144	—	3,144
Street paving	3,100,000	2,000,000	—	—	5,100,000
Nonmajor funds	5,450,000	3,000,000	—	—	8,450,000
Major enterprise fund:					
Electric	2,000,000	—	—	—	2,000,000
Water	3,600,000	—	—	—	3,600,000
Ports and Harbors	1,103,719	—	—	—	1,103,719
Nonmajor enterprise funds	<u>480,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>480,000</u>
	\$ <u>15,733,719</u>	<u>6,200,000</u>	<u>228,858</u>	<u>379,019</u>	<u>22,541,596</u>

A summary of significant transfers are as follows:

- The General Fund transferred \$3,100,000 to the Street Paving Fund for capital additions.
- The General Fund transferred \$5,450,000 to the Equipment Capital Projects Fund for capital additions.
- The General Fund transferred \$2,000,000 to the Electric Fund for capital additions.
- The General Fund transferred \$3,600,000 to the Water Fund for capital additions.
- The General Fund transferred \$1,103,719 to the Ports and Harbors fund for capital additions.
- The General Fund transferred \$330,000 to the Airport Fund for capital additions.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

- The General Fund transferred \$150,000 to the Housing Fund for capital additions.
- 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 \$2,000,000 and \$3,000,000 to the Street Paving Fund and Equipment Capital Project Fund, respectively, for capital additions.

(d) *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 \$7,307 are due July 6 each year and the rental rate is not subject to change until January 1, 2016. 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 \$3,173 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.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

Rent expense for the year ended June 30, 2013 was \$160,133.

The future commitment for operating lease payments is as follows:

2014	\$	138,643
2015		104,205
2016		104,205
2017		98,206
2018		98,206
2019 – 2023		416,292
2024 – 2028		116,577
2029 – 2033		15,865
2034 – 2038		9,519
		1,101,718
	\$	1,101,718

(e) 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.

General obligation bonds currently outstanding are as follows:

	<u>Principal balance</u>
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	2,525,000
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	<u>2,895,000</u>
Total	<u>\$ 5,420,000</u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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

	<u>Principal balance</u>
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	\$ 23,735,000
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	1,720,000
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	1,615,000
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	27,079
1997 1.50% Alaska Clean Water Act loan payable in annual installments over 20 years	194,740
Total	\$ <u><u>33,386,819</u></u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>one year</u>
Governmental activities:					
Bonds payable:					
General Obligation Bonds	\$ 6,140,000	—	(720,000)	5,420,000	755,000
Premium on Bonds	46,142	—	(6,592)	39,550	6,592
Compensated absences	<u>1,032,214</u>	<u>1,123,412</u>	<u>(1,072,855)</u>	<u>1,082,771</u>	<u>1,082,771</u>
Governmental activity long-term liabilities	<u>\$ 7,218,356</u>	<u>1,123,412</u>	<u>(1,799,447)</u>	<u>6,542,321</u>	<u>1,844,363</u>
Business-type activities-					
Bonds payable:					
Revenue bonds	\$ 24,375,000	—	(640,000)	23,735,000	665,000
Revenue bonds – tax-exempt	1,820,000	—	(205,000)	1,615,000	205,000
RZED Revenue bonds – taxable	3,365,000	—	—	3,365,000	—
GO Bonds – tax exempt	1,905,000	—	(185,000)	1,720,000	190,000
BAB GO Bonds – taxable	2,730,000	—	—	2,730,000	—
Premium on Bonds	<u>294,574</u>	<u>—</u>	<u>(15,184)</u>	<u>279,390</u>	<u>15,184</u>
Total bonds payable	34,489,574	—	(1,045,184)	33,444,390	1,075,184
Other contracts and loans:					
Loans	265,282	—	(43,463)	221,819	43,461
Accrued landfill closure and postclosure care costs	4,832,559	195,552	—	5,028,111	—
Compensated absences	<u>345,963</u>	<u>367,805</u>	<u>(342,078)</u>	<u>371,690</u>	<u>371,690</u>
Business-type activity – long-term liabilities	<u>\$ 39,933,378</u>	<u>563,357</u>	<u>(1,430,725)</u>	<u>39,066,010</u>	<u>1,490,335</u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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,			
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	890,000	98,313	988,313
2019 – 2023	1,330,000	76,413	1,406,413
	<u>\$ 5,420,000</u>	<u>913,440</u>	<u>6,333,440</u>

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

	Electric		
	Principal	Interest	Total
Year(s) ending June 30:			
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	1,035,000	1,311,892	2,346,892
2019 – 2023	5,935,000	5,746,261	11,681,261
2024 – 2028	7,445,000	4,045,778	11,490,778
2029 – 2033	8,765,000	1,766,634	10,531,634
2034 – 2038	1,825,000	52,469	1,877,469
	<u>\$ 28,715,000</u>	<u>18,614,252</u>	<u>47,329,252</u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

	Ports and Harbors		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
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	220,000	208,749	428,749
2019 – 2023	1,230,000	895,761	2,125,761
2024 – 2028	1,510,000	511,896	2,021,896
2029 – 2033	695,000	66,581	761,581
	<u>\$ 4,450,000</u>	<u>2,592,983</u>	<u>7,042,983</u>

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

	Other proprietary funds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30,			
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	46,461	719	47,180
2019 – 2022	1,514	68	1,582
	<u>\$ 221,819</u>	<u>10,185</u>	<u>232,004</u>

Build America Bond

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

Recovery Zone Economic Development Bond

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

Alaska Department of Environmental Conservation Loans

On June 28, 2013, the City was approved for a \$8,788,200 loan from the Alaska Department of Environmental Conservation for a wastewater treatment plant expansion. As of December 16, 2013, no funds were drawn on the loan.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

On July 23, 2012, the City was approved for a \$5,000,000 loan from the Alaska Department of Environmental Conservation for a new water treatment plant. As of December 16, 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, 2013.

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 2013, the estimated closure and postclosure care costs were reevaluated and adjusted to reflect conditions as of June 30, 2013. As of June 30, 2013, the City has an accrued liability associated with these estimated closure and postclosure care costs of \$5,028,111, based on the use of 53.6% of the estimated capacity of the landfill. It is estimated the City will recognize additional \$4,351,588 of expense and liability between July 2013, and the year 2051, 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 2013. 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.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

(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 \$28 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, 2013 were as follows:

Governmental funds:	
General Fund	\$ 333,373
Street paving Fund	2,671,209
Other nonmajor governmental funds	7,119,536
Total governmental funds	<u>10,124,118</u>
Proprietary funds:	
Electric Fund	2,534,334
Water Fund	138,325
Wastewater Fund	17,017,336
Ports and Harbor Fund	929,680
Solid Waste Fund	482,582
Other nonmajor proprietary funds	177,825
Total proprietary funds	<u>21,280,082</u>
Total	<u>\$ 31,404,200</u>

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

(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.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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 32.83% (15.45% pension cost and 17.38% 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 and OPEB Cost. The City's annual pension cost for the years ended June 30, 2013, 2012, and 2011 was \$1,051,077, \$1,011,738 and \$964,609, respectively, and was equal to the City's required contributions for each year. The City's annual OPEB cost for the years ended June 30, 2013, 2012, and 2011 was \$1,182,377, \$1,112,566, and \$1,087,750, respectively, and was equal to the City's required contributions for each year. The State of Alaska contributed \$1,481,639 on behalf of the City. The contribution has been reported as revenue and expenditures/expenses in the General Fund and enterprise funds.

CITY OF UNALASKA, ALASKA

Notes to Financial Statements

June 30, 2013

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, 2013 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution	\$ 218,545	349,672
Retiree medical plan	20,980	—
Occupational health and disability benefits	14,939	—
Health reimbursement agreement (HRA)	130,242	—

Actual contributions were equal to the annual required contributions.

This page was intentionally left blank.

ADDITIONAL SUPPLEMENTARY INFORMATION

This page was intentionally left blank.

CITY OF UNALASKA, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2013

Assets	Bed Tax Special Revenue Fund	Capital projects		Total nonmajor funds
		Road to LSA	Equipment Capital Project Fund	
Receivables, net:				
Taxes	\$ 11,907	—	—	11,907
Due from other funds	162,085	844,938	13,883,355	14,890,378
Total assets	<u>\$ 173,992</u>	<u>844,938</u>	<u>13,883,355</u>	<u>14,902,285</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	7,700	49,213	56,913
Retainage payable	—	—	36,775	36,775
Total liabilities	—	7,700	85,988	93,688
Fund balances:				
Assigned	173,992	837,238	13,797,367	14,808,597
Total liabilities and fund balances	<u>\$ 173,992</u>	<u>844,938</u>	<u>13,883,355</u>	<u>14,902,285</u>

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, 2013

	Bed Tax Special Revenue Fund	Capital projects		Total nonmajor funds
		Road to LSA	Equipment Capital Project Fund	
Revenues:				
Taxes	\$ 188,568	—	—	188,568
Total revenues	<u>188,568</u>	<u>—</u>	<u>—</u>	<u>188,568</u>
Expenditures:				
Current:				
Community support	189,262	—	—	189,262
Capital projects	—	62,759	1,127,273	1,190,032
Total expenditures	<u>189,262</u>	<u>62,759</u>	<u>1,127,273</u>	<u>1,379,294</u>
Excess (deficiency) revenues over expenditures	<u>(694)</u>	<u>(62,759)</u>	<u>(1,127,273)</u>	<u>(1,190,726)</u>
Other financing sources (uses):				
Transfers in	—	—	8,450,000	8,450,000
Transfers out	—	—	(228,858)	(228,858)
Net other financing sources (uses)	<u>—</u>	<u>—</u>	<u>8,221,142</u>	<u>8,221,142</u>
Net change in fund balances	(694)	(62,759)	7,093,869	7,030,416
Fund balances, beginning of year	<u>174,686</u>	<u>899,997</u>	<u>6,703,498</u>	<u>7,778,181</u>
Fund balances, end of year	\$ <u><u>173,992</u></u>	<u><u>837,238</u></u>	<u><u>13,797,367</u></u>	<u><u>14,808,597</u></u>

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, 2013

	<u>Final budget</u>	<u>Actual amount</u>	<u>Variance with final budget positive (negative)</u>
Revenues:			
Taxes	\$ 170,000	188,568	18,568
Expenditures:			
Community support	<u>189,278</u>	<u>189,262</u>	<u>(16)</u>
Excess (deficiency) of revenues over expenditures	(19,278)	(694)	18,584
Other financing sources (uses):			
Transfers in	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>\$ (19,278)</u>	<u>(694)</u>	<u>18,584</u>
Fund balance at beginning of year		<u>174,686</u>	
Fund balance at end of year		<u>\$ 173,992</u>	

See accompanying independent auditors' report.

This page was intentionally left blank.

CITY OF UNALASKA, ALASKA
 Nonmajor Enterprise Funds
 Combining Statement of Net Position
 June 30, 2013

Assets	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Current assets:			
Accounts receivables (net of allowance for uncollectibles)	\$ 113,067	6,488	119,555
Due from General Fund	<u>1,752,449</u>	<u>1,717,619</u>	<u>3,470,068</u>
Total current assets	<u>1,865,516</u>	<u>1,724,107</u>	<u>3,589,623</u>
Noncurrent assets:			
Capital assets, net	<u>3,824,504</u>	<u>5,110,734</u>	<u>8,935,238</u>
Total noncurrent assets	<u>3,824,504</u>	<u>5,110,734</u>	<u>8,935,238</u>
Total assets	<u>\$ 5,690,020</u>	<u>6,834,841</u>	<u>12,524,861</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 23,115	2,480	25,595
Retainage payable	—	6,800	6,800
Accrued payroll and payroll liabilities	7,229	13,436	20,665
Customer deposits	<u>10,000</u>	<u>16,535</u>	<u>26,535</u>
Total current liabilities	<u>40,344</u>	<u>39,251</u>	<u>79,595</u>
Net Position			
Net investment in capital assets	3,824,504	5,103,934	8,928,438
Unrestricted	<u>1,825,172</u>	<u>1,691,656</u>	<u>3,516,828</u>
Total net position	<u>\$ 5,649,676</u>	<u>6,795,590</u>	<u>12,445,266</u>

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenditures, and Changes in Net Position

Year ended June 30, 2013

	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 472,107	237,666	709,773
Total operating revenues	<u>472,107</u>	<u>237,666</u>	<u>709,773</u>
Operating expenses:			
Operations	541,892	182,209	724,101
General and administrative	—	164,934	164,934
Depreciation and amortization	298,070	180,676	478,746
Total operating expenses	<u>839,962</u>	<u>527,819</u>	<u>1,367,781</u>
Operating loss	<u>(367,855)</u>	<u>(290,153)</u>	<u>(658,008)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenue	14,062	11,059	25,121
Net nonoperating revenues	<u>14,062</u>	<u>11,059</u>	<u>25,121</u>
Loss before capital contributions and transfers	(353,793)	(279,094)	(632,887)
Capital contributions	—	246,989	246,989
Transfers in	330,000	150,000	480,000
Change in net position	<u>(23,793)</u>	117,895	94,102
Net position, beginning of year	<u>5,673,469</u>	<u>6,677,695</u>	<u>12,351,164</u>
Net position, end of year	\$ <u><u>5,649,676</u></u>	<u><u>6,795,590</u></u>	<u><u>12,445,266</u></u>

See accompanying independent auditors' report.

CITY OF UNALASKA, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2013

	<u>Airport</u>	<u>Housing</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 510,903	235,925	746,828
Payments to employees	(158,400)	(128,121)	(286,521)
Payments to vendors	<u>(370,587)</u>	<u>(290,798)</u>	<u>(661,385)</u>
Net cash used for operating activities	<u>(18,084)</u>	<u>(182,994)</u>	<u>(201,078)</u>
Cash flows from noncapital and related financing activities:			
Cash received from other governments	—	21,198	21,198
Transfers in	<u>330,000</u>	<u>150,000</u>	<u>480,000</u>
Net cash provided by noncapital and related financing activities	<u>330,000</u>	<u>171,198</u>	<u>501,198</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term obligations	—	(43,533)	(43,533)
Capital contributions	—	246,989	246,989
Acquisition and construction of capital assets	<u>(70,530)</u>	<u>(256,653)</u>	<u>(327,183)</u>
Net cash used for capital and related financing activities	<u>(70,530)</u>	<u>(53,197)</u>	<u>(123,727)</u>
Change in cash and due from General Fund	241,386	(64,993)	176,393
Cash and due from other funds, beginning of year	<u>1,511,063</u>	<u>1,782,612</u>	<u>3,293,675</u>
Cash and due from other funds, end of year	<u>\$ 1,752,449</u>	<u>1,717,619</u>	<u>3,470,068</u>
Reconciliation to balance sheet:			
Cash and due from General Fund, June 30, 2013	\$ 1,752,449	1,717,619	3,470,068
Reconciliation of operating loss to net cash used for operating activities:			
Operating income/(loss)	\$ (367,855)	(290,153)	(658,008)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation and amortization	298,070	180,676	478,746
Intergovernmental payments made on behalf	14,062	11,059	25,121
Changes in assets and liabilities that provided (used) cash:			
Accounts receivable	38,796	(2,663)	36,133
Customer deposits	—	922	922
Accounts payable	(2,520)	(90,022)	(92,542)
Accrued payroll and payroll liabilities	<u>1,363</u>	<u>7,187</u>	<u>8,550</u>
Net cash used for operating activities	<u>\$ (18,084)</u>	<u>(182,994)</u>	<u>(201,078)</u>
Noncash capital and related financing activities:			
Acquisition and construction of capital assets through accounts and retainages payable	\$ —	2,852	2,852

See accompanying independent auditors' report.

STATISTICAL SECTION

CITY OF UNALASKA, ALASKA

Statistical Section

June 30, 2013

Statistical Section

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

Table of Contents

	Page(s)
Financial Trends	61 – 67
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	68 – 73
<i>These schedules contain information to help the reader assess the government’s most significant sources of revenue.</i>	
Debt Capacity	74 – 78
<i>These schedules presents information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	79 – 80
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	81 – 83
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

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

Table 1

CITY OF UNALASKA, ALASKA

Net Position by Component

Last Ten Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

	Fiscal year ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	87,329
Restricted	293	—	—	—	—	—	—	—	—	—
Unrestricted	51,873	54,473	58,720	66,810	72,154	84,150	60,934	69,731	65,008	69,518
Total governmental activities	\$ 129,457	132,636	138,830	147,247	150,036	158,668	139,885	155,645	149,771	156,847
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	125,055	154,863
Restricted	264	—	—	—	—	—	—	—	—	—
Unrestricted	18,199	21,804	18,384	20,840	28,144	51,281	54,602	29,424	45,318	45,309
Total business-type activities	\$ 80,671	85,034	86,576	93,045	108,107	119,132	141,272	144,333	170,373	200,172
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	209,818	242,192
Restricted	557	—	—	—	—	—	—	—	—	—
Unrestricted	70,072	76,277	77,104	87,650	100,298	135,431	115,536	99,155	110,326	114,827
Total primary government activities	\$ 210,128	217,670	225,406	240,292	258,143	277,800	281,157	299,978	320,144	357,019

Table 2

CITY OF UNALASKA, ALASKA

Changes in Net Position

Last Ten Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

	Fiscal year ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government	\$ 3,406	3,942	3,668	3,718	4,023	4,025	3,982	4,191	4,123	4,439
Public safety	3,704	4,166	4,129	4,228	4,660	4,515	4,577	4,477	4,269	5,003
Public works	4,371	5,903	5,508	5,608	6,332	6,128	6,347	6,369	6,746	6,595
Parks, culture, and recreation	3,186	2,260	2,327	2,466	3,232	2,955	3,073	3,146	3,208	3,494
Community support	770	771	841	776	797	853	843	1,626	932	1,258
Education support	3,484	3,667	3,975	4,102	4,234	4,473	4,438	3,828	4,736	4,483
Interest on long-term debt	410	218	261	168	281	275	349	265	431	149
Total governmental activities expenses	<u>19,331</u>	<u>20,927</u>	<u>20,709</u>	<u>21,066</u>	<u>23,559</u>	<u>23,224</u>	<u>23,609</u>	<u>23,902</u>	<u>24,445</u>	<u>25,421</u>
Business-type activities										
Electric	6,108	7,322	10,257	10,014	12,851	10,368	13,954	13,753	16,765	16,981
Water	1,883	1,814	1,862	1,950	2,199	1,987	2,072	2,227	2,248	2,372
Wastewater	1,306	1,380	1,438	1,494	1,622	1,532	3,947	1,748	4,408	5,504
Solid waste	3,234	1,680	3,029	2,061	2,014	1,722	1,814	1,986	2,093	2,220
Ports and harbors	523	3,289	3,426	3,360	3,915	4,063	1,560	4,421	2,302	1,818
Airport	1,642	689	636	568	652	784	894	777	787	840
Housing	247	231	227	266	304	233	227	355	736	528
Total business-type activities expenses	<u>14,943</u>	<u>16,405</u>	<u>20,875</u>	<u>19,713</u>	<u>23,557</u>	<u>20,689</u>	<u>24,468</u>	<u>25,267</u>	<u>29,339</u>	<u>30,263</u>
Total primary government expenses	<u>\$ 34,274</u>	<u>37,332</u>	<u>41,584</u>	<u>40,779</u>	<u>47,116</u>	<u>43,913</u>	<u>48,077</u>	<u>49,169</u>	<u>53,784</u>	<u>55,684</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 20	77	18	—	10	13	65	12	9	66
Public safety	66	88	236	305	77	85	29	54	8	3
Public works	57	—	—	—	—	—	—	—	—	—
Culture and recreation	213	206	117	—	194	219	204	183	201	222
Operating grants and contributions	973	928	1,077	926	923	1,275	1,703	1,604	1,620	1,635
Capital grants and contributions	—	134	189	—	5	—	63	760	21	59
Total primary government activities program revenues	<u>1,329</u>	<u>1,433</u>	<u>1,637</u>	<u>1,231</u>	<u>1,209</u>	<u>1,592</u>	<u>2,064</u>	<u>2,613</u>	<u>1,859</u>	<u>1,985</u>

Table 2

CITY OF UNALASKA, ALASKA

Changes in Net Position

Last Ten Fiscal Years

(Accrual basis of accounting)

(Amounts expressed in thousands)

	Fiscal year ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	17,390
Water	2,111	2,224	2,177	2,233	2,013	1,937	1,870	2,020	2,215	2,323
Wastewater	800	890	922	908	1,199	1,365	1,334	1,456	1,815	1,898
Solid waste	740	851	1,002	955	1,115	1,165	1,111	1,331	1,555	1,630
Ports and harbors	4,114	4,210	4,421	4,425	4,938	3,681	3,986	5,545	5,459	5,785
Airport	390	316	305	333	399	425	488	458	457	472
Housing	232	243	244	236	201	190	157	127	184	238
Capital grants and contributions	1,605	419	69	1,189	4,748	2,582	1,162	6,608	4,545	22,721
Operating grants and contributions	—	—	—	—	—	—	213	1,421	995	1,065
Total business-type activities program revenues	16,123	16,913	19,336	21,190	27,480	22,956	20,809	31,813	35,520	53,522
Total primary government program revenues	\$ 17,452	18,346	20,973	22,421	28,689	24,548	22,873	34,426	37,379	55,507
Net (expense) revenue:										
Governmental activities	\$ (18,002)	(19,494)	(19,072)	(19,835)	(22,350)	(21,632)	(21,545)	(21,289)	(22,586)	(23,436)
Business-type activities	1,180	509	(1,539)	1,477	3,923	2,267	(3,659)	6,546	6,180	23,258
Total primary government net expense	\$ (16,822)	(18,985)	(20,611)	(18,358)	(18,427)	(19,365)	(25,204)	(14,743)	(16,406)	(178)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 4,243	3,976	3,971	4,176	4,288	4,257	4,296	4,630	4,750	4,987
General sales tax	6,436	7,724	9,034	9,292	11,042	10,361	8,863	10,755	13,960	13,272
Raw seafood sales tax	4,190	3,874	4,188	4,077	4,690	4,044	3,594	5,372	5,261	4,784
Other taxes	462	271	229	204	239	266	56	158	87	102
Fisheries tax	—	—	—	9,384	8,971	9,079	7,094	7,378	9,324	11,422
Grants not restricted to specific programs	8,077	8,240	7,487	—	—	—	632	811	1,232	1,436
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	436
Other	103	552	1,266	1,639	1,584	2,033	1,326	920	611	878
Transfers	(1,370)	(3,708)	(2,734)	(4,790)	(11,120)	(7,493)	(25,781)	5,459	(19,580)	(6,805)
Extraordinary item	—	—	—	—	—	2,019	—	—	—	—
Total governmental activities	22,723	22,673	25,266	28,253	25,139	30,264	2,724	37,086	16,712	30,512
Business-type activities:										
Gain (loss) on disposal of capital assets	(5)	66	4	—	6	19	(39)	—	—	16
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	6,805
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	6,821
Total primary government	\$ 24,095	26,526	28,170	33,244	36,278	39,023	28,523	33,601	36,292	37,333
Change in net position:										
Governmental activities	\$ 4,721	3,179	5,879	8,418	2,788	8,632	(18,783)	15,797	(5,874)	7,076
Business-type activities	2,552	4,362	1,365	6,468	15,062	11,025	22,139	3,061	26,040	30,080
Total primary government	\$ 7,273	7,541	7,244	14,886	17,850	19,657	3,356	18,858	20,166	37,156

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
2013	13,272	4,784	3,446	1,541	189	102	23,334

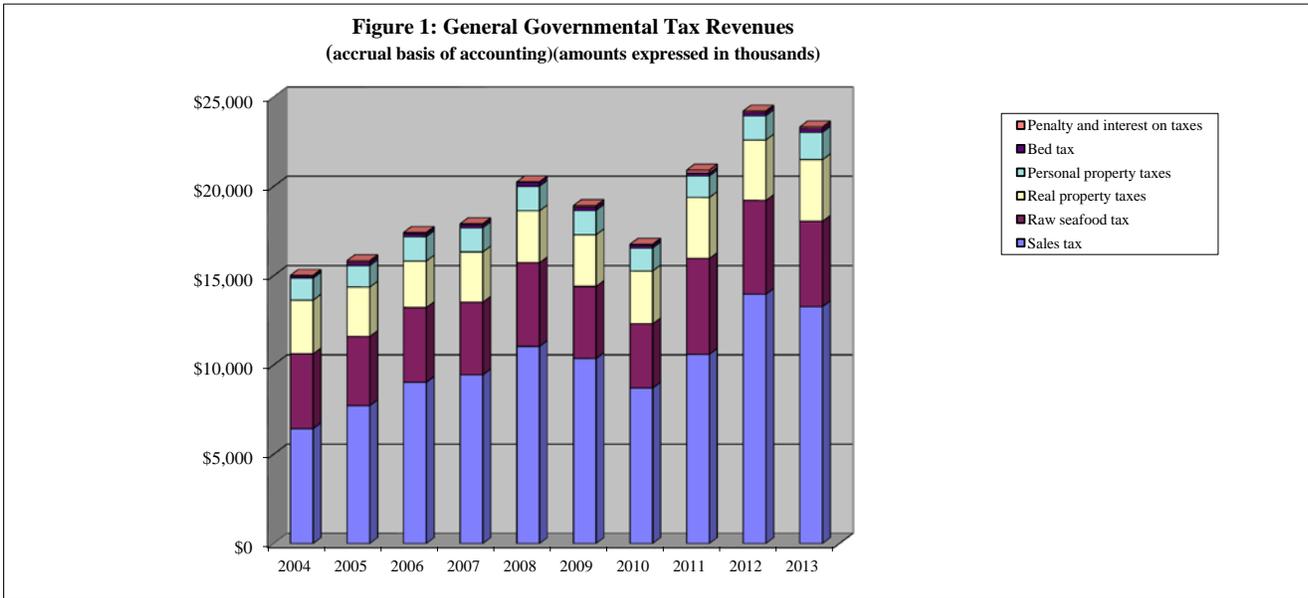


Table 4

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund (after GASB 54):										
Nonspendable	\$ —	—	—	—	—	—	—	2,316	2,282	2,091
Committed	—	—	—	—	—	—	—	34,500	20,300	14,300
Assigned	—	—	—	—	—	—	—	264	190	333
Unassigned	—	—	—	—	—	—	—	10,603	12,509	14,760
General fund (prior to GASB 54):										
Reserved	3,807	3,274	3,039	2,972	2,924	2,736	3,581	—	—	—
Unreserved	29,622	33,327	38,363	45,360	44,554	49,012	35,014	—	—	—
Total general fund	<u>\$ 33,429</u>	<u>36,601</u>	<u>41,402</u>	<u>48,332</u>	<u>47,478</u>	<u>51,748</u>	<u>38,595</u>	<u>47,683</u>	<u>35,281</u>	<u>31,484</u>
All other governmental funds (after GASB 54):										
Committed	\$ —	—	—	—	—	—	—	3,000	3,000	—
Assigned	—	—	—	—	—	—	—	13,488	19,491	28,339
Unassigned	—	—	—	—	—	—	—	(78)	—	—
All other governmental funds (prior to GASB 54):										
Reserved	978	3,339	1,653	—	—	2,795	3,918	—	—	—
Unreserved, reported in:										
Special revenue funds	2,050	4,236	6,242	9,391	13,111	16,450	3,249	—	—	—
Debt service funds	562	—	—	—	—	—	—	—	—	—
Capital projects funds	8,490	3,869	2,900	2,808	5,279	5,612	10,100	—	—	—
Total all other governmental funds	<u>\$ 12,080</u>	<u>11,444</u>	<u>10,795</u>	<u>12,199</u>	<u>18,390</u>	<u>24,857</u>	<u>17,267</u>	<u>16,410</u>	<u>22,491</u>	<u>28,339</u>

Table 5

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 15,337	15,738	17,421	17,901	20,232	19,514	16,763	20,901	24,018	23,191
Intergovernmental	7,481	9,708	9,637	11,122	10,699	12,307	12,742	10,747	11,127	13,197
Changes for services	355	372	372	304	281	317	298	250	210	290
Investment income	370	1,554	1,839	4,166	5,266	5,618	2,650	1,603	1,067	436
Other	103	105	78	82	85	79	206	99	—	104
Total revenues	23,646	27,477	29,347	33,575	36,563	37,835	32,659	33,600	36,422	37,218
Expenditures:										
General government	3,277	3,431	3,483	3,604	3,549	3,937	4,013	—	3,917	4,291
Public safety	3,485	3,967	3,770	3,909	3,807	4,228	4,308	4,237	4,030	4,707
Public works	4,050	4,096	4,140	4,510	4,743	5,016	5,203	5,143	5,132	5,275
Parks, culture, and recreation	1,732	1,764	1,799	1,956	2,053	2,101	2,139	2,194	2,233	2,440
Community support	770	766	841	777	797	853	843	920	932	1,258
Education support	2,790	2,919	3,253	3,379	3,511	3,750	3,736	3,828	4,024	3,822
Debt service:										
Principal	270	285	321	347	363	379	771	823	834	720
Interest	328	225	262	242	224	237	337	325	397	165
Other	—	46	—	—	—	—	—	—	—	—
Capital projects	2,644	4,026	4,593	1,955	1,286	3,753	6,379	9,795	1,664	5,695
Total expenditures	19,346	21,525	22,462	20,679	20,333	24,254	27,729	27,265	23,163	28,373
Excess of revenues over (under) expenditures	4,300	5,952	6,885	12,896	16,230	13,581	4,930	6,335	13,259	8,845
Other financing sources (uses):										
Proceeds from long term debt	—	—	—	227	226	4,648	—	—	—	—
Refunding bonds issued	—	3,319	—	—	—	—	255	—	—	—
Payments to refunded bond escrow agent	—	(3,272)	—	—	—	—	(248)	—	—	—
Transfers in	6,366	1,754	2,052	831	3,753	6,905	13,206	11,683	15,681	15,358
Transfers out	(7,736)	(5,462)	(4,784)	(5,621)	(14,872)	(14,398)	(38,987)	(6,224)	(35,261)	(22,163)
Other	258	245	—	—	—	—	102	8	—	9
Prior period adjustments/accounting ???	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	(1,112)	(3,416)	(2,732)	(4,563)	(10,893)	(2,845)	(25,672)	5,467	(19,580)	(6,796)
Net change in fund balance	\$ 3,188	2,536	4,153	8,333	5,337	10,736	(20,742)	11,802	(6,321)	2,049
Debt service as a percentage of noncapital expenditures	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	5.5%	6.1%	4.1%

Figure 2A: Governmental Expenditures

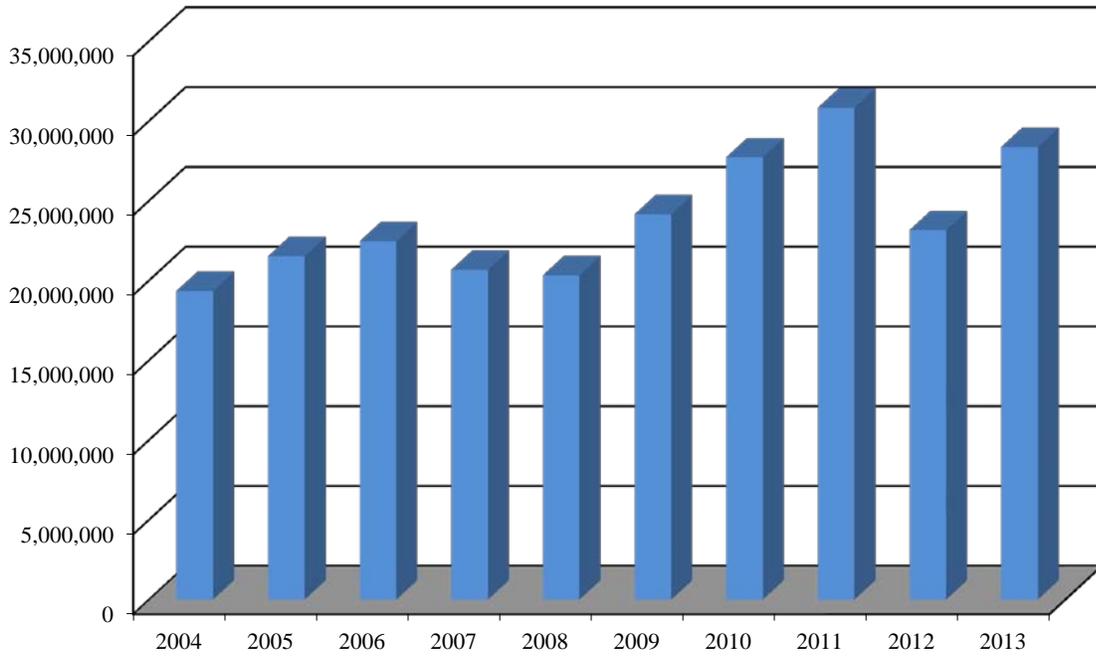


Figure 2B: Governmental Expenditures By Function for Fiscal Year 2013

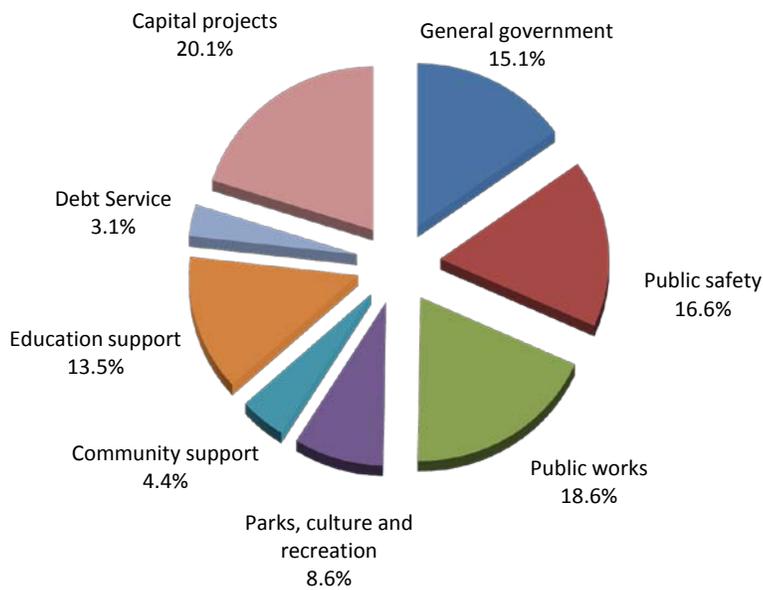


Table 7

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
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
2013	13,084	4,784	3,494	1,539	189	102	23,192

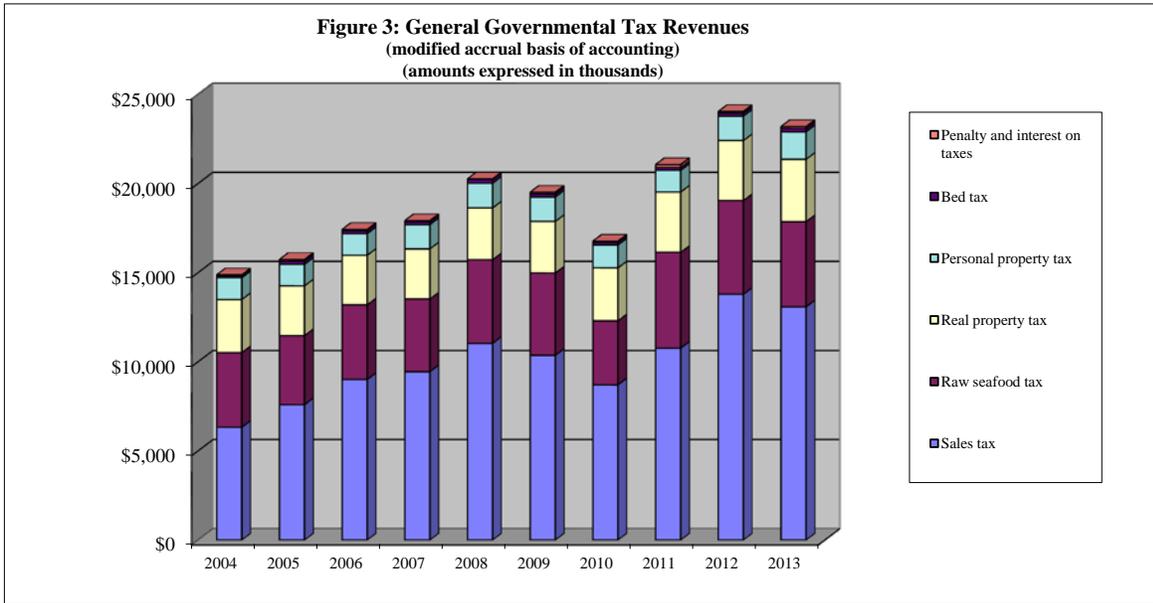


Table 8

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

Fiscal year	Real property		Personal property		Total		Ratio of assessed value to estimated	Total direct tax rate
	Assessed value	Estimated value	Assessed value	Estimated value	Assessed value	Estimated value		
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
2013	330,908	376,032	161,341	183,342	492,249	559,374	88	10.50

Table 9

CITY OF UNALASKA, ALASKA

Property Tax Rates

All Governments

Last Ten Fiscal Years

	Total city millage rate (1)
Fiscal year:	
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
2013	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.

CITY OF UNALASKA, ALASKA
Principal Real Property Taxpayers
June 30, 2013

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

Table 11

CITY OF UNALASKA, ALASKA

Principal Electric Utility Customers

June 30, 2013

Taxpayer	2013			2006*		
	Receipts from customer	Rank	Percentage of total electric utility customers billed	Receipts from customer	Rank	Percentage of total electric utility customers billed
American President Lines	\$ 3,907,663	1	22%	\$ 1,957,151	1	19%
Horizon Lines, LLC	2,215,423	2	13	1,070,717	3	10
City of Unalaska	1,601,980	3	9	1,181,967	2	11
Dutch Harbor Acquisitions	837,634	4	5	—	—	—
Kloosterboer	758,695	5	4	—	—	—
Safeway	660,410	6	4	507,355	5	5
North Pacific Fuel	557,708	7	3	461,612	6	4
Coastal Transportation	536,723	9	3	—	—	—
Alaska Ship Supply	526,054	8	3	299,363	9	3
Unalaska City School	380,461	10	2	316,463	7	3
Harbor Crown	—	—	—	672,326	4	6
Pacific Stevedoring, Inc.	—	—	—	301,660	8	3
Alaska Commercial Company	—	—	—	203,484	10	2
	<u>\$ 11,982,751</u>		<u>69%</u>	<u>\$ 6,972,098</u>		<u>66%</u>

* 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
2004	4,206	4,188	99.6%	11	4,199	99.8%	7	0.2%
2005	3,976	3,966	99.7	10	3,976	100.0	—	—
2006	3,996	3,983	99.7	11	3,994	99.9	2	0.1
2007	4,180	4,167	99.7	9	4,176	99.9	4	0.1
2008	4,284	4,278	99.9	4	4,282	100.0	2	0.0
2009	4,307	4,260	98.9	2	4,262	99.0	45	1.0
2010	4,299	4,249	98.8	6	4,255	99.0	44	1.0
2011	4,645	4,622	99.5	8	4,630	99.7	15	0.3
2012	4,760	4,689	98.5	59	4,748	99.7	12	0.3
2013	4,986	4,948	99.2	—	4,948	99.2	38	0.8

Table 13

CITY OF UNALASKA, ALASKA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts expressed in thousands, except per capital amount)

Fiscal year	Governmental activities	Business Type activities				Percentage of personal income	Per capita
	General obligation bonds	Ports and Harbors fund GO bonds	Electric fund revenue bonds	Nonmajor funds ADEC loans	Total primary government		
2004	\$ 5,438	870	—	614	6,922	5%	\$ 1,585
2005	5,498	443	—	570	6,511	4	1,515
2006	5,176	—	—	526	5,702	4	1,447
2007	4,830	—	—	483	5,313	3	1,445
2008	4,467	—	—	439	4,906	3	1,382
2009	8,558	—	25,000	396	33,954	22	9,272
2010	7,796	5,000	25,000	352	38,148	24	8,718
2011	6,974	4,815	30,380	309	42,478	24	9,734
2012	6,140	4,635	29,560	265	40,600	*	8,515
2013	5,420	6,646	28,895	222	41,183	*	*

* 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
2004	\$ 5,438	1.51%	\$ 1,246
2005	5,498	1.43	1,279
2006	5,176	1.24	1,314
2007	4,830	1.00	1,313
2008	4,467	0.92	1,258
2009	8,558	1.85	2,337
2010	7,796	1.50	1,782
2011	6,974	1.29	1,598
2012	6,140	1.11	1,288
2013	5,420	0.97	*

* Data unavailable or incomplete.

Table 15

CITY OF UNALASKA, ALASKA
Direct Governmental Activities Debt (1)
June 30, 2012

<u>Jurisdiction</u>	<u>Outstanding debt</u>	<u>Percentage applicable to City of Unalaska</u>	<u>Amount applicable to City of Unalaska</u>
Direct:			
City of Unalaska	\$ 5,420,000	100%	\$ 5,420,000

(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.

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

<u>Fiscal year</u>		<u>Operating revenues</u>	<u>Operating expenses (1)</u>	<u>Income from operations</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
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
2013		17,389,996	13,530,966	3,859,030	845,000	1,510,417	2,355,417	164

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

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

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

CITY OF UNALASKA, ALASKA

Demographic Statistics

Last Ten Fiscal Years

<u>Calendar year</u>	<u>Unalaska population (1)</u>	<u>Aleutians west region personal income (amounts expressed in thousands) (2)</u>	<u>Aleutians west region per capita personal income (2)</u>	<u>Unalaska school enrollment (3)</u>	<u>Aleutians west region unemployment (4)</u>
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	175,274	31,845	412	7.3
2012	4,768	*	*	414	8.9
2013	*	*	*	415	*

* Data unavailable or incomplete.

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

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

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

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

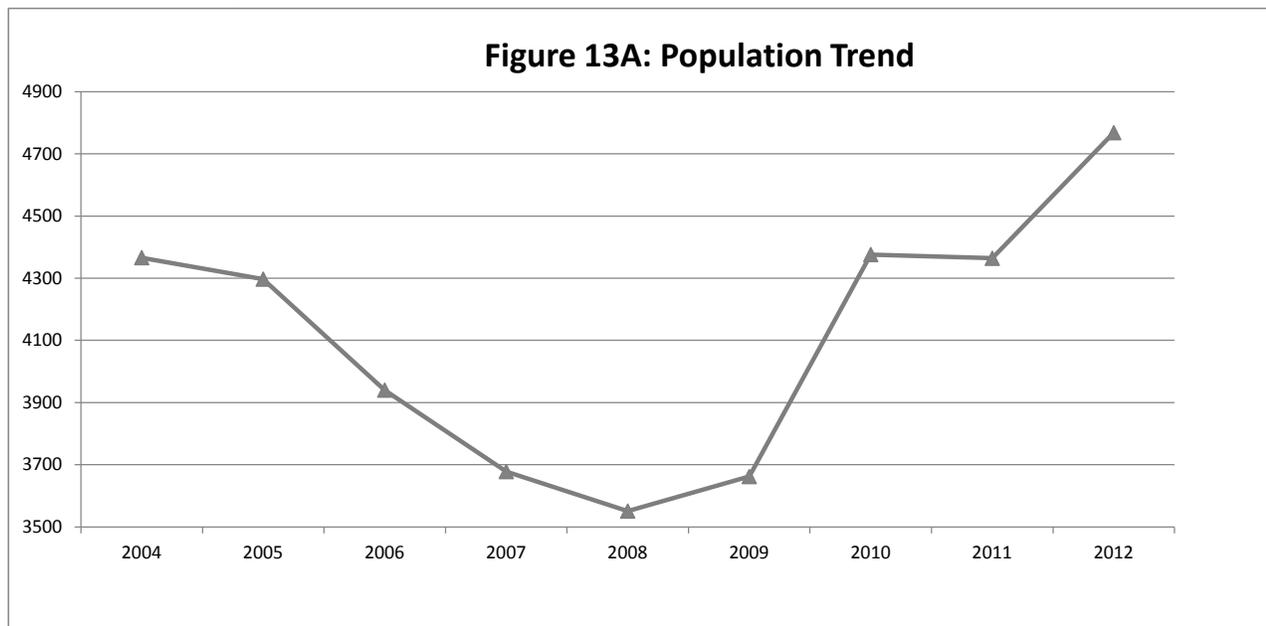


Table 19

CITY OF UNALASKA, ALASKA

Principal Employers

Employer	2012*		2000		Percentage of total city employment
	Range number of employees	Rank	Employees	Rank	
Unisea, Inc.			688	1	29%
Westward Seafoods, Inc.			349	2	15
Alyeska Seafood, Inc.			194	3	8
City of Unalaska			162	5	7
Pacific Stevedoring Inc.			—	—	—
Unalaska City School			61	9	3
American President Lines			68	8	3
Safeway, dba Eagle Quality Centers			—	—	—
Iliuliuk Family and Health Services			—	—	—
Magone Marine Services, Inc.			—	—	—
Petro Star, Inc., dba North Pacific Fuel			182	4	8
Western Pioneer, dba Alaska Ship Supply			100	6	4
Royal Aleutian Seafood			89	7	4
Western Power and Equipment			33	10	1
Total annual average number of employees			<u>2,363</u>		

Source: Alaska Department of Labor, Research and Analysis Section

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

Table 20

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

Function	Fiscal year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	13.00	12.25	12.25	12.25	11.50	11.50	11.50	12.50	12.50	12.50
IS	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	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	22.00	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	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.35	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	4.50	4.50	4.50	4.50	4.50	4.50	5.00	5.00
Community pool	4.38	4.38	4.63	4.63	5.50	5.50	5.50	5.50	5.00	5.00
Public utilities administration	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Water	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.33	4.66
Wastewater	3.67	3.67	3.67	3.67	3.34	3.34	3.34	3.34	3.34	4.00
Ports and airport	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00
Solid waste	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.50
Total employees	155.59	154.84	154.84	154.84	153.63	153.63	153.63	154.63	156.31	156.47

Table 21

CITY OF UNALASKA, ALASKA
 Operating Indicators by Function
 Last Ten Fiscal Years

Function	Fiscal year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Custodies	479	391	395	443	420	337	320	257	6	5
Fire:										
Fire response	30	40	19	22	36	24	37	50	42	29
Burn permits	87	121	117	150	145	159	116	129	99	65
Fire safety	51	42	27	29	45	31	26	41	15	17
EMS:										
EMS ambulance Calls	320	267	320	208	176	191	107	147	184	131
Public works:										
Building permits issued	12	22	32	29	43	28	55	34	18	14
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	42,747
Aquatic center attendance	*	*	*	*	*	18,500	19,072	14,631	18,348	11,950
CC & aquatic center volunteer hours	4,810	2,823	4,710	4,303	1,175	2,280	1,334	1,908	1,731	1,693
Library volunteer hours	*	*	*	*	*	840	410	733	667	766
Library circulation	73,546	96,632	107,079	130,823	144,999	197,743	208,749	211,841	239,936	267,630
Library attendance	*	*	*	*	*	110,960	115,735	113,439	105,931	138,955
Electric:										
Power generated MW	29,818	31,107	33,185	33,491	31,443	35,705	30,060	37,998	46,958	43,742
Water:										
Water produced (MG)	1,219	1,213	1,161	1,208	1,042	1,093	971	1,090	1,204	1,262
Daily pumping capacity (MGD)	2	2	2	4	4	4	4	4	4	4
Total daily capacity (MGD)	10	10	10	5.5-13	5.5-13	13	12	12	12	12
Wastewater:										
Average daily treatment (MG)	0.48	0.57	0.48	0.53	0.47	0.48	0.47	0.56	0.55	0.43
Solid waste:										
Tons of waste collected	8,467	8,671	9,533	8,496	6,702	6,785	6,061	6,442	7,128	7,484
Cubic yards of waste collected	*	*	*	*	*	9,234	8,637	8,978	10,625	10,678
Ports and harbors:										
UMC vessel calls	564	533	458	437	520	407	334	237	577	655
UMC wharfage tons	413,869	448,078	444,338	465,491	464,549	286,698	363,038	338,029	479,630	356,032
Airport:										
Passengers	54,499	59,941	58,618	57,654	58,431	53,624	52,613	55,135	53,698	*

* Data unavailable or incomplete.

Table 22

CITY OF UNALASKA, ALASKA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	6	6	7	7	7	7	7
EMS:										
Ambulances	3	3	3	2	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	40.0	40.0	40.0
Miles of paved roads	5.8	5.8	6.6	6.6	6.6	6.6	6.6	7.0	7.0	7.0
Street lights	107	107	107	107	179	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	8	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	593	598	555	599	599	599	599	599	
Wastewater:										
Sanitary sewers MH's	352	352	352	352	353	353	353	353	353	353
Miles of sewer lines	16.8	16.8	16.8	16.8	16.9	16.9	16.9	17.0	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	2,400
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
CEM Small Boat Harbor	*	*	*	*	*	*	*	*	5,919	5,919