CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2026-52

A RESOLUTION OF THE UNALASKA CITY COUNCIL AMENDING THE COMMUNITY SUPPORT GRANT PROGRAM GUIDELINES

WHEREAS, the City of Unalaska has a history of providing funding assistance for the community's non-profit and community service organizations that dates back to 1975; and

WHEREAS, the Unalaska City Council has continued to refine the administration of the community support program by revising the guidelines, most recently on October 22, 2024; and

WHEREAS, grant recipients receiving more than $25,000 must provide audited financial statements to the City each year; and

WHEREAS, the current audit requirements are expensive and burdensome for many recipients; and

WHEREAS, a review, rather than an audit, would provide sufficient assurance for smaller grant recipients, while being less burdensome for recipients; and

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council approves the revisions to the Community Support Program Guidelines shown in Exhibit A.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on August 25, 2026.

Thomas Bell
Mayor Pro Tem

ATTEST:

Estkarlen P. Magdaong, CMC
City Clerk

CITY OF UNALASKA
CORPORATE
SEAL
STATE OF ALASKA

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Cameron Dean, Planning Director
Through: Marjie Veeder, Acting City Manager
Date: August 25, 2026
Re: Resolution 2026-52: Amending the Community Support Grant Program Guidelines

SUMMARY: City Council annually provides for local organizations through the Community Support Grant program, which is governed by the attached guidelines. Adoption of Resolution 2026-52 amends the audit requirements, allowing smaller recipients to submit a review rather than an audit.

PREVIOUS COUNCIL ACTION: Each year from FY06 through FY17, Council established a special committee charged with reviewing and scoring the applications using a Council-approved evaluation tool.

Resolution 2016-78 eliminated the Grant Review Committee, allowing Staff to do a preliminary review of all applications and then passing the application reviews and other informational documents to Council.

Resolution 2019-64 increased the funding percentage from 3.4642% to 3.5% of the city's General Fund revenue average for the past five (5) years. The purpose of the increase was to round the percentage up to a simple decimal number. The award amounts varied at the time from 3.03% to 3.91%.

Ordinance 2021-02 created the Tobacco Excise Tax, with dedication of the revenue to the Community Support Grant Program for the benefit of public health programs or tobacco education and cessation programs in Unalaska.

Resolution 2023-09 amended the grant program funding formula guide to include Tobacco Excise Tax revenue.

Resolution 2023-43 revised the program guidelines to explicitly include the Culture Camp provided by the Qawalangin Tribe of Unalaska as an eligible applicant and simplified the reporting schedule.

Resolution 2024-45 adjusted reporting requirements and established the current funding guideline, which includes accumulated balances in the Bed Tax and Tobacco Excise Tax funds.

Council annually approves the amounts to be made available to each applicant through the program, most recently with Resolution 2026-23.

BACKGROUND: Earlier this year, several longtime Community Support Grant recipients asked the City to consider adjusting the program's audit requirements due to the rising costs of audit services. In response, Staff solicited feedback on different possible requirements from all recipients.

Council discussed the issue during a worksession on August 11, 2026.

<u>DISCUSSION</u>: Current guidelines require all recipients of more than $25,000 to submit an audit annually, a limit that has been unchanged since at least 2011.

Audits must be submitted within seven months of the close of the recipient's fiscal year, usually February, ensuring they are available for Council to consider while discussing the next year's awards. Audits are provided with complete applications to Council. Staff also summarizes any noteworthy results and highlights them on the summary sheets.

Though it has not occurred recently, if the City received audit results that raised concern, Staff would immediately notify Council. Larger grants are paid in monthly disbursements, and the City can cease funding at any time. The program's guidelines do not include any automatic actions because of the results of an audit, and it is always Council's discretion whether to proceed with an ongoing award. Similarly, Council could request an audit as a condition for future funding for an organization if desired.

Audit vs. Review
Both an audit and a review would be performed by an independent Certified Public Accounting Firm. An audit is most comprehensive. It provides an opinion and provides reasonable assurance that balances are materially correct. This is achieved by sampling source documents and testing transactions and internal controls.

A review provides limited assurance and relies on applying analytical procedures to the entity's financial data and making inquiries of management. A review includes a conclusion and provides "negative assurance" stating the independent auditor is not aware of any material changes needed for the financial statements to be presented in accordance with Generally Accepted Accounting Principles. Both have recognized standards guiding them.

A review is less expensive and requires less time to complete than an audit.

Example Auditor opinion: In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Company as of December 31, 20XX and 20XX, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Example Review conclusion: Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Proposed Tiers for Review and Audit:

- Grant less than $40,000
  - No audit or review required
  - End-of-year reporting only
  - Single disbursement

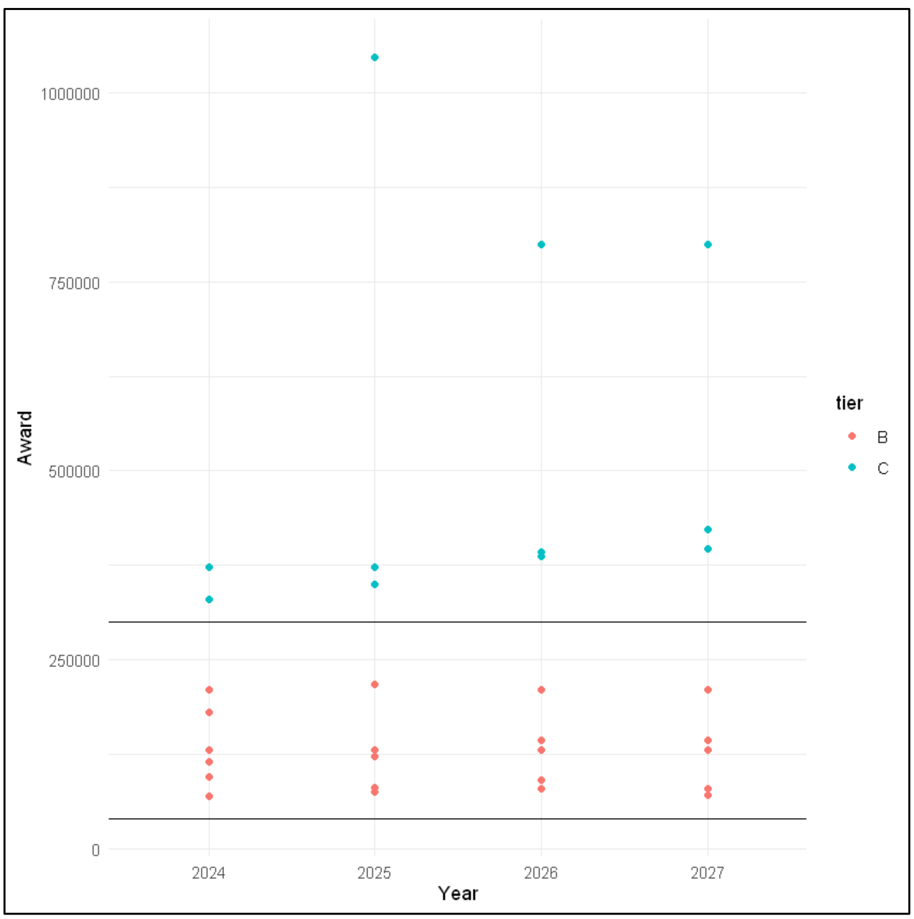
- Grant of $40,000 - $300,000
    - Review or audit required
    - Mid-year and end-of-year reporting
    - Monthly disbursements

- Grant of More than $300,000
    - Audit required
    - Mid-year and end-of-year reporting
    - Monthly disbursements

Raising the $25,000 threshold to $40,000 is based on inflation, specifically the Consumer Price Index. $40,000 today is roughly equivalent to $25,000 in 2011, preserving the original intent of that threshold.

The new $300,000 tier is informed by clustering award amounts over the last several years, as well as feedback from grant recipients. As shown in the figure below, there is a consistent gap between larger and smaller grant recipients. Nonprofits requesting more than $300,000 typically require an audit to satisfy other funders' requirements. Except for APIA, nonprofits with requests under that threshold reported that they do not require an audit for any of their other funding sources.

While Staff recommends a $300,000 threshold at this time, if implemented it should be periodically reviewed and adjusted for inflation.



State and federal grants usually require audits depending on the cumulative total received by an organization in a year. Alaska, for example, requires nonprofits receiving state financial assistance greater than $750,000 to submit an annual single audit, while the federal government requires one at $1,000,000 in federal assistance.

<u>ALTERNATIVES</u>: Council could keep the current requirements or adopt different thresholds for different types of audits.

Council may also remove the $300,000 threshold entirely and require all applicants over $40,000 or another amount, to submit a review, as Councilmember Looby suggested. Organizations that are already procuring an audit anyway could submit it to satisfy the City's requirements. Based on feedback received from current recipients, effectively the same organizations would submit an audit instead of a review under this alternative as under the proposed tiers.

<u>FINANCIAL IMPLICATIONS</u>: None directly from the audit requirements. Financial implications will ultimately depend on the amounts Council elects to make available for the program, which it determines annually.

<u>LEGAL</u>: The City Attorney has reviewed the proposed change and has no concerns.

<u>STAFF RECOMMENDATION</u>: Staff recommends adoption of Resolution 2026-52. The current requirements place a significant burden on recipients, especially smaller ones, and a review would provide sufficient assurance and detail when making award decisions.

Going forward, Staff recommends reviewing thresholds periodically and adjusting for inflation if necessary.

<u>PROPOSED MOTION</u>: I move to adopt Resolution 2026-52.

<u>CITY MANAGER COMMENTS</u>: I support the Staff Recommendation.

<u>ATTACHMENTS</u>:

- Community Support Grant Award History
- Proposed FY28 Community Support Grant Guidelines

AGENCY NAME	FY16 REQ	FY16 AWARD	FY17 REQ	FY17 Award	FY18 REQ	FY18 Award	FY19 REQ
APIA	$ 148,932	$ 148,932	$ 122,825	$ 122,825	$ 124,932	$ 124,932	$ 120,500
Iliuliuk Family Health Services (IFHS)	$ 170,000	$ 170,000	$ 170,000	$ 170,000	$ 170,000	$ 170,000	$ 180,000
Museum of the Aleutians (MOTA)	$ 294,106	$ 294,106	$ 294,106	$ 294,106	$ 294,196	$ 294,196	$ 308,146
UCB/KUCB	$ 92,000	$ 92,000	$ 96,600	$ 96,600	$ 96,600	$ 96,600	$ 96,600
Unalaska Senior Citizens (USC)	$ 49,800	$ 49,800	$ 49,800	$ 49,800	$ 49,800	$ 49,800	$ 55,000
Unalaska Visitors Bureau (UVB)	$ 175,000	$ 175,000	$ 190,000	$ 175,000	$ 175,000	$ 175,000	$ 200,000
USAFV	$ 216,516	$ 216,516	$ 216,516	$ 216,516	$ 229,506	$ 229,506	$ 229,506
Q-Tribe Culture Camp	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000
Q-Tribe Food Bank							
ASFA Unalaska Chapter							
Unalaska Little League							
TOTALS	$ 1,170,354	**$ 1,170,354**	$ 1,163,847	**$ 1,148,847**	$ 1,164,034	**$ 1,164,034**	$ 1,213,752

AGENCY NAME	FY19 Award	FY20 REQ	FY20 Award	FY21 REQ	FY21 Award	FY22 REQ	FY22 Award
APIA	$ 120,500	$ 205,350	$ 205,350	$ 145,000	$ 145,000	$ 142,000	$ 142,000
Iliuliuk Family Health Services (IFHS)	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 161,260	$ 180,000	$ 151,748
Museum of the Aleutians (MOTA)	$ 308,146	$ 328,146	$ 317,813	$ 317,813	$ 317,813	$ 317,813	$ 317,813
UCB/KUCB	$ 96,600	$ 115,350	$ 108,642	$ 106,350	$ 106,350	$ 106,350	$ 106,350
Unalaska Senior Citizens (USC)	$ 55,000	$ 65,000	$ 57,467	$ 65,000	$ 65,000	$ 65,000	$ 65,000
Unalaska Visitors Bureau (UVB)	$ 200,000	$ 200,000	$ 200,000	$ 210,000	$ 210,000	$ 210,000	$ 210,000
USAFV	$ 229,506	$ 252,457	$ 252,457	$ 252,457	$ 252,457	$ 252,457	$ 252,457
Q-Tribe Culture Camp	$ 24,000	$ 24,000	$ 24,000	$ 50,000	$ 24,000	$ 86,062	$ 39,000
Q-Tribe Food Bank						$ 129,857	$ 60,000
ASFA Unalaska Chapter							
Unalaska Little League							
TOTALS	**$ 1,213,752**	$ 1,370,303	**$ 1,345,729**	$ 1,326,620	**$ 1,281,880**	$ 1,489,539	**$ 1,344,368**

AGENCY NAME	FY23 REQ	FY23 Award	FY24 REQ	FY24 Award	FY25 REQ	FY25 Award	FY26 REQ
APIA	$ 140,000	$ 140,000	$ 130,000	$ 130,000	$ 130,000	$ 130,000	$ 143,000
Iliuliuk Family Health Services (IFHS)	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 1,047,441	$ 1,047,441	$ 800,000
Museum of the Aleutians (MOTA)	$ 317,813	$ 317,813	$ 373,058	$ 373,058	$ 373,058	$ 373,058	$ 386,715
UCB/KUCB	$ 109,000	$ 109,000	$ 115,500	$ 115,500	$ 122,500	$ 122,500	$ 130,500
Unalaska Senior Citizens (USC)	$ 65,000	$ 65,000	$ 69,001	$ 69,001	$ 74,895	$ 74,895	$ 79,449
Unalaska Visitors Bureau (UVB)	$ 210,000	$ 210,000	$ 210,000	$ 210,000	$ 218,000	$ 218,000	$ 210,000
USAFV	$ 237,457	$ 237,457	$ 329,855	$ 329,855	$ 349,940	$ 349,940	$ 392,838
Q-Tribe Culture Camp	$ 255,925	$ 35,152	$ 94,299	$ 94,299	$ 81,312	$ 81,312	$ 90,662
Q-Tribe Food Bank	$ 163,237	(Rescinded)	$ -	-	-		
ASFA Unalaska Chapter	$ 20,000	$ 20,000	$ -	-	-		$ 20,000
Unalaska Little League							$ 16,000
TOTALS	$ 1,698,432	**$ 1,314,422**	$ 1,501,714	**$ 1,501,714**	$ 2,397,146	**$ 2,397,146**	$ 2,269,164

AGENCY NAME	FY26 Award	FY27 REQ	FY27 Award
APIA	$ 143,000	$ 143,000	$ 143,000
Iliuliuk Family Health Services (IFHS)	$ 800,000	$ 800,000	$ 800,000
Museum of the Aleutians (MOTA)	$ 386,716	$ 396,452	$ 396,452
UCB/KUCB	$ 130,500	$ 130,500	$ 130,500
Unalaska Senior Citizens (USC)	$ 79,449	$ 79,449	$ 79,449
Unalaska Visitors Bureau (UVB)	$ 210,000	$ 210,000	$ 210,000
USAFV	$ 392,838	$ 422,301	$ 422,301
Q-Tribe Culture Camp	$ 71,056	$ 71,050	$ 71,050
Q-Tribe Food Bank	(Rescinded)		
ASFA Unalaska Chapter	$ 20,000	-	
Unalaska Little League	$ 16,000	-	
TOTALS	**$ 2,249,559**	$ 2,252,752	**$ 2,252,752**

City of Unalaska

FY28 Community Support Program Guidelines

CITY OF UNALASKA
Community Support Program

GENERAL INFORMATION

Purpose: The City Council of the City of Unalaska has established a Community Support Program to provide funds in the form of annual grants to assist with the operating budgets for local and regional non-profit agencies that provide health and safety resources or the enhance the quality of life for residents of Unalaska. All City funds awarded under the Community Support Grant program must directly benefit the community of Unalaska.

Scope: Funding through the Community Support Program is available to local and regional non- profit entities whose requests meet the described purpose of the program for the delivery of local programs and services, or programs and services that provide direct benefits to local residents.

Eligibility: Entities eligible for the program shall be community-based and regional non-profit organizations that are tax exempt under §501(c) of the Internal Revenue Service Code. The Qawalangin Tribe of Unalaska's Camp Qungaayux̂ shall also be eligible. Eligible entities must use City funds for the delivery of local programs and services that provide health and safety resources or enhancement of the quality of life for residents. All eligible entities wishing to apply for City funding must complete an application.

General Program Guidelines

Application:

- Applications will be made available at City Hall, Planning Department, each year based on the City's annual budget preparation calendar. All interested, eligible, non-profit entities must complete and submit an application. Applications and assistance are available through the City of Unalaska, Department of Planning. Applicants must abide by all requirements set forth in the application.

Submission of Application:

- Completed applications must be submitted to the City of Unalaska, Planning Department on the application form(s) provided by the City, in the format and order outlined in the application, must include all required attachments, and must be submitted by the deadline set in the application.

Planning Review

- Planning shall review all submissions. **If an application is missing information, or other corrections are needed, the applicant will be contacted and given seven calendar days, starting the day after contact, to submit a correction.** If the applicant declines the correction offer, or a corrected application is not submitted by the correction deadline, the original application will stand as the official submission.
- After review, Planning will prepare a summary. The summary, along with the applications, will be submitted to City Council.

City Council Review and Evaluation:

City Council will review all grant applications. In an effort to avoid conflicts of interest and to promote fairness, any Council Member who is an employee, board member, or has any other association with an agency that has applied for City funding, should recuse themselves from the application review of their associated agency.

Applications will be reviewed and evaluated as follows:

1. Copies of applications and Planning's summary will be provided to City Council. Applications will be evaluated by Council based on:
   - applicant responses and adherence to application requirements;
   - timeliness and completeness of submission; and
   - overall funding available based on the funding formula.

   For agencies receiving previous funding from the City, in addition to the above, the following below will also be taken into consideration:

   - timeliness of required reporting from the previous grant year;
   - adherence to grant management requirements;
   - agency performance as demonstrated through reports and financial audits as required for each agency; and
2. City Council will determine the Community Support Program total funding based on the average General Fund revenue for the five most recently completed and audited fiscal years plus the current fund balance of the Bed Tax Fund and Tobacco Excise Tax Fund, less committed amounts.
3. **During the City's budget cycle, grant applicants will be required to present their request to Council. An applicant representative must also attend Council meetings when the agenda contains Community Grant business** to provide additional information and answer any questions Council may have regarding their agency's application.
4. After reviewing all Community Grant submissions, Council will determine grant recipients and funding levels.

Disbursement of Grant Awards:

Grantees will be notified of their awards by the City Department of Planning. Upon receipt of this notification, the Grantee shall sign a grant agreement with the City. **Awards under $25,000 are disbursed in July of 2027, in one lump sum. Awards $25,000 and over will be disbursed in equal monthly payments, beginning in July of 2027.** Grant payments will be mailed to the Grantee's address listed in the application paperwork unless other arrangements have been made. Programs will not be funded retroactively.

GRANTEE RESPONSIBILITIES
Administering the Community Support Grant

Grantee shall manage grant funds in accordance with this City of Unalaska FY28 Community Support Program Guidelines adopted by Unalaska City Council. Grantee shall abide by the requirements set forth in these guidelines, the grant agreement, and the grant application.

I. General Responsibilities:

1. All Grantees shall sign a grant agreement prior to the disbursement of funds.

2. To the extent consistent with the purpose for which funds are made available under this program, the services and facilities provided by the grantee will be available to the general public, and **Grantee shall not discriminate in the administration of these services based on race, religion, color, national origin, age, sex, physical or mental disability, marital status, changes in marital status, pregnancy, or parenthood.**

3. All promotional or printed material for any program funded in whole or in part through the City of Unalaska Community Support Program shall include the following statement: **"This program is partially funded by the Citizens of the City of Unalaska."**

II. Financial Management

4. The Grantee shall establish and maintain a financial management system conforming to generally accepted accounting principles.

5. The financial management system shall do the following:

- Provide accurate, current, and complete disclosure of all financial transactions relating to the City of Unalaska Community Support Program;
- **Track City grant funds in a separate account in the agency's accounting system;**
- Effectively control and account for all City funds and property and/or equipment purchased with those funds; and
- **Provide accounting records supported by source documentation from the agency's accounting system**.

III. Use of City Funds

6. **Grantee shall expend City grant funds only to perform the services, functions and activities described in the FY28 grant application and budget approved by Unalaska City Council.**

7. **Grantee must contact Planning immediately for the following budget changes:** Please submit change(s) in writing, explain the reason for the change, and provide a copy of the revised budget:

    - Any change within the budget category greater than **$2,500**;
    - Any transfer of funds between budget category;
    - Use of funds which would deviate from the budget category on the original budget; and

- **Budget changes under $2,500, though not immediately reportable, must still be shown on a revised budget submitted with the next required report.**

8. Budget changes are reviewed by Planning. Changes within a budget category that do not exceed **$5,000** will be reviewed by Planning. Council will be notified via the City Manager's report of changes within a budget category in excess of **$ 5,000**, or of transfers between budget categories.

IV. Return of City Funds

9. **Unexpended funds: All unexpended FY28 grant funds will be returned to the City of Unalaska by August 31, 2028.** Requests to reallocate unexpended FY28 funds must be submitted to Planning by **July 31, 2028.**

10. **Unauthorized use of funds:** Any funds not spent as authorized in the grant will be subject to review and return.

11. **Failure to fulfill the terms of the Agreement:** Should a grantee fail to fulfill the terms of the application and agreement with the City, or should a grantee, for any reason, no longer provide the services identified in the application, unexpended funds will be returned to the City. Additionally, equipment purchased with City funds will be returned to the City within thirty (30) days of the failure of the entity to fulfill the terms of the grant awarded by the City

V. Reporting Requirements

Grantees will submit reports to Planning as required. Frequency of reporting and requirements are based on the amount of funding received. The City reserves the right to require additional or more frequent reporting.

12. **Grantees receiving less than ~~$25,000~~$40,000 per year from the City of Unalaska for an ongoing program, or a single program or event shall submit the following:**

- **Annual Report (due August 31, 2028)**: report shall describe the success of the program, how the goals and objectives set forth in the program were met, and shall contain a financial report detailing the expenditure of City funds.

13. **Grantees receiving more than ~~$25,000~~$40,000 per year from the City of Unalaska shall submit the following:**

- **Mid-Year Report (due January 31, 2028).** Contains the information for FY28 quarters 1 & 2 and will consist of:

  ✓ **Cover letter:** written on grantee's letterhead, addressing City Council. Cover letter should contain the time period of the report and explain that which cannot be reflected in the financial or goals' report spreadsheets.

  ✓ **Financial report spreadsheet: Using the spreadsheets provided by the City,** complete FY28 quarters one and two on the spreadsheet, and include as backup, the financial documents printed from the software program used to manage the grant.

- ✓ **Goals report spreadsheet: Using the spreadsheets provided by the City**, complete FY28 quarters one and two on the spreadsheet.

- **Final report (Due August 31, 2028)** contains the information for quarters three and four and summarizes the entire year:

  - ✓ **Cover letter with brief annual wrap up commentary:** on grantee's letterhead, addressing City Council. The report should contain the time period of the report. should contain financial and goal highlights for quarters three and four, then summarize the entire year, including how fiscal year ended up (was money returned?), and a goals summary (were goals met?).

  - ✓ **Financial report spreadsheet: Using the spreadsheets provided by the City**, complete FY28 quarters three and four to complete the spreadsheet. Include as backup for the whole year, the financial documents printed from the software program used to manage the grant.

  - ✓ **Goals report spreadsheet: Using the spreadsheets provided by the City,** complete FY28 quarters three and four to complete the spreadsheet.

- **Financial Audit or Review (due 7 months after the Grantee fiscal year end)**: grantees receiving ~~$25,000~~$300,000 or more shall submit an Audited Annual Financial Statement performed by a recognized CPA firm within seven (7) months after the Grantee's fiscal year end. Grantees receiving more than $40,000 but less than $300,000 may instead submit a review performed by a recognized CPA firm within the same deadline.

14. **Grantee must notify the City immediately of the following:**

- Grantee is no longer able to deliver programs or services as described in the approved application and budget, for whatever reason;
- Grantee is no longer able to abide by the terms and conditions of these guidelines or the signed grant agreement, for whatever reason; and
- Grantee's non-profit status has changed.

Failure to submit reports or to notify City as required in a timely manner may result in immediate cessation of all current grant funding. Future grant applications may not be considered if a grantee fails to meet its reporting and notification requirements, or if reports are consistently submitted late, or Grantee fails to notify the City as required.

Reports may be hand delivered to City Hall, Department of Planning, emailed, or mailed. Other notifications, etc. may be reported via telephone.

City of Unalaska
Dept. of Planning
PO Box 610, Unalaska AK 99685
planning@unalaska.gov
Phone: 907 581-3100
Fax: 907 581-1417

VI. Insurance

Grantees receiving $25,000 or more must provide a current certificate of insurance reflecting the following coverage:

- ***Commercial General Liability***: insurance of not less than $1,000,000 per occurrence;
- ***Workers' Compensation and Employers Liability***: coverage no less than is required by Alaska State Statute;
- ***Professional Liability****:* insurance of no less than $1,000,000 per occurrence required for agencies providing medical, legal and/or counseling services;
- ***Commercial Auto Liability****:* insurance of no less than $1,000,000 per occurrence required for agencies that own an automobile.
- ***Additional Insured****:* the City of Unalaska shall be named as an additional insured on all policies except Professional Liability and Workers' Compensation;
- ***Waiver of Subrogation:*** a waiver of subrogation in favor of the City of Unalaska must be in place on all policies;
- ***All policies must have a 30-day cancellation clause.***

VII. Licenses

Grantee shall obtain and maintain current all local, State, and Federal professional and business licenses required for operation, and comply with all required local, State, and Federal regulations and requirements.

VIII. Tax Exempt Status

Grantee shall submit all annual paperwork required to keep and maintain tax exempt status. Loss of tax exempt status may result in loss of City funding.

POLICY HISTORY

12/17/02 Council adopted Community Support Guidelines by Resolution 2002-88.

12/08/03	Revised by Resolution	2003-76
12/13/05	Revised by Resolution	2005-75
12/12/06	Revised by Resolution	2006-57
12/28/10	Revised by Resolution	2010-75
12/08/15	Revised by Resolution	2015-68
12/28/16	Revised by Resolution	2016-78
11/07/23	Revised by Resolution	2023-42
10/22/24	Revised by Resolution	2024-44
10/22/24	Revised by Resolution	2024-45