



REPORT TO HONORABLE MAYOR AND MEMBERS OF  
CITY COUNCIL

# CITY OF UNALASKA, ALASKA

2025 AUDIT RESULTS



# Welcome

January 27, 2026

Honorable Mayor and Members of City Council

City of Unalaska, Alaska

We look forward to discussing with you the current year audit results for City of Unalaska. On November 10, 2025, we presented an overview of our plan for the audit of the financial statements, including the Schedule of Expenditures of Federal Awards, of City of Unalaska (the City) as of and for the year ended June 30, 2025.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the City is responsible.

We are pleased to be of service to the Company and look forward to meeting with you on January 27, 2026 to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the Company, and is not intended and should not be used by anyone other than these specified parties.

# Executive Summary



# Executive Summary

## Results of Our Audit

- Overview and Status - We have completed our audit work with respect to the financial statements and single audit for the year ended June 30, 2025.
- Quality of the City's Financial Reporting
- Significant Risk Overview & Discussion
- Corrected and Uncorrected Misstatements
- Internal Control Over Financial Reporting

## Required Communications

- No significant items.

## Open Discussion and Questions



# Audit Results





# Overview & Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements and single audit does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Plan communications.
- ▶ We issued an unmodified opinion on the financial statements and released our report on January 15, 2026.
- ▶ We issued an unmodified opinion on the City's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA) and released our report on January 15, 2026.
- ▶ We issued our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and released our report on January 15, 2026.
- ▶ In planning and performing our audit of the SEFA, we considered the City's internal control over compliance with requirements that could have a direct and material effect on its major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.





# Overview & Status of Our Audit continued

- ▶ Our responsibility for other information in documents containing the City's audited financial statements (e.g., Introductory and Statistical Sections) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the City and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.





# Quality of the City's Financial Reporting

A discussion will be held regarding the quality of the Company's financial reporting, which will include the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our assessment of critical accounting estimates, accounting policies and practices
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments



# Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows.

Revenue Recognition - Electric Utility  
Charges for Services

Management Override of Controls

# Corrected and Uncorrected Misstatements

## CORRECTED AND UNCORRECTED MISSTATEMENTS

### *Corrected Misstatements and Corrected Disclosure Misstatements*

- ▶ BDO identified an adjustment to remove construction in process assets to assets placed in service for the Water Utility fund and Governmental Activities. These resulted in a reclassification of \$512,759 Water construction in process assets to Water assets placed in service and a reclassification of \$3,616,313 Governmental Activities construction in process assets to assets placed in service.

### *Uncorrected Misstatements and Corrected Disclosure Misstatements*

- ▶ The City identified one uncorrected accrual adjustment related to Tobacco Tax accounts receivable and related revenue that resulted in an impact of \$26,685 to net position.
- ▶ The City updated the bond premium amortization method for Port and Electric bonds to the effective interest method as prescribed by the Government Accounting Standards Board. This adjustment impact current year amortization expense and net position for these funds. These resulted in an impact of \$578,019 for Port and \$496,012 for Electric Utility.
- ▶ BDO identified an uncorrected adjustment for accumulated depreciation, net position, and related depreciation expense resulting from assets placed in service. These resulted in an overall net position and accumulated depreciation impact of \$102,551 for the Water Utility fund and \$361,631 for Governmental Activities.

We evaluated the impacts of these uncorrected misstatements. We concur with management's assessment that the effects of not recording these adjustments in 2025 is immaterial to the financial statements taken as a whole, considering both qualitative and quantitative factors. There were no uncorrected disclosures, other than those that were clearly trivial, that we brought to the attention of management.



# Internal Control Over Financial Reporting



# Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Material Weakness	A deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented or detected and corrected on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Control Deficiency	A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

In conjunction with our audit of the financial statements, we identified no material weaknesses. BDO identified a control deficiency other than a material weakness or significant deficiency related to assets within construction in process that were actively in use. BDO recommends that construction in process be evaluated each year to capitalize those assets as these are put into use for their respective funds.

Throughout the course of our audit, we will identify areas that we consider business process improvements that are not significant enough to meet the definition of a deficiency. We considered the City’s inventory procedures for restocking unused inventory items. We recommend that management evaluate their restocking procedures to ensure restocked items are added back to the inventory management system for proper tracking of inventory items.

# Internal Control Over Compliance Findings

In performing our compliance audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), we obtained an understanding of the City’s internal control over compliance to design audit procedures and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over compliance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal control over compliance. The definitions of a material weakness, significant deficiency, and control deficiency in internal control over compliance are as follows:

Category	Definition
Material Weakness	A deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance of a federal program will not be prevented, or detected and corrected, on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Control Deficiency	A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.
Instances of Noncompliance with Laws and Regulations	In accordance with GAS, matters that involve instances of noncompliance with laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

In conjunction with our audit of the financial statements, we identified no instances of material weaknesses in internal control over compliance.



# Detail of Significant Accounting Practices, Policies, Estimates and Disclosures



# Significant Accounting Practices (including Policies, Estimates, and Disclosures)

## ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND DISCLOSURES

The following summarizes the more significant required communications related to our audit concerning the City’s accounting practices, policies, and estimates:

The City’s significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with the applicable financial reporting framework and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 1 to the City’s financial statements.
- ▶ The City adopted GASB Statement No. 101 *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.
- ▶ There were no other changes in significant accounting policies and practices during June 30, 2025.

Critical accounting estimates are those that require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City’s critical accounting estimates, including a description of management’s processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

Management did not make any significant changes to the processes or significant assumptions used to develop the critical accounting estimates during the year ended June 30, 2025.

### Accounting Estimates

**Allowance for Uncollectible Accounts** - Grant receivables are recorded as 100% collectible. Customer accounts receivables, including amounts due related to special assessments, interest income, and various user charges are reviewed to management periodically to determine a reasonable amount of allowance, based on known factors, past history, and age of outstanding amount.

**Capital Asset Depreciation** - Capital assets including property, plant, equipment and infrastructure assets are being depreciated using the straight-line method from a range of 5 to 40 years depending on the classification of the asset.

**Net Pension/OPEB Liabilities** - The net pension/ OPEB liabilities (assets) and related deferred inflow and outflows of resources are estimated based on actuarial and other actual contribution data provided by the City and by the PERS Plan Administrator.

**Discount Rate** - The City is determining discount rate for leases under GASB No. 87 and subscription-based IT assets under GASB No. 96 based on the contract relationship as well as length of agreement for calculations related to leases receivable, leases payable, and SBITA payable.

**Landfill Liability**- The City records an estimated liability for closure and postclosure care costs associated with its landfill.

# Additional Required Communications





# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Plan communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the City's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Alternative accounting treatment	No alternative accounting treatments permissible under the applicable financial reporting framework for policies and practices related to material items were identified and discussed with management.
Significant unusual transactions	During the year ended June 30, 2025, we were not aware of any significant unusual transactions.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the City's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

# Other Required Communications (cont.)

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Results of procedures performed related to other information included in annual report	The City releases additional annual information with their financial statements, and as a result, additional procedures were required to be performed on this information. See additional procedures listed below with their results.
Other matters significant to the oversight of the City's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the City's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter shown as attachment.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

# Independence

Our engagement letters to you dated August 18, 2025, and amended to include additional single audit requirements on October 27, 2025, combined describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to those letters for further information.





# Other Topics



# BDO's System of Quality Management

An audit firm's effective system of quality management ("SoQM") is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a SoQM designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those standards and requirements. The firm's SoQM supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the SoQM and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our SoQM by providing guidance and input on audit quality initiatives.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of July 31, 2024, that, except for certain deficiencies related to the execution of its issuer audits, that system provides the reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements. BDO has either implemented or is designing remedial actions to address those deficiencies prior to our next evaluation.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality management within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

**[CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >](#)**

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Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

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January 15, 2026

BDO USA, P.C.  
3601 C St. #600  
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audit of the financial statements of City of Unalaska (the City), which comprise the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the period then ended then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 18, 2025, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and amendment dated October 27, 2025 for the additional single audit procedures under Uniform Guidance.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letters, for 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.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity



by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.

- (4) We have made available to you:
- (a) All financial records, and related data including the names of all related parties and federal awards (including amendments, if any, and any other correspondence with federal agencies and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.
  - (b) All additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) Minutes of the meetings of Unalaska City Council that were held from July 1, 2025, to the date of this letter to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards (SEFA).

The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.

#### Corrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit
1	Government-wide CWIP	\$3,616,313	
	Government-wide depreciable assets		\$3,616,313
	<i>*To place assets into service for Governmental Activities</i>		
2	Water Fund CWIP	\$512,759	
	Water Fund depreciable assets		\$512,759
	<i>*To place assets into service for the Water Utility fund</i>		

- (7) The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately below have not been corrected. In our opinion, the effects of not correcting such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements of the City taken as a whole.

### Uncorrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit	Impact on Net Position
1	Tobacco Tax Accounts Receivable		\$26,685	
1	Tobacco Tax Revenue	\$26,865		\$26,685
	<i>*To correct tobacco tax revenue and accounts receivable.</i>			
2	Port Net Position		\$578,019	
2	Port Amortization Expense	\$578,019		\$578,019
	<i>*To reflect the changes to adopt the effective interest method for Port bond premium amortization.</i>			
3	Electric Utility Net Position		\$496,012	
3	Electric Utility Amortization Expense	\$496,012		\$496,012
	<i>* To reflect the changes to adopt the effective interest method for Electric bond premium amortization.</i>			
4	Water Fund Depreciation Expense	\$17,092		\$17,092
4	Water Fund Net Position	\$85,459		\$85,459
4	Water Fund Accumulated Depreciation		\$102,551	
	<i>* To recognize depreciation, accumulated depreciation and related net position impacts for placing assets into service for the Water Utility Fund</i>			
5	Governmental Activities Depreciation Expense	\$120,543		\$120,543
5	Governmental Activities Net Position	\$241,088		\$241,088
5	Governmental Activities Accumulated Depreciation		\$361,631	
	<i>* To recognize depreciation, accumulated depreciation and related net position impacts for placing assets into service for Governmental Activities</i>			
Current year cumulative uncorrected misstatements				\$1,564,898
Cumulative effect of prior period uncorrected misstatements brought forward from last period				\$(598,313)
Cumulative uncorrected misstatements adjusted for prior period impact				\$966,585

- (8) You have identified and discussed with us in the course of the audit the deficiencies in our internal control over financial reporting listed immediately below:
- a) Control Deficiencies Other than Material Weaknesses or Significant Deficiencies: Assets that were actively used and in service were classified as construction in process. BDO recommends that construction in process be evaluated each year to capitalize those assets as these are put into use for their respective funds.
- (9) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment

of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:

- (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
  - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
  - (c) Allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
  - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (10) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- (11) We acknowledge that the City is indebted to the U.S. Army Corps of Engineers in the amount of \$2,097,013 as of June 30, 2025, for the breakwater improvement project. We acknowledge this debt is currently not accruing interest charges.
- (12) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of all related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
  - (c) Guarantees, whether written or oral, under which the City is contingently liable.
  - (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America.
  - (e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:

- Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
- Written or oral guarantees, endorsements, or unused letters of credit;
- Unusual guarantees; or
- Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable, but the amount of loss cannot be reasonably estimated.

(f) Commitments, such as:

- Major capital asset purchase agreements;
- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
- Deferred compensation, bonuses, pensions plans, or severance pay; or
- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;

(g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

(13) There are no:

- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- (c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
- (d) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.

(14) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.



- (15) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- (16) Provision, when material, has been made (i) to reduce excess or obsolete inventories to their estimated net realizable value and (ii) for any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market rates.
- (17) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- (18) Expenditures of state awards were below the \$750,000 thresholds in 2025, and we were not required to be audited in accordance with the *State of Alaska Single Audit Guide and Compliance Supplement*.
- (19) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have disclosed the noncompliance with debt covenants and its impacts to you and included these in the Notes to Financial Statements. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (20) No discussions have taken place with your firm's personnel regarding employment with the City.
- (21) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (22) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (23) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (24) We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period, and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (25) Required supplementary information is measured and presented in accordance with prescribed guidelines.
- (26) With respect to federal award programs:
  - (a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

- (Uniform Guidance), including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA).
- (b) We have, in accordance with the Uniform Guidance, identified and disclosed to you in the schedule of expenditures of federal awards (SEFA), expenditures made during the audit period for all government programs and related activities provided by federal agencies in the form of federal awards, grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
  - (c) We acknowledge our responsibility for the preparation of the SEFA and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
  - (d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
  - (e) We will include the auditor's report on the SEFA in any document that contains the SEFA and that indicates you have reported on such information.
  - (f) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
  - (g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions considered to have a direct and material effect on each federal program.
  - (h) We are responsible for establishing and maintaining, and have established and maintained, effective internal controls over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions that could have a material effect on our federal programs. We believe the internal control system is adequate and functions as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.
  - (i) We have made available to you all federal award contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to each major federal program and related activities that have taken place with federal agencies or pass-through entities.

- (j) We have received no requests from a federal agency to audit one or more specific programs as a major program.
  - (k) We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
  - (l) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
  - (m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance (2 CFR part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* subpart E).
  - (n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.
  - (o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
  - (p) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
  - (q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared and are prepared on a basis consistent with the schedule of expenditures of federal awards.
  - (r) The copies of federal program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - (s) We have charged costs to federal awards in accordance with applicable cost principles.
  - (t) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.
  - (u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- (27) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incident could have a material effect on the financial statements.

- (28) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- a) We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
  - b) If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
  - c) We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
  - d) We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
  - e) If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.
- (29) With respect to the landfill closure and post-closure care cost estimate:
- a) We believe that the actuarial assumptions used to measure closure and post-closure costs are appropriate in the circumstances.
  - b) We agree with the findings of specialists in evaluating the landfill closure and post-closure care cost estimates and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
  - c) Provision has been made for any material loss that is probable from environmental remediation liabilities associated with identified contaminated sites. We believe such estimate is reasonable based on available information and that the liabilities and related loss contingencies and the expected outcome of uncertainties have been adequately described in the financial statements.
- (30) With respect to our participation in multi-employer defined benefit pension and other postemployment benefit (OPEB) plans:
- a) We believe that the actuarial assumptions and methods used to measure pension and other postretirement liabilities and costs for financial accounting and disclosure purposes are appropriate in the circumstances.
  - b) We are unable to determine the possibility of a withdrawal liability in a multiemployer benefit plan.

- c) We agree with the findings of specialists in evaluating the net pension liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- (31) Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.
- (32) Our annual report comprises the following documents: Introductory section, Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Supplementary Information and Statistical Section. Such documents are consistent with the financial statements, and do not contain any material misstatements.
- (33) We have considered climate-related events and conditions when preparing the financial statements and necessary disclosures, and have communicated to you such matters, if any, and their impact on our financial reporting.

To the best of our knowledge and belief, no events have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements.

Very truly yours,

CITY OF UNALASKA

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Marjie Veeder  
Acting City Manager

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Jim Sharpe  
Interim Finance Director



# City of Unalaska, Alaska



## Annual Comprehensive Financial Report For the Year Ended June 30, 2025

# **City of Unalaska, Alaska**

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Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

Prepared by:

Finance Department

# City of Unalaska, Alaska

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## Introduction Section (Unaudited)

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CITY OF UNALASKA  
43 Raven Way - P.O. Box 610  
Unalaska, Alaska 99685  
Telephone (907) 581-1251



January 15, 2026

Honorable Mayor Tutiakoff, Members of the City Council and Citizens 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 auditing standards generally accepted in the United States of America 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 (the City) for the fiscal year ended June 30, 2025.

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.

BDO USA, P.C., Certified Public Accountants, has issued an unmodified (clean) opinion on the City's financial statements for the year ended June 30, 2025. The independent auditors' report is located at the front of the financial section of this 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, incorporated as a First Class City in 1942, is located on an island within an archipelago in the southwestern part of the State of Alaska. The Bering Sea to the north is considered to have the most productive fisheries in the country. Located nearly 800 miles from Anchorage, the City, which serves a population of 4,120, 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 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 council 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 each year. The mayor is also elected to serve a three-year term. The mayor and council members are all elected at large.

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

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's fiscal year. This annual budget serves as the foundation for the City'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**

The City's economy is based primarily on commercial fishing, seafood processing, fleet services and marine transportation. The Port of Dutch Harbor is the only deep draft port in the Arctic Region and the west coast of Alaska that is ice free year-round. Our Port has been designated a potential port of refuge by the U.S. Coast Guard and provides protection and repair for disabled or distressed vessels as well as ground and warehouse storage and transshipment opportunities for the thousands of vessels that fish or transit the waters surrounding the Aleutian Islands on a daily basis.

The City is the home of the western-most container terminal in the United States and is one of the most productive ports for the transshipment of cargo in Alaska. In addition to product shipped domestically to and from this regional hub, product is shipped to ports around the world with weekly shipments headed to Europe and Asia by container ship and freighter. The port serves also as a fueling hub for the Aleutian Islands and provides fuel storage for the West coast of Alaska and the Arctic.

The Port of Dutch Harbor is part of the Alaska Marine Highway System which provides essential connectivity for people and goods throughout the Aleutian Islands and into mainland Alaska. This hub activity feeds a marine corridor that connects the State of Alaska and the Arctic Region to the rest of world.

The City is the anchor for commercial fishing activity in the Bering Sea and the Aleutian Islands (BSAI). Due to the shutdown of the Federal Government, the 2023 NOAA report has not been issued. Therefore, we provide information from 2024: according to National Oceanic and Atmospheric Administration's latest published report, Fisheries of the United States 2022 (published in October 2024), the City's Port of Dutch Harbor led the nation with the greatest quantity of fish landed. For more than 25 years, Dutch Harbor has been rated either first or second in value of catch. A catch of 614 million pounds was landed in 2022, with a value of \$160 million, positioning the City as the number four port in value in the United States for income derived from commercial fishing.

Because the City's economy centers on a single industry, commercial seafood, the tax base is subject to change with fluctuations in fishery harvest levels. One mitigating factor to revenue volatility is the sustainability and good management of the fishery resources in both the state and federal waters of the BSAI.

The National Marine Fisheries Service and the 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 nationwide.

### **Long-Term Financial Planning and Major Initiatives**

As part of their fiscal sustainability plan, the City established a Sustainability Fund with the intention that it will be used as a citywide fiscal sustainability measure. In continuing efforts to improve budgeting and long-term capital planning, the council, once again, set formal goals before the fiscal year 2025 budget process and before preparing the ten-year Capital and Major Maintenance Plan (CMMP). Long-term maintenance and replacement schedules for capital assets continue to be developed.

The City was the non-Federal sponsor of the Iliuliuk Bay Entrance Channel Dredging Project led by the U.S. Army Corps of Engineers. This project was on the City's CMMP for many years. In 2021 the City signed a Design Agreement with the Corps; and in 2024 entered into a Project Partnership Agreement with the Corps for the dredging of the Iliuliuk Bay Entrance Channel. The Corps is authorized and federally funded for the 75/25 Cost Shared effort and produced the project's plans and specifications for the -58+2 dredging of the outside bar. Removal of the bar is considered a best practice for maintaining navigation and safety margins. The Corps selected a contractor in July 2024, and dredging activities were completed in August 2025. Separately, the city dredged the dock faces at both the Unalaska Marine Center and the Light Cargo Dock.

Captains Bay Road (CBR) is a major industrial road, linking significant seafood processing and shipping companies to Unalaska. New industrial development is also planned at the end of CBR. The City previously extended electric utilities and the project to extend water is nearly complete, providing water to all properties along CBR and providing for the abandonment of an old WWII era wood stave line that is leaking a large volume of treated water. The project will also reduce or eliminate water shortages on CBR during peak usage. Construction of the water line project will also allow the city to fully decommission surface water source during maintenance and increase the city's clear water storage by 1.5-2 million gallons. The city has also entered into a Memorandum of Agreement with the State of Alaska, Department of Transportation and Public Facilities, for the paving of CBR. Design and other work is planned for FY25-26; with construction planned for FY27.

The City commissioned a City-wide Roof Assessment of 27 city owned structures. The results indicate we need to plan aggressively for maintenance work and replacement projects over the coming few years. The costs for the identified work is estimated at \$22 million, not including inflation or soft costs. Our 10-year CMMP will include these major maintenance projects and others as we are preparing a capital building campaign to address priorities and major repairs/improvements for public facilities.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Unalaska in past years. 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 meets the Certificate of Achievement Program's requirements and we may be submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services from the entire staff of Finance Department. 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,

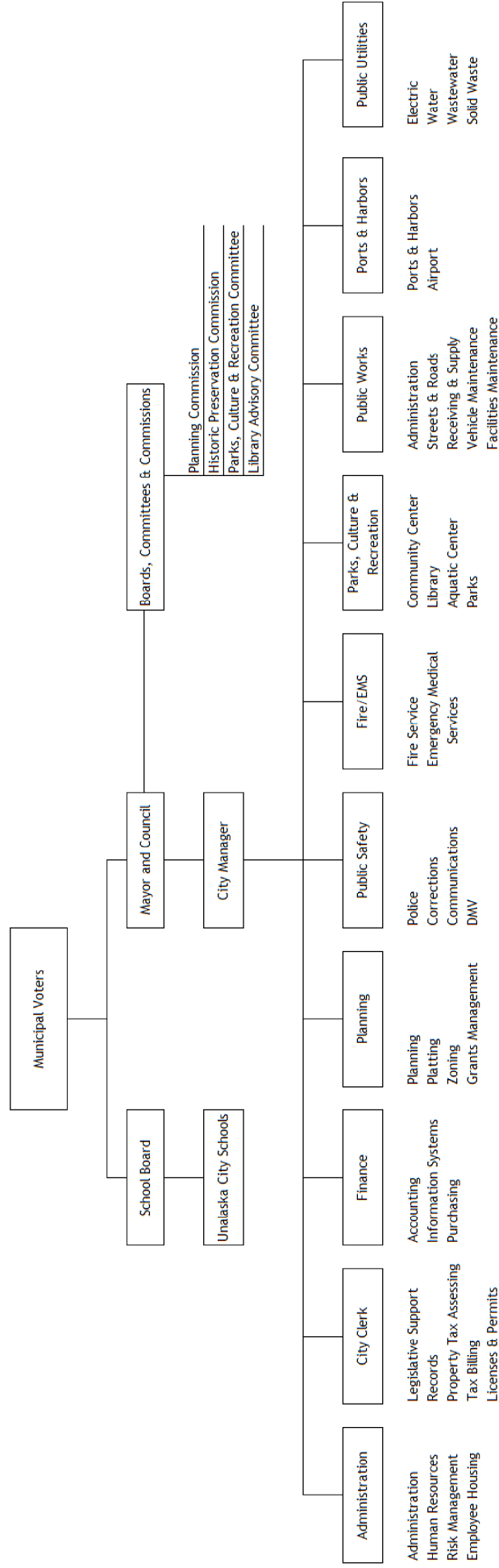
CITY OF UNALASKA



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Marjie Veeder  
Acting City Manager





## PRINCIPAL EXECUTIVE OFFICERS

### Unalaska City Council

Mayor .....	Vincent M. Tutiakoff, Sr.
Vice Mayor .....	Alejandro Tungul
Council Member.....	Daneen Looby
Council Member.....	Zac Schasteen
Council Member.....	Anthony Longo
Council Member.....	Shari Coleman
Council Member.....	Thomas Bell

### City Management

City Manager .....	Vacant
Deputy City Manager .....	Marjorie Veeder
City Clerk .....	Estkarlen Magdaong
Finance Director .....	Vacant
Parks, Culture, and Recreation Director.....	Roger Blakeley
Planning Director .....	Cameron Dean
Ports and Harbors Director.....	Scott Brown
Police Chief.....	Kim Hankins
Fire Chief .....	Ben Knowles
Public Works Director .....	C. Brian Thacker
Public Utilities Director .....	Erik Hernandez

### Special Services

Attorney.....	Munson, Cacciola & Severin, LLP
Auditors .....	BDO USA, P.C.

### School Board

President.....	David Gibson
Member .....	Kerry Mahoney
Member .....	Brian Rankin
Member .....	Trever Shaishnikoff
Member .....	John Warden
Student Representative .....	Redmond Rodemio

### School Officials

Superintendent .....	Kimberly Hanisch
Secondary Principal .....	Greta Bruce
Elementary Principal.....	Riley Spetz
Business Manager .....	Leticia Holloway

## Financial Section

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Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Unalaska City School District (the District), the discretely presented component unit, as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund, and the schedules of the City's proportionate share of the net pensions and net OPEB liability or asset and the City's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 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, budgetary comparison schedules for the 1% Sales Tax Special Revenue Fund, the Bed Tax Special Revenue Fund, Tobacco Tax Special Revenue Fund, and E911 Special Revenue Fund, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial





statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

*BDO USA, P.C.*

Anchorage, Alaska  
January 15, 2026

# **City of Unalaska, Alaska**

Management's Discussion and Analysis (MD&A)  
June 30, 2025

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## **CITY OF UNALASKA, ALASKA**



Photo Credit: Andrew Chiles 2014

# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

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Management of the City of Unalaska (the City) 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, 2025. 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 VI-IX of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Unalaska exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$459,994,246 (net position).
- The city's total net position increased by \$10,571,121.
- As of the close of the current fiscal year, the City of Unalaska's governmental funds reported combined fund balances of \$156,194,315, which is an increase of \$24,847,602 from the prior year. Of this total amount, \$33,882,067, is either nonspendable, committed or assigned for general fund 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 \$122,381,551, or 363% 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's Discussion and Analysis (MD&A) June 30, 2025

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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 17-18 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 doing so, a better understanding of the long-term impact of the government's near-term financing decisions may be obtained. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Unalaska maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is a major fund. Data from the other seven 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 77-78.

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 19-22 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's Discussion and Analysis (MD&A) June 30, 2025

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, wastewater, ports and harbors, and solid waste, all of which are considered to be major funds of the City of Unalaska. 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 23-32 of this report.

### Notes to 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 33-66 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$459,994,246 at the close of the most recent fiscal year.

Approximately 52% 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

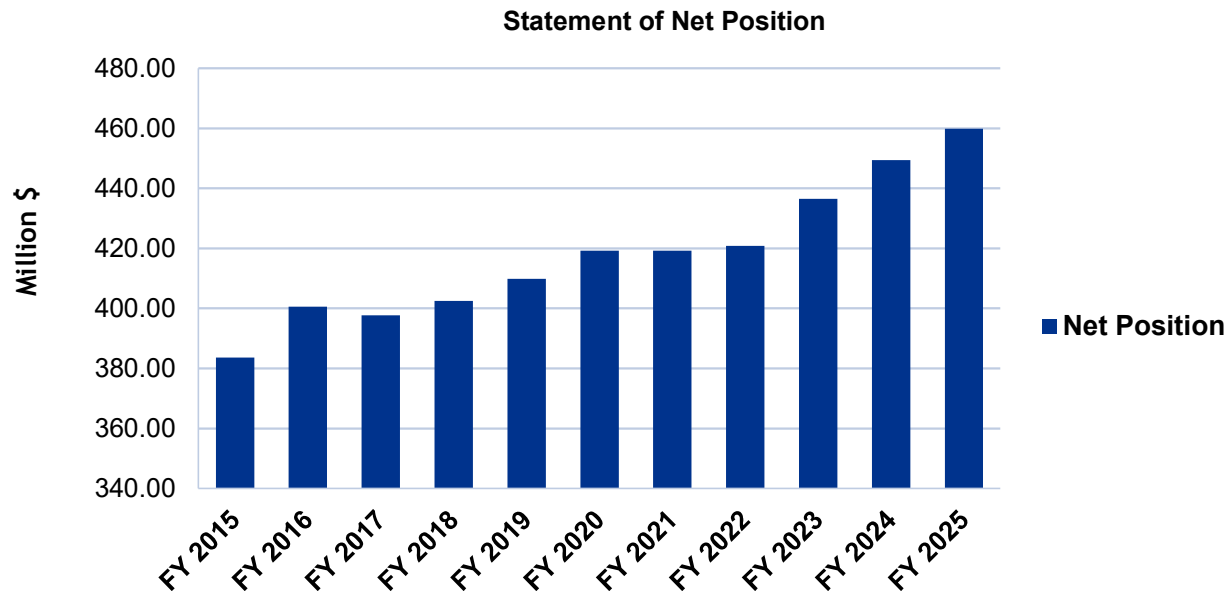
	City of Unalaska's Changes in Net Position					
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 176,329,816	\$ 151,308,845	\$ 78,672,865	\$ 88,402,965	\$ 255,002,681	\$ 239,711,810
Capital assets	90,189,135	92,540,582	207,316,388	213,306,478	297,505,523	305,847,060
Total assets	\$ 266,518,951	\$ 243,849,427	\$ 285,989,253	\$ 301,709,443	\$ 552,508,204	\$ 545,558,870
Deferred outflows of resources	\$ 2,080,566	\$ 2,236,345	\$ 1,650,196	\$ 2,569,820	\$ 3,730,762	\$ 4,806,165
Long-term liabilities	\$ 16,049,329	\$ 15,006,050	\$ 71,586,268	\$ 77,153,784	\$ 87,635,597	\$ 92,159,834
Other liabilities	1,551,411	1,382,280	2,698,866	2,780,926	4,250,277	4,163,206
Total liabilities	\$ 17,600,740	\$ 16,388,330	\$ 74,285,134	\$ 79,934,710	\$ 91,885,874	\$ 96,323,040
Deferred inflows of resources	\$ 4,165,551	\$ 4,439,544	\$ 193,295	\$ 179,326	\$ 4,358,846	\$ 4,618,870
Net position:						
Net Investment in capital assets	\$ 90,018,916	\$ 92,216,236	\$ 151,409,474	\$ 152,614,918	\$ 241,428,390	\$ 244,831,154
Restricted	6,084,018	6,172,697	15,454,806	17,005,295	21,538,824	23,177,992
Unrestricted	150,730,292	126,868,965	46,296,740	54,545,014	197,027,032	181,413,979
Net position	\$ 246,833,226	\$ 225,257,898	\$ 213,161,020	\$ 224,165,227	\$ 459,994,246	\$ 449,423,125

# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

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The balance of unrestricted net position, \$197,027,032, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current and prior 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.



Deferred outflows of resources decreased by \$1,075,403 during 2024 and has three components, deferred outflows of pension related resources, deferred outflows of OPEB related resources, and deferred charge on refunding. The balance for pension and OPEB related resources decreased \$58,849 and \$176,406, respectively, primarily due to amortization. The balance for deferred charge on refunding decreased \$840,148 due to a refunding of Electric Utility Revenue Bonds.

Deferred inflows of resources decreased by \$260,024 during 2025 and has two components, deferred inflows of OPEB related resources and lease related deferred inflows. Both of these items decreased due to amortization to OPEB expense and lease revenue.

# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

City of Unalaska's Changes in Net Position

Table 2

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 1,445,008	\$ 1,209,410	\$ 30,869,738	\$ 35,704,204	\$ 32,314,746	\$ 36,913,614
Operating grants and contributions	1,152,399	299,818	1,663,053	1,382,610	2,815,452	1,682,428
Capital grants and contributions	183,218	135,734	815,078	165,393	998,296	301,127
General revenues:						
Property taxes	9,009,480	8,863,185	—	—	9,009,480	8,863,185
General sales tax	14,967,438	14,710,005	—	—	14,967,438	14,710,005
Raw seafood tax	5,428,530	4,645,995	—	—	5,428,530	4,645,995
Grants and revenue sharing not restricted to specific programs	13,573,200	9,716,115	—	—	13,573,200	9,716,115
Investment and interest income	10,696,548	9,142,653	237,714	262,434	10,934,262	9,405,087
Other	263,304	149,575	—	—	263,304	149,575
Total revenues	56,719,125	48,872,490	33,585,583	37,514,641	90,304,708	86,387,131
Expenses:						
General government	7,344,559	5,833,221	—	—	7,344,559	5,833,221
Public safety	9,003,747	6,207,345	—	—	9,003,747	6,207,345
Public works	8,620,135	7,777,097	—	—	8,620,135	7,777,097
Parks, culture, and recreation	5,573,289	4,726,657	—	—	5,573,289	4,726,657
Community support	2,352,441	1,452,046	—	—	2,352,441	1,452,046
Education	6,660,884	6,160,785	—	—	6,660,884	6,160,785
Interest on leases	1,787	2,270	—	—	1,787	2,270
Electric	—	—	18,166,667	18,973,272	18,166,667	18,973,272
Water	—	—	2,958,818	2,757,260	2,958,818	2,757,260
Wastewater	—	—	3,917,581	3,574,203	3,917,581	3,574,203
Solid waste	—	—	3,714,053	4,672,558	3,714,053	4,672,558
Ports and harbors	—	—	10,154,501	10,306,968	10,154,501	10,306,968
Airport	—	—	653,153	707,381	653,153	707,381
Housing	—	—	611,972	417,862	611,972	417,862
Total expenses	39,556,842	32,159,421	40,176,745	41,409,504	79,733,587	73,568,925
Change in net position before transfers	17,162,283	16,713,069	(6,591,162)	(3,894,863)	10,571,121	12,818,206
Transfers	4,413,045	(6,435,455)	(4,413,045)	6,435,455	—	—
Change in net position	21,575,328	10,277,614	(11,004,207)	2,540,592	10,571,121	12,818,206
Net position, beginning of year	225,257,898	214,980,284	224,165,227	221,624,635	449,423,125	436,604,919
Net position, end of year	\$ 246,833,226	\$ 225,257,898	\$ 213,161,020	\$ 224,165,227	\$ 459,994,246	\$ 449,423,125

The primary government's net position increased \$10,571,121 during the current fiscal year. Governmental activities revenues overall increased \$7,846,635. The net increase includes increased Investment and Interest Income of \$1,553,895 and increase Grants and Revenue Sharing Not Restricted to Specific Programs of \$4,430,547. Grants and Revenue Sharing Not Restricted to Specific Programs included \$3,712,796 of Fisheries Disaster Relief in 2025.

Total expenses increased \$6,164,662 from the prior year primarily due to an increase in pension and OPEB benefits recognized, of \$5,725,031 in 2025 in comparison to \$1,850,476 in 2024.

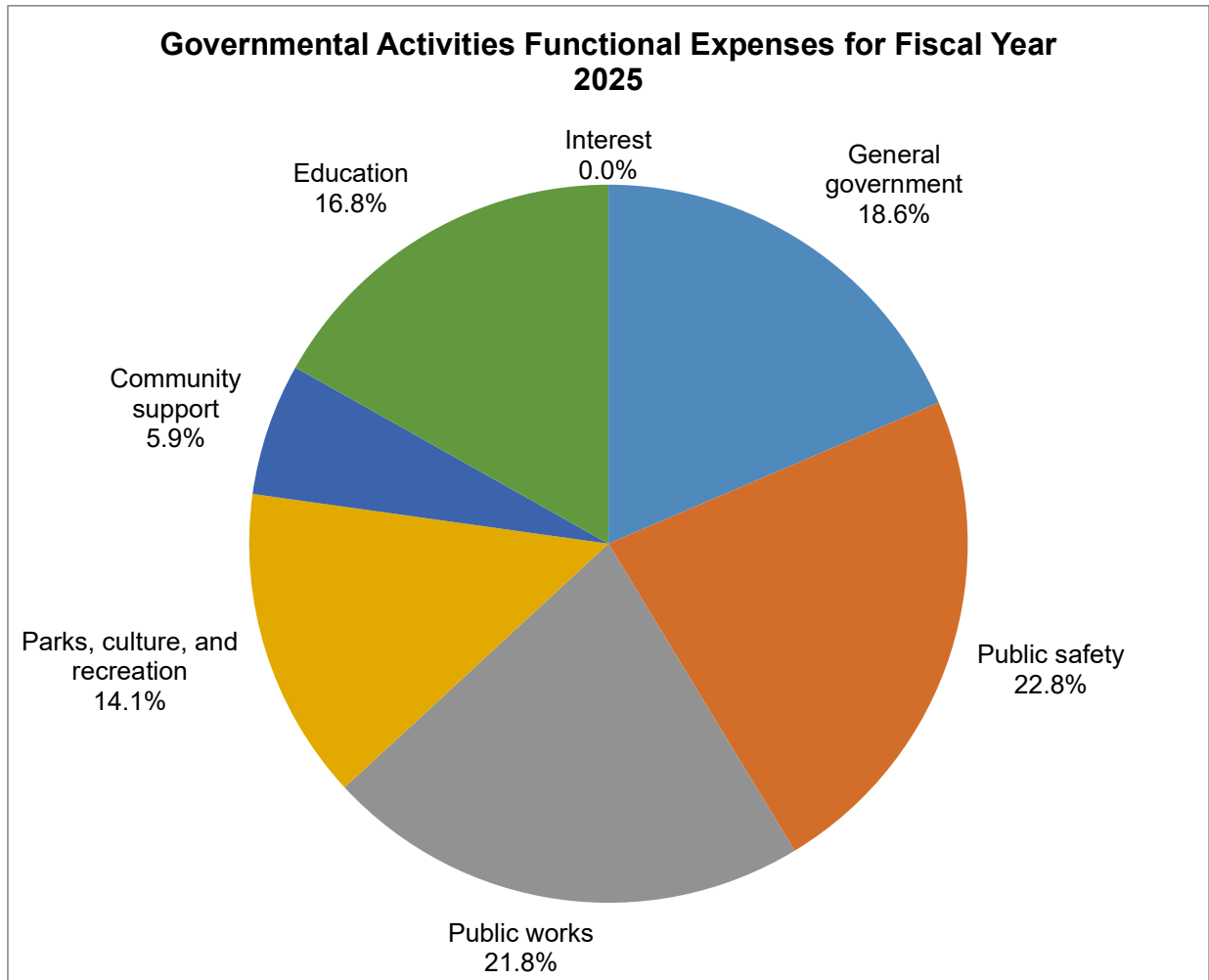


# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

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Governmental activities increased the City of Unalaska's net position by \$21,575,328.



### Business-Type Activities

Net position decreased \$11,004,207 for Business-type activities (table 2); this is primarily attributable to a negative change in net position in the Electric Utility Fund of \$8,493,230 as a result of decreased revenues due to the loss of a major customer and transfers to return unexpended capital upgrade funds to the 1% Sales Tax fund. The Ports and Harbor Fund also had a negative change in net position of \$2,029,339 due to contributions to an Army Corps of Engineer dredging project and reduced revenues.

### Financial Analysis of the Government's Funds

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

# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

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### *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, unassigned fund balance may serve as a useful measure of a government's net resources as noted earlier, the City of Unalaska uses fund accounting to ensure and demonstrate compliance available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Unalaska itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Unalaska's Council.

At June 30, 2025, the City of Unalaska's governmental funds reported combined fund balances of \$156,194,315, an increase of \$24,847,602 in comparison with the prior year. Of this amount, \$122,381,551, or 78%, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is (1) not in spendable form, \$2,442,297; (2) committed for particular purposes, \$29,984,722; or (3) assigned for particular purposes, \$1,385,745.

### *Analysis of Individual Funds*

The general fund is the chief operating fund of the City of Unalaska. At the end of the current fiscal year, unassigned fund balance of the general fund was \$122,381,551, while total fund balance increased to \$127,209,593. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 363% of total general fund expenditures, while total fund balance represents 377% of that same amount.

The fund balance of the City of Unalaska's general fund increased by \$15,873,997 during the current fiscal year in comparison to \$16,291,723 in the prior year. The current year included positive changes due to increased investment and interest earnings and the receipt of Fisheries Disaster Relief funds and a decrease in transfers out.

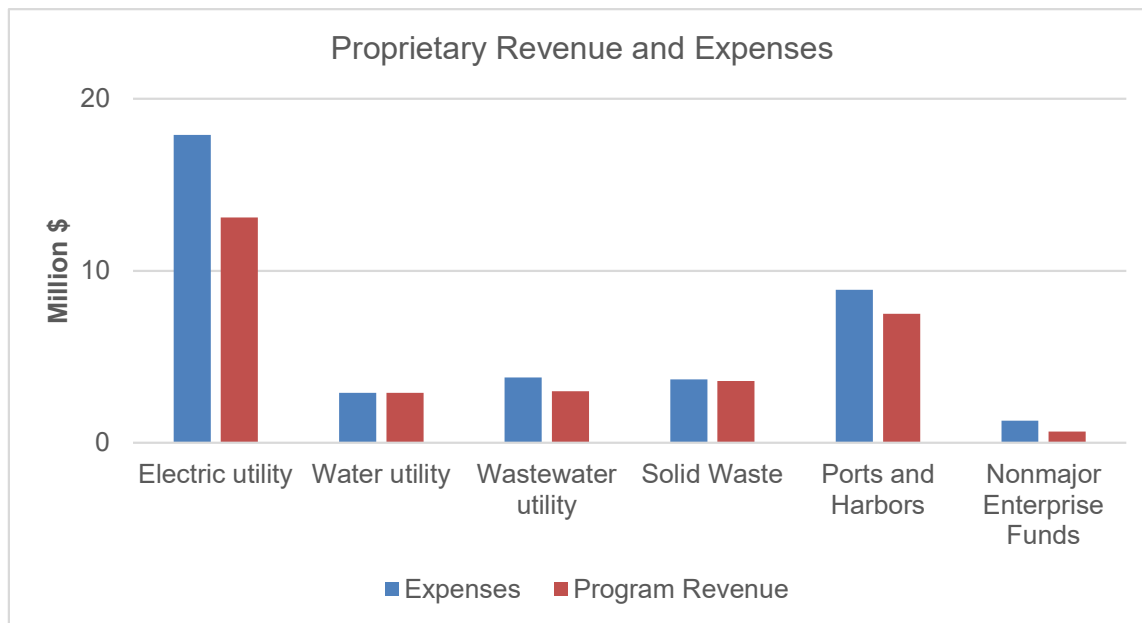
### *Proprietary Funds*

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

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# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025



Unrestricted net position of business-type activities at the end of the year amounted to \$46,296,740. The business-type activities net position decreased by \$11,004,207.

### General Fund Budgetary Highlights

#### *Original budget compared to final budget*

During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations.

#### *Final budget compared to actual results*

The most significant differences between estimated revenues and actual revenues can be briefly summarized as follows: Disaster Fisheries Relief and Investment Earnings outperformed budgeted amounts by \$3,712,796 and \$7,696,548, respectively.

Each functional area within the General Fund stayed within their budgets, with General Government and Public Safety showing the greatest amount of savings in the amount of \$1,413,077 and \$883,098, respectively. The savings in both departments were primarily attributable to personnel costs.

# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

### 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, 2025 amounts to \$244,705,828 (net of accumulated depreciation and amortization, and related debt). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, bridges, and right of use assets. The City of Unalaska's net investment in capital assets decreased by \$9,227,241 in the current year.

	City of Unalaska's Capital Assets, net						Table 3
	Governmental activities		Business-type activities		Total		
	2025	2024	2025	2024	2025	2024	
Land	\$ 31,147,604	\$ 31,147,604	\$ 3,309,476	\$ 3,309,476	\$ 34,457,080	\$ 34,457,080	
Construction in progress	3,358,236	7,314,651	7,200,192	3,210,121	10,558,428	10,524,772	
Buildings and improvements	29,457,203	30,885,339	63,713,969	66,303,189	93,171,172	97,188,528	
Machinery and equipment	6,031,002	5,006,096	13,760,373	15,531,441	19,791,375	20,537,537	
Infrastructure	20,062,422	18,096,715	117,689,727	123,210,445	137,752,149	141,307,160	
Lease assets	65,178	90,177	1,642,651	1,741,806	1,707,829	1,831,983	
Subscription assets	67,490	—	—	—	67,490	—	
Total	\$ 90,189,135	\$ 92,540,582	\$ 207,316,388	\$ 213,306,478	\$ 297,505,523	\$ 305,847,060	

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

#### General Fund

Captains Bay Road Improvements with current year expenditures of \$108,820, various Public Safety and Public Works equipment purchases with current year expenditures of \$1,174,332, and a Boiler replacement at the high school with current year expenditures of \$125,883.

#### Water Fund

The Captains Bay Road Waterline Extension project continued with \$3,128,078 in current year expenditures. The Pyramid WTP Chlorine Upgrades project continued with \$44,554 in current year expenditures.

#### Ports and Harbors

Dredging activities near the Light Cargo Dock and Unalaska Marine Center Dock with current year expenditures of \$570,967. Improvements to the Robert Storrs Small Boat Harbor with current year expenditures of \$737,783.

Additional information on the City of Unalaska's capital assets can be found in Note 5 on pages 48-50 of this report.

# City of Unalaska, Alaska

## Management's Discussion and Analysis (MD&A) June 30, 2025

### Long-Term Debt

At the end of the current fiscal year, the City of Unalaska had general obligation bonds, revenue bonds, State of Alaska Department of Environmental Conservation loans, an Army Corps of Engineers contractual obligation, and leases outstanding of \$55,430,860 (Table 4).

Table 4

	City of Unalaska Bonds, Loans, Contracts, and Leases					
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ -	\$ -	\$ 1,566,865	\$ 1,675,000	\$ 1,566,865	\$ 1,675,000
Revenue bonds	-	-	40,286,076	45,729,431	40,286,076	45,729,431
Loans and contracts	-	-	11,758,742	12,620,766	11,758,742	12,620,766
Leases	64,688	89,345	1,700,008	1,786,377	1,764,696	1,875,722
Subscriptions	54,481	-	-	-	54,481	-
Total	\$ 119,169	\$ 89,345	\$ 55,311,691	\$ 61,811,574	\$ 55,430,860	\$ 61,900,919

The City of Unalaska's total debt originating from bonds, loans, contractual obligations, and leases decreased by \$6,470,059 (10.5%) during the current fiscal year. 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 7 on pages 52-55 of this report.

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

The City of Unalaska's budgeted revenues and expenses increased for the upcoming fiscal year due to inflation.

The average unemployment rate for the Aleutians West Region, which includes Unalaska, was 2.2% for calendar year 2024, which is a decrease of 2% in calendar year 2024. Management believes the unemployment rate within the City's limits may be even lower. The seafood economy is robust in Unalaska while other communities that are more reliant on snow crab and salmon may be experiencing higher unemployment.

### 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, P.O. Box 610, Unalaska, Alaska 99685.

## **Basic Financial Statements**

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# City of Unalaska, Alaska

## Statement of Net Position

	Primary Government			Component Unit Unalaska City School District
	Governmental Activities	Business-type Activities	Total	
<i>June 30, 2025</i>				
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Imprest cash	\$ 1,250	\$ 150	\$ 1,400	\$ -
Cash and investments in central treasury	149,078,350	59,034,108	208,112,458	-
Other cash and investments, including restricted amounts	-	4,333,817	4,333,817	3,655,751
Receivables, net of allowance for uncollectible amounts:				
Accounts	194,671	2,185,078	2,379,749	49,504
Taxes	3,946,600	-	3,946,600	-
Interest	1,522,898	-	1,522,898	-
Intergovernmental	8,866,378	86,219	8,952,597	-
Leases	4,125,413	70,358	4,195,771	-
Other	67,941	-	67,941	-
Inventories and prepaid items	1,242,297	3,042,146	4,284,443	1,220,299
Advances to U.S. Army Core of Engineers	-	7,925,435	7,925,435	-
Internal balances	1,200,000	(1,200,000)	-	-
Net OPEB asset	6,084,018	3,195,554	9,279,572	1,911,937
Capital assets:				
Not being depreciated or amortized	34,505,840	10,509,668	45,015,508	42,500
Being depreciated or amortized, net	55,683,295	196,806,720	252,490,015	1,212,709
<b>Total Assets</b>	<b>266,518,951</b>	<b>285,989,253</b>	<b>552,508,204</b>	<b>8,092,700</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	557,381	557,381	-
Pension related	1,650,088	866,712	2,516,800	365,040
OPEB related	430,478	226,103	656,581	174,366
<b>Total Deferred Outflows of Resources</b>	<b>2,080,566</b>	<b>1,650,196</b>	<b>3,730,762</b>	<b>539,406</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 268,599,517</b>	<b>\$ 287,639,449</b>	<b>\$ 556,238,966</b>	<b>\$ 8,632,106</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ 745,922	\$ 1,870,167	\$ 2,616,089	\$ 134,861
Accrued payroll and related liabilities	775,225	228,646	1,003,871	405,553
Accrued interest	-	370,934	370,934	-
Unearned revenue	22,426	-	22,426	-
Customer deposits	7,838	229,119	236,957	-
Noncurrent liabilities:				
Due within one year:				
Bonds, loans, leases, and compensated absences	1,956,947	4,249,507	6,206,454	592,053
Due in more than one year:				
Bonds, loans, leases, and landfill closure and postclosure costs, and compensated absences	67,443	59,970,134	60,037,577	1,155,741
Net pension liability	14,024,939	7,366,627	21,391,566	3,634,371
<b>Total Liabilities</b>	<b>17,600,740</b>	<b>74,285,134</b>	<b>91,885,874</b>	<b>5,922,579</b>
<b>Deferred Inflows of Resources</b>				
OPEB related	238,084	125,049	363,133	83,024
Lease related	3,927,467	68,246	3,995,713	-
<b>Total Deferred Inflows of Resources</b>	<b>4,165,551</b>	<b>193,295</b>	<b>4,358,846</b>	<b>83,024</b>
<b>Net Position</b>				
Net investment in capital assets	90,018,916	151,409,474	241,428,390	403,426
Restricted for:				
Advances to the Army Corps of Engineers	-	7,925,435	7,925,435	-
OPEB benefits	6,084,018	3,195,554	9,279,572	1,911,937
Debt service	-	4,333,817	4,333,817	-
Health insurance	-	-	-	511,260
Scholarships	-	-	-	175,110
Unrestricted (deficit)	150,730,292	46,296,740	197,027,032	(375,230)
<b>Total Net Position</b>	<b>246,833,226</b>	<b>213,161,020</b>	<b>459,994,246</b>	<b>2,626,503</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 268,599,517</b>	<b>\$ 287,639,449</b>	<b>\$ 556,238,966</b>	<b>\$ 8,632,106</b>

See accompanying notes to basic financial statements.



## City of Unalaska, Alaska

## Statement of Activities

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
			Operating	Capital	Primary Government			Component Unit	
Year Ended June 30, 2025	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Unalaska City School District	
Primary Government									
Governmental Activities									
General government	\$ 7,344,559	\$ 434,594	\$ 194,478	\$ -	\$ (6,715,487)	\$ -	\$ (6,715,487)	\$ -	
Public safety	9,003,747	805,755	384,836	-	(7,813,156)	-	(7,813,156)	-	
Public works	8,620,135	-	261,693	183,218	(8,175,224)	-	(8,175,224)	-	
Parks, culture, and recreation	5,573,289	204,659	288,156	-	(5,080,474)	-	(5,080,474)	-	
Community support	2,352,441	-	23,236	-	(2,329,205)	-	(2,329,205)	-	
Education	6,660,884	-	-	-	(6,660,884)	-	(6,660,884)	-	
Interest on leases	1,787	-	-	-	(1,787)	-	(1,787)	-	
Total Governmental									
Activities	39,556,842	1,445,008	1,152,399	183,218	(36,776,217)	-	(36,776,217)	-	
Business-Type Activities									
Electric utility	18,166,667	13,076,656	970,635	17,336	-	(4,102,040)	(4,102,040)	-	
Water utility	2,958,818	2,937,374	60,472	797,742	-	836,770	836,770	-	
Wastewater utility	3,917,581	3,044,495	74,271	-	-	(798,815)	(798,815)	-	
Solid waste	3,714,053	3,627,768	74,756	-	-	(11,529)	(11,529)	-	
Ports and Harbors	10,154,501	7,524,528	459,688	-	-	(2,170,285)	(2,170,285)	-	
Airport	653,153	410,547	11,118	-	-	(231,488)	(231,488)	-	
Housing	611,972	248,370	12,113	-	-	(351,489)	(351,489)	-	
Total Business-Type									
Activities	40,176,745	30,869,738	1,663,053	815,078	-	(6,828,876)	(6,828,876)	-	
Total Primary Government									
	\$ 79,733,587	\$ 32,314,746	\$ 2,815,452	\$ 998,296	(36,776,217)	(6,828,876)	(43,605,093)	-	
Component Unit									
Unalaska City School District	\$ 11,619,592	\$ 427,262	\$ 3,064,559	\$ 7,997	-	-	-	(8,119,774)	
General Revenues and Transfers									
Taxes:									
General sales tax					14,967,438	-	14,967,438	-	
Real property tax					6,176,388	-	6,176,388	-	
Raw seafood sales tax					5,428,530	-	5,428,530	-	
Personal property tax					2,833,092	-	2,833,092	-	
Other					212,123	-	212,123	-	
Grants and revenue sharing not restricted to specific programs					13,573,200	-	13,573,200	3,640,303	
Investment and interest income					10,696,548	237,714	10,934,262	29,609	
Support from primary government					-	-	-	4,351,810	
Other revenue					51,181	-	51,181	141,510	
Transfers					4,413,045	(4,413,045)	-	-	
Total General Revenues and Transfers					58,351,545	(4,175,331)	54,176,214	8,163,232	
Change in Net Position					21,575,328	(11,004,207)	10,571,121	43,458	
Net Position, beginning					225,257,898	224,165,227	449,423,125	2,583,045	
Net Position, ending					\$246,833,226	\$213,161,020	\$ 459,994,246	\$ 2,626,503	

See accompanying notes to basic financial statements.

# City of Unalaska, Alaska

Exhibit B-1

## Governmental Funds Balance Sheet

<i>June 30, 2025</i>	Major fund General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Imprest cash	\$ 1,250	\$ -	\$ 1,250
Cash and investments in central treasury	121,338,777	27,739,573	149,078,350
Receivables:			
Accounts	194,671	-	194,671
Taxes	2,779,256	1,167,344	3,946,600
Intergovernmental	8,735,023	131,355	8,866,378
Interest	1,522,898	-	1,522,898
Leases	4,125,413	-	4,125,413
Other	67,941	-	67,941
Inventory and prepaid items	1,242,297	-	1,242,297
Advances to other funds	1,200,000	-	1,200,000
<b>Total Assets</b>	<b>\$ 141,207,526</b>	<b>\$ 29,038,272</b>	<b>\$ 170,245,798</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 694,872	\$ 51,050	\$ 745,922
Accrued payroll and related liabilities	775,225	-	775,225
Unearned revenue	19,926	2,500	22,426
Customer deposits	7,838	-	7,838
<b>Total Liabilities</b>	<b>1,497,861</b>	<b>53,550</b>	<b>1,551,411</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - intergovernmental	8,486,792	-	8,486,792
Unavailable revenue - taxes	85,813	-	85,813
Lease related	3,927,467	-	3,927,467
<b>Total Deferred Inflows of Resources</b>	<b>12,500,072</b>	<b>-</b>	<b>12,500,072</b>
<b>Fund Balances</b>			
Nonspendable:			
Inventory and prepaids	1,242,297	-	1,242,297
Advances to other funds	1,200,000	-	1,200,000
Committed:			
Compensated absences	1,000,000	-	1,000,000
Public safety	-	337,726	337,726
Community support	-	675,550	675,550
Capital projects	-	27,971,446	27,971,446
Assigned	1,385,745	-	1,385,745
Unassigned	122,381,551	-	122,381,551
<b>Total Fund Balances</b>	<b>127,209,593</b>	<b>28,984,722</b>	<b>156,194,315</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 141,207,526</b>	<b>\$ 29,038,272</b>	<b>\$ 170,245,798</b>

See accompanying notes to basic financial statements.

## City of Unalaska, Alaska

# Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

## June 30, 2025

Total fund balances for governmental funds		\$ 156,194,315
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets (shown here, net of accumulated depreciation and amortization) used in governmental activities are not financial resources and therefore are not reported in the funds.		90,189,135
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:		
Net OPEB asset		6,084,018
Receivables, delinquent taxes, and certain intergovernmental assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:		
Shared fisheries business tax	\$ 4,185,724	
Shared fisheries resource landing tax	4,301,068	
Real property tax	61,616	
Personal property tax	24,197	
		8,572,605
Deferred outflows of resources for governmental activities are not financial resources and therefore are not reported in the funds:		
Pension related	1,650,088	
OPEB related	430,478	
Total deferred outflows of resources		2,080,566
Long-term liabilities, that are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(14,024,939)	
Lease liability	(64,688)	
Subscription liability	(54,481)	
Compensated absences	(1,905,221)	
Total long-term liabilities		(16,049,329)
Deferred inflows of resources for governmental activities are not financial resources and therefore are not reported in the funds:		
OPEB related		(238,084)
<b>Total Net Position of Governmental Activities</b>		<b>\$ 246,833,226</b>

See accompanying notes to basic financial statements.

# City of Unalaska, Alaska

Exhibit B-3

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

	Major General	Nonmajor Governmental Funds	Total Governmental Funds
<i>Year Ended June 30, 2025</i>			
<b>Revenues</b>			
Taxes:			
General sales	\$ 9,434,151	\$ 5,533,287	\$ 14,967,438
Seafood sales	5,428,530	-	5,428,530
Real property	6,138,916	-	6,138,916
Personal property	2,814,896	-	2,814,896
Other	212,123	-	212,123
Intergovernmental:			
Fisheries business tax	3,929,263	-	3,929,263
Fisheries resource landing tax	4,598,955	-	4,598,955
Fisheries disaster relief	3,712,796	-	3,712,796
PERS on-behalf payments	439,256	-	439,256
Payment in lieu of taxes	1,000,547	-	1,000,547
Grants	323,981	204,854	528,835
Charges for services	1,445,008	-	1,445,008
Investment and interest income	10,696,548	-	10,696,548
Other revenue	53,354	3,519	56,873
<b>Total Revenues</b>	<b>50,228,324</b>	<b>5,741,660</b>	<b>55,969,984</b>
<b>Expenditures</b>			
Current:			
General government	6,902,400	-	6,902,400
Public safety	8,138,217	10,780	8,148,997
Public works	7,143,449	-	7,143,449
Parks, culture, and recreation	4,342,454	-	4,342,454
Community support	1,151,764	1,200,677	2,352,441
Education	5,996,810	-	5,996,810
Debt Service:			
Principal	53,957	-	53,957
Interest	1,787	-	1,787
Capital Outlay	-	676,913	676,913
<b>Total Expenditures</b>	<b>33,730,838</b>	<b>1,888,370</b>	<b>35,619,208</b>
<b>Excess of Revenues Over Expenditures</b>	<b>16,497,486</b>	<b>3,853,290</b>	<b>20,350,776</b>
<b>Other Financing Sources (Uses)</b>			
Subscriptions issued	83,781	-	83,781
Transfers in	-	7,335,358	7,335,358
Transfers out	(707,270)	(2,215,043)	(2,922,313)
<b>Net Other Financing Sources (Uses)</b>	<b>(623,489)</b>	<b>5,120,315</b>	<b>4,496,826</b>
<b>Net Change in Fund Balances</b>	<b>15,873,997</b>	<b>8,973,605</b>	<b>24,847,602</b>
<b>Fund Balances, beginning</b>	<b>111,335,596</b>	<b>20,011,117</b>	<b>131,346,713</b>
<b>Fund Balances, ending</b>	<b>\$ 127,209,593</b>	<b>\$ 28,984,722</b>	<b>\$ 156,194,315</b>

See accompanying notes to basic financial statements.

**City of Unalaska, Alaska**  
**Reconciliation of the Change in Fund Balances of**  
**Governmental Funds to Statement of Activities**  
**Year Ended June 30, 2025**

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Net change in fund balances - total governmental funds \$ 24,847,602

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay	\$ 1,595,474	
Depreciation and amortization expense	(4,030,702)	
		(2,435,228)

Revenues in the Statement of Activities that do not provide current financial resources and are deferred in the funds:

Shared fisheries business tax	322,842	
Shared fisheries resource landing tax	(115,608)	
Real property tax	37,472	
Personal property tax	18,196	
		262,902

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:

Change in compensated absences	24,693	
Change in Net OPEB asset	(88,679)	
Change in lease liabilities	24,657	
Change in subscription liabilities	29,300	
Change in pension liability	(1,038,148)	
Changes deferred outflows and inflows of resources:		
Pension related	(39,751)	
OPEB related	(12,020)	
		(1,099,948)

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 21,575,328</b>
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*See accompanying notes to basic financial statements.*

## City of Unalaska, Alaska

Proprietary Funds  
Statement of Net Position

	Major Funds		
	Electric Utility	Water Utility	Wastewater Utility
<i>June 30, 2025</i>			
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Imprest cash	\$ -	\$ -	\$ -
Cash and investments in central treasury	13,445,343	12,456,006	4,531,467
Receivables, net of allowance for doubtful accounts:			
Accounts	860,705	230,635	197,504
Intergovernmental	86,219	-	-
Lease receivable	-	-	-
Inventory and prepaid items	2,467,565	468,827	30,316
Advances to Army Corp of Engineers	-	-	-
<b>Total Current Assets</b>	<b>16,859,832</b>	<b>13,155,468</b>	<b>4,759,287</b>
<b>Noncurrent Assets</b>			
Restricted investments held by fiscal agent	1,480,485	-	-
Net OPEB asset	925,553	397,533	488,214
Capital assets, net	41,815,986	22,524,746	29,310,925
<b>Total Noncurrent Assets</b>	<b>44,222,024</b>	<b>22,922,279</b>	<b>29,799,139</b>
<b>Total Assets</b>	<b>61,081,856</b>	<b>36,077,747</b>	<b>34,558,426</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	546,300	-	-
Pension related	251,034	107,818	132,419
OPEB related	65,488	28,128	34,544
<b>Total Deferred Outflows of Resources</b>	<b>862,822</b>	<b>135,946</b>	<b>166,963</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 61,944,678</b>	<b>\$ 36,213,693</b>	<b>\$ 34,725,389</b>

See accompanying notes to basic financial statements.

**City of Unalaska, Alaska**  
**Proprietary Funds**  
**Statement of Net Position, continued**

	Major Funds, continued		Nonmajor Funds	Total Enterprise Funds
	Solid Waste Utility	Ports and Harbors		
<i>June 30, 2025</i>				
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Imprest cash	\$ -	\$ 150	\$ -	\$ 150
Cash and investments in central treasury	11,920,776	14,936,734	1,743,782	59,034,108
Receivables, net of allowance for doubtful accounts:				
Accounts	225,411	682,184	(11,361)	2,185,078
Intergovernmental	-	-	-	86,219
Lease receivable	-	-	70,358	70,358
Inventory and prepaid items	71,788	-	3,650	3,042,146
Advances to Army Corp of Engineers	-	7,925,435	-	7,925,435
<b>Total Current Assets</b>	<b>12,217,975</b>	<b>23,544,503</b>	<b>1,806,429</b>	<b>72,343,494</b>
<b>Noncurrent Assets</b>				
Restricted investments held by fiscal agent	-	2,853,332	-	4,333,817
Net OPEB asset	491,427	740,145	152,682	3,195,554
Capital assets, net	12,415,672	96,803,001	4,446,058	207,316,388
<b>Total Noncurrent Assets</b>	<b>12,907,099</b>	<b>100,396,478</b>	<b>4,598,740</b>	<b>214,845,759</b>
<b>Total Assets</b>	<b>25,125,074</b>	<b>123,940,981</b>	<b>6,405,169</b>	<b>287,189,253</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	11,081	-	557,381
Pension related	133,286	200,735	41,420	866,712
OPEB related	34,771	52,369	10,803	226,103
<b>Total Deferred Outflows of Resources</b>	<b>168,057</b>	<b>264,185</b>	<b>52,223</b>	<b>1,650,196</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 25,293,131</b>	<b>\$ 124,205,166</b>	<b>\$ 6,457,392</b>	<b>\$ 288,839,449</b>

*See accompanying notes to basic financial statements.*

**City of Unalaska, Alaska**  
**Proprietary Funds**  
**Statement of Net Position, continued**

	Major Funds		
	Electric Utility	Water Utility	Wastewater Utility
<i>June 30, 2025</i>			
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 560,587	\$ 552,207	\$ 80,315
Accrued payroll and related liabilities	68,544	23,341	28,524
Compensated absences	198,078	28,019	44,644
Accrued interest	105,015	29,294	53,054
Bonds, loans, and leases	1,495,756	179,463	428,330
Advances from general fund	150,000	-	-
Customer deposits	143,563	22,497	17,890
<b>Total Current Liabilities</b>	<b>2,721,543</b>	<b>834,821</b>	<b>652,757</b>
<b>Noncurrent Liabilities</b>			
Bonds, loans, leases, and other	13,164,131	1,974,089	4,283,300
Landfill closure and postclosure costs	-	-	-
Advances from general fund	1,050,000	-	-
Net pension liability	2,133,667	916,396	1,125,500
<b>Total Noncurrent Liabilities</b>	<b>16,347,798</b>	<b>2,890,485</b>	<b>5,408,800</b>
<b>Total Liabilities</b>	<b>19,069,341</b>	<b>3,725,306</b>	<b>6,061,557</b>
<b>Deferred Inflows of Resources</b>			
OPEB related	36,219	15,556	19,105
Lease related	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>36,219</b>	<b>15,556</b>	<b>19,105</b>
<b>Net Position</b>			
Net investment in capital assets	27,632,417	19,845,524	24,599,295
Restricted for advances to Army Corps of Engineers	-	-	-
Restricted for OPEB benefits	925,553	397,533	488,214
Restricted for debt service	1,480,485	-	-
Unrestricted	12,800,663	12,229,774	3,557,218
<b>Total Net Position</b>	<b>42,839,118</b>	<b>32,472,831</b>	<b>28,644,727</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 61,944,678</b>	<b>\$ 36,213,693</b>	<b>\$ 34,725,389</b>

*See accompanying notes to basic financial statements.*



**City of Unalaska, Alaska**  
**Proprietary Funds**  
**Statement of Net Position, continued**

	Major Funds, continued			
	Solid Waste Utility	Ports and Harbors	Nonmajor Funds	Total Enterprise Funds
June 30, 2025				
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 57,411	\$ 610,310	\$ 9,337	\$ 1,870,167
Accrued payroll and related liabilities	28,863	63,655	15,719	228,646
Compensated absences	72,283	136,853	-	479,877
Accrued interest	14,021	169,550	-	370,934
Bonds, loans, and leases	254,232	1,399,292	12,557	3,769,630
Advances from other funds	-	-	-	150,000
Customer deposits	9,487	-	35,682	229,119
Total Current Liabilities	436,297	2,379,660	73,295	7,098,373
Noncurrent Liabilities				
Bonds, loans, leases, and other	2,542,315	29,547,669	30,557	51,542,061
Landfill closure and postclosure costs	8,428,073	-	-	8,428,073
Advances from general fund	-	-	-	1,050,000
Net pension liability	1,132,863	1,706,152	352,049	7,366,627
Total Noncurrent Liabilities	12,103,251	31,253,821	382,606	68,386,761
Total Liabilities	12,539,548	33,633,481	455,901	75,485,134
Deferred Inflows of Resources				
OPEB related	19,231	28,964	5,974	125,049
Lease related	-	-	68,246	68,246
Total Deferred Inflows of Resources	19,231	28,964	74,220	193,295
Net Position				
Net investment in capital assets	9,619,125	65,310,169	4,402,944	151,409,474
Restricted for advances to Army Corps of Engineers	-	7,925,435	-	7,925,435
Restricted for OPEB benefits	491,427	740,145	152,682	3,195,554
Restricted for debt service	-	2,853,332	-	4,333,817
Unrestricted	2,623,800	13,713,640	1,371,645	46,296,740
Total Net Position	12,734,352	90,542,721	5,927,271	213,161,020
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 25,293,131	\$ 124,205,166	\$ 6,457,392	\$ 288,839,449

*See accompanying notes to basic financial statements.*

## City of Unalaska, Alaska

## Proprietary Funds

## Statement of Revenues, Expenses and Changes in Net Position

	Major Funds		
	Electric Utility	Water Utility	Wastewater Utility
<i>Year Ended June 30, 2025</i>			
<b>Operating Revenues</b>			
Charges for services			
Utility revenues	\$ 13,068,816	\$ 2,932,894	\$ 2,948,955
Docking, moorage, and wharfage revenues	-	-	-
Lease revenues	-	-	-
Other revenues	7,840	4,480	95,540
<b>Total Operating Revenues</b>	<b>\$ 13,076,656</b>	<b>\$ 2,937,374</b>	<b>\$ 3,044,495</b>
<b>Operating Expenses</b>			
Operations	12,981,769	1,147,022	1,995,644
General and administrative	1,765,434	761,413	636,031
Landfill closure and postclosure costs	-	-	-
Depreciation and amortization	3,133,869	1,018,099	1,213,237
<b>Total Operating Expenses</b>	<b>17,881,072</b>	<b>2,926,534</b>	<b>3,844,912</b>
Operating income (loss)	(4,804,416)	10,840	(800,417)
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenue	970,635	60,472	74,271
Interest income	89,855	-	-
Interest expense	(121,153)	(32,284)	(72,669)
Contribution to Army COE Engineers project	-	-	-
Bond issuance costs	(164,442)	-	-
	-	-	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>774,895</b>	<b>28,188</b>	<b>1,602</b>
Income (loss) before contributions and transfers	(4,029,521)	39,028	(798,815)
Capital contributions received	17,336	797,742	-
Transfers in (out)	(4,481,045)	-	-
Change in net position	(8,493,230)	836,770	(798,815)
<b>Net Position, beginning</b>	<b>51,332,348</b>	<b>31,636,061</b>	<b>29,443,542</b>
<b>Net Position, ending</b>	<b>\$ 42,839,118</b>	<b>\$ 32,472,831</b>	<b>\$ 28,644,727</b>

See accompanying notes to basic financial statements.

## City of Unalaska, Alaska

## Proprietary Funds

## Statement of Revenues, Expenses and Changes in Net Position, continued

Year Ended June 30, 2025	Major Funds, continued			Total Enterprise Funds
	Solid Waste Utility	Ports and Harbors	Nonmajor Funds	
<b>Operating Revenues</b>				
Charges for services				
Utility revenues	\$ 3,101,935	\$ 895,492	\$ -	\$ 22,948,092
Docking, moorage, and wharfage revenues	-	5,434,145	-	5,434,145
Lease revenues	-	1,112,402	644,955	1,757,357
Other revenues	525,833	82,489	13,962	730,144
<b>Total Operating Revenues</b>	<b>\$ 3,627,768</b>	<b>\$ 7,524,528</b>	<b>\$ 658,917</b>	<b>\$ 30,869,738</b>
<b>Operating Expenses</b>				
Operations	1,937,234	3,074,933	724,824	21,861,426
General and administrative	464,721	1,677,525	220,630	5,525,754
Landfill closure and postclosure costs	383,930	-	-	383,930
Depreciation and amortization	884,349	4,187,312	317,719	10,754,585
<b>Total Operating Expenses</b>	<b>3,670,234</b>	<b>8,939,770</b>	<b>1,263,173</b>	<b>38,525,695</b>
Operating income (loss)	(42,466)	(1,415,242)	(604,256)	(7,655,957)
<b>Nonoperating Revenues (Expenses)</b>				
Intergovernmental revenue	74,756	459,688	23,231	1,663,053
Interest income	-	140,946	6,913	237,714
Interest expense	(43,819)	(496,166)	(1,952)	(768,043)
Contribution to Army COE Engineers project	-	(718,565)	-	(718,565)
Bond issuance costs	-	-	-	(164,442)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>30,937</b>	<b>(614,097)</b>	<b>28,192</b>	<b>249,717</b>
Income (loss) before contributions and transfers	(11,529)	(2,029,339)	(576,064)	(7,406,240)
Capital contributions received	-	-	-	815,078
Transfers in (out)	-	-	68,000	(4,413,045)
Change in net position	(11,529)	(2,029,339)	(508,064)	(11,004,207)
<b>Net Position, beginning</b>	<b>12,745,881</b>	<b>92,572,060</b>	<b>6,435,335</b>	<b>224,165,227</b>
<b>Net Position, ending</b>	<b>\$ 12,734,352</b>	<b>\$ 90,542,721</b>	<b>\$ 5,927,271</b>	<b>\$ 213,161,020</b>

See accompanying notes to basic financial statements.

## City of Unalaska, Alaska

Proprietary Funds  
Statement of Cash Flows

	Major Funds		
	Electric Utility	Water Utility	Wastewater Utility
<i>Year Ended June 30, 2025</i>			
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 13,179,078	\$ 2,907,851	\$ 3,031,384
Payments to suppliers and service providers	(12,339,886)	(678,131)	(1,036,791)
Payments to employees for salaries, wages, and benefits	(2,621,708)	(1,191,687)	(1,434,350)
<b>Net cash flows provided by (used for) operating activities</b>	<b>(1,782,516)</b>	<b>1,038,033</b>	<b>560,243</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating grants and subsidies	808,104	-	-
Transfers from other funds	-	-	-
<b>Net cash flows provided by noncapital financing activities</b>	<b>808,104</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(313,564)	(2,708,008)	-
Principal payments on capital debt	(15,120,000)	(179,463)	(428,330)
Proceeds from issuance of refunding debt	12,679,469	-	-
Repayments on capital advances from general fund	(150,000)	-	-
Interest paid on capital debt	(749,486)	(35,168)	(77,492)
Lease payments received	-	-	-
Transfers from other funds	(4,481,045)	-	-
Bond issuance costs	(30,000)	-	-
Capital grants and contributions	19,812	59,797	-
<b>Net cash flows used for capital and related financing activities</b>	<b>(8,144,814)</b>	<b>(2,862,842)</b>	<b>(505,822)</b>
<b>Cash Flows from Investing Activities</b>			
Investment income received	89,855	-	-
<b>Net Cash Flows provided by Investing Activities</b>	<b>89,855</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(9,029,371)</b>	<b>(1,824,809)</b>	<b>54,421</b>
<b>Cash and Investments, beginning</b>	<b>23,955,199</b>	<b>14,280,815</b>	<b>4,477,046</b>
<b>Cash and Investments, ending</b>	<b>\$ 14,925,828</b>	<b>\$ 12,456,006</b>	<b>\$ 4,531,467</b>
<b>Reconciliation to the Statement of Net Position:</b>			
Imprest cash	\$ -	\$ -	\$ -
Cash and investments in central treasury	13,445,343	12,456,006	4,531,467
Restricted assets, investments held by fiscal agent	1,480,485	-	-
<b>Total Cash and Investments</b>	<b>\$ 14,925,828</b>	<b>\$ 12,456,006</b>	<b>\$ 4,531,467</b>

See accompanying notes to basic financial statements.

**City of Unalaska, Alaska**  
**Proprietary Funds**  
**Statement of Cash Flows, continued**

	Major Funds, continued		Total	Total
	Solid Waste	Ports	Nonmajor	Enterprise
	Utility	and	Proprietary	Funds
		Harbors	Funds	
Year Ended June 30, 2025				
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 3,666,341	\$ 7,946,013	\$ 673,567	\$ 31,404,234
Payments to suppliers and service providers	(668,044)	(2,296,014)	(447,038)	(17,465,904)
Payments to employees for salaries, wages, and benefits	(1,450,175)	(2,209,201)	(445,974)	(9,353,095)
Net cash flows provided by (used for) operating activities	1,548,122	3,440,798	(219,445)	4,585,235
Cash Flows from Noncapital Financing Activities				
Operating grants and subsidies	-	24,475	-	832,579
Transfers from other funds	-	-	68,000	68,000
Net cash flows provided by noncapital financing activities	-	24,475	68,000	900,579
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(850,991)	-	(3,872,563)
Principal payments on capital debt	(254,231)	(1,210,451)	(12,760)	(17,205,235)
Proceeds from issuance of refunding debt	-	-	-	12,679,469
Repayments on capital advances from general fund	-	-	-	(150,000)
Interest paid on capital debt	(45,762)	(1,250,221)	(1,952)	(2,160,081)
Interest income - lease related	-	-	6,913	6,913
Transfers from other funds	-	-	-	(4,481,045)
Advances and other payments to the Army Corp of Engineers	-	-	-	(30,000)
Capital grants and contributions	-	322,625	-	402,234
Net cash flows used for capital and related financing activities	(299,993)	(2,989,038)	(7,799)	(14,810,308)
Cash Flows from Investing Activities				
Investment income received	-	140,946	-	230,801
Net Cash Flows provided by Investing Activities	-	140,946	-	230,801
Net increase (decrease) in cash and investments	1,248,129	617,181	(159,244)	(9,093,693)
Cash and Investments, beginning	10,672,647	17,173,035	1,903,026	72,461,768
Cash and Investments, ending	\$ 11,920,776	\$ 17,790,216	\$ 1,743,782	\$ 63,368,075
Reconciliation to the Statement of Net Position:				
Imprest cash	\$ -	\$ 150	\$ -	\$ 150
Cash and investments in central treasury	11,920,776	14,936,734	1,743,782	59,034,108
Restricted assets, investments held by fiscal agent	-	2,853,332	-	4,333,817
Total Cash and Investments	\$ 11,920,776	\$ 17,790,216	\$ 1,743,782	\$ 63,368,075

*See accompanying notes to basic financial statements.*

**City of Unalaska, Alaska**  
**Proprietary Funds**  
**Statement of Cash Flows, continued**

	Major Funds		
	Electric Utility	Water Utility	Wastewater Utility
<i>Year Ended June 30, 2025</i>			
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<b>Flows provided by (used for) Operating Activities</b>			
Operating income (loss)	\$ (4,804,416)	\$ 10,840	\$ (800,417)
Adjustments to reconcile operating loss to net cash flows provided by (used for) operating activities:			
Depreciation and amortization	3,133,869	1,018,099	1,213,237
Amortization of closure and postclosure care	-	-	-
Nonemployer pension and OPEB expense	140,799	60,472	74,271
Changes in assets and liabilities that provided (used) cash:			
Accounts and lease receivable	95,075	(30,439)	(13,073)
Inventory and prepaid items	(489,144)	(18,979)	(5,695)
Net OPEB asset	(22,310)	37,421	17,934
Pension and OPEB related deferred outflows	10,717	21,634	16,418
Accounts payable	(99,428)	(38,460)	19,783
Accrued payroll and related liabilities	(19,418)	(2,190)	(2,746)
Compensated absences	44,883	(14,040)	(11,053)
Customer deposits	7,347	916	(38)
Net pension liability	233,349	1,308	60,568
Lease related deferred inflows	-	-	-
OPEB related deferred inflows	(13,839)	(8,549)	(8,946)
<b>Net Cash Flows provided by (used for) Operating Activities</b>	<b>\$ (1,782,516)</b>	<b>\$ 1,038,033</b>	<b>\$ 560,243</b>
	-	-	-
<b>Noncash Noncapital, Capital and Related Financing Activities</b>			
Intergovernmental nonemployer pension and OPEB contributions	\$ 140,799	\$ 60,472	\$ 74,271
Capital grants and operating subsidies receivable	83,819	-	-
Accounts payable related to capital asset acquisitions	69,982	525,670	-
Lease renewals and modifications as lessee	-	-	-
Bond issuance costs netted with bond proceeds	134,442	-	-

*See accompanying notes to basic financial statements.*

**City of Unalaska, Alaska**  
**Proprietary Funds**  
**Statement of Cash Flows, continued**

Year Ended June 30, 2025	Major Funds, continued			Total Enterprise Funds
	Solid Waste Utility	Ports and Harbors	Nonmajor Funds	
Reconciliation of Operating Income (Loss) to Net Cash Flows provided by (used for) Operating Activities				
Operating income (loss)	\$ (42,466)	\$ (1,415,242)	\$ (604,256)	\$ (7,655,957)
Adjustments to reconcile operating loss to net cash flows provided by (used for) operating activities:				
Depreciation and amortization	884,349	4,187,312	317,719	10,754,585
Amortization of closure and postclosure care	383,930	-	-	383,930
Nonemployer pension and OPEB expense	74,756	112,588	23,231	486,117
Changes in assets and liabilities that provided (used) cash:				
Accounts receivable	38,973	421,485	(55,428)	456,593
Inventory and prepaid items	44,329	-	-	(469,489)
Net OPEB asset	(23,711)	34,742	(3,879)	40,197
Pension and OPEB related deferred outflows	1,394	27,626	1,687	79,476
Accounts payable	39,307	43,410	(1,623)	(37,011)
Accrued payroll and related liabilities	850	1,927	(3,692)	(25,269)
Compensated absences	4,663	(34,991)	-	(10,538)
Customer deposits	(400)	-	1,832	9,657
Net pension liability	148,838	75,921	38,991	558,975
Lease related deferred inflows	-	-	68,246	68,246
OPEB related deferred inflows	(6,690)	(13,980)	(2,273)	(54,277)
Net Cash Flows provided by (used for) Operating Activities	\$ 1,548,122	\$ 3,440,798	\$ (219,445)	\$ 4,585,235
Noncash Noncapital, Capital and Related Financing Activities				
Intergovernmental nonemployer pension and OPEB contributions	\$ 74,756	\$ 112,588	\$ 23,231	\$ 486,117
Capital grants and operating subsidies receivable	-	-	-	83,819
Accounts payable related to capital asset acquisitions	-	556,952	-	1,152,604
Lease renewals and modifications as lessee	-	-	16,843	16,843
Bond issuance costs netted with bond proceeds	-	-	-	134,442

*See accompanying notes to basic financial statements.*

# City of Unalaska, Alaska

## Notes to Basic Financial Statements June 30, 2025

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### 1. Summary of Significant Accounting Policies

#### 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 protection; 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 U.S. generally accepted accounting principles, 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), must approve any debt issuances, and has assumed an obligation to provide financial support.

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

#### *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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. The major General Fund or individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.



# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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### ***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, claims and judgments, and pension and other postemployment benefits, 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 fund:

- 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 City reports the following major enterprise 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.
- The *Solid Waste Utility 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.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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Additionally, the City reports the following fund types:

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

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

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 and amortization 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.

### ***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance***

#### ***Deposits and Investments***

The City's cash is considered to be cash on hand and demand deposits. 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.

Investments are reported at fair value with the exception of the investment in the Alaska Municipal Investment Pool (AMLIP) which is reported at amortized cost. Changes in fair value are included as a component of investment and interest income.

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 U.S. generally accepted accounting principles. AMLIP is not SEC-registered. 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.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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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, 2024, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

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.

### *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "internal balances" on the statement of net position and as "advances to/from other funds" in the fund level financial statements. In the fund level financial statements, advances from the General Fund are offset by nonspendable fund balance to indicate that 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 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.

### *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 or expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items are recorded as expenditures or expenses during the period benefitted by the prepayment.

### *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

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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than \$50,000 in governmental funds and \$10,000 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 acquisition value at the date of donation or exchange. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation or exchange.

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

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

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

Buildings	Buildings and improvements	20-20 years
Infrastructure	Utility distribution system and improvements	20-40 years
Infrastructure	Dock and improvements	20-40 years
Machinery and Equipment	Motorized vehicles and motorized equipment	5-10 years
Machinery and Equipment	Furniture, machinery, and equipment	5-10 years
Right-to-use assets	Buildings	20-20 years

### *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.

### *Long-Term Obligations*

In the government-wide and proprietary 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 are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses or expenditures in the period incurred.

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.

### *Leases - Lessor*

The City is a lessor for 24 noncancellable leases of land and buildings. Remaining lease terms range from 1 to 63 years with fixed payments due monthly or annually. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements. The City does not consider its leasing activities to be a significant component of its principal ongoing operations.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City discounts its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement or modification of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

During 2025, the City recognized \$599,358 in lease related inflows that included \$372,501 in interest revenue.

### *Leases - Lessee*

The City is a lessee under 6 noncancellable leases of land and a dock. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial term of greater than twelve months and an individual value of \$10,000 or more in governmental funds and \$5,000 or more in proprietary funds. Remaining lease terms range from 6 months to 25 years with fixed payments due monthly or annually. For leases with a maximum possible term of 12 months or less at commencement, the City recognizes expense/expenditure based on the provisions of the lease contract.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service. Subsequently, the lease asset is amortized on a straight-line basis over its lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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The City monitors changes in circumstances that would require a remeasurement or modification of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

### *Subscription-Based Information Technology Arrangements*

The City recognizes subscription-based information technology arrangement liabilities with an initial term of greater than twelve months and an individual value of \$10,000 or more in governmental funds and \$5,000 or more in proprietary funds. All but one of the City's agreements have noncancelable terms of 12 months or less or have an individual value less than the capitalization threshold. The remaining agreement term is 29 months with fixed payments annually. For agreements with a maximum possible term of 12 months or less at commencement, the City recognizes expense/expenditure based on the provisions of the agreement.

At the commencement of an agreement, the City initially measures the subscription liability at the present value of payments expected to be made during the agreement term. Subsequently, the subscription liability is reduced by the principal portion of the payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the subscription commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over its lease term.

Key estimates and judgments related to subscription include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) agreement term, and (3) subscription payments.

- The City uses its incremental borrowing rate as the discount rate for subscription liabilities.
- The agreement term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

Subscription assets are reported with other capital assets and subscription liabilities are reported with noncurrent liabilities on the statement of net position.

### *Pension and OPEB Plans*

For purposes of measuring the City's net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pensions and OPEB expense, information about the fiduciary net position of the Alaska Public Employees Retirement System's (PERS) pension and OPEB Plans and additions to/deductions from the PERS's pension and OPEB Plans fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the PERS Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. They are the deferred amounts related to pension and OPEB and deferred charge on refunding. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide and fund financial statements the City reports deferred amounts related to leases. In the government-wide and proprietary fund financial statements the City reports deferred amounts related to OPEB.

### *Net Position*

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

### *Recently Adopted and Issued Accounting Pronouncements*

GASB Statement No. 101, *Compensated Absences* was issued in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. However, leave that is

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. The City adopted this standard on July 1, 2024 and the impact on the City was to add a component for social security and Medicare taxes to compensated absences. Opening balances related to this change were not adjusted as the amounts were not significant.

GASB Statement No. 102, *Certain Risk Disclosures* was issued in December 2023. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The City adopted this standard on July 1, 2024 and have included the applicable disclosures in Footnote 9-Concentrations.

GASB Statement No. 103, *Financial Reporting Model Improvements* was issued in April 2024. This statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- Management's discussion and analysis (MD&A) – the statement improves the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. The statement also will provide clarity regarding what information should be presented in MD&A.
- Unusual or infrequent items – the statement requires a separate presentation of unusual or infrequent items to provide clarity regarding which items should be reported separately from other inflows and outflows of resources.
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position – the statement standardizes the definition of operating revenues and expenses and of nonoperating revenues, thereby improving comparability between governments. The statement also requires the addition of a subtotal for operating income (loss) and noncapital subsidies in proprietary fund statements of revenues, expenses, and changes in fund net position.
- Information about major component units in basic financial statements – the statement requires presentation of each major component unit separately in the reporting entity's statements of net position and activities.
- Budgetary comparison information – the statement requires that budgetary comparison information be presented as RSI. The statement also requires that separate columns for the variances between (a) original and final budget amounts and (b) final budget amounts and actual results are required to be presented. An explanation of significant variations between original and final budget amounts and final budget amounts and actual results also is required to be presented in notes to RSI.



# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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The requirements of this statement are effective for the City's fiscal year beginning July 1, 2025. Early adoption is permitted. The City is currently evaluating the impact GASB 103 will have on its future financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* was issued in September 2024. The requirements of this statement are effective for the City's fiscal year beginning July 1, 2025. This statement requires lease related assets, subscription assets, and certain intangible assets to be disclosed separately in the capital assets note disclosures. Additionally, this Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The City early adopted this standard on July 1, 2024 and the impact on the City was not significant.

GASB Statement No. 105, *Subsequent Events* was issued in December 2025. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed and clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this statement are effective for the City's fiscal year beginning July 1, 2026. Early adoption is permitted. The City is currently evaluating the impact GASB 105 will have on its future financial statements.

## 2. Stewardship, Compliance, and Accountability

### ***Budgetary Information***

#### ***City***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Coronavirus Relief Special Revenue Fund and the Capital Projects Funds, which adopt grant or project-length budgets. Governmental funds with adopted annual budgets include the General Fund and the remaining 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.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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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.gov](http://www.unalaska.gov).

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.

### *Investments*

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 the FDIC insurance - must be secured by eligible collateral as defined in Section 10.0 of the City's investment policy;
- (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, including MBS. A Master Repurchase Agreement must be signed with the bank or dealer, before repurchase agreements are entered into;
- (4) the Alaska Municipal League Investment Pool, Inc. (AMLIP) 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 or municipality - if the obligations are investment grade (rated BBB or higher by at least one nationally recognized rating service) at the time of investment; this includes ABS and;
- (7) money market funds in which the securities of the funds consist of obligations listed in this section and otherwise meet the requirements of the investment policy.

### *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 Basic Financial Statements

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### *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.

### *Fund Balance Reserve - General Fund*

The City maintains a reserve for emergency operations of \$25 million to provide a financial cushion to cover revenue shortfalls resulting from unexpected changes in financial or economic conditions or to provide resources in the event of major unplanned expenditures the City could face as a result of a natural disaster.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### 3. Deposits and Investments

#### *Fair Value Measurements*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows: Level 1: Quoted prices for identical investments in active markets; Level 2: Observable inputs other than those in Level 1; and Level 3: Unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2025.

Investments by fair value level	Fair value measurements using			
	Total	Level 1	Level 2	Level 3
Central Treasury:				
Debt securities:				
Money market funds	\$ 950,202	\$ 950,202	\$ —	—
Certificates of deposit	963,950	—	963,950	—
Asset backed securities	6,248,935	—	6,248,935	—
U.S. treasuries	77,367,113	—	77,367,113	—
U.S. agencies	9,998,360	—	9,998,360	—
Domestic corporate bonds	22,687,539	—	22,687,539	—
Foreign corporate bonds	3,131,149	—	3,131,149	—
<b>Total Central Treasury</b>	<b>121,347,248</b>	<b>950,202</b>	<b>120,397,046</b>	<b>—</b>
Other Investments:				
Debt securities:				
Money market funds	4,333,817	4,333,817	—	—
<b>Total Other Investments</b>	<b>4,333,817</b>	<b>4,333,817</b>	<b>—</b>	<b>—</b>
<b>Investment by Fair Value Level</b>	<b>125,681,065</b>	<b>\$ 5,284,019</b>	<b>\$ 120,397,046</b>	<b>—</b>
Central Treasury Investments at amortized cost:				
AMLIP	84,361,724			
<b>Total investments</b>	<b>\$ 210,042,789</b>			

Debt securities classified in Level 1 of their fair value hierarchy are valued using prices quoted in the active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### Maturity

As of June 30, 2025, the City's investments mature as follows:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1 or no scheduled maturity	1 to 5	6 to 10
Central Treasury:				
Debt securities:				
Money market funds	\$ 950,202	\$ 950,202	\$ —	\$ —
Certificates of deposit	963,950	963,950	—	—
AMLIP	84,361,724	84,361,724	—	—
Asset backed securities	6,248,935	—	6,248,935	—
U.S. treasuries	77,367,113	7,609,348	69,757,765	—
U.S. agencies	9,998,360	—	9,998,360	—
Domestic corporate bonds	22,687,539	2,968,870	19,718,669	—
Foreign corporate bonds	3,131,149	1,068,947	2,062,202	—
Total Central Treasury	205,708,972	97,923,041	107,785,931	—
Other Investments:				
Debt securities:				
Money market funds	4,333,817	4,333,817	—	—
Total Other Investments	4,333,817	4,333,817	—	—
Investment by Maturity	\$ 210,042,789	\$ 102,256,858	\$ 107,785,931	\$ —

### Interest Rate Risk

The risk that change in interest rates will adversely affect the fair value of an investment. The City limits investment maturities to less than five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments in corporate bonds, external investment pool, certificates of deposit, and money market funds are credit rated as follows:

Investment	Moody's Investor's Service	S & P Global Ratings Service
Dreyfus Government Cash Management Fund	Aaa-mf	AAAm
Allspring Government Money Market Fund	Aaa-mf	AAAm
Certificate of deposits	Not rated or A1- Aa3	Not rated or A-1
AMLIP	Not rated	AAAm
Asset backed securities	Not rated or Aaa	AAA
Domestic corporate bonds	A3 - Ba1	A- - BBB-
Foreign corporate bonds	A2 - Baa2	A- - BBB+

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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### ***Concentration of Credit Risk***

The City places no limit on the amount it may invest in any one issuer. The City does not have any investments that exceed 5% of its total investment balance as of June 30, 2025.

### ***Custodial Credit Risk - Deposits***

In the case of deposits, this 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, 2025, the City's deposits were covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City and, thus, had no deposits that were exposed to custodial credit risk.

### ***Custodial Credit Risk - Investments***

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Collateralization is required on two types of investments: certificates of deposit over FDIC insurance limit and repurchase agreements. In order to anticipate market changes and provide a level of security for all monies, the collateralization level is 102% of market value of principal and accrued interest. The City had no debt securities exposed to custodial credit risk at June 30, 2025 because the investments were held by a custodian in the name of the City.

### ***Foreign Currency Risk***

The City's exposure to foreign currency risk derives from its positions in foreign currency-denominated debt and equity securities. The City's investment policies do not address foreign currency denominated investments. The City holds no foreign currency denominated debt or equity securities as of June 30, 2025, and thus, is not exposed to any foreign currency risk as of June 30, 2025.

### ***Reconciliation to Statement of Net Position***

Deposits and investments of the primary government are reported as follows on the statement of net position, as of June 30, 2025:

	Central Treasury	Restricted Investments	Total
Cash	\$ 2,403,486	\$ —	\$ 2,403,486
Investments	205,708,972	4,333,817	210,042,789
<b>Total Primary Government</b>	<b>\$ 208,112,458</b>	<b>\$ 4,333,817</b>	<b>\$ 212,446,275</b>

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### 4. Receivables

The City reports trade accounts receivable on its Statement of Net Position net of allowances for doubtful accounts in the proprietary funds. There is no allowance for doubtful accounts recorded in the governmental funds. At June 30, 2025, gross receivables and allowances were as follows:

Business-type activities	Accounts	Allowance	Net
Electric Utility	\$ 870,705	\$ (10,000)	\$ 860,705
Water Utility	240,635	(10,000)	230,635
Wastewater Utility	202,504	(5,000)	197,504
Solid Waste Utility	226,411	(1,000)	225,411
Ports & Harbors	687,954	(5,770)	682,184
Nonmajor funds	7,016	(18,377)	(11,361)
<b>Total Proprietary Funds</b>	<b>\$ 2,235,225</b>	<b>\$ (50,147)</b>	<b>\$ 2,185,078</b>

### 5. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental activities	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 31,147,604	\$ —	\$ —	\$ 31,147,604
Construction work-in-progress	7,314,651	421,142	(4,377,557)	3,358,236
<b>Total</b>	<b>38,462,255</b>	<b>421,142</b>	<b>(4,377,557)</b>	<b>34,505,840</b>
Capital assets, being depreciated or amortized:				
Buildings and improvements	71,911,829	202,678	—	72,114,507
Machinery and equipment	14,979,138	1,732,898	—	16,712,036
Infrastructure	55,375,531	3,616,313	(99,821)	58,892,023
Lease assets - land	163,059	—	—	163,059
Subscription assets	—	83,781	—	83,781
<b>Total</b>	<b>142,429,557</b>	<b>5,635,670</b>	<b>(99,821)</b>	<b>147,965,406</b>
Less accumulated depreciation and amortization for				
Buildings and improvements	(41,026,490)	(1,630,814)	—	(42,657,304)
Machinery and equipment	(9,973,042)	(707,992)	—	(10,681,034)
Infrastructure	(37,278,816)	(1,650,606)	99,821	(38,829,601)
Lease assets - land	(72,882)	(24,999)	—	(97,881)
Subscription assets	—	(16,291)	—	(16,291)
<b>Total</b>	<b>(88,351,230)</b>	<b>(4,030,702)</b>	<b>99,821</b>	<b>(92,282,111)</b>
<b>Total capital assets being depreciated or amortized</b>	<b>54,078,327</b>	<b>1,604,968</b>	<b>—</b>	<b>55,683,295</b>
<b>Total governmental activities, net</b>	<b>\$ 92,540,582</b>	<b>\$ 2,026,110</b>	<b>\$ (4,377,557)</b>	<b>\$ 90,189,135</b>

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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

### Governmental activities:

General government	\$	200,794
Public safety		564,251
Public works		1,630,662
Parks, culture, and recreation		970,921
Education		664,074
<b>Total governmental activities</b>	<b>\$</b>	<b>4,030,702</b>

Business-type activities	Beginning balance	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 3,309,476	\$ —	\$ —	3,309,476
Construction work-in-progress	3,210,121	4,595,211	(605,140)	7,200,192
<b>Total</b>	<b>6,519,597</b>	<b>4,595,211</b>	<b>(605,140)</b>	<b>10,509,668</b>
Capital assets, being depreciated or amortized:				
Buildings and improvements	104,986,238	—	—	104,986,238
Machinery and equipment	39,042,484	152,440	—	39,194,924
Infrastructure	232,625,780	605,140	—	233,230,920
Lease - dock	1,502,960	—	—	1,502,960
Lease - land	584,467	16,843	—	601,310
<b>Total</b>	<b>378,741,929</b>	<b>774,423</b>	<b>—</b>	<b>379,516,352</b>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(38,683,049)	(2,589,219)	—	(41,272,268)
Machinery and equipment	(23,511,043)	(1,923,510)	—	(25,434,553)
Infrastructure	(109,415,335)	(6,125,857)	—	(115,541,192)
Lease - dock	(156,377)	(50,849)	—	(207,226)
Lease - land	(189,244)	(65,149)	—	(254,393)
<b>Total</b>	<b>(171,955,048)</b>	<b>(10,754,584)</b>	<b>—</b>	<b>(182,709,632)</b>
<b>Total capital assets being depreciated or amortized</b>	<b>206,786,881</b>	<b>(9,980,161)</b>	<b>—</b>	<b>196,806,720</b>
<b>Total business-type activities, net</b>	<b>\$ 213,306,478</b>	<b>\$ (5,384,950)</b>	<b>\$ (605,140)</b>	<b>\$ 207,316,388</b>



# City of Unalaska, Alaska

## Notes to Basic Financial Statements

Depreciation and amortization expense was charged to the following business-type functions as follows:

Business-type activities:	
Electric Utility	\$ 3,133,869
Water Utility	1,018,099
Wastewater Utility	1,213,237
Solid Waste	884,349
Ports and Harbors	4,187,312
Airport	122,473
Housing	195,245
<b>Total business-type activities</b>	<b>\$ 10,754,584</b>

## 6. Interfund Receivables, Payables, and Transfers

### *Advances to/from Other Funds*

On February 11, 2020, the City Council approved a long-term advance from the General Fund to the Electric Utility Fund in the amount of \$1,884,250 to be paid back in fourteen annual installments, interest free. Payments are due on May 1 of each year.

The balances at June 30, 2025 were as follows:

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 1,200,000	\$ -
Electric Utility Enterprise Fund:		
Current portion	-	150,000
Long-term portion	-	1,050,000
<b>Total Interfund Advances</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>

### *Interfund Transfers*

A summary of transfers between funds of the City for the year ended June 30, 2025 follows:

Transfers in:	Transfers out			
	General	Nonmajor governmental	Electric	Total
Nonmajor governmental funds	\$ 639,270	\$ 2,215,043	\$ 4,481,045	\$ 7,335,358
Nonmajor proprietary fund	68,000	—	—	68,000
<b>Total Transfers</b>	<b>\$ 707,270</b>	<b>\$ 2,215,043</b>	<b>\$ 4,481,045</b>	<b>7,403,358</b>

Transfers to the Capital Projects Fund (nonmajor governmental fund) represent transfers for capital upgrades. Transfers to the Housing Fund (nonmajor proprietary fund) represent transfers to subsidize operations. The transfer from the Electric Fund to the 1% Sales Tax Fund (nonmajor governmental fund) represents the return of unexpended capital upgrade funds.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### 7. Long-term Liabilities

#### (a) General Obligation and Revenue Bonds

The City issues general obligation and revenue bonds (Bonds) to the Alaska Municipal Bond Bank Authority to provide funds for the acquisition and construction of major capital utility and harbor facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds are direct obligations and pledged the net revenue of the related proprietary fund. These bonds generally are issued as serial bonds with varying amounts of principal maturing each year with maturities that range from 4 to 18 years. Bonds outstanding at June 30, 2025, are as follows:

Bonds	Bond principal
\$11,855,000 2025 Electric Utility Series One refunding revenue bonds consisting of remaining current interest bonds of \$11,855,000 with a maturity value of \$1,634,875 due in semi-annual installments ranging from \$39,875 to \$1,634,875 due on December 1 and June 1, through October 1, 2033, interest at 4.0% to 5.0%.	\$ 11,855,000
\$29,655,000 2017 Port revenue bonds consisting of remaining current interest bonds of \$24,995,000 with maturity value of \$1,973,700 due in semi-annual installments ranging from \$38,700 to \$1,973,700 due on November 1 and May 1, through May 1, 2043, interest at 3.75% to 5.0%.	24,995,000
\$2,745,000 2020 Electric Utility revenue bonds consisting of remaining current interest bonds of \$1,660,000 with maturity value of \$317,750 due in semi-annual installments ranging from \$7,750 to \$317,750 due on December 1 and June 1, through December 1, 2031, interest at 5.0%.	1,660,000
\$2,595,000 2020 Port Series One general obligation bonds consisting of remaining current interest bonds of \$1,430,000 with a maturity value of \$322,875 due in semi-annual installments ranging from \$7,875 to \$322,875 due on December 1 and June 1, through December 1, 2029, interest at 5.0%.	1,430,000
<b>Total Bonds</b>	<b>\$ 39,940,000</b>

Annual debt service requirements to maturity for bonds are as follows:

Year ending June 30,	Bonds		Total
	Principal	Interest	
2026	\$ 2,410,000	\$ 1,892,491	\$ 4,302,491
2027	2,640,000	1,651,225	4,291,225
2028	2,760,000	1,530,725	4,290,725
2029	2,900,000	1,433,350	4,333,350
2030	3,040,000	1,265,100	4,305,100
2031-2035	12,655,000	4,285,425	16,940,425
2036-2040	7,950,000	2,111,750	10,061,750
2041-2043	5,585,000	452,600	6,037,600
<b>Total</b>	<b>\$ 39,940,000</b>	<b>\$ 14,622,666</b>	<b>\$ 54,562,666</b>

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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### (b) Noncompliance with Rate Covenant

At June 30, 2025, the City was not in compliance with the provisions of the 2009 Electric Utility loan agreement, as amended, with the Alaska Municipal Bond Bank Authority (Bond Bank) which requires charges and assessments collected in each fiscal year to be greater than the sum of (1) operating and maintenance expenses and (2) 125 percent of debt service. Charges and assessments were approximately \$3,600,000 less than required under the covenant. This occurred in part due to the loss of a major customer. The City has notified the Bond Bank of the noncompliance and is evaluating the need to engage a third-party consultant to make recommendations as to operations and rates. The City has also requested and received a waiver from the Bond Bank.

### (c) Current Refunding

In April 2025, the City issued \$11,855,000 of Electric Utility Revenue Refunding Bonds with an interest rate of 5.0%. The proceeds were used to current refund \$13,690,000 of outstanding 2015 Electric Utility Revenue Bonds which had interest rates ranging from 3.5% to 4.0%. The net proceeds of \$12,813,911 (including a \$958,911 premium and after payment of \$131,279 in underwriting fees and other issuance costs) and escrowed cash of \$1,022,527 were used to immediately repay the refunded bonds. The net carrying amount of the old debt exceeded the reacquisition price by \$709,749. This amount has been netted with the remaining deferred charge from the 2015 issue and is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which is approximately the same as the refunded debt. The current refunding reduced its total debt service payments by \$1,676,834 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$498,411.

### (d) State of Alaska Department of Environmental Conservation Loans

State of Alaska Department of Environmental Conservation Loans (AEDC)	Loan principal
State of Alaska Drinking Water loan due in annual installments of \$179,463 plus interest at 1.5% through 2037.	\$ 2,153,552
State of Clean Water loan due in annual installments of \$428,330 plus interest at 1.5% through 2035.	4,711,630
State of Alaska Clean Water loan due in annual installments of \$254,232 plus interest at 1.5% through 2036.	2,796,547
Total ADEC loans	\$ 9,661,729

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

Annual debt service requirements to maturity for AEDC loans are as follows:

Year ending June 30,	AEDC Loans		Total
	Principal	Interest	
2026	\$ 862,024	\$ 144,926	\$ 1,006,950
2027	862,024	131,996	994,020
2028	862,024	119,065	981,089
2029	862,024	106,135	968,159
2030	862,024	93,204	955,228
2031-2035	4,310,122	272,067	4,582,189
2036-2037	1,041,487	18,314	1,059,801
Total	\$ 9,661,729	\$ 885,707	\$ 10,547,436

### (e) Lease Liabilities

The future principal and interest lease payments as of June 30, 2025 are as follows:

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2026	\$ 25,150	\$ 1,294	\$ 26,444
2027	4,053	791	4,844
2028	4,134	710	4,844
2029	4,217	627	4,844
2030	4,301	543	4,844
2031-2035	22,833	1,387	24,220
Total	\$ 64,688	\$ 5,352	\$ 70,040

Year ending June 30,	Business-type Activities		Total
	Principal	Interest	
2026	\$ 104,834	\$ 34,451	\$ 139,285
2027	107,324	31,960	139,284
2028	109,884	29,401	139,285
2029	101,507	26,770	128,277
2030	99,956	24,616	124,572
2031-2035	297,651	101,001	398,652
2036-2040	267,651	74,949	342,600
2041-2045	295,776	46,824	342,600
2046-2050	315,425	15,754	331,179
Total	\$ 1,700,008	\$ 385,726	\$ 2,085,734

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### **(f) Subscription Liabilities**

The future principal and interest subscription payments as of June 30, 2025 are as follows:

Year ending June 30,	Governmental Activities		Total
	Principal	Interest	
2026	\$ 26,576	\$ 2,724	\$ 29,300
2027	27,905	1,395	29,300
Total	\$ 54,481	\$ 4,119	\$ 58,600

### **(g) 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. As of June 30, 2025, the City has an accrued liability associated with these estimated closure and postclosure care costs of \$8,428,073, based on the use of 63% of the estimated capacity of the landfill. It is estimated the City will recognize additional \$9,357,317 of expense and liability between July 2025 and the year 2045, 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 2025. Actual costs of closure and postclosure 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 Basic Financial Statements

### (h) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
<b>Governmental activities:</b>					
Leases	\$ 89,345	\$ -	\$ 24,657	\$ 64,688	\$ 25,150
SBITA	-	83,781	29,300	54,481	26,576
Compensated absences	1,929,914	-	24,693	1,905,221	1,905,221
Net pension liability	12,986,791	2,591,278	1,553,130	14,024,939	-
<b>Total governmental activities</b>	<b>\$ 15,006,050</b>	<b>\$ 2,675,059</b>	<b>\$ 1,631,780</b>	<b>\$ 16,049,329</b>	<b>\$ 1,956,947</b>
<b>Business-type activities:</b>					
Bonds payable:					
Electric Utility:					
Revenue bonds	\$ 16,780,000	\$ 11,855,000	\$ 15,120,000	\$ 13,515,000	\$ 1,240,000
Ports and Harbor:					
GO bonds	1,675,000	-	245,000	1,430,000	255,000
Revenue bonds	25,870,000	-	875,000	24,995,000	915,000
Plus deferred amounts:					
Bond premiums	3,079,431	958,911	2,125,401	1,912,941	392,772
<b>Total bonds payable</b>	<b>47,404,431</b>	<b>12,813,911</b>	<b>18,365,401</b>	<b>41,852,941</b>	<b>2,802,772</b>
ADEC loans	10,523,753	-	862,024	9,661,729	862,024
U.S. Army Corps of Engineers	2,097,013	-	-	2,097,013	-
Leases	1,786,377	16,843	103,212	1,700,008	104,834
Compensated absences	490,415	-	10,538	479,877	479,877
Landfill Closure and					
Postclosure care costs	8,044,143	383,930	-	8,428,073	-
Net pension liability	6,807,652	1,395,234	836,259	7,366,627	-
<b>Total business-type activities</b>	<b>\$ 77,153,784</b>	<b>\$ 14,609,918</b>	<b>\$ 20,177,434</b>	<b>\$ 71,586,268</b>	<b>\$ 4,249,507</b>

The \$2,097,013 payable to the U.S. Army Corps of Engineers for the Breakwater Improvement Project is payable over 30 years and is estimated to begin in fiscal year 2027.

Pension liabilities are paid out of operating funds based on a percentage of covered payroll. The change in compensated absences above is a net change for the year.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### 8. Retirement Commitments

#### (a) Alaska Public Employees' Retirement System (PERS)

##### *PERS - Plan Description and Contributions*

All full time employees and certain permanent part time employees of the City participate in the PERS - cost-sharing multiple-employer defined benefit or defined contribution pension and postemployment healthcare plans administered by the Commissioner of Administration and the Alaska Retirement Management Board (ARMB). The ARMB has the authority to establish and amend the benefit terms. PERS issues a publicly available financial report that can be obtained at <https://drb.alaska.gov/docs/reports/#pers>.

PERS provides retirement, disability, death, and postemployment health benefits. 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.

PERS benefits are earned based on the following tiers:

1. Tier 1 employee: entered system between January 1, 1961 and June 30, 1986 - 5 years credited service for pension and OPEB benefits.
2. Tier 2 employee: entered system between July 1, 1986 and June 30, 1996 - 5 years credited service for pension and OPEB benefits.
3. Tier 3 employee: entered system between July 1, 1996 and June 30, 2005 - 5 years credited service for pension benefits and 10 years credited service for OPEB benefits.

Active PERS members are required to contribute 6.75% (general members) or 7.5% (police and fire) and 8% (defined contribution plan) of their annual covered salary and the actuarially determined contribution rates as follows:

	Others	Police/fire
Defined benefit plans:		
Pension	20.03 %	20.03 %
Alaska Healthcare Retirement Trust	—	—
Occupational Death and Disability	0.24	0.69
Retiree Medical Plan	0.83	0.83
Defined contribution - Pension	5.00	5.00

Alaska Statute 39.35.255(a) capped the employer rate at 22% (22% for pension and 0% for AHCRT), with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. The contribution requirements of plan members and the City are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between:

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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(A) Amount calculated for the statutory employer contribution rate of 22% on eligible salary less:

(B) Total of the employer contributions for:

- (1) Defined contribution employer matching amount
- (2) Major medical
- (3) Occupational death & disability, and
- (4) Health reimbursement arrangement

The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

The defined benefit portion (Tiers I, II and III) of PERS has been closed to new entrants since July 1, 2006.

### ***(b) Defined Benefit Pension Plan***

#### ***Pension Benefits***

Pension 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%.

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

As of June 30, 2025, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

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City's proportionate share of the net pension liability	\$	21,391,566
State's proportionate share of the net pension liability associated with the City		7,999,509
<b>Total</b>	<b>\$</b>	<b>29,391,075</b>

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# City of Unalaska, Alaska

## Notes to Basic Financial Statements

The June 30, 2025 net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The City's proportion of the net pension liability was based on a projection on of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. As of June 30, 2024, the City's proportion was .39%, which was a decrease of .04% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$5,272,374 and revenue of \$1,285,865 for support provided by the State. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ 205,926	\$ —
City contributions subsequent to the measurement date	2,310,874	—
<b>Total</b>	<b>\$ 2,516,800</b>	<b>\$ —</b>

The City reported \$2,310,874 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ending June 30,	
2026	\$ (573,333)
2027	1,067,356
2028	(157,555)
2029	(130,542)
<b>Total</b>	<b>\$ 205,926</b>

### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

### ***(c) PERS - Defined Benefit OPEB Plans***

PERS includes three cost-sharing OPEB plans. Certain amounts for the three OPEB plans have been combined as certain amounts related to the Occupational Death and Disability and Retiree Medical plans are not significant.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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### ***Alaska Retiree Healthcare Trust (ARHCT)***

ARHCT, a healthcare trust fund of the State, provides major medical coverage to retirees of the defined benefit plan. The ARHCT is self-funded and self-insured. The ARHCT is closed to all new members effective July 1, 2006. Major medical benefits are provided to retirees and their surviving spouses at no premium cost for all Tier 1 members or disabled retirees. Tier 2 and 3 members, and their surviving spouses, must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers, and their surviving spouses, with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

### ***Occupational Death and Disability Plan (ODD)***

ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS.

### ***Retiree Medical Plan (RMP)***

RMP provides major medical coverage to retirees of the DCR Plan. The RMP is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible.

### ***OPEB Assets, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

As of June 30, 2025, the City reported an asset for its proportionate share of the net OPEB asset that reflected increases for State OPEB support provided to the City. The amount recognized by the City as its proportionate share of net OPEB assets, the related State support, and the total portion of the net OPEB assets that was associated with the City were as follows:

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City's proportionate share of the net OPEB assets	\$	9,279,572
State's proportionate share of the net OPEB asset associated with the City (ARHCT)		3,197,722
<b>Total</b>	<b>\$</b>	<b>12,477,294</b>

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The net OPEB assets were measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as June 30, 2023. The City's proportion of the ARHCT net OPEB asset was based on a projection of the present value of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. The City's proportion of the ODD and RMP plans' net OPEB asset was based on the City's ODD and RMP contributions relative to the total actual ODD and RMP contributions from all participating political subdivisions and the State. As of June 30, 2023, the City's proportion was .39% (ARHCT), .62% (RMP), and .64% (ODD) which was an increase of .01%, and decreases of .02%, and .02%, respectively, from its proportion measured as of June 30, 2023.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

For the year ended June 30, 2025, the City recognized an OPEB expense of \$452,654 and revenue of \$125,747 for support provided by the State. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

Deferred outflows of Resources	AHCRT	ODD	RMP	Total
Net difference between projected and actual earnings on OPEB plan investments	\$ 131,031	\$ 1,226	\$ 4,106	\$ 136,363
Changes in proportion and difference between City contributions and proportionate share of contributions	—	19,515	3,297	22,812
Change in assumptions	231,018	—	98,450	329,468
Difference between actual and expected experience	4,661	—	7,323	11,984
City contributions subsequent to the measurement date	—	44,211	111,743	155,954
<b>Total</b>	<b>\$ 235,679</b>	<b>\$ 63,726</b>	<b>\$ 220,813</b>	<b>\$ 520,218</b>

Deferred inflows of Resources	AHCRT	ODD	RMP	Total
Changes in proportion and difference between City contributions and proportionate share of contributions	\$ (39,334)	\$ (2,953)	\$ (1,993)	\$ (44,280)
Change in assumptions	—	(951)	(195,585)	(196,536)
Difference between actual and expected experience	—	(89,983)	(32,334)	(122,317)
<b>Total</b>	<b>\$ (39,334)</b>	<b>\$ (93,887)</b>	<b>\$ (229,912)</b>	<b>\$ (363,133)</b>

The City reported \$155,954 as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB assets in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense (benefit) as follows:

	ARHCT	ODD	RMP	Total
Year ending June 30,				
2026	\$ (287,342)	\$ (24,179)	\$ (40,303)	\$ (351,824)
2027	867,866	(11,131)	1,447	858,182
2028	(139,100)	(15,300)	(42,419)	(196,819)
2029	(114,048)	(11,865)	(29,812)	(155,725)
2030	-	(6,589)	(16,555)	(23,144)
Thereafter	-	(4,082)	10,906	6,824
<b>Total</b>	<b>\$ 327,376</b>	<b>\$ (73,146)</b>	<b>\$ (116,736)</b>	<b>\$ 137,494</b>

### ***OPEB Plans' Fiduciary Net Position***

Detailed information about the OPEB Plans' fiduciary net position is available in the separately issued PERS financial report.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### Actuarial Assumptions

The total pension liability and OPEB assets were determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

	Pension	OPEB
Inflation rate	2.50 %	2.50 %
Projected salary increase:		
Graded productivity and merit:		
Peace officers and firefighters	3.85 to 8.50	3.85 to 8.50
Others	2.85 to 6.75	2.85 to 6.75
Discount	7.25	7.25
Investment rate of return	7.25	7.25
Healthcare cost and trend rates:		
Pre-65 medical	N/A	6.4 grading down to 4.5
Post 65 medical	N/A	5.4 grading down to 4.5
Prescription drugs	N/A	6.9 grading down to 4.5
EGWP	N/A	6.9 grading down to 4.5
Participation rates	N/A	100% of system paid members and spouses and 20% of non-system paid members and spouses

Pre-termination mortality rates for peace officers and firefighters were based upon the Pub-2010 Safety Employee table, amount weighted, for pension and Pub-2010 Safety Employee table, headcount-weighted, for OPEB, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Pre-termination mortality rates for others were based upon the Pub-2010 General Employee table, amount weighted, for pension and Pub-2010 General Employee table, headcount-weighted, for OPEB, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time.

Post-termination mortality rates were based on 98% of male and 106% of female rates of the Pub-2010 General Retire table, amount-weighted for pension, and projected with MP-2021 generational improvement. Post-termination mortality rates were based on 101% of male and 100% of female rates of the Pub-2010 General Retire table, headcount-weighted for OPEB, and projected with MP-2021 generational improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new demographic and economic assumptions were adopted by the Board at the June 2022 meeting to better reflect expected future experience and were effective for the June 30, 2022 actuarial valuation. For the ARHCT and RMP, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target allocation	Long - term expected real rate of return
Asset class:		
Broad domestic equity	26.00 %	5.48 %
Global equity (ex-US)	17.00	7.14
Global equity	3.60	5.79
Aggregate bonds	24.25	2.10
Real assets	14.00	4.63
Private equity	14.00	8.84
Cash equivalents	1.15	0.77
Total	100.00 %	

### Discount Rate

The discount rate used to measure the total pension and total OPEB liabilities was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from employers will be made at contractually required rates (based on State statute), and nonemployer contributions from the State will continue to follow current funding policy. Based on those assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

### *Sensitivity of the City's proportionate share of the net pension liability and OPEB liability (asset) to changes in the discount rate.*

The following presents the City's proportionate share of the net pension liability and OPEB liability (asset) calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension and OPEB liability (assets) would be if it were calculated using a discount rate that is 1-percentage point-lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% decrease (6.25%)	Discount rate (7.25%)	1% increase (8.25%)
Plan:			
Pension	\$ 28,495,579	\$ 21,391,566	\$ 15,379,868
ARHCT	(5,448,244)	(8,604,511)	(11,260,77)
ODD	(360,795)	(384,118)	(402,398)
RMP	50,399	(290,943)	(551,839)

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### ***Sensitivity of the City's proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trends rates.***

The following presents the City's proportionate share of the collective net OPEB liability (asset) for each plan, as well as the City's proportionate share of each plans collective net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% decrease	Current trend rate	1% increase
Plan:			
ARHCT	\$ (11,563,809)	\$ (8,604,511)	\$ (5,089,067)
ODD	N/A	(384,118)	N/A
RMP	(586,273)	(290,943)	105,330

### ***(d) PERS - Defined Contribution Plan***

The State of Alaska Legislature approved SB 141 to create the PERS Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II, or III defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan, and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

Employees are required to contribute 8% of their annual covered salary, and the City is required to make the following contributions:

	Others Tier IV	Police/fire Tier IV
Individual account	6.07%	6.52%
Health reimbursement arrangement (HRA)*	3.00%	3.00%
Total	9.07%	9.52%

\* HRA - AS 39.30.370 requires that the employer contribute "an amount equal to three percent (3%) of the employer's average annual employee compensation." For actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period.

Employees are immediately and fully vested in their own contributions and related earnings (losses). Employees vest in employer contributions and related earnings (losses), after five years of service. Employees are partially vested in the employer contributions and the related earnings (losses), in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service. The City's contribution to PERS, including the HRA contribution, for the year ended June 30, 2025 was \$970,617.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

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### 9. Concentrations

The City depends on its workforce to deliver services to its constituents. Certain members of the City's workforce are covered by collective bargaining agreements with the Unalaska Career Firefighters/International Association of Firefighters Local 5315 (IAFF), Inland Boatmen's Union of the Pacific, Alaska Region (IBU), Public Safety Employees Association, and the IUOE Local 302 - International Union of Operating Engineers. The collective bargaining agreements with the IAFF and IBU expire on June 30, 2026, and a labor disruption that decreases harbor and emergency services could disrupt the City's normal provision of these services.

### 10. Commitments and Contingencies

#### *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 Risk Alliance (APRA) 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 reinsures 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, 2025.

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

#### *Litigation*

In the opinion of management, no litigation is pending, or to their knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the City, which would have a material effect on its financial statements.

#### *Grants*

The City receives numerous grants, which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grant. Management believes that such disallowances, if any, would not be material to the financial statements.

# City of Unalaska, Alaska

## Notes to Basic Financial Statements

### ***Commitments***

#### ***Encumbrances***

Encumbrances outstanding at year-end, including purchase orders, contracts, and other commitments for the expenditure of monies, are reported as committed or assigned fund balances in the governmental funds. Outstanding encumbrances at June 30, 2025 were as follows:

Governmental funds:		
General Fund	\$	1,385,745
Nonmajor funds		498,183
Total governmental funds	\$	1,883,928
Proprietary funds:		
Electric Utility Fund	\$	998,164
Water Utility Fund		2,866,552
Wastewater Utility Fund		75,410
Solid Waste Fund		347,930
Ports and Harbors Fund		212,326
Nonmajor funds		372,905
Total proprietary funds	\$	4,873,287

#### ***Project Partnership and Preconstruction Engineering and Design Agreements***

In April 2024, the City entered into a Project Partnership Agreement with the COE for the Iliuliuk Bay Entrance Channel Dredging Project (Dredging Project). The agreement commits the City to contribute \$8,644,000 and up to 10% of the project cost, estimated to be \$3,457,000. The contribution of \$8,644,000 is due immediately and the 10% cost share will be payable over a 30-year period. As of June 30, 2025, the City has made its required contribution of \$8,644,000. As of June 30, 2025, the COE has commenced project activities and expended \$718,565 of the City's advance, and the City's unexpended portion of the contribution has been presented as an advance to the Army Core of Engineers.

#### ***Captains Bay Road Improvements***

In June 2023, the City committed to contribute 24.04% of the project costs for the Captains Bay Road Paving Project to be managed by the State of Alaska Department of Transportation (State). The total commitment is estimated to be \$3,162,462, and is expected to be contributed in increments as the project progresses through fiscal year 2026. During the fiscal year ended June 30, 2025, the City contributed \$108,180 to the State and have included this amount in construction work-in-progress.



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## **Required Supplementary Information (Unaudited)**

**City of Unalaska, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

Year Ended June 30, 2025	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
General sales	\$ 9,500,000	\$ 9,500,000	\$ 9,434,151	\$ (65,849)
Seafood sales	4,000,000	4,000,000	5,428,530	1,428,530
Real property	6,100,000	6,100,000	6,138,916	38,916
Personal property	3,000,000	3,000,000	2,814,896	(185,104)
Other	197,000	197,000	212,123	15,123
Intergovernmental				
Fisheries business tax	4,000,000	4,000,000	3,929,263	(70,737)
Fisheries resource landing tax	5,900,000	5,900,000	4,598,955	(1,301,045)
Fisheries disaster relief	-	3,712,896	3,712,796	(100)
PERS on-behalf payments	529,229	529,229	439,256	(89,973)
Payment in lieu of taxes	920,000	920,000	1,000,547	80,547
Grants and other	235,047	295,047	323,981	28,934
Charges for services	1,232,715	1,232,715	1,445,008	212,293
Investment income	3,000,000	3,000,000	10,696,548	7,696,548
Other revenue	6,000	19,091	53,354	34,263
Total Revenues	38,619,991	42,405,978	50,228,324	7,822,346
Expenditures				
General government	7,983,045	8,315,477	6,902,400	1,413,077
Public safety	8,997,922	9,021,315	8,138,217	883,098
Public works	6,962,085	7,277,101	7,143,449	133,652
Parks, culture, and recreation	4,428,737	4,659,606	4,342,454	317,152
Community support	1,219,705	1,219,705	1,151,764	67,941
Education	5,996,810	5,996,810	5,996,810	-
Debt Service:				
Principal	-	-	53,957	(53,957)
Interest	-	-	1,787	(1,787)
Total Expenditures	35,588,304	36,490,014	33,730,838	2,759,176
Excess of Revenues Over (Under) Expenditures	3,031,687	5,915,964	16,497,486	10,581,522
Other Financing Sources (Uses)				
Subscription assets	-	-	83,781	83,781
Sale of capital assets	2,500	2,500	-	(2,500)
Transfers out	(600,000)	(1,284,620)	(707,270)	577,350
Total Other Financing Sources (Uses)	(597,500)	(1,282,120)	(623,489)	658,631
Net Change in Fund Balance	\$ 2,434,187	\$ 4,633,844	15,873,997	\$ 11,240,153
Fund Balance, beginning	111,335,596	111,335,596	111,335,596	-
Fund Balance, ending	\$113,769,783	\$115,969,440	\$127,209,593	\$ 11,240,153

See accompanying notes to Required Supplementary Information.

## City of Unalaska, Alaska

## Public Employees' Retirement System - Pension Plan

## Schedule of the City's Proportionate Share of the Net Pension Liability

Years Ended June 30, 2025	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's Proportion of the Net Pension Liability	0.39004%	0.38175%	0.43204%	0.48617%	0.38600%	0.36000%	0.38000%	0.36000%	0.44000%	0.33000%
City's Proportionate Share of the Net Pension Liability	\$ 21,391,566	\$ 19,794,443	\$ 22,020,503	\$ 17,835,224	\$ 22,793,402	\$ 19,782,057	\$ 18,998,634	\$ 18,502,053	\$ 24,593,846	\$ 15,959,767
State of Alaska Proportionate Share of the Net Pension Liability	7,999,509	6,597,415	6,098,055	2,417,998	9,432,889	7,856,932	5,500,348	6,892,621	3,099,287	4,272,502
Total Net Pension Liability	\$ 29,391,075	\$ 26,391,858	\$ 20,253,222	\$ 32,226,291	\$ 27,638,989	\$ 24,498,982	\$ 25,394,674	\$ 27,693,133	\$ 20,232,269	\$ 22,278,093
City's Covered Payroll	\$ 14,152,977	\$ 12,738,217	\$ 12,738,217	\$ 12,810,683	\$ 12,610,248	\$ 12,087,803	\$ 11,198,307	\$ 11,430,932	\$ 4,682,104	\$ 5,228,987
City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	151.15%	155.39%	172.87%	139.22%	180.75%	163.65%	169.66%	161.86%	525.27%	305.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.81%	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

## Schedule of the City's Contributions

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 2,310,874	\$ 2,083,960	\$ 1,936,249	\$ 1,719,676	\$ 1,698,551	\$ 1,366,374	\$ 1,395,418	\$ 1,394,691	\$ 1,200,784	\$ 1,167,149
Contributions Relative to the Contractually Required Contribution	(2,310,874)	(2,083,960)	(1,936,249)	(1,719,676)	(1,698,551)	(1,366,374)	(1,395,418)	(1,394,691)	(1,200,784)	(1,167,149)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 15,624,746	\$ 14,152,977	\$ 13,159,845	\$ 12,738,217	\$ 12,810,683	\$ 12,610,248	\$ 12,087,803	\$ 11,198,307	\$ 11,430,932	\$ 4,682,104
Contributions as a Percentage of Covered Payroll	14.79%	14.72%	14.71%	13.50%	13.26%	10.84%	11.54%	12.45%	10.50%	24.93%

See accompanying notes to Required Supplementary Information.

## City of Unalaska, Alaska

## Public Employees' Retirement System - OPEB ARHCT Plan

## Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30	ARHCT								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability (Asset)	0.39073%	0.38095%	0.42917%	0.48820%	0.38620%	0.36140%	0.38220%	0.35805%	0.44020%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (8,604,511)	\$ (8,765,460)	\$ (8,444,160)	\$ (12,524,058)	\$ (1,747,760)	\$ 521,845	\$ 3,922,688	\$ 3,024,628	\$ 5,047,603
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(3,197,722)	(2,948,698)	(2,411,328)	(1,636,260)	(725,394)	383,278	1,139,084	1,127,892	-
Total Net OPEB Liability (Asset)	\$ (11,802,233)	\$ (11,714,158)	\$ (10,855,488)	\$ (14,160,318)	\$ (2,473,154)	\$ 905,123	\$ 5,061,772	\$ 4,152,520	\$ 5,047,603
City's Covered Payroll	\$ 2,260,358	\$ 2,457,485	\$ 2,457,485	\$ 2,904,585	\$ 3,218,949	\$ 3,438,941	\$ 3,714,963	\$ 4,052,595	\$ 4,682,104
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-380.67%	-356.68%	-346.00%	-431.18%	-54.30%	15.17%	105.59%	74.63%	107.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%	85.45%

## Schedule of the City's Contributions

Years Ended June 30,	ARHCT													
	2025	2024	2023	2022	2021	2020	2019	2018	2017					
Contractually Required Contributions	\$	-	\$	158,862	\$	215,898	\$	545,772	\$	503,583	\$	397,538	\$	565,081
Contributions Relative to the Contractually Required Contribution														

See accompanying notes to Required Supplementary Information.

City of Unalaska, Alaska

Public Employees' Retirement System - OPEB RMP Plan

Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30	RMP									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
City's Proportion of the Net OPEB Liability (Asset)	0.62414%	0.63899%	0.65022%	0.67787%	0.69495%	0.69277%	0.66119%	0.66575%	0.65434%	
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (290,943)	\$ (303,417)	\$ (225,821)	\$ (181,953)	\$ 49,243	\$ 165,739	\$ 84,137	\$ 34,719	\$ 60,311	
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-	-	
Total Net OPEB Liability (Asset)	\$ (290,943)	\$ (303,417)	\$ (225,821)	\$ (181,953)	\$ 49,243	\$ 165,739	\$ 84,137	\$ 34,719	\$ 60,311	
City's Covered Payroll	\$ 11,892,620	\$ 10,280,732	\$ 10,280,732	\$ 9,906,098	\$ 9,391,299	\$ 8,648,862	\$ 7,483,344	\$ 6,928,337	\$ 6,303,523	
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.45%	-2.95%	-2.20%	-1.84%	0.52%	1.92%	1.12%	0.50%	0.96%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	119.87%	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%	86.82%	

Schedule of the City's Contributions

Years Ended June 30,	RMP									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Contractually Required Contributions	\$ 111,743	\$ 120,113	\$ 119,830	\$ 110,016	\$ 125,807	\$ 123,996	\$ 81,299	\$ 77,079	\$ 81,755	
Contributions Relative to the Contractually Required Contribution	(111,743)	(120,113)	(119,830)	(110,016)	(125,807)	(123,996)	(81,299)	(77,079)	(81,755)	
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's Covered Payroll	\$ 13,462,894	\$ 11,892,620	\$ 10,894,215	\$ 10,280,732	\$ 9,906,098	\$ 9,391,299	\$ 8,648,862	\$ 7,483,344	\$ 6,928,337	
Contributions as a Percentage of Covered Payroll	0.000%	0.000%	1.100%	1.070%	1.270%	1.320%	0.940%	1.030%	1.180%	

See accompanying notes to Required Supplementary Information.

## City of Unalaska, Alaska

## Public Employees' Retirement System - OPEB ODD Plan

## Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017
	ODD								
City's Proportion of the Net OPEB Liability (Asset)	0.64341%	0.66188%	0.68992%	0.72416%	0.73636%	0.74313%	0.66119%	0.66575%	0.65434%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (384,118)	\$ (339,571)	\$ (302,447)	\$ (319,158)	\$ (200,732)	\$ (180,171)	\$ (128,417)	\$ (94,464)	\$ (85,058)
State of Alaska Proportionate Share of the Net OPEB Liability	-	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (384,118)	\$ (339,571)	\$ (302,447)	\$ (319,158)	\$ (200,732)	\$ (180,171)	\$ (128,417)	\$ (94,464)	\$ (85,058)
City's Covered Payroll	\$ 11,892,620	\$ 10,280,732	\$ 10,280,732	\$ 9,906,098	\$ 9,391,299	\$ 8,648,862	\$ 7,483,344	\$ 6,928,337	\$ 6,303,523
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-3.23%	-3.30%	-2.94%	-3.22%	-2.14%	-2.08%	-1.72%	-1.36%	-1.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%	245.29%

## Schedule of the City's Contributions

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
	ODD								
Contractually Required Contributions	\$ 44,211	\$ 40,523	\$ 40,523	\$ 39,804	\$ 38,626	\$ 32,291	\$ 30,342	\$ 15,685	\$ 15,979
Contributions Relative to the Contractually Required Contribution	(44,211)	(40,523)	(40,523)	(39,804)	(38,626)	(32,291)	(30,342)	(15,685)	(15,979)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 13,462,894	\$ 11,892,620	\$ 10,894,215	\$ 10,280,732	\$ 9,906,098	\$ 9,391,299	\$ 8,648,862	\$ 7,483,344	\$ 6,928,337
Contributions as a Percentage of Covered Payroll	0.328%	0.341%	0.372%	0.387%	0.390%	0.344%	0.351%	0.210%	0.231%

See accompanying notes to Required Supplementary Information.

# City of Unalaska, Alaska

## Notes to Required Supplementary Information June 30, 2025

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### 1. Budgetary Comparison Schedule

The budgetary comparison schedule is presented on the modified accrual basis of accounting.

### 2. Public Employees' Retirement System Pension Plan

#### *Schedule of the City's Proportionate Share of the Net Pension Liability*

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

#### *Changes in Assumptions:*

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2023 based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2023.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

#### *Schedule of the City's Contributions*

This table is based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.



## City of Unalaska, Alaska

### Notes to Required Supplementary Information, continued

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#### 3. Public Employees' Retirement System OPEB Plans

##### *Schedule of the City's Proportionate Share of the Net OPEB Asset and Liability*

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

##### *Changes in Assumptions:*

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2023 based on the results of an actuarial experience study for the period from July 1, 2018 to June 30, 2022. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the City will present only those years for which information is available.

##### *Schedule of the City's Contributions*

This table is based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

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## Supplementary Information

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**City of Unalaska, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	1% Sales	Bed Tax	E911 Enhancement	Tobacco Tax	Capital Projects Fund	Street Paving Capital Projects Fund	
<i>June 30, 2025</i>							
<b>Assets</b>							
Cash and investments in central treasury	\$16,199,708	\$ 79,962	\$ 322,084	\$ 457,059	\$9,854,889	\$ 825,871	\$ 27,739,573
Taxes receivable	1,013,173	12,794	15,642	125,735	-	-	1,167,344
Intergovernmental	-	-	-	-	131,355	-	131,355
<b>Total Assets</b>	<b>\$17,212,881</b>	<b>\$ 92,756</b>	<b>\$ 337,726</b>	<b>\$ 582,794</b>	<b>\$9,986,244</b>	<b>\$ 825,871</b>	<b>\$ 29,038,272</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 51,050	\$ -	\$ 51,050
Unearned revenue	2,500	-	-	-	-	-	2,500
<b>Total Liabilities</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,050</b>	<b>-</b>	<b>53,550</b>
<b>Fund Balances</b>							
Committed:							
Public safety	-	-	337,726	-	-	-	337,726
Community support	-	92,756	-	582,794	-	-	675,550
Capital projects	17,210,381	-	-	-	9,935,194	825,871	27,971,446
<b>Total Fund Balances</b>	<b>17,210,381</b>	<b>92,756</b>	<b>337,726</b>	<b>582,794</b>	<b>9,935,194</b>	<b>825,871</b>	<b>28,984,722</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$17,212,881</b>	<b>\$ 92,756</b>	<b>\$ 337,726</b>	<b>\$ 582,794</b>	<b>\$9,986,244</b>	<b>\$ 825,871</b>	<b>\$ 29,038,272</b>

**City of Unalaska, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Deficit)**

Year Ended June 30, 2025	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	1% Sales	Bed Tax	Coronavirus	E911 Enhancement	Tobacco Tax	Capital Projects Fund	Street Paving Capital Projects Fund	
<b>Revenues</b>								
Taxes	\$ 4,717,026	\$ 126,039	\$ -	\$ 120,766	\$ 569,456	\$ -	\$ -	\$ 5,533,287
Intergovernmental	-	-	23,236	-	-	181,618	-	204,854
Other	-	833	-	-	1,086	1,600	-	3,519
<b>Total Revenues</b>	<b>4,717,026</b>	<b>126,872</b>	<b>23,236</b>	<b>120,766</b>	<b>570,542</b>	<b>183,218</b>	<b>-</b>	<b>5,741,660</b>
<b>Expenditures</b>								
Public safety	-	-	-	10,780	-	-	-	10,780
Community support	-	-	23,236	-	1,177,441	-	-	1,200,677
Capital outlay	-	-	-	-	-	676,913	-	676,913
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>23,236</b>	<b>10,780</b>	<b>1,177,441</b>	<b>676,913</b>	<b>-</b>	<b>1,888,370</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>4,717,026</b>	<b>126,872</b>	<b>-</b>	<b>109,986</b>	<b>(606,899)</b>	<b>(493,695)</b>	<b>-</b>	<b>3,853,290</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	4,481,045	-	-	-	-	2,854,313	-	7,335,358
Transfers out	(2,215,043)	-	-	-	-	-	-	(2,215,043)
<b>Total Other Financing Sources</b>	<b>2,266,002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,854,313</b>	<b>-</b>	<b>5,120,315</b>
<b>Net Change in Fund Balances</b>	<b>6,983,028</b>	<b>126,872</b>	<b>-</b>	<b>109,986</b>	<b>(606,899)</b>	<b>2,360,618</b>	<b>-</b>	<b>8,973,605</b>
<b>Fund Balances, beginning</b>	<b>10,227,353</b>	<b>(34,116)</b>	<b>-</b>	<b>227,740</b>	<b>1,189,693</b>	<b>7,574,576</b>	<b>825,871</b>	<b>20,011,117</b>
<b>Fund Balances, ending</b>	<b>\$ 17,210,381</b>	<b>\$ 92,756</b>	<b>\$ -</b>	<b>\$ 337,726</b>	<b>\$ 582,794</b>	<b>\$ 9,935,194</b>	<b>\$ 825,871</b>	<b>\$ 28,984,722</b>

**City of Unalaska, Alaska**  
**1% Sales Tax Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**

*Year Ended June 30, 2025*

	Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 4,890,000	\$ 4,717,026	\$ (172,974)
Excess of Revenues Over Expenditures	4,890,000	4,717,026	(172,974)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	4,481,045	4,481,045
Transfers out	(2,507,262)	(2,215,043)	292,219
<b>Total Other Financing Sources (Uses)</b>	(2,507,262)	2,266,002	4,773,264
Net Change in Fund Balances	2,382,738	6,983,028	4,600,290
<b>Fund Balance, beginning</b>	10,227,353	10,227,353	-
<b>Fund Balance, ending</b>	\$ 12,610,091	\$ 17,210,381	\$ 4,600,290

**City of Unalaska, Alaska**  
**Bed Tax Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance (Deficit) - Budget and Actual**

*Year Ended June 30, 2025*

	Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 175,000	\$ 126,039	\$ (48,961)
Other	-	833	833
	175,000	126,872	(48,128)
<b>Expenditures</b>			
Community support	-	-	-
Net Change in Fund Balance	175,000	126,872	(48,961)
Fund Balance (deficit), beginning	(34,116)	(34,116)	-
Fund Balance, ending	\$ 140,884	\$ 92,756	\$ (48,961)

**City of Unalaska, Alaska**  
**E911 Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

*Year Ended June 30, 2025*

	Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 75,000	\$ 120,766	\$ 45,766
<b>Expenditures</b>			
Public Safety	31,530	10,780	20,750
Net Change in Fund Balance	43,470	109,986	25,016
Fund Balance, beginning	227,740	227,740	-
Fund Balance, ending	\$ 271,210	\$ 337,726	\$ 25,016



**City of Unalaska, Alaska**  
**Tobacco Tax Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

*Year Ended June 30, 2025*

	Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 700,000	\$ 569,456	\$ (130,544)
Other income	-	1,086	1,086
	700,000	570,542	(129,458)
<b>Expenditures</b>			
Community support	1,177,441	1,177,441	-
Net Change in Fund Balance	(477,441)	(606,899)	(129,458)
<b>Fund Balance, beginning</b>	1,189,693	1,189,693	-
<b>Fund Balance, ending</b>	\$ 712,252	\$ 582,794	\$ (129,458)

**City of Unalaska, Alaska**  
**Nonmajor Proprietary Funds**  
**Combining Statements of Net Position**

		Airport	Housing	Total Nonmajor Enterprise Funds
June 30, 2025				
<b>Current Assets</b>				
Cash and investments in central treasury	\$	1,493,081	\$ 250,701	\$ 1,743,782
Accounts receivable, net of allowance for doubtful accounts		(11,361)	-	(11,361)
Lease receivable		70,358	-	70,358
Inventory and prepaid items		-	3,650	3,650
<b>Total Current Assets</b>		1,552,078	254,351	1,806,429
<b>Noncurrent Assets</b>				
Net OPEB asset		73,068	79,614	152,682
Capital assets, net		1,307,068	3,138,990	4,446,058
<b>Total Noncurrent Assets</b>		1,380,136	3,218,604	4,598,740
<b>Total Assets</b>		2,932,214	3,472,955	6,405,169
<b>Deferred Outflows of Resources</b>				
Pension related		19,823	21,597	41,420
OPEB related		5,170	5,633	10,803
<b>Total Deferred Outflows of Resources</b>		24,993	27,230	52,223
<b>Total Assets and Deferred Outflows of Resources</b>	\$	2,957,207	\$ 3,500,185	\$ 6,457,392
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$	8,038	\$ 1,299	\$ 9,337
Accrued payroll and related liabilities		10,985	4,734	15,719
Lease liability		12,557	-	12,557
Customer deposits		12,000	23,682	35,682
<b>Total Current Liabilities</b>		43,580	29,715	73,295
<b>Noncurrent Liabilities</b>				
Lease liability		30,557	-	30,557
Net pension liability		168,486	183,563	352,049
<b>Total Liabilities</b>		242,623	213,278	455,901
<b>Deferred Inflows of Resources</b>				
OPEB related		2,859	3,115	5,974
Lease related		68,246	-	68,246
<b>Total Deferred Inflows of Resources</b>		71,105	3,115	74,220
<b>Total Liabilities and Deferred Inflows of Resources</b>		313,728	216,393	530,121
<b>Net Position</b>				
Net investment in capital assets		1,263,954	3,138,990	4,402,944
Restricted for OPEB benefits		73,068	79,614	152,682
Unrestricted		1,306,457	65,188	1,371,645
<b>Total Net Position</b>		2,643,479	3,283,792	5,927,271
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	\$	2,957,207	\$ 3,500,185	\$ 6,457,392

**City of Unalaska, Alaska**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Net Position**

<i>Year Ended June 30, 2025</i>	<i>Airport</i>	<i>Housing</i>	<i>Total Nonmajor Enterprise Funds</i>
<b>Operating Revenues</b>			
Charges for services			
Lease revenues	\$ 396,585	\$ 248,370	\$ 644,955
Other revenues	13,962	-	13,962
<b>Total Operating Revenues</b>	<b>410,547</b>	<b>248,370</b>	<b>658,917</b>
<b>Operating Expenses</b>			
Operations	528,727	196,097	724,824
General and administrative	-	220,630	220,630
Depreciation and amortization	122,474	195,245	317,719
<b>Total Operating Expenses</b>	<b>651,201</b>	<b>611,972</b>	<b>1,263,173</b>
Operating loss	(240,654)	(363,602)	(604,256)
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenue	11,118	12,113	23,231
Interest income on lease	6,913	-	6,913
Interest expense	(1,952)	-	(1,952)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>16,079</b>	<b>12,113</b>	<b>28,192</b>
<b>Other Financing Sources</b>			
Transfers in	-	68,000	68,000
Change in net position	(224,575)	(283,489)	(508,064)
<b>Net Position, beginning</b>	<b>2,868,054</b>	<b>3,567,281</b>	<b>6,435,335</b>
<b>Net Position, ending</b>	<b>\$ 2,643,479</b>	<b>\$ 3,283,792</b>	<b>\$ 5,927,271</b>

**City of Unalaska, Alaska**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**

<i>Year Ended June 30, 2025</i>	Airport	Housing	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 423,365	\$ 250,202	\$ 673,567
Payments to suppliers and service providers	(305,874)	(141,164)	(447,038)
Payments to employees for salaries, wages, and benefits	(209,859)	(236,115)	(445,974)
<b>Net cash flows used for operating activities</b>	<b>(92,368)</b>	<b>(127,077)</b>	<b>(219,445)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from other funds	-	68,000	68,000
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	-	-
Principal payments on capital debt	(12,760)	-	(12,760)
Interest paid on capital debt	(1,952)	-	(1,952)
Interest income - lease related	6,913	-	6,913
<b>Net Cash Flows used for Capital and Related Financing Activities</b>	<b>(7,799)</b>	<b>-</b>	<b>(7,799)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(100,167)</b>	<b>(59,077)</b>	<b>(159,244)</b>
<b>Cash and Investments, beginning</b>	<b>1,593,248</b>	<b>309,778</b>	<b>1,903,026</b>
<b>Cash and Investments, ending</b>	<b>\$ 1,493,081</b>	<b>\$ 250,701</b>	<b>\$ 1,743,782</b>
<b>Reconciliation of Operating Loss to Net Cash Flows from Operating Activities</b>			
Operating loss	\$ (240,654)	\$ (363,602)	\$ (604,256)
Adjustments to reconcile operating loss to net cash flows used for operating activities:			
Depreciation and amortization	122,474	195,245	317,719
Nonemployer pension and OPEB expense	11,118	12,113	23,231
Changes in assets and liabilities that provided (used) cash:			
Accounts and lease receivable	(55,428)	-	(55,428)
Net OPEB asset	13,762	(17,641)	(3,879)
Pension and OPEB related deferred outflows	6,463	(4,776)	1,687
Accounts payable	(1,189)	(434)	(1,623)
Accrued payroll and related liabilities	(1,032)	(2,660)	(3,692)
Compensated absences	-	-	-
Customer deposits	-	1,832	1,832
Net pension liability	(14,175)	53,166	38,991
OPEB related deferred inflows	(1,953)	(320)	(2,273)
Lease related deferred inflows	68,246	-	68,246
<b>Net Cash Flows used for Operating Activities</b>	<b>\$ (92,368)</b>	<b>\$ (127,077)</b>	<b>\$ (219,445)</b>
<b>Noncash Noncapital, Capital and Related Financing Activities</b>			
Intergovernmental nonemployer pension and OPEB contributions	\$ 11,118	\$ 12,113	\$ 23,231
Lease renewals and modifications as lessee	16,843	-	16,843

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## Statistical Section (Unaudited)

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# City of Unalaska, Alaska

## Statistical Section

June 30, 2025

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### Statistical Section

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

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	<u>Page(s)</u>
<b>Financial Trends</b>	91-97
<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>	
<b>Revenue Capacity</b>	98-102
<i>These schedules contain information to help the reader assess the government's most significant sources of revenue.</i>	
<b>Debt Capacity</b>	103-108
<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>	
<b>Demographic and Economic Information</b>	109-111
<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>	
<b>Operating Information</b>	112-113
<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 annual comprehensive financial reports for the previous 10 years, District files, and public records from various local and state agencies.



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Table 1

## City of Unalaska, Alaska

## Net Position by Component

## Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 102,588	\$ 101,301	\$ 98,779	\$ 97,300	\$ 95,011	\$ 95,054	\$ 94,432	\$ 95,900	\$ 92,216	\$ 90,019
Restricted	-	-	-	-	-	-	52,347	-	6,173	6,084
Unrestricted	77,138	80,027	84,596	95,016	107,384	11,508	58,671	119,080	126,869	150,730
<b>Total governmental activities</b>	<b>179,726</b>	<b>181,328</b>	<b>183,375</b>	<b>192,316</b>	<b>202,395</b>	<b>106,562</b>	<b>205,450</b>	<b>214,980</b>	<b>225,258</b>	<b>246,833</b>
<b>Business-type activities:</b>										
Net investment in capital assets	178,831	152,758	178,783	180,537	179,190	167,583	162,958	158,033	152,615	151,409
Restricted	-	-	-	-	-	-	-	-	17,005	15,455
Unrestricted	42,058	67,940	40,332	37,008	37,744	45,035	52,407	63,592	54,545	46,297
<b>Total business-type activities</b>	<b>220,889</b>	<b>220,698</b>	<b>219,115</b>	<b>217,545</b>	<b>216,934</b>	<b>212,618</b>	<b>215,365</b>	<b>221,625</b>	<b>224,165</b>	<b>213,161</b>
<b>Primary government:</b>										
Net investment in capital assets	281,419	254,059	277,562	277,837	274,201	262,637	257,390	253,933	244,831	241,428
Restricted	-	-	-	-	-	-	52,347	-	23,178	21,539
Unrestricted	119,196	147,967	124,928	132,024	145,128	56,543	111,078	182,672	181,414	197,027
<b>Total primary government activities</b>	<b>400,615</b>	<b>402,026</b>	<b>402,490</b>	<b>409,861</b>	<b>419,329</b>	<b>319,180</b>	<b>420,815</b>	<b>436,605</b>	<b>449,423</b>	<b>459,994</b>

Table 2

## City of Unalaska, Alaska

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

Year Ended June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,610	\$ 5,061	\$ 4,944	\$ 5,118	\$ 4,778	\$ 5,441	\$ 5,343	\$ 2,373	\$ 5,833	\$ 7,345
Public safety	5,322	6,104	4,881	5,396	8,158	8,931	7,269	6,799	6,207	9,004
Public works	8,362	9,627	8,697	8,810	8,148	8,239	8,273	8,457	7,777	8,620
Parks, culture and recreation	3,725	4,079	3,422	3,379	3,210	3,784	3,948	4,484	4,727	5,573
Community support	1,139	1,082	1,169	1,768	1,469	8,312	2,891	1,288	1,452	2,352
Education support	4,615	4,622	4,685	4,848	5,055	5,072	5,482	5,693	6,161	6,661
Interest on long-term debt	104	99	56	1	2	-	3	3	2	2
<b>Total Governmental Expenses</b>	<b>\$ 27,877</b>	<b>\$ 30,674</b>	<b>\$ 27,854</b>	<b>\$ 29,320</b>	<b>\$ 30,820</b>	<b>\$ 39,779</b>	<b>\$ 33,209</b>	<b>\$ 29,097</b>	<b>\$ 32,159</b>	<b>\$ 39,557</b>
<b>Business-type Activities:</b>										
Electric	\$ 13,967	\$ 15,656	\$ 16,900	\$ 17,400	\$ 15,366	\$ 13,954	\$ 18,075	\$ 18,706	\$ 18,973	\$ 18,167
Water	2,705	2,973	2,880	2,829	3,006	3,197	2,793	2,588	2,757	2,959
Wastewater	2,518	3,810	3,383	3,528	3,593	3,685	3,501	3,509	3,574	3,918
Solid waste	2,640	3,429	3,033	3,157	3,368	3,136	3,087	2,923	4,673	3,714
Ports and harbors	6,623	7,371	8,487	8,610	9,002	9,257	9,434	9,173	10,307	10,155
Airport	843	862	806	678	633	709	769	808	707	653
Housing	415	431	453	463	439	547	558	493	418	612
<b>Total Business-type Activities Expenses</b>	<b>29,711</b>	<b>34,532</b>	<b>35,942</b>	<b>36,665</b>	<b>35,407</b>	<b>34,485</b>	<b>38,217</b>	<b>38,200</b>	<b>41,409</b>	<b>40,178</b>
<b>Total Primary Government Expenses</b>	<b>\$ 57,588</b>	<b>\$ 65,206</b>	<b>\$ 63,796</b>	<b>\$ 65,985</b>	<b>\$ 66,227</b>	<b>\$ 74,264</b>	<b>\$ 71,426</b>	<b>\$ 67,297</b>	<b>\$ 73,568</b>	<b>\$ 79,735</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:	\$ 5	\$ 19	\$ 54	\$ 42	\$ 40	\$ 34	\$ 519	\$ 195	\$ 231	\$ 435
General government	500	483	513	480	463	461	466	688	770	806
Public safety	205	195	175	184	157	98	168	190	208	205
Culture and recreation	852	705	850	994	4,527	10,519	1,669	(500)	300	1,152
Operating grants and contributions	686	-	-	-	139	-	-	430	136	183
<b>Total Primary Governmental Activities Program Revenues</b>	<b>\$ 2,248</b>	<b>\$ 1,402</b>	<b>\$ 1,592</b>	<b>\$ 1,700</b>	<b>\$ 5,326</b>	<b>\$ 11,112</b>	<b>\$ 2,822</b>	<b>\$ 1,003</b>	<b>\$ 1,645</b>	<b>\$ 2,781</b>

City of Unalaska, Alaska

Changes in Net Position  
Last Ten Fiscal Years

(accrual basis of accounting)  
(amounts expressed in thousands)

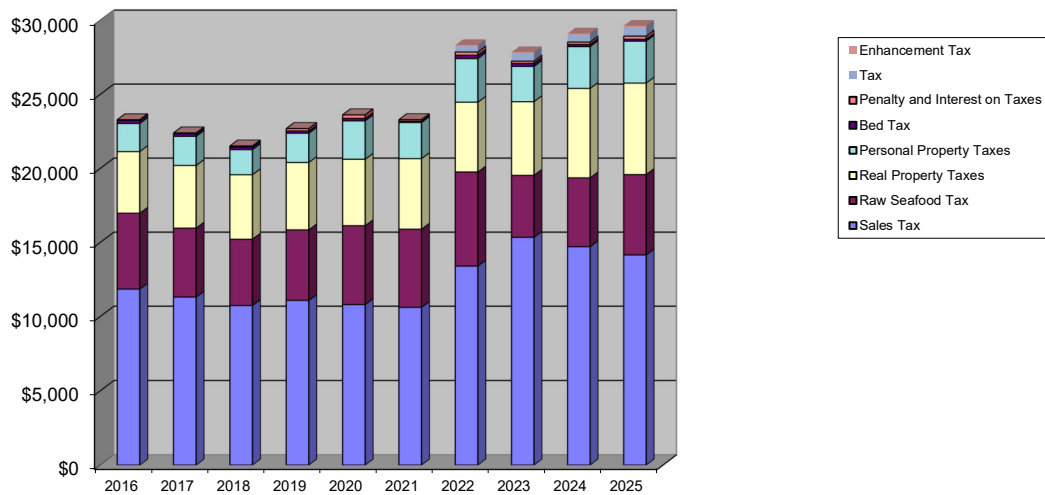
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Business-type Activities</b>										
Charges for services:										
Electric	\$ 13,527	\$ 17,198	\$ 18,493	\$ 17,304	\$ 15,884	\$ 12,427	\$ 17,861	\$ 19,305	\$ 17,594	\$ 13,077
Water	2,878	2,810	2,601	2,704	2,624	2,933	2,663	2,313	2,505	2,937
Wastewater	2,373	2,361	2,302	2,442	2,466	2,538	2,584	2,726	2,849	3,044
Solid waste	2,654	2,275	2,292	2,358	2,470	2,654	2,470	3,187	3,372	3,628
Ports and harbors	6,634	6,640	7,265	6,557	6,921	6,650	8,177	8,205	8,630	7,525
Airport	573	518	486	489	485	481	457	499	511	411
Housing	276	236	242	250	235	258	259	229	242	248
Capital grants and contributions	4,048	-	85	282	-	-	414	233	165	815
Operating grants and contributions	804	697	731	954	1,127	1,326	150	104	1,384	1,664
<b>Total Business-type Activities</b>	<b>33,767</b>	<b>32,735</b>	<b>34,497</b>	<b>33,340</b>	<b>32,212</b>	<b>29,267</b>	<b>35,409</b>	<b>36,801</b>	<b>37,252</b>	<b>33,349</b>
<b>Activities Program Revenues</b>										
<b>Total Primary Government Program Revenues</b>	<b>\$ 36,015</b>	<b>\$ 34,137</b>	<b>\$ 36,089</b>	<b>\$ 35,040</b>	<b>\$ 37,538</b>	<b>\$ 40,379</b>	<b>\$ 38,231</b>	<b>\$ 37,804</b>	<b>\$ 38,897</b>	<b>\$ 36,130</b>
<b>Net (Expense) Revenue:</b>										
Governmental activities	\$ (25,629)	\$ (29,272)	\$ (26,262)	\$ (27,620)	\$ (25,494)	\$ (28,667)	\$ (30,387)	\$ (28,094)	\$ (30,514)	\$ (36,776)
Business-type activities	4,056	(1,797)	(1,445)	(3,325)	(3,195)	(5,218)	(2,808)	(1,399)	(4,157)	(6,829)
<b>Total Primary Government Net Expense</b>	<b>\$ (21,573)</b>	<b>\$ (31,069)</b>	<b>\$ (27,707)</b>	<b>\$ (30,945)</b>	<b>\$ (28,689)</b>	<b>\$ (33,885)</b>	<b>\$ (33,195)</b>	<b>\$ (29,493)</b>	<b>\$ (34,671)</b>	<b>\$ (43,605)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,063	\$ 6,195	\$ 6,052	\$ 6,524	\$ 7,078	\$ 7,237	\$ 7,747	\$ 7,360	\$ 8,863	\$ 9,009
General sales tax	11,846	11,307	10,738	11,084	10,798	10,690	14,211	16,168	14,710	14,967
Raw seafood sales tax	5,124	4,657	4,475	4,762	5,328	5,276	6,360	4,181	4,646	5,429
Other taxes	32	38	72	235	237	131	214	1,087	79	212
Grants and revenue sharing not restricted to specific programs	13,162	9,265	9,244	9,123	8,774	9,537	10,734	12,353	9,716	13,573
Gain (loss) on sale of capital assets	9	7	1	-	136	-	(831)	29	37	-
Investment earnings (losses)	1,307	495	700	5,213	5,273	474	(3,016)	3,376	9,143	10,697
Other	1,001	1,216	1,249	1,262	464	389	1,071	525	33	51
Transfers	-	(2,307)	(1,575)	(1,643)	(2,514)	(901)	(7,216)	(7,454)	(6,435)	4,413
<b>Total Governmental Activities</b>	<b>38,544</b>	<b>30,873</b>	<b>30,956</b>	<b>36,560</b>	<b>35,574</b>	<b>32,833</b>	<b>29,274</b>	<b>37,625</b>	<b>40,792</b>	<b>58,351</b>
<b>Business-type activities:</b>										
Gain (loss) on sale of capital assets	-	(701)	-	-	-	-	(1,672)	38	-	-
Investment earnings	-	-	-	111	67	2	10	166	263	238
Other	-	-	-	2	1	1	-	1	-	-
Transfers	-	2,307	1,575	1,643	2,514	901	7,216	7,454	6,435	(4,413)
<b>Total Business-type Activities</b>	<b>-</b>	<b>1,606</b>	<b>1,575</b>	<b>1,756</b>	<b>2,582</b>	<b>904</b>	<b>5,554</b>	<b>7,659</b>	<b>6,698</b>	<b>(4,175)</b>
<b>Total Primary Government</b>	<b>\$ 38,544</b>	<b>\$ 32,479</b>	<b>\$ 32,531</b>	<b>\$ 38,316</b>	<b>\$ 38,156</b>	<b>\$ 33,737</b>	<b>\$ 34,828</b>	<b>\$ 45,284</b>	<b>\$ 47,490</b>	<b>\$ 54,176</b>
<b>Change in net position:</b>										
Governmental activities	\$ 12,915	\$ 1,601	\$ 4,694	\$ 8,940	\$ 10,080	\$ 4,166	\$ (1,113)	\$ 9,531	\$ 10,278	\$ 21,575
Business-type activities	4,056	(191)	130	(1,569)	(613)	(4,314)	2,746	6,260	2,541	(11,004)
<b>Total Primary Government</b>	<b>\$ 16,971</b>	<b>\$ 1,410</b>	<b>\$ 4,824</b>	<b>\$ 7,371</b>	<b>\$ 9,467</b>	<b>\$ (148)</b>	<b>\$ 1,633</b>	<b>\$ 15,791</b>	<b>\$ 12,819</b>	<b>\$ 10,571</b>

Table 3

**City of Unalaska, Alaska**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten 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	Tobacco Tax	E911 Enhancement Tax	Penalty and Interest on Taxes	Total
2016	11,846	5,123	4,163	1,900	210	-	-	32	\$ 23,274
2017	11,306	4,657	4,230	1,965	189	-	-	38	22,385
2018	10,738	4,475	4,355	1,697	169	-	-	72	21,506
2019	11,084	4,761	4,554	1,970	155	-	-	158	22,682
2020	10,798	5,328	4,487	2,591	166	-	-	237	23,607
2021	10,613	5,276	4,769	2,440	77	-	-	107	23,282
2022	13,399	6,354	4,712	2,949	224	390	74	216	28,318
2023	15,345	4,181	4,978	2,382	199	523	79	153	27,840
2024	14,710	4,646	6,041	2,822	148	490	80	162	29,099
2025	14,151	5,429	6,176	2,834	126	569	121	212	29,618

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



**City of Unalaska, Alaska**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 2,156	\$ 2,012	\$ 1,849	\$ 1,709	\$ 3,260	\$ 3,080	\$ 2,932	\$ 2,787	\$ 2,619	\$ 2,442
Committed	14,000	14,000	14,000	14,000	14,000	26,000	26,000	14,000	1,000	1,000
Assigned	292	308	119	802	359	306	513	135	1,204	1,386
Unassigned	43,981	53,972	60,990	68,910	68,382	60,934	61,424	78,122	106,513	122,382
Total General Fund	60,429	70,292	76,958	85,421	86,001	90,320	90,869	95,044	111,336	127,210
All Other Governmental Funds										
Nonspendable	-	-	-	-	5	-	-	-	-	-
Committed	7,902	10,701	14,211	15,114	25,696	23,020	17,851	20,401	20,045	28,985
Assigned	6,043	3,142	-	-	2,905	2,905	5,051	1,304	-	-
Unassigned	-	-	-	-	(5)	(286)	(18)	-	(34)	-
Total All Other Governmental Funds	\$ 13,945	\$ 13,843	\$ 14,211	\$ 15,114	\$ 28,601	\$ 25,639	\$ 22,884	\$ 21,705	\$ 20,011	\$ 28,985

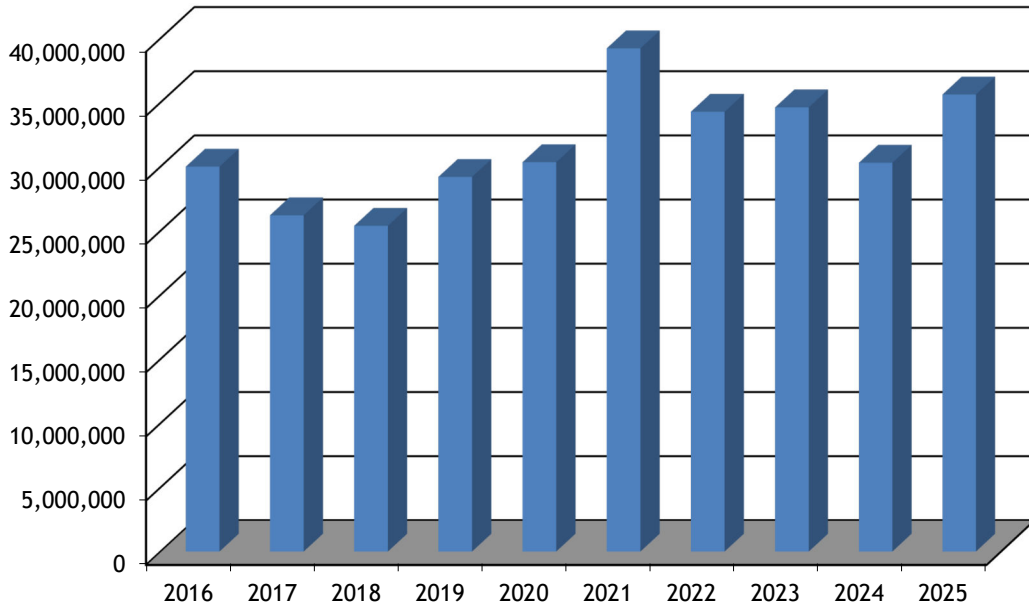
Table 5

**City of Unalaska, Alaska**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 22,923	\$ 22,033	\$ 21,429	\$ 22,833	\$ 23,461	\$ 23,334	\$ 28,529	\$ 27,840	\$ 27,840	\$ 29,562
Intergovernmental	10,380	14,660	10,722	11,055	14,218	19,505	12,538	11,843	11,843	14,210
Changes for services	710	697	742	706	660	593	1,153	1,178	1,178	1,445
Investment income	1,307	495	700	5,213	5,273	474	(3,016)	3,376	3,376	10,697
Other	178	382	400	396	392	390	139	701	701	57
Total revenues	35,498	38,267	33,993	40,203	44,004	44,296	39,343	44,938	44,938	55,971
<b>Expenses</b>										
General government	4,137	4,082	4,553	5,104	5,153	5,202	5,540	6,301	5,873	6,902
Public safety	5,051	4,966	4,929	5,616	8,446	8,553	7,082	6,273	6,398	8,149
Public works	5,341	5,409	6,049	5,866	5,869	5,732	5,290	5,481	6,015	7,143
Parks, culture, and recreation	2,532	2,585	2,636	2,852	2,670	3,059	3,334	3,617	3,973	4,342
Community support	1,139	1,082	1,169	1,768	1,469	8,312	2,891	1,288	1,452	2,352
Education support	3,879	3,886	3,946	4,115	4,332	4,344	4,699	5,005	5,495	5,997
Debt service:										
Principal	805	835	875	910	385	-	23	24	24	54
Interest	150	119	86	51	8	-	3	3	2	2
Capital projects	6,961	3,241	1,142	2,910	2,008	4,013	5,412	6,625	1,070	677
Total expenditures	29,995	26,205	25,385	29,192	30,340	39,215	34,274	34,617	30,302	35,618
Excess of revenues over (under) expenditures	5,503	12,062	8,608	11,011	13,664	5,081	5,069	10,321	14,636	20,353
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of assets	-	-	-	-	14	-	-	29	37	-
Subscription assets	-	-	-	-	-	-	-	-	-	84
Transfers in	4,604	5,709	3,192	3,778	13,620	2,651	3,666	3,230	6,662	7,335
Transfers out	(4,604)	(8,016)	(4,767)	(5,422)	(16,134)	(3,531)	(10,882)	(10,584)	(13,107)	(2,922)
Other	9	7	1	-	-	-	-	-	-	-
Total other financing sources (uses)	9	(2,300)	(1,574)	(1,644)	(2,500)	(880)	(7,216)	(7,325)	(6,408)	4,497
Net change in fund balance	\$ 5,512	\$ 9,762	\$ 7,034	\$ 9,367	\$ 11,164	\$ 4,201	\$ (2,147)	\$ 2,996	\$ 8,228	\$ 24,850
Debt service as a percentage of noncapital expenditures	4.18 %	4.18 %	4.08 %	3.65 %	1.43 %	- %	0.10 %	0.10 %	0.10 %	0.16 %

**City of Unalaska, Alaska**  
**Governmental Expenditures**  
**Last Ten Fiscal Years**

**Figure 2A: Governmental Expenditures**



**Figure 2B: Governmental Expenditures by Function for Fiscal Year 2025**

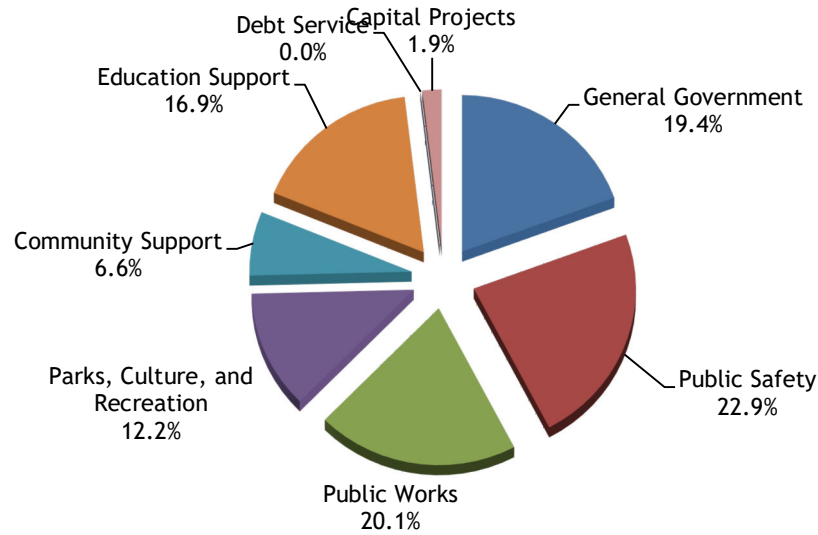




Table 7

**City of Unalaska, Alaska**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Real Property		Personal Property		Total		Ratio of Assessed Value to Estimated	Total Direct Tax Rate
	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value		
2016	\$ 397,350	\$ 428,733	\$ 171,733	\$ 185,297	\$ 569,083	\$ 614,030	93	10.50
2017	416,223	447,552	174,302	187,422	590,525	634,974	93	10.50
2018	427,990	433,082	166,579	168,679	594,569	601,761	99	10.50
2019	432,932	433,921	243,687	247,535	676,619	681,456	99	10.50
2020	446,417	451,955	237,577	252,127	683,994	704,082	97	10.50
2021	458,306	527,504	259,865	263,544	718,171	791,048	91	10.50
2022	551,991	561,025	262,122	265,819	814,113	826,844	98	10.50
2023	573,091	611,884	264,344	282,238	837,435	894,122	94	9.00
2024	586,050	630,161	269,874	290,187	855,924	920,348	93	10.50
2025	599,219	637,467	262,608	279,370	861,827	916,837	94	10.50

# City of Unalaska, Alaska

## City Tax Rates All Governments Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Total City Millage Rate</u>	<u>(2) City Sales Tax Rate (2)</u>	<u>(3) City Raw Seafood Tax Rate (3)</u>
2016	10.50	3.00	2.00
2017	10.50	3.00	2.00
2018	10.50	3.00	2.00
2019	10.50	3.00	2.00
2020	10.50	3.00	2.00
2021	10.50	3.00	2.00
2022	9.00	3.00	2.00
2023	9.00	3.00	2.00
2024	10.50	3.00	2.00
2025	10.50	3.00	2.00

(1) The rate is per thousand dollars of assessed value. There are no restrictions or mandates on the rate nor is there a separate component for debt service.

(2) Per Ordinance Section 6.40.020.

(3) Per Ordinance Section 6.44.020.

Note: There are no overlapping governmental units.

Table 9

**City of Unalaska, Alaska**  
**Principal Real Property Taxpayers**  
**June 30, 2025 and 2016**

	2025			2016		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ounalashka Corporation and subsidiaries	\$ 158,809,165	1	26.5 %	\$ 128,273,775	1	22.5 %
UniSea, Inc.	66,260,260	2	11.1	46,824,550	3	8.2
Western Pioneer, Inc.	53,286,200	3	8.9	52,170,255	2	9.2
Westward Seafoods, Inc.	38,968,985	4	6.5	27,556,500	4	4.8
Offshore Systems, Inc.	34,210,612	5	5.7	14,552,100	6	2.6
Petro Star, Inc. and subsidiary	28,508,100	6	4.8	8,745,630	8	1.5
Alyeska Seafoods, Inc.	24,696,404	7	4.1	21,736,990	5	3.8
LFS, Inc.	19,302,702	8	3.2	-	-	0.0
Strong Holdings, LLC	10,518,903	9	1.8	9,025,910	7	1.6
Kloosterboer Dutch Harbor, LLC	7,688,336	10	1.3	-	-	0.0
All Remaining Taxpayers	156,969,440		26.1	260,197,058		45.8
	<b>\$ 599,219,107</b>		<b>100.0 %</b>	<b>\$ 569,082,768</b>		<b>100.0 %</b>

Table 10

**City of Unalaska, Alaska**  
**Principal Electric Utility Customers**  
**June 30, 2025 and 2016**

Taxpayer	2025			2016		
	Receipts From Customer	Rank	Percentage of Total Electric Utility Customers Billed	Receipts From Customer	Rank	Percentage of Total Electric Utility Customers Billed
Matson Navigation Co.	\$ 2,905,672	1	22.2 %	\$ 1,847,278	2	13.7 %
CMA Terminals Alaska, LLC	2,430,866	2	18.6	3,176,045	1	23.5
City of Unalaska	1,423,330	3	10.9	1,358,972	3	10.0
Coastal Transportation	600,724	4	4.6	330,639	10	2.4
Kloosterboer	586,582	5	4.5	595,234	5	4.4
Safeway Inc.	469,257	6	3.6	488,467	6	3.6
Three Bears, Inc.	406,671	7	3.1	364,978	7	2.7
Unalaska City School District	379,934	8	2.9	343,396	9	2.5
Delta Western, Inc.	261,033	9	2.0	-	-	0.0
North Pacific Fuel	243,792	9	1.9	353,315	8	2.6
All Other Customers	3,360,955		25.7	4,668,726		34.6
	\$ 13,068,816		100.0	\$ 13,527,050		100.0 %

**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		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes		Percent of Delinquent Taxes to Tax Levy	
	\$	6,076	\$	5,854		96.3	\$	24	\$	5,878		96.7	\$	198		3.3 %
2016																
2017		6,183		5,942		96.1		89		6,031		97.5		152		2.5
2018		6,243		6,129		98.2		15		6,144		98.4		99		1.6
2019		6,555		6,450		98.4		11		6,461		98.6		94		1.4
2020		7,115		7,033		98.8		8		7,041		99.0		74		1.0
2021		7,182		6,980		97.2		58		7,038		98.0		144		2.0
2022		7,327		7,542		100.0		—		7,542		100.0		(1)		0.0
2023		7,327		7,424		101.3		—		7,424		101.3		(97)		-1.3
2024		8,804		8,804		100.0		3		8,807		100.0		(3)		0.0
2025		9,040		8,954		99.0		—		8,954		99.0		86		1.0

Table 12

**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						Total Primary Government	Percentage of Personal Income	Per Capita		
	General Obligation Bonds	Leases		Subscription	Ports and Harbors Fund		Ports and Harbors Fund		Electric Fund					US Army Corps of Engineers	Leases
					GO Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	ADEC loans						
2016	\$ 3,114	\$ -	\$ -	-	\$ -	\$ 3,942	\$ 29,175	\$ 16,006	\$ 2,097	\$ -	\$ 54,334	20	\$ 11,270		
2017	2,243	-	-	-	-	34,856	28,068	16,656	2,097	-	83,920	36	18,849		
2018	1,333	-	-	-	-	34,576	26,916	15,748	2,097	-	80,670	34	18,618		
2019	387	-	-	-	-	34,290	25,714	14,834	2,097	-	77,322	29	16,368		
2020	-	-	-	-	-	31,945	24,287	13,972	2,097	-	72,301	28	16,996		
2021	-	-	-	-	-	2,345	22,815	13,110	2,097	-	68,617	25	16,357		
2022	-	137	-	-	-	21,375	21,375	12,248	2,097	1,938	67,425	21	14,783		
2023	-	114	-	-	-	1,910	19,891	11,386	2,097	1,839	63,937	21	15,173		
2024	-	89	-	-	-	1,675	18,362	10,524	2,097	1,786	60,403	*	14,661		
2025	-	65	54	-	-	1,430	13,515	9,662	2,097	1,700	53,518	*	13,053		

\* Data unavailable or incomplete

**City of Unalaska, Alaska**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
 (amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	\$ 3,114	0.52	\$ 700
2017	2,243	0.35	496
2018	1,333	0.22	308
2019	387	0.09	82
2020	3,083	0.69	725
2021	2,828	0.62	674
2022	2,605	0.47	571
2023	2,357	0.41	559
2024	2,089	0.36	507
2025	1,567	0.00	382

\* data unavailable

City of Unalaska, Alaska  
Direct Governmental Activities Debt (1)  
June 30, 2025

Jurisdiction	Outstanding Debt	Percentage Applicable to City of Unalaska	Amount Applicable to City of Unalaska
Direct: City of Unalaska	\$ 119,169	100 %	\$ 119,169

(1) Direct debt is long-term debt and does not include long-term liabilities such as internal advances, compensated absences, or net pension liabilities.

Note: There are no overlapping governmental units.



**City of Unalaska, Alaska**  
**Legal Debt Margin Information**  
**June 30, 2025**

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

**City of Unalaska, Alaska**  
**Pledged-Revenue Coverage**  
**Electric Fund**

Fiscal Year	Utility Service Charges (1)	Operating Expenses (2)	Net Available Revenue	Principal	Interest	Total	Coverage (3)
2016	\$ 13,527,050	\$ 9,811,512	\$ 3,715,538	\$ 920,000	\$ 1,027,254	\$ 1,947,254	191
2017	17,198,440	11,505,578	5,692,862	990,000	1,123,667	2,113,667	269
2018	18,488,321	12,605,358	5,882,963	1,035,000	1,095,544	2,130,544	276
2019	17,303,778	12,880,067	4,423,711	1,085,000	910,675	1,995,675	222
2020	15,883,635	11,328,716	4,554,919	1,310,000	978,823	2,288,823	199
2021	13,099,636	9,556,677	3,542,959	1,290,000	970,640	2,260,640	157
2022	17,860,680	14,271,400	3,589,280	1,310,000	847,778	2,157,778	166
2023	19,284,894	14,116,792	5,168,102	1,345,000	912,778	2,257,778	229
2024	18,555,264	15,189,893	3,365,371	1,380,000	631,344	2,011,344	167
2025	13,906,492	14,747,203	(840,711)	1,430,000	747,696	2,177,696	(39)

(1) Utility service charges include State of Alaska Power Cost Equalization Program rate subsidy payments.

(2) Operating expenses exclude depreciation and amortization.

(3) Rates are required to generate net revenues equal to or greater than 125% times annual debt service payments.

**City of Unalaska, Alaska**  
**Pledged-Revenue Coverage**  
**Port Fund**

Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Revenue	Principal	Interest	Total	Coverage (2)
2018	\$ 7,840,921	\$ 3,465,317	\$ 4,375,604	\$ -	\$ 1,343,109	\$ 1,343,109	326
2019	6,637,791	3,529,225	3,108,566	-	1,328,350	1,328,350	234
2020	7,084,131	3,254,636	3,829,495	685,000	1,328,350	2,013,350	190
2021	6,845,948	3,681,765	3,164,183	720,000	1,294,100	2,014,100	157
2022	8,293,417	3,702,413	4,591,004	755,000	1,258,100	2,013,100	228
2023	8,469,575	3,715,445	4,754,130	795,000	1,220,350	2,015,350	236
2024	8,630,234	4,022,077	4,608,157	830,000	1,180,600	2,010,600	229
2025	7,524,528	4,752,458	2,772,070	875,000	496,166	1,371,166	202

(1) Operating expenses exclude depreciation and amortization.

(2) Rates are required to generate net revenues equal to or greater than 125% times annual debt service payments.

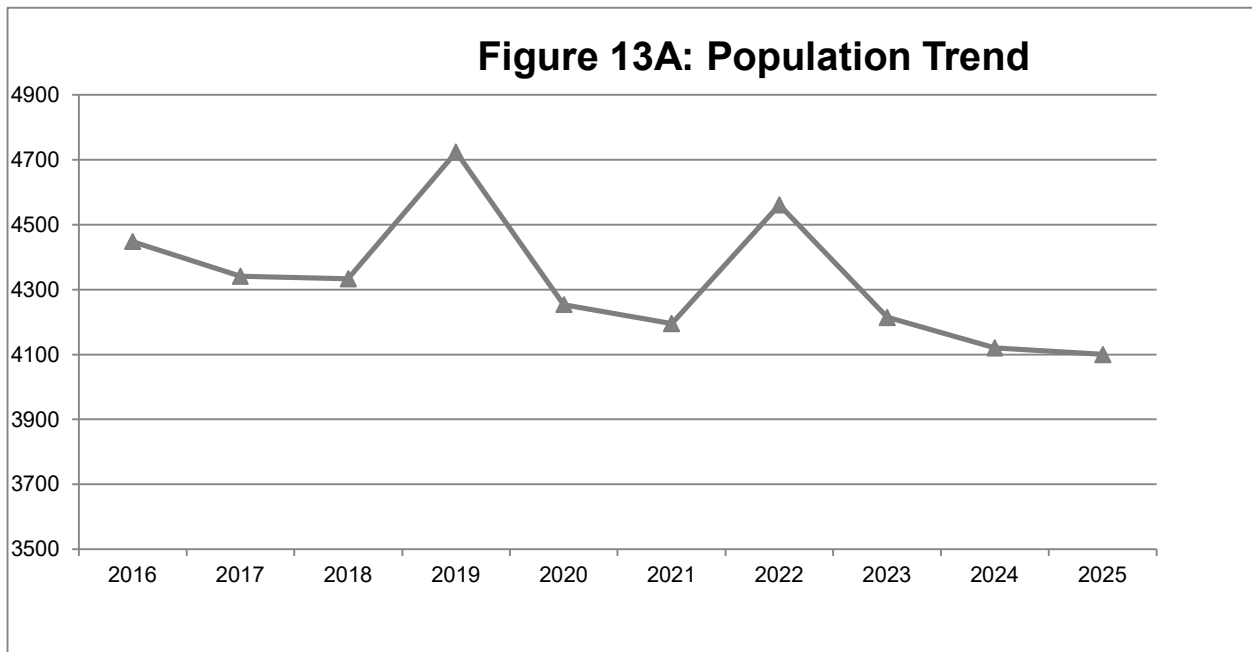
**City of Unalaska, Alaska**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

Calendar Year	Unalaska Population (1)	Aleutians West Region Personal Income (amounts expressed in thousands) (2)	Aleutians West Region per Capita Personal Income (2)	Unalaska School Enrollment (3)	Aleutians West Region Unemployment (4)
2016	4,448	316,823	56,105	375	3.0 %
2017	4,341	301,733	53,010	389	4.0
2018	4,333	311,245	54,385	400	4.0
2019	4,724	320,998	56,296	421	3.0
2020	4,254	338,947	59,674	412	4.5
2021	4,195	228,938	65,812	387	3.7
2022	4,561	350,185	68,794	354	3.8
2023	4,214	372,727	72,234	346	4.2
2024	4,120	*	*	332	3.4
2025	4,100	*	*	330	3.1

\* Data unavailable or incomplete.

**Sources:**

- (1) Alaska Department of Commerce, Community and Economic Development
- (2) U.S. Department of Commerce, Bureau of Economic Analysis: Statistics are kept for the region, not for the City of Unalaska.
- (3) Unalaska City School District: Official fall count of calendar year.
- (4) Alaska Department of Labor: Statistics are kept for the region, not for the City of Unalaska.



**City of Unalaska, Alaska**  
**Principal Employers**

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

**City of Unalaska, Alaska**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Function/Program</u>										
General government:										
Council	1.00	1.00	1.00	1.00	0.96	0.96	0.96	0.96	0.96	0.96
Manager	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Administration	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	13.00	13.00	13.00	13.00	12.50	12.50	12.50	12.50	12.50	12.50
Information Systems	3.00	3.00	3.00	3.00	3.00	3.00	3.25	3.25	3.25	3.25
Planning	3.00	4.00	4.00	5.00	4.56	4.56	4.56	4.56	4.56	4.31
Public safety:										
Police	22.00	25.00	25.00	20.00	19.50	18.50	18.25	18.25	18.25	18.25
Communications	—	—	—	5.00	5.00	5.00	5.00	5.00	5.00	5.00
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	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	8.00
Public works:										
Public works administration	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.25	7.25
Streets and roads	10.50	10.00	10.00	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	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Parks, culture, and recreation:										
Community center	12.50	12.89	12.89	12.89	12.89	12.89	12.89	12.89	12.89	13.14
Libraries	5.00	5.00	5.00	5.00	5.25	5.25	5.25	5.25	5.25	5.50
Community pool	4.25	4.78	4.78	4.76	5.30	5.30	5.30	5.30	5.30	5.34
Public utilities administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Electric	14.33	13.00	13.00	13.00	15.00	15.00	15.00	15.00	14.00	15.00
Water	5.00	5.00	5.00	5.00	7.00	7.00	6.50	6.50	6.50	6.50
Wastewater	4.00	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.50	6.50
Ports and airport	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Solid waste	5.00	5.00	6.00	6.00	6.50	6.50	6.50	6.50	6.50	6.50
Total Employees	160.58	167.67	168.67	170.15	174.96	173.96	172.96	172.96	172.21	176.50

Source: City of Unalaska, *Operating and Capital Budgets*

**City of Unalaska, Alaska**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police -										
Custodies	325	267	124	148	119	101	104	92	83	89
Fire:										
Fire response	38	30	42	42	68	39	28	565	63	98
Burn permits	114	92	73	73	49	58	45	54	59	69
Fire safety	14	28	18	18	247	33	36	153	38	72
EMS -										
EMS ambulance calls	186	148	101	101	232	134	118	191	257	263
Public works -										
Building permits issued	21	21	18	18	13	21	10	13	7	6
Parks, culture, and recreation:										
Community Center admissions	41,194	42,407	42,407	50,445	28,514	16,008	29,950	35,145	35,254	35,995
Aquatic center attendance	13,317	16,181	16,181	18,148	13,463	6,249	14,863	13,192	15,242	16,376
CC & aquatic center volunteer hours	885	889	889	1,101	995	200	331	375	825	854
Library volunteer hours	83	49	63	110	95	21	90	102	282	251
Library circulation	75,916	67,346	80,837	87,103	63,914	43,091	39,092	18,216	18,289	14,169
Library attendance	41,060	47,802	52,792	51,679	33,897	9,968	15,479	15,734	15,242	15,022
Electric -										
Power generated MW	43,213	58,515	58,515	53,379	52,531	44,851	44,742	40,677	40,888	38,200
Water:										
Water produced (MG)	1,246	1,284	1,284	1,284	1,129	1,279	1,143	1,130	1,240	1,216
Daily pumping capacity (MGD)	4	4	4	4	4	4	4	4	4	4
Total daily capacity (MGD)	13	13	13	13	13	13	12	13	13	13
Wastewater -										
Average daily treatment (MG)	0.40	0.41	0.53	0.53	0.40	0.45	0.40	0.39	0.36	0.38
Solid waste:										
Tons of waste collected	8,419	6,440	6,440	6,440	5,919	7,108	6,623	5,413	6,286	6,514
Cubic yards of waste collected	11,760	10,934	10,934	10,934	10,653	14,965	13,942	14,233	12,437	14,395
Ports and harbors:										
UMC vessel calls	574	613	461	511	564	525	484	428	441	233
UMC wharfage tons	488,758	550,253	505,888	414,720	424,855	366,986	478,000	428,367	515,124	287,812
Airport -										
Passengers	*	57,710	*	54,596	19,203	15,652	32,964	30,767	28,351	38,611

\* Data unavailable or incomplete

Source: City of Unalaska

**City of Unalaska, Alaska**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	7	7	7	7	8	9	9	9	9	9
EMS - Ambulances	2	2	2	2	2	2	—			
Public works:										
Miles of public roads	40.0	40.0	40.0	40.0	41.2	41.2	41.2	41.2	41.2	41.2
Miles of paved roads	10.0	10.0	10.0	10.0	9.5	9.5	9.5	9.5	9.5	9.5
Street lights	251	317	317	317	321	321	321	321	321	321
Flashing/cautionary lights	15	15	15	15	13	13	13	13	13	13
Number of bridges	11	11	11	11	10	10	10	10	10	10
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	8	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 substations	2	2	2	2	2	2	2	2	2	2
Water:										
Wells	3	3	3	3	3	3	3	3	3	3
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	590	590	590	590	590	590	590	590	590	590
Wastewater:										
Sanitary sewers MH's	367	367	367	367	367	367	367	367	367	367
Miles of sewer lines	21	21	21	21	21	21	21	21	21	21
Lift stations	10	10	10	10	10	10	10	10	10	10
Solid waste - Landfills	1	1	1	1	1	1	1	1	1	1
Ports and harbors:										
Dock facilities - linear 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	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Light Cargo Dock	340	340	340	340	340	340	340	340	340	340
Small Boat Harbor	1,072	1,072	1,072	1,232	1,232	1,232	1,232	1,232	1,232	1,232
CEM Small Boat Harbor	5,919	5,919	5,919	5,878	5,878	5,878	5,878	5,878	5,878	5,878

Source: City of Unalaska



# City of Unalaska, Alaska

Federal Single Audit Reports  
Year Ended June 30, 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



## **City of Unalaska, Alaska**

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Federal Single Audit Reports  
Year Ended June 30, 2025

# City of Unalaska, Alaska

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3601 C Street, Suite 600  
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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Unalaska, Alaska (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon date January 15, 2026.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



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Anchorage, AK 99503

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BDO USA, P.C.*

Anchorage, Alaska  
January 15, 2026



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## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

#### ***Unmodified Opinion***

We have audited City of Unalaska's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Unmodified Opinion on Coronavirus State and Local Fiscal Recovery Funds***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

#### ***Basis for Unmodified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BDO USA, P.C.*

Anchorage, Alaska  
January 15, 2026



**City of Unalaska, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2025**

<u>Grant or program title</u>	<u>Grant award number</u>	<u>Assistance Listing Number</u>	<u>Program or award amount</u>	<u>Expenditures</u>
U.S. Department of Commerce, National Oceanic and Atmospheric Administration: Passed through Ounalashka Corporation: Native American and Native Hawaiian Library Services	NAB-256362-OLS-24	45.311	\$ 6,000	\$ 6,000
Department of Treasury: Pass through the State of Alaska Department of Commerce, Community, and Economic Development				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	AK0137	21.027	1,167,417	23,236
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	AK0137	21.027	800,000	797,742
			<u>1,967,417</u>	<u>820,978</u>
Environmental Protection Agency: Brownsfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	BF-02J15601-1	66.818	500,000	145,852
Total			\$ <u>2,473,417</u>	\$ <u>972,830</u>

See accompanying notes to schedule of expenditures of federal awards.

# City of Unalaska, Alaska

## Notes to the Schedule of Expenditures of Federal Awards, continued Year Ended June 30, 2025

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Unalaska (the City) under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### 3. Reporting Entity

The City of Unalaska, for purposes of the schedule of expenditures of federal awards, includes all the funds of the primary government as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an Amendment of GASB Statement No. 14*. It does not include the component unit of the City of Unalaska, the Unalaska City School District. This component unit also receives federal awards, but separately satisfies the audit requirements of the Uniform Guidance, if applicable. The component units engaged other auditors to perform separate audits in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### 4. Noncash Awards

The City received no federal noncash awards during the year ended June 30, 2025.

### 5. Indirect Cost Rate

The City did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### 6. Amounts Passed Through to Subrecipients

During the year ended June 30, 2025, the City did not pass through any federal award amounts to subrecipients.

# City of Unalaska, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2025

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether  
the financial statements audited were prepared  
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes

X no

Significant deficiency(ies) identified?

\_\_\_ yes

X (none reported)

Noncompliance material to financial statements noted?

\_\_\_ yes

X no

#### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_ yes

X no

Significant deficiency(ies) identified?

\_\_\_ yes

X (none reported)

Type of auditor's report issued on compliance for  
major federal programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)?

\_\_\_ yes

X no

Identification of major federal programs:

#### Assistance Listing

<i>Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds	U.S. Department of the Treasury

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_ yes

X no

### Section II - Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

### Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.