

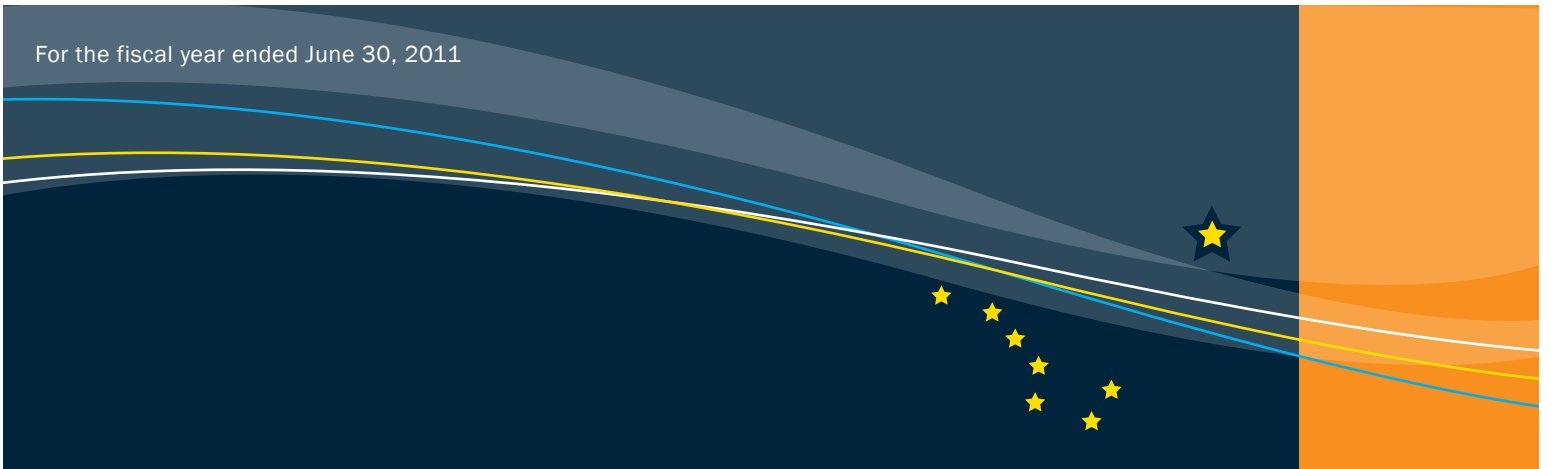
Alaska Marine Highway Fund



ANNUAL FINANCIAL REPORT

2011

For the fiscal year ended June 30, 2011





*Alaska
Marine Highway*

Alaska Marine Highway System Fund

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2011

Prepared by: Alaska Marine Highway System,
Department of Transportation and Public Facilities

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Alaska Marine Highway System
Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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STATE OF ALASKA
**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

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☐ Juneau Office: 3132 Channel Drive

P.O. Box 112500
JUNEAU, ALASKA 99811-2500

PHONE: (907) 465-3901
FAX: (907) 586-8365
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December 20, 2011

Dear Alaska State Legislator:

Enclosed is the Alaska Marine Highway System (AMHS) Annual Financial Report for Fiscal Year 2011 (ended June 30, 2011) as required by AS 19.65.070.

During 2011, AMHS operated with an on-time departure rate of 93 percent. Ridership increased by 4.7 percent both for passengers and for vehicle embarkation. Port calls increased during FY11, up from 6,998 in 2010 to 7,165. There was also an increase in the number of service weeks provided by AMHS. That number increased to 405.1, up from the previous year's 381.2. This increase can be attributed to 10 weeks of increased service for the Lituya over FY10 due to its Federal FY10 capital improvement project where backup service was provided by the Inter-Island Ferry Authority. There were also increased cross-gulf runs made by the Kennicott.

The Alaska Marine Highway System is meeting the challenges of providing safe, efficient, reliable, and cost efficient transportation for the traveling public. The system's passenger satisfaction rating remains strong at 97 percent, up from 95 percent last year.

I look forward to the opportunity to share more AMHS successes with you in the coming year.

Sincerely,


Marc Luiken
Commissioner

Enclosure

"Get Alaska Moving through service and infrastructure."

Alaska Marine Highway System Marine Transportation Advisory Board

On March 28, 2007, Governor Sarah Palin signed Administrative Order No. 233 establishing the Alaska Marine Transportation Advisory Board (MTAB). On June 4, 2008, Governor Palin signed House Bill 294. This bill established the Alaska Marine Transportation Advisory Board and set out its powers and duties; made conforming amendments; and provided an effective date of June 5, 2008.

CHAIRMAN

Robert Venables
Northern Southeast (Haines, Juneau, Skagway)

VICE-CHAIRMAN

Mark Eliason
Travel agent/tourism specialist familiar with AMHS

DOT&PF STAFF SUPPORT

Michael Neussl
Deputy Commissioner for Marine Operations

Lisa Shrestha
Secretary

MEMBERS

Ron Bressette
Labor Unions of the employees of the AMHS

Gerald Hope
Central Southeast (Petersburg, Sitka, Wrangell)

Joshua Howes
Member At-Large, resident of an area not directly served by AMHS

Timothy Joyce
Prince William Sound/Kenai Peninsula (Cordova, Valdez, Whittier, Yakutat, Chenega Bay, Tatitlek)

Daniel Kelly
Business owner with experience interacting with AMHS and resident of the Ketchikan Gateway Borough

Mike Korsmo
Retired marine captain/engineer not affiliated with AMHS

Shirley Marquardt
Southwest/Aleutian Chain/Alaska Peninsula
(Akutan, Chignik, Cold Bay, False Pass, Homer, King Cove, Kodiak, Port Lions, Sand Point, Seldovia, Unalaska/Dutch Harbor)

Cathie Roemmich
Member At-Large

Maxine Thompson
Angoon, Hoonah, Kake, Pelican, Tenakee

Alaska Marine Highway System Ports of Call

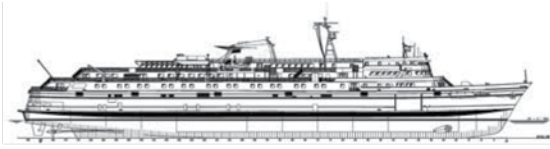
SOUTHEAST ALASKA

Angoon
Bellingham, WA
Gustavus
Haines and Borough
Hoonah
Juneau and Borough (Auke Bay)
Kake
Ketchikan and Borough
Metlakatla and Annette Island
Pelican
Petersburg (serving Kuperanof Island)
Prince Rupert, BC
Sitka and Borough
Skagway
Tenakee Springs
Wrangell and Borough
Yakutat and Borough

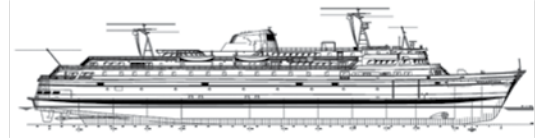
SOUTHWEST ALASKA

Akutan
Chenega Bay
Chignik
Cold Bay
Cordova
False Pass
Homer
King Cove
Kodiak and Borough
Port Lions
Sand Point
Seldovia
Tatitlek
Unalaska / Dutch Harbor
Valdez
Whittier

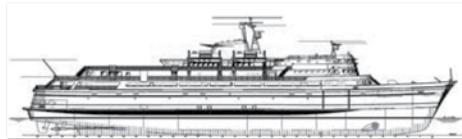
Alaska Marine Highway System Profile of the Fleet



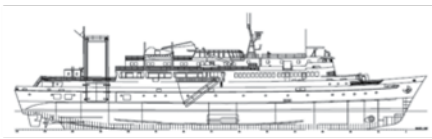
M/V Matanuska
408 feet
Built 1963



M/V Malaspina
408 feet
Built 1963



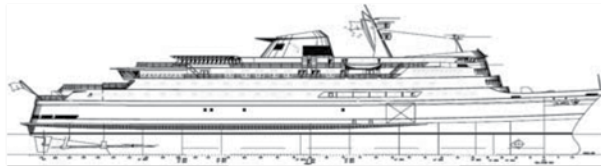
M/V Taku
352 feet
Built 1963



M/V Tustumena
296 feet
Built 1964



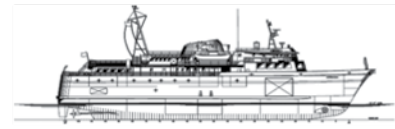
M/V Lituya
193 feet
Built 2004



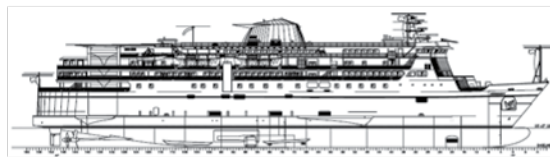
M/V Columbia
418 feet
Built 1974



M/V LeConte
235 feet
Built 1974



M/V Aurora
235 feet
Built 1977



M/V Kennicott
382 feet
Built 1998



FVF Fairweather
240 feet
Built 2004



FVF Chenega
240 feet
Built 2005

Vessel Information Table

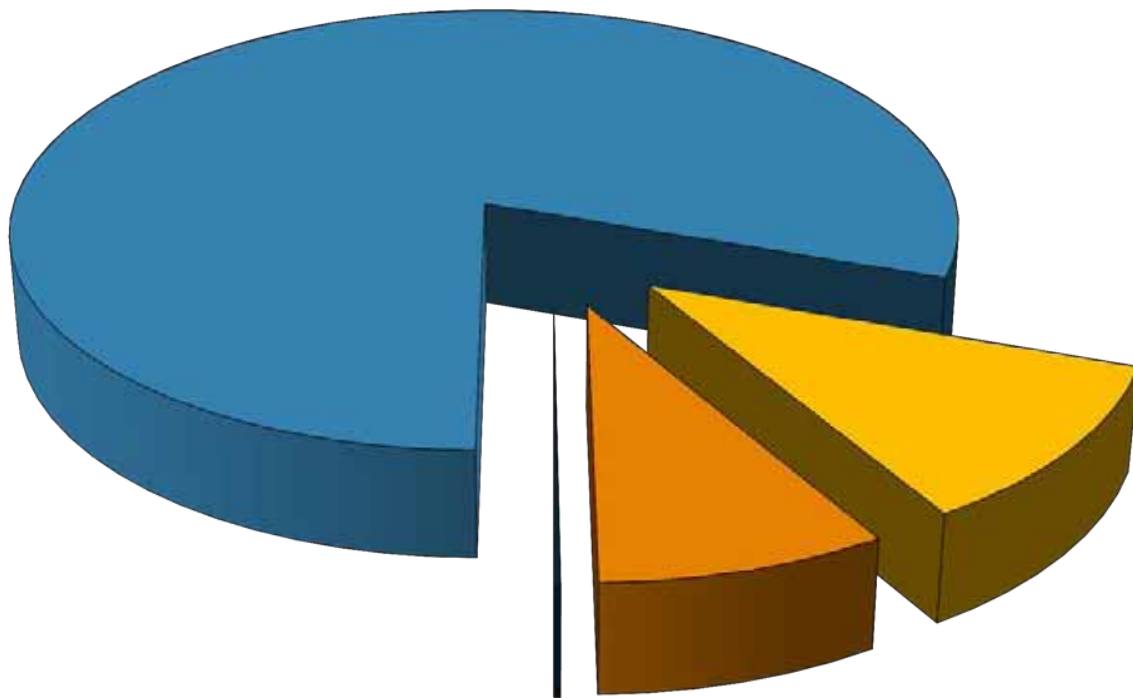
Alaska Marine Highway System
Vessel Information Table





	Matanuska	Malaspina	Taku	Tustumena	Columbia	LeConte	Aurora	Kennicott	Lituya	Fairweather	Chenega
Date Built	1963	1963	1963	1964	1974	1974	1977	1998	2004	2004	2005
Length (ft)	408	408	352	296	418	235	235	382	181	235	235
Beam (ft)	74	74	74	59	85	57	57	85	50	60	60
Displacement (L/T)	5,569	5,552	4,283	3,067	7,683	2,132	2,132	7,503	647	787	787
Loaded Draft (ft-in)	16-11 5/8	16-11 3/8	16-11	14-4 1/2	17-6 1/8	13-10 7/8	13-10 7/8	17-6	10-6	8-6	8-6
International Tonnage											
Gross:	9,214	9,121	7,302	4,529	13,009	3,124	3,124	12,635	n/a	3,442	3,420
Net:	3,824	3,667	2,496	1,451	4,932	987	987	3,790	n/a	1,032	1,026
Domestic Tonnage											
Gross:	3,029	2,928	2,624	2,174	3,946	1,328	1,280	9,978	99	1,280	1,333
Net:	1,235	1,253	1,494	898	2,683	566	453	7,354	66	870	827
hp @ Service Speed	7,400	8,000	8,122	5,100	12,350	4,300	4,300	13,380	2,000	15,360	15,360
Service Speed (kts)	16.5	16.5	16.5	13.8	17.3	14.5	14.5	16.75	11.5	32	32
Fuel Use (gph)	234	270	253	151	397	188	190	354	55	600	600
Crew Capacity: COI	57	59	43	37	86	24	24	52	5	10	10
Passenger Capacity: COI	499	499	370	174	600	247	300	499	149	250	250
Passenger Capacity: Booking	450	450	350	160	499	225	250	450	125	240	240
Staterooms											
4 berth	6	45	6	6	44	0	0	46	0	0	0
3 berth	20	0	0	0	0	0	0	0	0	0	0
2 berth	79	26	32	17	56	0	0	56	0	0	0
4 berth ADA	0	0	0	0	0	0	0	3	0	0	0
2 berth ADA	1	1	2	1	3	0	0	2	0	0	0
Total Staterooms	106	72	40	24	103	0	0	109	0	0	0
Total Berths	247	238	106	68	294	0	0	320	0	0	0
Vehicle Capacity (lane-ft.)	1760	1760	1380	720	2680	680	680	1600	360	720	720
Quantity (20 foot vehicles)	88	88	69	36	134	34	34	80	18	36	36
Vehicle Capacity: Booking	1675	1675	1360	680	2660	660	660	1560	300	620	620
Van Capacity: Booking	10	20	7	6	21	8	8	17	2	2	3

Alaska Marine Highway System Fund
UNRESTRICTED OPERATING REVENUES

For the fiscal year ended June 30, 2011

\$47.7 MILLION

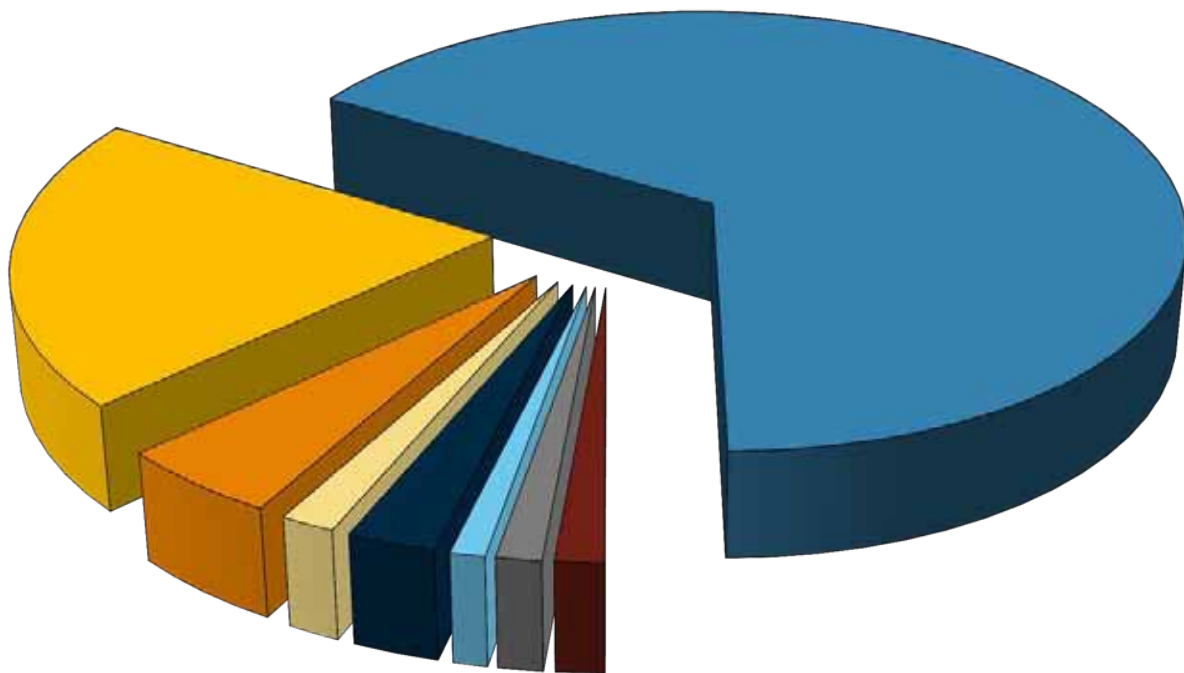










	Ticket Sales	80.3%
	Stateroom Sales	11.1%
	Passenger Services Sales	8.4%
	Other Unrestricted Revenue	0.2%

Alaska Marine Highway System Fund
OPERATING EXPENDITURES

For the fiscal year ended June 30, 2011

\$158.7 MILLION



	Marine Vessel Operations	66.4%		Operations Management	2.6%
	Marine Fuel	20.7%		Overhaul	1.1%
	Shore Operations	4.9%		Marine Engineering	1.3%
	Reservations and Marketing	1.6%		Support Services	1.4%



*Alaska
Marine Highway*

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Statement of Revenues, Expenditures, and Changes in Fund Balance

Alaska Marine Highway System Fund Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Year Ended June 30, 2011 (In Thousands)

Revenues:	Marine Highway Capitalization Account	AMHS Account	Total
Unrestricted Revenues:			
Ticket Sales	-	\$38,051	\$38,051
Stateroom Sales	-	5,388	5,388
Passenger Services Sales	-	4,169	4,169
Facility Rental	-	35	35
Concession Fees	-	28	28
Other Unrestricted Revenue	-	26	26
Total Unrestricted Revenues	-	47,697	47,697
Restricted Revenues	-	540	540
Indirect Cost Recovery	-	365	365
Total Revenues	-	\$ 48,602	\$ 48,602
Expenditures:			
Current Operating:			
Support Services	-	2,264	2,264
Marine Engineering	-	2,108	2,108
Overhaul	-	1,631	1,631
Operations Management	-	4,140	4,140
Reservations and Marketing	-	2,577	2,577
Shore Operations	-	7,810	7,810
Marine Fuel	-	32,852	32,852
Marine Vessel Operations	-	104,810	104,810
AMHS RSA	-	540	540
Total Expenditures	-	\$ 158,732	\$ 158,732
Excess (Deficiency) of Revenues and Other Financing Sources:			
Financing Uses From Operating	-	\$ (110,130)	\$ (110,130)
Fund Balance, Beginning of Year	10,097	11,377	21,474
Reserves and Year End Adjustments	-	-	-
Fund Transfer - General Fund	-	103,970	103,970
Fund Balance, End of Year; Undesignated	\$10,097	\$5,217	\$15,314

The notes to the financial statement are an integral part of this statement

Statement of Actual and Estimated Revenues

Alaska Marine Highway System Fund
Statement of Actual and Estimated Revenues
 Budgetary Basis (In Thousands)

	Fiscal Year Ended June 30, 2011			Fiscal Year Ending June 30, 2012		Fiscal Year Ending June 30, 2013
	Estimated Revenues	Actual Revenues	Actual Over (Under) Estimated	Total Estimated Revenues	Estimated Revenues 12/31/11	Estimated Revenues
Restricted						
Restricted Revenues	\$ 599	\$ 540	\$ (59)	\$ 540	\$ 0	\$ 0
Indirect cost recovery (ICAP)	553	365	(188)	569	277	580
Total Restricted	1,152	905	(247)	1,109	277	580
Unrestricted AMHS Fund						
Ticket Sales	40,848	38,321	(2,527)	43,500	19,679	44,223
Stateroom Sales	5,130	5,279	150	5,533	2,503	5,625
Passenger Services Sales	4,165	4,008	(157)	4,316	1,953	4,388
Facility Rental	5	35	30	35	2	5
Concession Fees	30	28	(2)	30	3	30
Other Unrestricted Revenue	10	26	16	40	22	10
Total Unrestricted	50,187	47,697	(2,491)	53,455	24,162	54,281
Total Revenues	\$ 51,340	\$ 48,602	\$ (2,738)	\$ 54,564	\$ 24,439	\$ 54,861

Budgetary Presentation shows all budgeted and actual revenues including budgeted intergovernmental activity

Notes to the Financial Statement

Alaska Marine Highway System Fund Notes to the Financial Statement For the Fiscal Year Ended June 30, 2011

NOTE 1- Alaska Marine Highway System Fund

The Alaska Marine Highway System Fund was established July 1, 1990. All gross revenues generated from the operation of the Alaska Marine Highway System are accounted for and remitted in accordance with AS 19.65.070 which mandates that the money shall be deposited in the Alaska Marine Highway System Fund.

Marine Highway Capitalization Account

The Marine Highway Capitalization account was established within the Alaska Marine Highway System Fund June 30, 2009. An estimated \$9 million in general funds was reappropriated to the new Capitalization Account. Access to this new funding will be restricted and will only occur with approval by the Legislative Budget and Audit Committee.

An unexpended and unobligated balance of funds for the off-set of higher fuel costs, estimated at \$1.25 million, were reallocated in Chapter 13, SLA 10, Sec 11(c) to the Marine Highway Capitalization Account.

NOTE 2- CIP Program Component

The Alaska Marine Highway System budget includes a component which authorizes positions directly related to capital projects. Beginning in FY2001, the salary cost of time charged directly to capital projects is not recorded in the Alaska Marine Highway Fund. The cost of time charged to administration or overhead, is recorded in the Alaska Marine Highway Fund.

NOTE 3- Interest Earned on the Fund

The interest activity shown below is not a part of the AMHS Fund, since no distribution of interest has been made to the Fund to date. The interest earned on the fund balance is accounted for separately by the Department of Revenue, Treasury Division.

<u>FY11</u>	<u>FY12 through 10/31/11</u>
(In Thousands)	(In Thousands)
\$ 230.3	\$ 131.7

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Operating Revenues by Vessel

Alaska Marine Highway System

Revenue by Vessel*

Fiscal Years 2000 - 2011 (In Thousands)

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Aurora	2,194	1,655	1,223	931	3,749	2,333	2,327	2,003	1,347	2,191	3,115	2,522
Bartlett	1,725	1,914	1,851	2,271	1,387	-	-	-	-	-	-	-
Chenega	-	-	-	-	-	-	1,128	1,963	3,093	3,380	1,392	3,428
Columbia	6,928	-	5,354	8,227	7,763	7,917	15,530	12,439	6,463	9,713	7,924	8,939
Fairweather	-	-	-	-	401	3,003	2,257	2,913	2,605	1,015	1,945	1,805
Kennicott	7,359	8,945	7,119	6,519	5,276	5,662	6,209	5,831	3,414	5,182	3,125	7,154
Leconte	1,134	1,771	1,535	1,527	880	1,396	1,638	916	1,514	1,808	1,757	794
Lituya	-	-	-	-	78	593	593	593	721	639	620	724
Malaspina	3,231	5,809	2,569	2,829	12,550	11,975	7,832	7,552	11,659	10,980	11,446	10,520
Matanuska	9,056	8,929	11,431	11,555	3,798	8,762	7,418	8,146	8,841	3,094	6,211	6,100
Taku	3,786	5,549	5,310	4,787	5,039	761	3,292	2,833	4,480	5,156	4,755	2,265
Tustumena	2,867	2,935	2,956	2,453	3,366	3,196	2,849	3,060	3,376	2,992	3,525	3,318
Contract Vessels	-	-	-	-	3	-	76	127	-	2	54	38
Non Vessel Revenue	2,023	45	103	63	399	64	53	32	135	46	46	89
TOTAL	40,303	37,552	39,451	41,162	44,689	45,662	51,202	48,407	47,647	46,200	45,914	47,697

* These figures are close approximations based on reservations and ticketing information. They may be used to show relative magnitude of different vessel operations. They are not accounting figures, therefore, attempts to reconcile the figures with accounting documents may yield small discrepancies.

Alaska Marine Highway System
Operating Expenditures by Vessel*
 Fiscal Years 2000 - 2011 (In Thousands)

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Aurora	6,141	4,849	3,673	4,379	5,565	3,533	6,434	6,264	3,649	7,649	7,720	8,065
Bartlett	2,874	3,000	2,882	4,274	1,032	-	-	-	-	-	-	-
Chenega	-	-	-	-	-	314	7,778	6,360	8,845	9,474	4,643	10,146
Columbia	6,190	1,851	5,946	7,917	7,787	7,336	17,205	16,735	8,892	11,231	9,587	11,861
Fainweather	-	-	-	-	692	5,635	5,887	7,762	8,154	4,949	7,356	7,824
Kennicott	11,130	12,974	10,780	12,483	9,744	9,535	15,624	16,300	11,853	15,091	10,557	18,022
Leconte	4,630	6,767	6,392	6,490	4,037	5,869	8,129	5,485	7,141	6,912	7,070	4,858
Lituya	-	-	-	-	177	629	961	1,008	1,170	1,189	1,114	1,415
Malaspina	4,206	6,296	4,265	4,432	10,131	11,492	9,219	9,089	14,664	14,065	14,558	16,147
Matanuska	10,392	7,926	10,780	10,920	5,018	11,202	11,456	14,814	14,160	7,260	12,611	16,246
Taku	6,628	10,188	9,249	9,492	8,709	4,107	9,436	9,452	13,745	13,583	13,458	8,853
Tustumena	6,135	6,674	6,396	5,433	5,483	6,269	6,378	8,744	9,612	6,642	9,114	10,068
Vessel Leave	-	-	-	-	9,824	9,204	11,571	14,576	15,164	14,268	14,375	15,949
All Vessels	7,156	8,796	8,188	8,184	9,077	13,904	10,123	11,024	9,709	12,231	10,240	10,379
TOTAL	63,924	65,482	69,322	68,551	74,005	77,275	89,028	120,201	127,613	126,757	122,404	139,834

* Expenditures by vessel include the following operating components: Marine Vessel Operations, Overhaul, Fuel and Unbudgeted AMHS Reimbursable Service Agreements (RSA). Not included are the budget components for Marine Engineering, Operations Management, Reservations and Marketing, and Shore Operations.



*Alaska
Marine Highway*

Alaska Marine Highway System Fund

FY 2011 ANNUAL FINANCIAL REPORT

State of Alaska, Department of Transportation and Public Facilities

Compiled November 30, 2011



 *Alaska
Marine Highway*