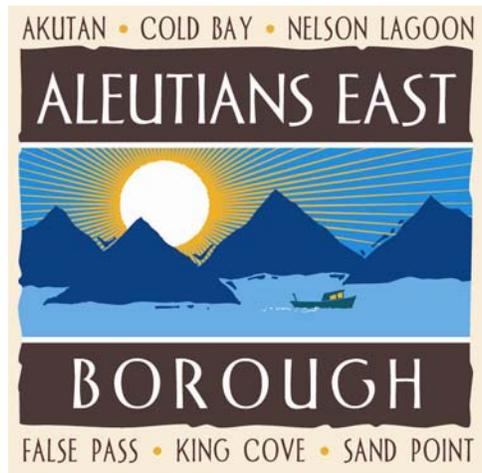


Aleutians East Borough Assembly Meeting

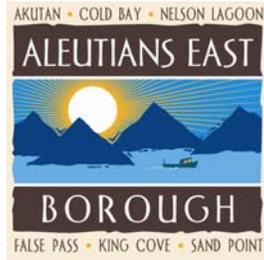


Workshop: Wednesday, December 8, 2010 – 1:00 p.m.

Meeting: Wednesday, December 8, 2010 – 3:00 p.m.

Roll Call & Establishment of a Quorum

Adoption of Agenda



Agenda

Special Assembly Meeting

(packet available on website www.aleutianseast.org)

Date: December 8, 2010
Time: Workshop: 1:00 p.m. Meeting : 3:00 p.m.
Location: Teleconference locations:
King Cove AEB Building
Sand Point AEB Building
Nelson Lagoon Corporation Building
False Pass City Building
Akutan City Building
Cold Bay City Building
Anchorage office – 3380 C St., Suite 205

Public comments on agenda items will take place immediately after the adoption of the agenda. Additional public comments can be made at the end of the meeting.

1. Roll Call & Establishment of Quorum
2. Adoption of the Agenda.
3. Community Roll Call and Public Comment on Agenda Items.
4. Minutes
 - November 15, 2010.....pg.
5. Financial Reports
 - Financial Report, November, 2010.....pg.
 - Investment Report, November.....pg.
6. Consent Agenda
 - Resolution 11-17, approval of MOA for the EIS phase of the King Cove road project.....pg.
 - Resolution 11-18, Adopting an alternative allocation method for the FY11 Shared Fisheries Business Tax Program for FMA 2.....pg.
 - Resolution 11-19, Adopting an alternative allocation method for the FY11 Shared Fisheries Business Tax Program for FMA 3.....pg.
7. New Business
 - FY 2010 Audit Report, Newhouse & Vogler presentation.....pg.
8. Reports & Updates.....pg.
9. Assembly Comments
10. Public Comments
11. Next Meeting Date and Time
12. Adjournment

Community Roll Call & Public Comment on Agenda Items

Minutes

Aleutians East Borough
November 15, 2010
3:00 P.M.

CALL TO ORDER

Mayor Mack called the November 15, 2010 Assembly meeting to order at 3:00 p.m. by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Present
Carol Foster	Absent - excused
Marvin Mack	Present
Ken McHugh	Present
Paul Schaack	Present
Joe Bereskin, Sr.	Absent - unexcused
Justine Gundersen	Present

Advisory Members:

Tom Hoblet, False Pass	Absent - excused
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A quorum was present.

Others Present:

Sharon Boyette, Administrator
Tina Anderson, Clerk
Roxann Newman, Finance Director
Laura Tanis, Communications Director
Monty Martin, Terminal Manager
Hovercraft crewmembers, Seward Brandell, Ernie Newman, Paul (Toby) Tobin

Agenda Additions/Changes:

- Agenda Addition, Resolution 11-16, Recognizing Ken McHugh for his service to Aleutians East Borough.
- Removal of MOU

Adoption of Agenda:

MOTION

Paul G. moved to adopt the agenda with the addition Resolution 11-16 and second by Marvin. Hearing no objections the agenda is approved.

Community Roll Call and Public Comment on Agenda Items:

The communities of King Cove, False Pass, Nelson Lagoon, Cold Bay and Sand Point were participating. There were no public comments.

Minutes, October 18, 2010:

MOTION

Paul G. moved to approve the October 18, 2010 Minutes and second by Ken. Hearing no objections the minutes were approved.

Financial Reports

Financial Report, September, 2010:

MOTION

Paul G. moved to adopt the September Financial Report and second by Marvin.

ROLL CALL

Marvin-yes, Ken-yes, Paul G.-yes, Paul S.-yes, Justine-yes. Passed.

Financial Report, October, 2010:

MOTION

Marvin moved to approve October Financial Report and second by Paul G.

In reviewing the October Financial Report, the Finance Director said everything is on track. The Administrator said SW Cities LC is showing revenue being made. The Balance of SW Cities is holding and should cover the empty space.

The Administrator noted the fish tax revenue spread sheet in the packet showing past and present fiscal year revenues. Paul G. requested another column showing comparison to present month to last year total. Marvin requested a species breakdown on the next report. Paul G. explained that the Pollock caught in the Gulf gets unloaded at Sand Point City boundaries but, sales tax goes to Akutan. He would like a better understanding on how that works. The Administrator said the state will be providing AEB with a workshop in February to get answers to fish tax questions and get a better understanding how it all works. Marvin noted a similar situation when fish caught around Sand Point are offloaded in Sand Point city boundaries and tendered to King Cove -- there have been disagreements as to who gets to capture the tax. He added that the only thing to rely on is fish tickets to determine who can collect the tax. Paul G. also said catcher/processors that bottom fish near Sealion Rock offload in city of Sand Pt. boundaries to cargo trampers.

ROLL CALL

Paul S.-yes, Marvin-yes, Justine-yes, Ken-yes, Paul G.-yes. Passed.

Investment Report, September:

Report in packet.

RESOLUTIONS

Resolution 11-15, Authorizing Participation in the Community Development Block Grant Program and Submitting a Grant Application Entitled: False Pass Harbor Utility Project:

MOTION

Paul G. moved to adopt and second by Ken.

ROLL CALL

Justine-yes, Paul S.-yes, Ken-yes, Marvin-yes, Paul G.-yes. Passed.

Resolution 11-16, Recognizing Assembly Member Ken McHugh for his service to Aleutians East Borough:

Mayor Mack read Resolution 11-16.

MOTION

Paul G. moved to adopt Resolution 11-16 and second by Justine.

Mayor Mack and Paul G. thanked Ken for his positive contribution to the Borough.

Marvin said that when we considered reapportionment, no community would be without representation. Akutan has had two seats, Sand Point two seats and King Cove two seats. Now it is going to begin changing and all the votes could be from one community. He suggested re-considering all seats being Borough wide. We discussed at lengths at that time, however suggested researching further to ensure future representation is proportioned throughout the communities.

Justine said she really appreciated working with Ken and hopes he continues in his involvement with the Borough.

ROLL CALL

Paul S.-yes, Marvin-yes, Paul G.-yes, Justine-yes, Ken-abstain. Passed.

NEW BUSINESS

AEBSB funding rollover request of \$200,000:

Justine does not object to a rollover of funds but would like an explanation as to where the funding is going. She believes more needs to be done in our small school sites. The Administrator said that we seem to do this every year and that the last paragraph on the hold harmless provision is the big issue.

MOTION

Ken moved to accept and second by Paul S.

ROLL CALL

Paul S.-yes, Marvin-yes, Paul G.-yes, Ken-yes, Justine-no. Passed.

City of Sand Point \$1M funding request for the Robert E. Galovin Small Boat Harbor repairs:

Mayor Mack explained that the city of Sand Point has requested \$1M in funds for boat harbor repairs. At this time, he does not believe we can provide the funding because we are trying to put together a package for the new harbor float system in Sand Point. The new harbor will provide a new funding source.

Paul G. suggested the excess funding in the bond package, money that has already been approved. He also suggested maybe using some of the transportation money, possibly some

room for discussion there. The Administrator said we had bonding money and spent bonding money. If you look under Sand Point harbor, there is some money in the Sand Point harbor account, which is the money reimbursed back to us. We've always talked about using that money for the match for the floats, which we did for the first part of the float project. The AEB also contributed \$300,000 to get water to the new harbor so some of that money is going into that project already. Since we are concentrating on the new harbor, the city is being the entity to work on the old harbor. She also noted that what we have in the harbor fund is no where near \$1M. Mayor Mack suggested concentrating on the new harbor and start getting new revenues captured.

There was no further discussion.

Hovercraft Operations Winter Layup:

Mayor Mack said we have come to the conclusion of the economic impact on the AEB by the hovercraft operation. We find it necessary to put it in layup for the winter months and consider reinstating it in the spring. He recommends winterizing and revisit the financial package later.

Marvin felt that the winterization plan is going to need 1-2 people out there to watch in case of a disaster. He suggested a committee to discuss further saying that the AEB can't just let a \$7M piece of equipment just lay there. He suggested the plan include routine checks on the equipment. The Administrator has discussed with the King Cove Administrator about the police department doing spot checks at the hovercraft terminal for vandalism. She also suggested having someone else to check more thoroughly on equipment. Marvin suggested having someone with vessel experience to be checking the equipment.

Paul S. expressed his concerns about going back to unsafe medivacs. Mayor Mack agreed, but right now, based on the numbers, it is just not economic.

Mayor Mack asked if there is any objection to the hovercraft layup for the winter. There were no objections. The AEB will proceed with winterization.

King Cove Land Exchange and Road Corridor Environmental Impact Statement Memorandum of Understanding:

Postponed until next meeting

Certification of the November 2, 2010 Special Election:

Assembly Seat G – William (Bill) Cumberlidge

MOTION

Ken moved to accept and second by Paul G. There were no objections, motion passed.

Bill Cumberlidge was sworn into office.

Reports & Updates:

Reports are in the packet.

ASSEMBLY COMMENTS

Paul G. said Aleutia has a designated seat for AEB, which he believes entitles the Assembly to find out things, for instance, the Right of First Refusal agreement.. Next year a possible no red crab season and would like to see how that plays into.

Paul said the \$20M road project, will have a lot of jobs available for those with CDLs. Mayor Mack said we stress local hire with the contractor. The Administrator added that when the contractor is selected, a partnership meeting is scheduled and that is one of the things we discuss. However, can not make them hire locally, but they are usually happy to do so.

Paul S. requested the Cold Bay boat ramp drawings for the ramp necessary to review for repairs needed. He also asked when the terminal building inspection is scheduled. The Administrator said FAA is planning their formal inspection tomorrow. AEB inspection will be on Saturday.

Paul G. said the windows taken out of terminal should be disposed of properly following the disposal of property ordinance. The Administrator said, at this time, it is necessary to keep them in case the opposing group in lawsuit wants to look at them.

PUBLIC COMMENTS

Ken McHugh welcomed Bill Cumberlidge to the Assembly and expressed his appreciation to the Assembly and staff for all the help in the last few years.

Seward Brandell suggested rehiring certified staff once the hovercraft goes back into operation. He added that in the meantime crew will have to look for further job opportunities. Mayor Mack said he has thought of that and can't stop crew from doing that. Toby said dealing with what we have, the economics just don't seem to be able to do that. He hopes that the AEB has given some consideration for the crewmembers.

North Pacific Fisheries Management Council:
December 6-13 in Anchorage.

Next Meeting Date and Time:
Tentatively scheduled for the December 8 in the evening at 4:00 p.m.

ADJOURNMENT MOTION

Justine moved to adjourn and second by Bill. Hearing no objections the meeting adjourned at 4:21p.m.

Mayor

Date

Clerk

Date

Financial Report

ALEUTIANS EAST BOROUGH

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*Revenue Guideline©

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 01 GENERAL FUND							
Active	R 01-201	INTEREST REVENUE	\$35,000.00	\$0.00	\$0.00	\$35,000.00	0.00%
Active	R 01-203	OTHER REVENUE	\$7,000.00	\$3,283.27	\$2,500.00	\$3,716.73	46.90%
Active	R 01-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-206	AEBSD Fund Balance Refund	\$0.00	\$461,727.14	\$0.00	-\$461,727.14	0.00%
Active	R 01-218	AEB RAW FISH TAX	\$2,635,000.00	\$1,481,337.68	\$428,783.60	\$1,153,662.32	56.22%
Active	R 01-229	Southwest Cities LLC	\$20,000.00	\$45,300.11	\$0.00	-\$25,300.11	226.50%
Active	R 01-265	STATE RAW FISH TAX	\$1,492,720.00	\$1,581,127.95	\$1,581,127.95	-\$88,407.95	105.92%
Active	R 01-266	STATE EXTRATERRITORIAL	\$108,350.00	\$0.00	\$0.00	\$108,350.00	0.00%
Active	R 01-267	STATE FISH LANDING TAX	\$45,115.00	\$37,074.90	\$37,074.90	\$8,040.10	82.18%
Active	R 01-268	State"Loss" Of Raw Fish Tax	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-270	STATE REVENUE OTHER	\$387,000.00	\$407,309.00	\$0.00	-\$20,309.00	105.25%
Active	R 01-276	AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-277	STATE BOND REBATE	\$1,045,464.00	\$0.00	\$0.00	\$1,045,464.00	0.00%
Active	R 01-278	COASTAL MANAGEMENT G	\$18,000.00	\$0.00	\$0.00	\$18,000.00	0.00%
Active	R 01-291	PLO-95 PAYMNT IN LIEU OF	\$559,000.00	\$0.00	\$0.00	\$559,000.00	0.00%
Active	R 01-292	USFWS LANDS	\$36,256.00	\$0.00	\$0.00	\$36,256.00	0.00%
FUND 01 GENERAL FUND			\$6,388,905.00	\$4,017,160.05	\$2,049,486.45	\$2,371,744.95	62.88%

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*Expenditure Guideline©

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 01 GENERAL FUND							
DEPT 100 MAYORS OFFICE							
SUBDEPT 000							
Active	E 01-100-000-300	SALARIES	\$67,204.00	\$28,001.60	\$5,600.32	\$39,202.40	0.4167
Active	E 01-100-000-350	FRINGE BENEFITS	\$25,282.00	\$11,159.90	\$2,231.98	\$14,122.10	0.4414
Active	E 01-100-000-400	TRAVEL AND PERDIEM	\$36,000.00	\$7,133.39	\$2,573.14	\$28,866.61	0.1981
Active	E 01-100-000-425	TELEPHONE	\$2,400.00	\$532.54	\$190.59	\$1,867.46	0.2219
Active	E 01-100-000-475	SUPPLIES	\$1,000.00	\$132.93	\$52.94	\$867.07	0.1329
Active	E 01-100-000-554	AK LOBBIST	\$36,000.00	\$15,000.00	\$3,000.00	\$21,000.00	0.4167
Active	E 01-100-000-555	FEDERAL LOBBIST	\$75,600.00	\$25,200.00	\$6,300.00	\$50,400.00	0.3333
SUBDEPT 000			\$243,486.00	\$87,160.36	\$19,948.97	\$156,325.64	35.80%
DEPT 100 MAYORS OFFICE			\$243,486.00	\$87,160.36	\$19,948.97	\$156,325.64	35.80%
DEPT 105 ASSEMBLY							
SUBDEPT 000							
Active	E 01-105-000-300	SALARIES	\$25,000.00	\$5,600.00	\$1,200.00	\$19,400.00	0.224
Active	E 01-105-000-350	FRINGE BENEFITS	\$55,702.00	\$33,158.85	\$6,649.17	\$22,543.15	0.5953
Active	E 01-105-000-400	TRAVEL AND PERDIEM	\$40,000.00	\$10,220.51	\$3,846.01	\$29,779.49	0.2555
Active	E 01-105-000-425	TELEPHONE	\$4,500.00	\$1,476.25	\$295.25	\$3,023.75	0.3281
Active	E 01-105-000-475	SUPPLIES	\$500.00	\$362.00	\$12.00	\$138.00	0.724
Active	E 01-105-000-476	Plan Evaluation	\$10,000.00	\$0.00	\$0.00	\$10,000.00	0
SUBDEPT 000			\$135,702.00	\$50,817.61	\$12,002.43	\$84,884.39	37.45%
DEPT 105 ASSEMBLY			\$135,702.00	\$50,817.61	\$12,002.43	\$84,884.39	37.45%
DEPT 150 PLANNING/CLERKS DEPARMENT							
SUBDEPT 000							
Active	E 01-150-000-300	SALARIES	\$79,220.00	\$29,109.07	\$6,338.04	\$50,110.93	0.3674
Active	E 01-150-000-350	FRINGE BENEFITS	\$26,858.00	\$11,197.67	\$2,426.71	\$15,660.33	0.4169
Active	E 01-150-000-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-150-000-400	TRAVEL AND PERDIEM	\$12,500.00	\$3,479.09	\$600.00	\$9,020.91	0.2783
Active	E 01-150-000-425	TELEPHONE	\$7,500.00	\$1,993.61	\$470.11	\$5,506.39	0.2658
Active	E 01-150-000-450	POSTAGE/SPEED PAK	\$500.00	\$0.00	\$0.00	\$500.00	0
Active	E 01-150-000-475	SUPPLIES	\$9,000.00	\$519.28	\$82.43	\$8,480.72	0.0577
Active	E 01-150-000-500	EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-150-000-526	UTILITIES	\$12,000.00	\$7,421.72	\$144.00	\$4,578.28	0.6185
Active	E 01-150-000-530	DUES AND FEES	\$5,000.00	\$1,875.70	\$70.00	\$3,124.30	0.3751
Active	E 01-150-000-650	ELECTION	\$8,300.00	\$7,616.47	\$4,040.00	\$683.53	0.9176
Active	E 01-150-000-670	Planning Commision	\$7,000.00	\$0.00	\$0.00	\$7,000.00	0
Active	E 01-150-000-961	OIL & GAS STUDY-Review BIF	\$10,000.00	\$0.00	\$0.00	\$10,000.00	0
SUBDEPT 000			\$177,878.00	\$63,212.61	\$14,171.29	\$114,665.39	35.54%
SUBDEPT 051 State Coastal Management							

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*Expenditure Guideline©

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Active	E 01-150-051-300	SALARIES	\$11,550.00	\$2,887.50	\$0.00	\$8,662.50	0.25
Active	E 01-150-051-350	FRINGE BENEFITS	\$3,850.00	\$962.50	\$0.00	\$2,887.50	0.25
Active	E 01-150-051-400	TRAVEL AND PERDIEM	\$1,600.00	\$0.00	\$0.00	\$1,600.00	0
SUBDEPT 051 State Coastal Management			\$17,000.00	\$3,850.00	\$0.00	\$13,150.00	22.65%
DEPT 150 PLANNING/CLERKS DEPARMENT			\$194,878.00	\$67,062.61	\$14,171.29	\$127,815.39	34.41%
DEPT 200 ADMINISTRATION							
SUBDEPT 000							
Active	E 01-200-000-300	SALARIES	\$268,681.00	\$130,238.50	\$13,352.40	\$138,442.50	0.4847
Active	E 01-200-000-350	FRINGE BENEFITS	\$92,862.00	\$33,222.06	\$5,221.22	\$59,639.94	0.3578
Active	E 01-200-000-380	CONTRACT LABOR	\$10,000.00	\$12,000.00	\$1,500.00	-\$2,000.00	1.2
Active	E 01-200-000-382	ANCHORAGE OFFICE	\$0.00	\$14,110.59	\$1,947.97	-\$14,110.59	0
Active	E 01-200-000-400	TRAVEL AND PERDIEM	\$15,000.00	\$5,894.88	\$1,312.14	\$9,105.12	0.393
Active	E 01-200-000-425	TELEPHONE	\$6,000.00	\$2,412.39	\$520.66	\$3,587.61	0.4021
Active	E 01-200-000-450	POSTAGE/SPEED PAK	\$2,500.00	\$36.89	\$0.00	\$2,463.11	0.0148
Active	E 01-200-000-475	SUPPLIES	\$18,120.00	\$2,742.46	\$229.80	\$15,377.54	0.1513
Active	E 01-200-000-500	EQUIPMENT	\$4,500.00	\$0.00	\$0.00	\$4,500.00	0
Active	E 01-200-000-525	RENTAL/LEASE	\$36,980.00	\$12,577.35	\$3,331.74	\$24,402.65	0.3401
Active	E 01-200-000-530	DUES AND FEES	\$1,500.00	\$1,083.64	\$0.00	\$416.36	0.7224
SUBDEPT 000			\$456,143.00	\$214,318.76	\$27,415.93	\$241,824.24	46.98%
DEPT 200 ADMINISTRATION			\$456,143.00	\$214,318.76	\$27,415.93	\$241,824.24	46.98%
DEPT 250 FINANCE DEPARTMENT							
SUBDEPT 000							
Active	E 01-250-000-300	SALARIES	\$102,811.00	\$42,573.72	\$7,627.26	\$60,237.28	0.4141
Active	E 01-250-000-350	FRINGE BENEFITS	\$43,702.00	\$17,284.62	\$2,447.42	\$26,417.38	0.3955
Active	E 01-250-000-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-250-000-400	TRAVEL AND PERDIEM	\$4,000.00	\$3,006.82	\$3,006.82	\$993.18	0.7517
Active	E 01-250-000-425	TELEPHONE	\$5,000.00	\$1,629.96	\$294.90	\$3,370.04	0.326
Active	E 01-250-000-450	POSTAGE/SPEED PAK	\$1,500.00	\$1,453.82	\$15.00	\$46.18	0.9692
Active	E 01-250-000-475	SUPPLIES	\$10,500.00	\$7,451.61	\$358.56	\$3,048.39	0.7097
Active	E 01-250-000-500	EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-250-000-526	UTILITIES	\$4,000.00	\$1,052.94	\$125.91	\$2,947.06	0.2632
Active	E 01-250-000-550	AUDIT	\$45,000.00	\$24,277.00	\$0.00	\$20,723.00	0.5395
SUBDEPT 000			\$216,513.00	\$98,730.49	\$13,875.87	\$117,782.51	45.60%
DEPT 250 FINANCE DEPARTMENT			\$216,513.00	\$98,730.49	\$13,875.87	\$117,782.51	45.60%
DEPT 650 RESOURCE DEPARTMENT							
SUBDEPT 000							
Active	E 01-650-000-300	SALARIES	\$115,976.00	\$48,323.20	\$9,664.64	\$67,652.80	0.4167
Active	E 01-650-000-350	FRINGE BENEFITS	\$37,880.00	\$15,998.89	\$3,185.06	\$21,881.11	0.4224

ALEUTIANS EAST BOROUGH

***Expenditure Guideline©**

Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Active	E 01-650-000-380	CONTRACT LABOR	\$60,000.00	\$25,000.00	\$5,000.00	\$35,000.00	0.4167
Active	E 01-650-000-400	TRAVEL AND PERDIEM	\$35,000.00	\$7,408.91	\$3,737.41	\$27,591.09	0.2117
Active	E 01-650-000-402	NPFMC Meetings	\$15,000.00	\$0.00	\$0.00	\$15,000.00	0
Active	E 01-650-000-403	BOF Meetings	\$25,000.00	\$750.00	\$0.00	\$24,250.00	0.03
Active	E 01-650-000-425	TELEPHONE	\$5,200.00	\$1,705.16	\$363.25	\$3,494.84	0.3279
Active	E 01-650-000-450	POSTAGE/SPEED PAK	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-650-000-475	SUPPLIES	\$3,000.00	\$0.00	\$0.00	\$3,000.00	0
Active	E 01-650-000-500	EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 000			\$297,056.00	\$99,186.16	\$21,950.36	\$197,869.84	33.39%
SUBDEPT 011 PUBLIC INFORMATION							
Active	E 01-650-011-300	SALARIES	\$82,766.00	\$34,485.60	\$6,897.12	\$48,280.40	0.4167
Active	E 01-650-011-350	FRINGE BENEFITS	\$29,760.00	\$13,034.00	\$2,606.80	\$16,726.00	0.438
Active	E 01-650-011-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-650-011-400	TRAVEL AND PERDIEM	\$15,000.00	\$5,723.35	\$1,606.81	\$9,276.65	0.3816
Active	E 01-650-011-425	TELEPHONE	\$2,400.00	\$232.18	\$51.69	\$2,167.82	0.0967
Active	E 01-650-011-450	POSTAGE/SPEED PAK	\$250.00	\$0.00	\$0.00	\$250.00	0
Active	E 01-650-011-475	SUPPLIES	\$4,500.00	\$798.79	\$24.00	\$3,701.21	0.1775
Active	E 01-650-011-500	EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-650-011-525	RENTAL/LEASE	\$6,800.00	\$2,583.94	\$684.49	\$4,216.06	0.38
Active	E 01-650-011-532	ADVERTISING	\$25,000.00	\$9,997.45	\$2,531.21	\$15,002.55	0.3999
Active	E 01-650-011-960	STUDY PROJECT	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 011 PUBLIC INFORMATION			\$166,476.00	\$66,855.31	\$14,402.12	\$99,620.69	40.16%
DEPT 650 RESOURCE DEPARTMENT			\$463,532.00	\$166,041.47	\$36,352.48	\$297,490.53	35.82%
DEPT 700 PUBLIC WORKS DEPARTMENT							
SUBDEPT 000							
Active	E 01-700-000-300	SALARIES	\$71,112.00	\$29,630.00	\$5,926.00	\$41,482.00	0.4167
Active	E 01-700-000-350	FRINGE BENEFITS	\$26,911.00	\$11,758.30	\$2,351.66	\$15,152.70	0.4369
Active	E 01-700-000-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-700-000-400	TRAVEL AND PERDIEM	\$12,000.00	\$3,497.90	\$2,010.90	\$8,502.10	0.2915
Active	E 01-700-000-425	TELEPHONE	\$1,500.00	\$818.58	\$134.81	\$681.42	0.5457
Active	E 01-700-000-450	POSTAGE/SPEED PAK	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-700-000-475	SUPPLIES	\$6,000.00	\$1,395.99	\$442.25	\$4,604.01	0.2327
Active	E 01-700-000-500	EQUIPMENT	\$1,500.00	\$0.00	\$0.00	\$1,500.00	0
Active	E 01-700-000-525	RENTAL/LEASE	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-700-000-526	UTILITIES	\$2,500.00	\$1,156.86	\$0.00	\$1,343.14	0.4627
SUBDEPT 000			\$121,523.00	\$48,257.63	\$10,865.62	\$73,265.37	39.71%
DEPT 700 PUBLIC WORKS DEPARTMENT			\$121,523.00	\$48,257.63	\$10,865.62	\$73,265.37	39.71%

DEPT 844 KCAP
SUBDEPT 000

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Active	E 01-844-000-300	SALARIES	\$4,500.00	\$0.00	\$0.00	\$4,500.00	0
Active	E 01-844-000-350	FRINGE BENEFITS	\$6,000.00	\$0.00	\$0.00	\$6,000.00	0
Active	E 01-844-000-400	TRAVEL AND PERDIEM	\$0.00	\$2,720.10	\$926.10	-\$2,720.10	0
Active	E 01-844-000-425	TELEPHONE	\$2,120.00	\$105.35	\$9.70	\$2,014.65	0.0497
Active	E 01-844-000-475	SUPPLIES	\$3,600.00	\$39.64	\$0.00	\$3,560.36	0.011
Active	E 01-844-000-525	RENTAL/LEASE	\$7,580.00	\$2,583.94	\$684.49	\$4,996.06	0.3409
		SUBDEPT 000	\$23,800.00	\$5,449.03	\$1,620.29	\$18,350.97	22.90%
		DEPT 844 KCAP	\$23,800.00	\$5,449.03	\$1,620.29	\$18,350.97	22.90%
DEPT 850 EDUCATION							
SUBDEPT 000							
Active	E 01-850-000-700	LOCAL SCHOOL CONTRIBUTION	\$1,188,000.00	\$297,000.00	\$0.00	\$891,000.00	0.25
Active	E 01-850-000-701	SCHOOL SCHOLARSHIPS	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0
Active	E 01-850-000-703	School Contribution	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-850-000-756	STUDENT TRAVEL	\$5,000.00	\$0.00	\$0.00	\$5,000.00	0
		SUBDEPT 000	\$1,213,000.00	\$297,000.00	\$0.00	\$916,000.00	24.48%
		DEPT 850 EDUCATION	\$1,213,000.00	\$297,000.00	\$0.00	\$916,000.00	24.48%
DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB							
SUBDEPT 000							
Active	E 01-860-000-300	SALARIES	\$62,760.00	\$17,258.04	\$0.00	\$45,501.96	0.275
Active	E 01-860-000-350	FRINGE BENEFITS	\$24,869.00	\$6,321.46	\$0.00	\$18,547.54	0.2542
Active	E 01-860-000-380	CONTRACT LABOR	\$6,000.00	\$2,226.63	\$673.52	\$3,773.37	0.3711
Active	E 01-860-000-400	TRAVEL AND PERDIEM	\$15,000.00	\$2,136.00	\$0.00	\$12,864.00	0.1424
Active	E 01-860-000-425	TELEPHONE	\$4,000.00	\$112.13	\$9.56	\$3,887.87	0.028
Active	E 01-860-000-450	POSTAGE/SPEED PAK	\$250.00	\$0.00	\$0.00	\$250.00	0
Active	E 01-860-000-475	SUPPLIES	\$4,500.00	\$62.26	\$0.00	\$4,437.74	0.0138
Active	E 01-860-000-500	EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-860-000-525	RENTAL/LEASE	\$7,000.00	\$2,583.94	\$684.49	\$4,416.06	0.3691
Active	E 01-860-000-969	Tourism Development	\$0.00	\$0.00	\$0.00	\$0.00	0
		SUBDEPT 000	\$124,379.00	\$30,700.46	\$1,367.57	\$93,678.54	24.68%
		DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB	\$124,379.00	\$30,700.46	\$1,367.57	\$93,678.54	24.68%
DEPT 900 OTHER							
SUBDEPT 000							
Active	E 01-900-000-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-900-000-500	EQUIPMENT	\$8,200.00	\$2,462.90	\$0.00	\$5,737.10	0.3004
Active	E 01-900-000-525	RENTAL/LEASE	\$0.00	\$1,900.00	\$0.00	-\$1,900.00	0
Active	E 01-900-000-526	UTILITIES	\$11,410.00	\$2,468.05	\$292.00	\$8,941.95	0.2163
Active	E 01-900-000-551	LEGAL	\$75,000.00	\$22,968.94	\$9,823.16	\$52,031.06	0.3063
Active	E 01-900-000-552	INSURANCE	\$180,000.00	\$131,992.00	\$0.00	\$48,008.00	0.7333

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Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Active	E 01-900-000-727	BANK FEES	\$500.00	\$602.96	\$227.05	-\$102.96	1.2059
Active	E 01-900-000-728	WIRE TRANSFERS	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-900-000-751	OPERATING TRANSFER TO	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-900-000-752	CONTRIBUTION TO EAT	\$150,000.00	\$37,500.00	\$0.00	\$112,500.00	0.25
Active	E 01-900-000-753	MISC EXPENSE	\$0.00	\$720.00	\$0.00	-\$720.00	0
Active	E 01-900-000-757	YOUTH SERVICES	\$23,500.00	\$7,000.00	\$0.00	\$16,500.00	0.2979
Active	E 01-900-000-760	REVENUE SHARING NELSON LAG	\$32,000.00	\$32,000.00	\$0.00	\$0.00	1
Active	E 01-900-000-761	SOUTHWEST GOVERNMENT LLC	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-900-000-770	Depreciation Expense	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 01-900-000-943	WEB SERVICE	\$9,500.00	\$5,320.00	\$340.00	\$4,180.00	0.56
		SUBDEPT 000	\$490,110.00	\$244,934.85	\$10,682.21	\$245,175.15	49.98%
		DEPT 900 OTHER	\$490,110.00	\$244,934.85	\$10,682.21	\$245,175.15	49.98%
		Fund 01 GENERAL FUND	\$3,683,066.00	\$1,310,473.27	\$148,302.66	\$2,372,592.73	35.58%

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Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 20 GRANT PROGRAMS							
Active	R 20-201	INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-203	OTHER REVENUE	\$473,570.08	\$0.00	\$0.00	\$473,570.08	0.00%
Active	R 20-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-207	AEB Grant Revenue	\$102,771.65	\$0.00	\$0.00	\$102,771.65	0.00%
Active	R 20-254	KCAP Road Completion	\$1,177,507.90	\$234,674.41	\$0.00	\$942,833.49	19.93%
Active	R 20-256	HOMELAND SECURITY GR3	\$41,586.00	\$0.00	\$0.00	\$41,586.00	0.00%
Active	R 20-257	US Dept.of Energy-DE-RW00	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
Active	R 20-287	KCAP/09-DC-359	\$1,959,372.03	\$0.00	\$0.00	\$1,959,372.03	0.00%
Active	R 20-290	DOTPF/KCAP	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-299	FY11 POLLOCK SURVEY	\$110,463.00	\$0.00	\$0.00	\$110,463.00	0.00%
Active	R 20-420	Alaska Energy Authority21954	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 20-421	DENALI COMMISSION-SAND	\$1,100,000.00	\$1,100,000.00	\$1,100,000.00	\$0.00	100.00%
Active	R 20-811	US FISH&WILDLIFE MARITI	\$4,700.00	\$0.00	\$0.00	\$4,700.00	0.00%
FUND 20 GRANT PROGRAMS			\$5,019,970.66	\$1,384,674.41	\$1,100,000.00	\$3,635,296.25	27.58%

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Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 20 GRANT PROGRAMS							
DEPT 257 US Dept.of Energy-DE-RW0000113							
SUBDEPT 000							
Active	E 20-257-000-850	CAPITAL CONSTRUCTION	\$50,000.00	\$50,000.00	\$0.00	\$0.00	1
		SUBDEPT 000	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
		DEPT 257 US Dept.of Energy-DE-RW0000113	\$50,000.00	\$50,000.00	\$0.00	\$0.00	100.00%
DEPT 421 DENALI COMMISSION-SAND POINT							
SUBDEPT 000 NO DESCR							
Active	E 20-421-000-850	CAPITAL CONSTRUCTION	\$1,100,000.00	\$1,306,818.00	\$0.00	-\$206,818.00	1.188
		SUBDEPT 000 NO DESCR	\$1,100,000.00	\$1,306,818.00	\$0.00	-\$206,818.00	118.80%
		DEPT 421 DENALI COMMISSION-SAND POINT	\$1,100,000.00	\$1,306,818.00	\$0.00	-\$206,818.00	118.80%
DEPT 803 CAPITAL - FALSE PASS							
SUBDEPT 000							
Active	E 20-803-000-850	CAPITAL CONSTRUCTION	\$14,070.13	\$0.00	\$0.00	\$14,070.13	0
		SUBDEPT 000	\$14,070.13	\$0.00	\$0.00	\$14,070.13	0.00%
		DEPT 803 CAPITAL - FALSE PASS	\$14,070.13	\$0.00	\$0.00	\$14,070.13	0.00%
DEPT 809 Akutan Airport/Grant							
SUBDEPT 000							
Active	E 20-809-000-850	CAPITAL CONSTRUCTION	\$88,701.52	\$10,360.00	\$4,070.00	\$78,341.52	0.1168
		SUBDEPT 000	\$88,701.52	\$10,360.00	\$4,070.00	\$78,341.52	11.68%
		DEPT 809 Akutan Airport/Grant	\$88,701.52	\$10,360.00	\$4,070.00	\$78,341.52	11.68%
DEPT 810 HOMELAND SECURITY-GR34286							
SUBDEPT 000							
Active	E 20-810-000-500	EQUIPMENT	\$41,586.00	\$41,699.24	\$0.00	-\$113.24	1.0027
		SUBDEPT 000	\$41,586.00	\$41,699.24	\$0.00	-\$113.24	100.27%
		DEPT 810 HOMELAND SECURITY-GR34286	\$41,586.00	\$41,699.24	\$0.00	-\$113.24	100.27%
DEPT 811 US FISH AND WILDLIFE-TOURS							
SUBDEPT 000 NO DESCR							
Active	E 20-811-000-300	SALARIES	\$4,000.00	\$739.13	\$0.00	\$3,260.87	0.1848
Active	E 20-811-000-350	FRINGE BENEFITS	\$455.00	\$64.31	\$0.00	\$390.69	0.1413
Active	E 20-811-000-475	SUPPLIES	\$245.00	\$0.00	\$0.00	\$245.00	0
		SUBDEPT 000 NO DESCR	\$4,700.00	\$803.44	\$0.00	\$3,896.56	17.09%

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Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
DEPT 811 US FISH AND WILDLIFE-TOURS			\$4,700.00	\$803.44	\$0.00	\$3,896.56	17.09%
DEPT 867 KCC Alternative Road							
SUBDEPT 000							
Active	E 20-867-000-300	SALARIES	\$0.00	\$17,700.00	\$3,750.00	-\$17,700.00	0
Active	E 20-867-000-350	FRINGE BENEFITS	\$0.00	\$4,860.12	\$1,135.37	-\$4,860.12	0
Active	E 20-867-000-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 20-867-000-381	ENGINEERING	\$0.00	\$33,565.25	\$0.00	-\$33,565.25	0
Active	E 20-867-000-400	TRAVEL AND PERDIEM	\$0.00	\$76.00	\$0.00	-\$76.00	0
Active	E 20-867-000-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 000			\$0.00	\$56,201.37	\$4,885.37	-\$56,201.37	0.00%
SUBDEPT 167 DOTPF/KCAP							
Active	E 20-867-167-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 167 DOTPF/KCAP			\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 168 KCAP/09-DC-359							
Active	E 20-867-168-300	SALARIES	\$17,800.00	\$0.00	\$0.00	\$17,800.00	0
Active	E 20-867-168-350	FRINGE BENEFITS	\$8,985.46	\$0.00	\$0.00	\$8,985.46	0
Active	E 20-867-168-381	ENGINEERING	\$943,500.00	\$0.00	\$0.00	\$943,500.00	0
Active	E 20-867-168-400	TRAVEL AND PERDIEM	\$6,306.49	\$0.00	\$0.00	\$6,306.49	0
Active	E 20-867-168-850	CAPITAL CONSTRUCTION	\$982,780.08	\$0.00	\$0.00	\$982,780.08	0
SUBDEPT 168 KCAP/09-DC-359			\$1,959,372.03	\$0.00	\$0.00	\$1,959,372.03	0.00%
SUBDEPT 169 KCAP Road Completion							
Active	E 20-867-169-300	SALARIES	\$3,850.00	\$11,850.00	\$975.00	-\$8,000.00	3.0779
Active	E 20-867-169-350	FRINGE BENEFITS	\$4,612.95	\$3,281.54	\$389.87	\$1,331.41	0.7114
Active	E 20-867-169-400	TRAVEL AND PERDIEM	\$739.01	\$1,312.50	\$0.00	-\$573.49	1.776
Active	E 20-867-169-753	MISC EXPENSE	\$7,100.00	\$0.00	\$0.00	\$7,100.00	0
Active	E 20-867-169-850	CAPITAL CONSTRUCTION	\$1,161,205.94	\$146,587.29	\$0.00	\$1,014,618.65	0.1262
SUBDEPT 169 KCAP Road Completion			\$1,177,507.90	\$163,031.33	\$1,364.87	\$1,014,476.57	13.85%
DEPT 867 KCC Alternative Road			\$3,136,879.93	\$219,232.70	\$6,250.24	\$2,917,647.23	6.99%
DEPT 900 OTHER							
SUBDEPT 000 NO DESCR							
Active	E 20-900-000-509	FY11 Pollock	\$110,463.00	\$67,657.42	\$6,000.00	\$42,805.58	0.6125
Active	E 20-900-000-753	MISC EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 20-900-000-850	CAPITAL CONSTRUCTION	\$473,570.08	\$15,742.19	\$0.00	\$457,827.89	0.0332
SUBDEPT 000 NO DESCR			\$584,033.08	\$83,399.61	\$6,000.00	\$500,633.47	14.28%
DEPT 900 OTHER			\$584,033.08	\$83,399.61	\$6,000.00	\$500,633.47	14.28%

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		Fund 20 GRANT PROGRAMS	\$5,019,970.66	\$1,712,312.99	\$16,320.24	\$3,307,657.67	34.11%

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Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 22 OPERATIONS							
Active	R 22-203	OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-221	COLD BAY TERMINAL LEAS	\$139,620.00	\$48,175.55	\$6,635.11	\$91,444.45	34.50%
Active	R 22-222	COLD BAY TERMINAL OTHE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 22-245	HOVERCRAFT/MEDEVACS	\$48,000.00	\$0.00	\$0.00	\$48,000.00	0.00%
Active	R 22-246	HOVERCRAFT /TICKETS	\$93,000.00	\$23,097.00	\$2,280.00	\$69,903.00	24.84%
Active	R 22-247	HOVERCRAFT/ VEHICLES	\$30,000.00	\$2,462.00	\$0.00	\$27,538.00	8.21%
Active	R 22-248	HOVERCRAFT/ FREIGHT	\$30,000.00	\$4,104.80	\$171.20	\$25,895.20	13.68%
FUND 22 OPERATIONS			\$340,620.00	\$77,839.35	\$9,086.31	\$262,780.65	22.85%

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Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 22 OPERATIONS							
DEPT 802 CAPITAL - COLD BAY							
SUBDEPT 200 COLD BAY TERMINAL							
Active	E 22-802-200-300	SALARIES	\$41,422.00	\$17,259.00	\$3,451.80	\$24,163.00	0.4167
Active	E 22-802-200-350	FRINGE BENEFITS	\$19,652.00	\$8,822.00	\$1,764.40	\$10,830.00	0.4489
Active	E 22-802-200-380	CONTRACT LABOR	\$0.00	\$22,778.90	\$21,668.90	-\$22,778.90	0
Active	E 22-802-200-400	TRAVEL AND PERDIEM	\$3,000.00	\$175.00	\$0.00	\$2,825.00	0.0583
Active	E 22-802-200-425	TELEPHONE	\$4,500.00	\$2,078.79	\$437.55	\$2,421.21	0.462
Active	E 22-802-200-475	SUPPLIES	\$30,000.00	\$17,890.59	\$2,214.17	\$12,109.41	0.5964
Active	E 22-802-200-525	RENTAL/LEASE	\$5,335.00	\$0.00	\$0.00	\$5,335.00	0
Active	E 22-802-200-526	UTILITIES	\$24,000.00	\$7,291.01	\$2,223.14	\$16,708.99	0.3038
Active	E 22-802-200-551	LEGAL	\$40,000.00	\$26,431.62	\$6,316.28	\$13,568.38	0.6608
Active	E 22-802-200-576	GAS	\$2,500.00	\$2,240.63	\$1,045.73	\$259.37	0.8963
Active	E 22-802-200-577	FUEL	\$15,000.00	\$4,421.20	\$2,418.66	\$10,578.80	0.2947
Active	E 22-802-200-753	MISC EXPENSE	\$0.00	\$44,000.00	\$0.00	-\$44,000.00	0
Active	E 22-802-200-850	CAPITAL CONSTRUCTION	\$0.00	\$751,199.75	\$113,199.12	-\$751,199.75	0
SUBDEPT 200 COLD BAY TERMINAL			\$185,409.00	\$904,588.49	\$154,739.75	-\$719,179.49	487.89%
DEPT 802 CAPITAL - COLD BAY			\$185,409.00	\$904,588.49	\$154,739.75	-\$719,179.49	487.89%
DEPT 843 Hovercraft Operation							
SUBDEPT 100 HOVERCRAFT OPERATION							
Active	E 22-843-100-300	SALARIES	\$250,000.00	\$85,448.85	\$14,987.98	\$164,551.15	0.3418
Active	E 22-843-100-350	FRINGE BENEFITS	\$88,308.00	\$27,278.54	\$4,323.34	\$61,029.46	0.3089
Active	E 22-843-100-380	CONTRACT LABOR	\$150,000.00	\$43,803.81	\$13,200.00	\$106,196.19	0.292
Active	E 22-843-100-381	ENGINEERING	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 22-843-100-400	TRAVEL AND PERDIEM	\$30,000.00	\$10,640.73	\$1,682.71	\$19,359.27	0.3547
Active	E 22-843-100-425	TELEPHONE	\$8,000.00	\$3,373.03	\$828.81	\$4,626.97	0.4216
Active	E 22-843-100-475	SUPPLIES	\$100,000.00	\$13,747.43	\$1,568.15	\$86,252.57	0.1375
Active	E 22-843-100-477	HOVERCRAFT FREIGHT	\$5,000.00	\$3,768.52	\$0.00	\$1,231.48	0.7537
Active	E 22-843-100-500	EQUIPMENT	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0
Active	E 22-843-100-510	EQUIPMENT REPAIR	\$100,000.00	\$2,000.00	\$0.00	\$98,000.00	0.02
Active	E 22-843-100-525	RENTAL/LEASE	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 22-843-100-526	UTILITIES	\$5,000.00	\$1,333.73	\$374.47	\$3,666.27	0.2667
Active	E 22-843-100-551	LEGAL	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 22-843-100-552	INSURANCE	\$215,000.00	\$149,256.40	\$42,316.00	\$65,743.60	0.6942
Active	E 22-843-100-576	GAS	\$8,000.00	\$1,664.57	\$0.00	\$6,335.43	0.2081
Active	E 22-843-100-577	FUEL	\$90,000.00	\$30,559.35	\$0.00	\$59,440.65	0.3395
Active	E 22-843-100-770	Depreciation Expense	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 100 HOVERCRAFT OPERATION			\$1,069,308.00	\$372,874.96	\$79,281.46	\$696,433.04	34.87%
DEPT 843 Hovercraft Operation			\$1,069,308.00	\$372,874.96	\$79,281.46	\$696,433.04	34.87%

ALEUTIANS EAST BOROUGH
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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 22 OPERATIONS			\$1,254,717.00	\$1,277,463.45	\$234,021.21	-\$22,746.45	101.81%

ALEUTIANS EAST BOROUGH

***Revenue Guideline©**

Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 24 BOND CONSTRUCTION							
Active	R 24-201	INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-203	OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 24-227	COE-HARBOR PROJECTS	\$2,052,245.00	\$0.00	\$0.00	\$2,052,245.00	0.00%
Active	R 24-259	BOND PROCEEDS	\$1,649,556.99	\$0.00	\$0.00	\$1,649,556.99	0.00%
Active	R 24-270	STATE REVENUE OTHER	\$5,000,000.00	\$5,000,000.00	\$0.00	\$0.00	100.00%
Active	R 24-277	STATE BOND REBATE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
FUND 24 BOND CONSTRUCTION			\$8,701,801.99	\$5,000,000.00	\$0.00	\$3,701,801.99	57.46%

ALEUTIANS EAST BOROUGH
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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 24 BOND CONSTRUCTION							
DEPT 809 Akutan Airport/Grant							
SUBDEPT 000							
Active	E 24-809-000-850	CAPITAL CONSTRUCTION	\$3,000,000.00	\$212,326.83	\$0.00	\$2,787,673.17	0.0708
		SUBDEPT 000	\$3,000,000.00	\$212,326.83	\$0.00	\$2,787,673.17	7.08%
		DEPT 809 Akutan Airport/Grant	\$3,000,000.00	\$212,326.83	\$0.00	\$2,787,673.17	7.08%
DEPT 831 SAND POINT HARBOR							
SUBDEPT 132 Sand Point Harbor							
Active	E 24-831-132-850	CAPITAL CONSTRUCTION	\$364,857.09	\$498,939.50	\$462,606.75	-\$134,082.41	1.3675
		SUBDEPT 132 Sand Point Harbor	\$364,857.09	\$498,939.50	\$462,606.75	-\$134,082.41	136.75%
		DEPT 831 SAND POINT HARBOR	\$364,857.09	\$498,939.50	\$462,606.75	-\$134,082.41	136.75%
DEPT 833 FALSE PASS HARBOR							
SUBDEPT 000							
Active	E 24-833-000-850	CAPITAL CONSTRUCTION	\$519,917.36	\$38,280.49	\$12,465.00	\$481,636.87	0.0736
		SUBDEPT 000	\$519,917.36	\$38,280.49	\$12,465.00	\$481,636.87	7.36%
		DEPT 833 FALSE PASS HARBOR	\$519,917.36	\$38,280.49	\$12,465.00	\$481,636.87	7.36%
DEPT 839 AKUTAN HARBOR							
SUBDEPT 000							
Active	E 24-839-000-850	CAPITAL CONSTRUCTION	\$1,649,556.99	\$0.00	\$0.00	\$1,649,556.99	0
		SUBDEPT 000	\$1,649,556.99	\$0.00	\$0.00	\$1,649,556.99	0.00%
		DEPT 839 AKUTAN HARBOR	\$1,649,556.99	\$0.00	\$0.00	\$1,649,556.99	0.00%
DEPT 862 NELSON LAGOON DOCK							
SUBDEPT 000							
Active	E 24-862-000-850	CAPITAL CONSTRUCTION	\$24,265.88	\$0.00	\$0.00	\$24,265.88	0
		SUBDEPT 000	\$24,265.88	\$0.00	\$0.00	\$24,265.88	0.00%
		DEPT 862 NELSON LAGOON DOCK	\$24,265.88	\$0.00	\$0.00	\$24,265.88	0.00%
DEPT 900 OTHER							
SUBDEPT 000							
Active	E 24-900-000-380	CONTRACT LABOR	\$0.00	\$10,153.54	\$2,605.99	-\$10,153.54	0
Active	E 24-900-000-725	BOND INTEREST PAYMENT	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 24-900-000-745	Bond Sale Expense	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 24-900-000-850	CAPITAL CONSTRUCTION	\$2,000,000.00	\$0.00	\$0.00	\$2,000,000.00	0
		SUBDEPT 000	\$2,000,000.00	\$10,153.54	\$2,605.99	\$1,989,846.46	0.51%

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
		<i>DEPT 900 OTHER</i>	\$2,000,000.00	\$10,153.54	\$2,605.99	\$1,989,846.46	0.51%
Fund 24 BOND CONSTRUCTION			\$7,558,597.32	\$759,700.36	\$477,677.74	\$6,798,896.96	10.05%

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 30 BOND FUND							
Active	R 30-201	INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 30-203	OTHER REVENUE	\$2,148,786.27	\$23,071.34	\$0.00	\$2,125,714.93	1.07%
Active	R 30-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
FUND 30 BOND FUND			\$2,148,786.27	\$23,071.34	\$0.00	\$2,125,714.93	1.07%

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 30 BOND FUND							
DEPT 900 OTHER							
SUBDEPT 000							
Active	E 30-900-000-725	BOND INTEREST PAYMENT	\$1,303,786.27	\$651,783.75	\$509,537.50	\$652,002.52	0.4999
Active	E 30-900-000-726	BOND PRINCIPAL PAYMENT	\$845,000.00	\$470,000.00	\$100,000.00	\$375,000.00	0.5562
Active	E 30-900-000-745	Bond Sale Expense	\$0.00	\$20,367.82	\$0.00	-\$20,367.82	0
		SUBDEPT 000	\$2,148,786.27	\$1,142,151.57	\$609,537.50	\$1,006,634.70	53.15%
		DEPT 900 OTHER	\$2,148,786.27	\$1,142,151.57	\$609,537.50	\$1,006,634.70	53.15%
		Fund 30 BOND FUND	\$2,148,786.27	\$1,142,151.57	\$609,537.50	\$1,006,634.70	53.15%

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 40 PERMANENT FUND							
Active	R 40-201	INTEREST REVENUE	\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%
Active	R 40-203	OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 40-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 40-230	LAND SALES	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
FUND 40 PERMANENT FUND			\$350,000.00	\$0.00	\$0.00	\$350,000.00	0.00%

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 40 PERMANENT FUND							
DEPT 900 OTHER							
SUBDEPT 000							
Active	E 40-900-000-380	CONTRACT LABOR	\$35,000.00	\$10,153.52	\$2,605.99	\$24,846.48	0.2901
Active	E 40-900-000-751	OPERATING TRANSFER TO	\$0.00	\$0.00	\$0.00	\$0.00	0
		SUBDEPT 000	\$35,000.00	\$10,153.52	\$2,605.99	\$24,846.48	29.01%
		DEPT 900 OTHER	\$35,000.00	\$10,153.52	\$2,605.99	\$24,846.48	29.01%
		Fund 40 PERMANENT FUND	\$35,000.00	\$10,153.52	\$2,605.99	\$24,846.48	29.01%

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
FUND 41 MAINTENANCE RESERVE FUND							
Active	R 41-201	INTEREST REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-203	OTHER REVENUE	\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%
Active	R 41-204	OPERATING TRANSFER FR	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 41-276	AEB SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
FUND 41 MAINTENANCE RESERVE FUND			\$100,000.00	\$0.00	\$0.00	\$100,000.00	0.00%

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Fund 41 MAINTENANCE RESERVE FUND							
DEPT 800 CAPITAL - SCHOOL							
SUBDEPT 857 FALSE PASS SCHOOL							
Active	E 41-800-857-300	SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-857-350	FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-857-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-857-400	TRAVEL AND PERDIEM	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-857-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-857-850	CAPITAL CONSTRUCTION	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 857 FALSE PASS SCHOOL			\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 860 SAND POINT Gym Floor							
Active	E 41-800-860-300	SALARIES	\$0.00	\$2,532.50	\$0.00	-\$2,532.50	0
Active	E 41-800-860-350	FRINGE BENEFITS	\$0.00	\$220.32	\$0.00	-\$220.32	0
Active	E 41-800-860-475	SUPPLIES	\$0.00	\$132,058.50	\$0.00	-\$132,058.50	0
SUBDEPT 860 SAND POINT Gym Floor			\$0.00	\$134,811.32	\$0.00	-\$134,811.32	0.00%
SUBDEPT 865 Akutan School							
Active	E 41-800-865-300	SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-865-350	FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-865-400	TRAVEL AND PERDIEM	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-865-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 865 Akutan School			\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 866 NELSON LAGOON SCHOOL							
Active	E 41-800-866-300	SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-866-350	FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-866-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-866-400	TRAVEL AND PERDIEM	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-866-425	TELEPHONE	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-866-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-866-850	CAPITAL CONSTRUCTION	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 866 NELSON LAGOON SCHOOL			\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SUBDEPT 867 Sand Point School							
Active	E 41-800-867-300	SALARIES	\$0.00	\$13,065.00	\$0.00	-\$13,065.00	0
Active	E 41-800-867-350	FRINGE BENEFITS	\$0.00	\$1,136.73	\$0.00	-\$1,136.73	0
Active	E 41-800-867-400	TRAVEL AND PERDIEM	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-867-475	SUPPLIES	\$0.00	\$500.00	\$0.00	-\$500.00	0
Active	E 41-800-867-850	CAPITAL CONSTRUCTION	\$0.00	\$0.00	\$0.00	\$0.00	0
SUBDEPT 867 Sand Point School			\$0.00	\$14,701.73	\$0.00	-\$14,701.73	0.00%
SUBDEPT 868 King Cove School							
Active	E 41-800-868-300	SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0

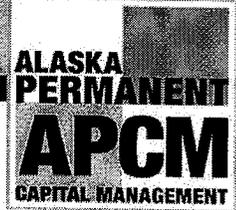
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***Expenditure Guideline©**

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Current Period: NOVEMBER 10-11

Act Status	Account	Descr	YTD Budget	YTD Amount	MTD Amount	Balance	% of Budget
Active	E 41-800-868-350	FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-868-400	TRAVEL AND PERDIEM	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-868-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-868-577	FUEL	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-868-852	ASPHALT PAVING	\$0.00	\$97,032.20	\$0.00	-\$97,032.20	0
		SUBDEPT 868 King Cove School	\$0.00	\$97,032.20	\$0.00	-\$97,032.20	0.00%
SUBDEPT 869 COLD BAY SCHOOL							
Active	E 41-800-869-300	SALARIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-869-350	FRINGE BENEFITS	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-869-380	CONTRACT LABOR	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-869-400	TRAVEL AND PERDIEM	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-869-475	SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-800-869-942	PROPERTY LEASE	\$0.00	\$0.00	\$0.00	\$0.00	0
		SUBDEPT 869 COLD BAY SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
		DEPT 800 CAPITAL - SCHOOL	\$0.00	\$246,545.25	\$0.00	-\$246,545.25	0.00%
DEPT 900 OTHER							
SUBDEPT 000							
Active	E 41-900-000-751	OPERATING TRANSFER TO	\$0.00	\$0.00	\$0.00	\$0.00	0
Active	E 41-900-000-880	LAND	\$0.00	\$0.00	\$0.00	\$0.00	0
		SUBDEPT 000	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
		DEPT 900 OTHER	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
		Fund 41 MAINTENANCE RESERVE FUND	\$0.00	\$246,545.25	\$0.00	-\$246,545.25	0.00%
Report Total			\$19,700,137.25	\$6,458,800.41	\$1,488,465.34	\$13,241,336.84	32.79%



November 8, 2010

Sharon Boyette
Administrator
Aleutians East Borough
3380 C Street, Suite 205
Anchorage, Alaska 99503

sent via email

Dear Ms. Boyette,

Enclosed is the October 2010 report for the Aleutians East Borough, which includes a listing of portfolio assets, purchases and sales.

Permanent Fund:

The month-end market value of the portfolio was \$25,187,890, which includes \$69,831 in accrued interest receivable. Estimated annual cash income from the portfolio is \$284,652.

Series E account:

The month-end market value of the portfolio was \$2,416,662.

Akutan Harbor-2006A:

The month-end market value of the account was \$4,929,076.

Operating Fund:

The month-end market value of the portfolio was \$2,495,583.

If we can provide anything further please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Wagnon".

Bert Wagnon
Senior Vice President

A handwritten signature in black ink, appearing to read "Evan Rose".

Evan Rose
President and CEO

cc via email: Anne Bailey, Office Manager

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH

October 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
260,000	US TREASURY NOTES 0.875% Due 02-28-11	100.53	261,389	100.23	260,598	1.03	2,275	390	0.18
150,000	US TREASURY NOTES 0.875% Due 04-30-11	100.40	150,604	100.34	150,516	0.60	1,312	4	0.19
250,000	US TREASURY NOTES 1.000% Due 07-31-11	99.98	249,942	100.58	251,445	1.00	2,500	632	0.23
500,000	US TREASURY NOTES 0.625% Due 07-31-12	100.20	500,977	100.51	502,560	2.00	3,125	790	0.33
125,000	US TREASURY NOTES 1.875% Due 02-28-14	98.35	122,940	104.12	130,156	0.52	2,344	401	0.62
300,000	US TREASURY NOTES 2.625% Due 06-30-14	100.45	301,337	106.85	320,556	1.27	7,875	2,654	0.73
275,000	US TREASURY NOTES 3.375% Due 11-15-19	97.63	268,490	107.34	295,174	1.17	9,281	4,288	2.46
500,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	520,195	107.85	539,260	2.14	17,500	8,084	2.57
	Accrued Interest				17,242	0.07			
			2,375,874		2,467,507	9.80		17,242	
AGENCIES									
350,000	FNMA 5.125% Due 01-02-14	98.02	343,066	111.37	389,788	1.55	17,937	5,929	1.44
400,000	FEDERAL HOME LN BKS 4.875% Due 05-17-17	99.74	398,946	118.12	472,500	1.88	19,500	8,883	1.91
	Accrued Interest				14,813	0.06			
			742,012		877,101	3.48		14,813	
FNMA & FHLMC									
98,495	FNMA POOL 255352 3.500% Due 07-01-11	97.59	96,124	102.13	100,589	0.40	3,447	287	0.42
180,218	FRN - FNMA POOL # 745863 5.880% Due 08-01-36	100.78	181,625	105.89	190,827	0.76	10,597	883	1.85
	Accrued Interest				1,170	0.00			
			277,750		292,587	1.16		1,170	
CMO's									
39,294	FREDDIE MAC REF. REMIC R015 3.750% Due 02-15-13	99.96	39,278	100.59	39,526	0.16	1,474	123	0.47
	Accrued Interest				123	0.00			
			39,278		39,649	0.16		123	

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH

October 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
ASSET-BACKED SECURITIES									
150,000	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	103.37	155,062	104.38	156,572	0.62	5,535	246	1.11
	Accrued Interest		155,062		246	0.00		246	
					156,818	0.62			
COMMERCIAL MORTGAGE-BACKED SECURITIES									
500,000	FRN - BEAR STEARNS COML MTG SECS TR 5.518% Due 09-11-41	100.55	502,726	106.42	532,079	2.11	27,590	2,299	2.77
	Accrued Interest		502,726		2,299	0.01		2,299	
					534,378	2.12			
CORPORATE BONDS									
150,000	PROVINCE OF ONT 2.750% Due 02-22-11	99.69	149,529	100.73	151,101	0.60	4,125	791	0.36
500,000	CHUGACH ELECTRIC ASSN INC BOND SER A 6.550% Due 03-15-11	99.83	499,175	101.90	509,485	2.02	32,750	4,185	1.40
150,000	US Bank Corporate Note 6.375% Due 08-01-11	104.91	157,363	104.36	156,534	0.62	9,562	2,391	0.54
150,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	99.57	149,362	108.18	162,268	0.64	6,750	1,987	0.75
150,000	GLAXOSMITHKLINE CAP INC 4.850% Due 05-15-13	99.79	149,683	110.09	165,130	0.66	7,275	3,355	0.83
100,000	CATERPILLAR FINANCIAL 6.125% Due 02-17-14	100.12	100,125	115.37	115,375	0.46	6,125	1,259	1.34
100,000	MORGAN STANLEY 6.000% Due 04-28-15	95.25	95,250	111.15	111,154	0.44	6,000	50	3.30
250,000	GENERAL ELECT CAP CORP MED TERMNT SER A 6.900% Due 09-15-15	104.49	261,227	118.87	297,185	1.18	17,250	2,204	2.73
150,000	HSBC FINANCE CORP 5.500% Due 01-19-16	97.07	145,611	111.07	166,602	0.66	8,250	2,337	3.18
150,000	GOLDMAN SACHS GROUP INC 5.625% Due 01-15-17	95.42	143,136	107.13	160,692	0.64	8,437	2,484	4.30
150,000	ASTRAZENECA PLC 5.900% Due 09-15-17	101.14	151,711	119.69	179,542	0.71	8,850	1,131	2.73
150,000	JPMORGAN CHASE 6.000% Due 01-15-18	103.99	155,979	114.15	171,223	0.68	9,000	2,650	3.74
150,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	149,358	113.47	170,209	0.68	8,625	2,156	3.62
150,000	BANK OF AMERICA CORP 5.650% Due 05-01-18	83.68	125,521	105.25	157,872	0.63	8,475	4,237	4.81

* Callable security

Alaska Permanent Capital Management Co.

PORTFOLIO APPRAISAL

ALEUTIANS EAST BOROUGH

October 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
176,988	SOUTHWEST AIRLS 2007-1 PASS	102.36	181,168	107.25	189,820	0.75	10,885	2,721	5.31
	6.150% Due 08-01-22								
	Accrued Interest				33,939	0.13			
			2,614,201		2,898,133	11.51		33,939	
	DOMESTIC LARGE CAP EQUITY FUNDS/ETF								
105,984	VANGUARD INSTL INDEX FUND	94.96	10,064,605	108.34	11,482,265	45.59	NA		
	DOMESTIC MID CAP EQUITY FUNDS/ETF								
15,434	ISHARES S&P MIDCAP 400	68.55	1,058,005	82.81	1,278,090	5.07	NA		
	INTERNATIONAL FUNDS/ETF								
77,022	VANGUARD EUROPE PACIFIC ETF	38.35	2,953,670	35.92	2,766,630	10.98	NA		
	REAL ESTATE								
41,372	VANGUARD REIT ETF	52.31	2,164,179	54.55	2,256,843	8.96	NA		
	CASH AND EQUIVALENTS								
	VICTORY MONEY MARKET FUND		137,890		137,890	0.55			
	TOTAL PORTFOLIO		23,085,255		25,187,890	100	284,652	69,831	

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB OPERATING FUND

October 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 1.250% Due 11-30-10	100.88	504,395	100.08	500,410	20.05	6,250	2,630	0.25
500,000	US TREASURY NOTES 0.875% Due 04-30-11	100.43	502,129	100.34	501,720	20.10	4,375	12	0.19
400,000	US TREASURY NOTES 0.875% Due 05-31-11	100.44	401,750	100.40	401,592	16.09	3,500	1,473	0.19
500,000	US TREASURY NOTES 1.125% Due 12-15-11	100.98	504,922	100.95	504,765	20.23	5,625	2,136	0.27
	Accrued Interest				6,251	0.25			
			1,913,195		1,914,738	76.73		6,251	
AGENCIES									
500,000	FEDERAL HOME LOAN BANK 0.625% Due 01-13-12	100.13	500,670	100.28	501,405	20.09	3,125	937	0.39
	Accrued Interest				937	0.04			
			500,670		502,342	20.13		937	
CASH AND EQUIVALENTS									
	VICTORY MONEY MARKET FUND		78,503		78,503	3.15			
TOTAL PORTFOLIO			2,492,368		2,495,583	100	22,875	7,188	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
ALEUTIANS EAST BOROUGH SERIES E BOND
October 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
250,000	US TREASURY NOTES 1.250% Due 11-30-10	100.88	252,197	100.08	250,205	10.35	3,125	1,315	0.25
500,000	US TREASURY NOTES 0.875% Due 05-31-11	100.44	502,187	100.40	501,990	20.77	4,375	1,841	0.19
500,000	US TREASURY NOTES 1.125% Due 06-30-11	100.00	500,021	100.61	503,065	20.82	5,625	1,895	0.20
500,000	US TREASURY NOTES 1.125% Due 12-15-11 Accrued Interest	100.98	504,922	100.95	504,765	20.89	5,625	2,136	0.27
			1,759,328		7,187	73.13		7,187	
AGENCIES									
100,000	FHLMC 1.625% Due 04-26-11 Accrued Interest	101.38	101,383	100.69	100,688	4.17	1,625	23	0.21
			101,383		23	4.17		23	
TREASURY BILLS									
500,000	US TREASURY BILLS 0.000% Due 12-16-10	99.91	499,561	99.98	499,915	20.69	NA	0	0.14
CASH AND EQUIVALENTS									
	VICTORY FEDERAL MONEY MARKET FUND		48,824		48,824	2.02			
TOTAL PORTFOLIO			2,409,095		2,416,662	100	20,375	7,210	

* Callable security

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
AEB/AKUTAN HARBOR - 2006 A

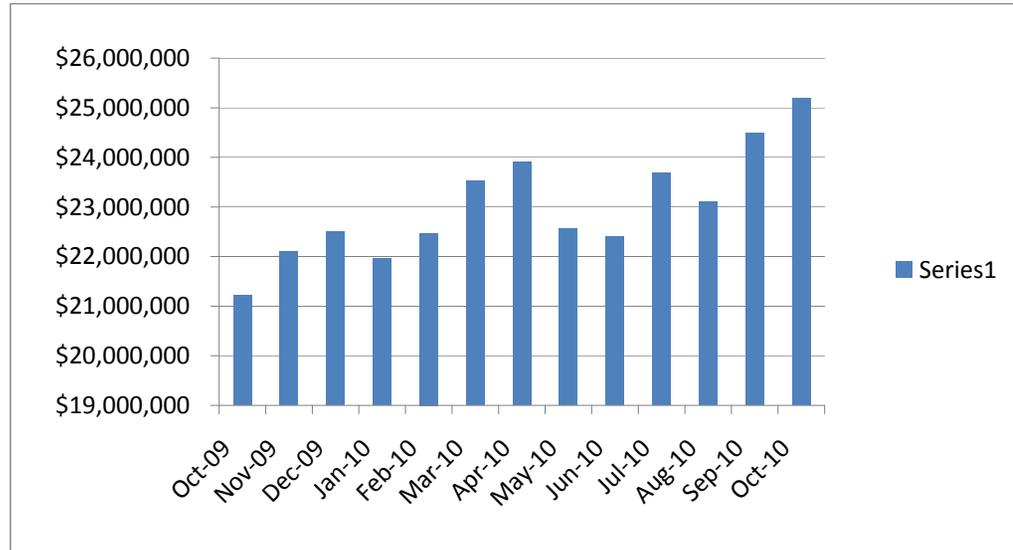
October 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 0.875% Due 05-31-11	100.44	502,187	100.40	501,990	10.18	4,375	1,841	0.19
500,000	US TREASURY NOTES 1.125% Due 06-30-11	100.00	500,021	100.61	503,065	10.21	5,625	1,895	0.20
500,000	US TREASURY NOTES 1.000% Due 07-31-11	100.66	503,301	100.58	502,890	10.20	5,000	1,264	0.23
750,000	US TREASURY NOTES 1.000% Due 09-30-11	100.01	750,059	100.69	755,160	15.32	7,500	659	0.25
500,000	US TREASURY NOTES 1.000% Due 03-31-12	99.93	499,648	101.03	505,135	10.25	5,000	440	0.27
	Accrued Interest				6,099	0.12			
			2,755,217		2,774,339	56.29		6,099	
AGENCIES									
500,000	FHLB 5.000% Due 12-10-10	106.13	530,635	100.53	502,655	10.20	25,000	9,792	0.09
1,000,000	FNMA 1.375% Due 04-28-11	100.23	1,002,301	100.59	1,005,940	20.41	13,750	115	0.16
275,000	FREDDIE MAC 1.125% Due 07-27-12	100.82	277,245	101.31	278,611	5.65	3,094	1,315	0.37
300,000	FEDERAL HOME LOAN BANK 1.875% Due 06-21-13	102.35	307,037	103.50	310,500	6.30	5,625	2,031	0.54
	Accrued Interest				13,252	0.27			
			2,117,218		2,110,958	42.83		13,252	
CASH AND EQUIVALENTS									
	VICTORY MONEY MARKET FUND		43,779		43,779	0.89			
TOTAL PORTFOLIO			4,916,213		4,929,076	100	74,969	19,351	

INVESTMENT REPORT

Permanent Fund **PERMANENT FUND**

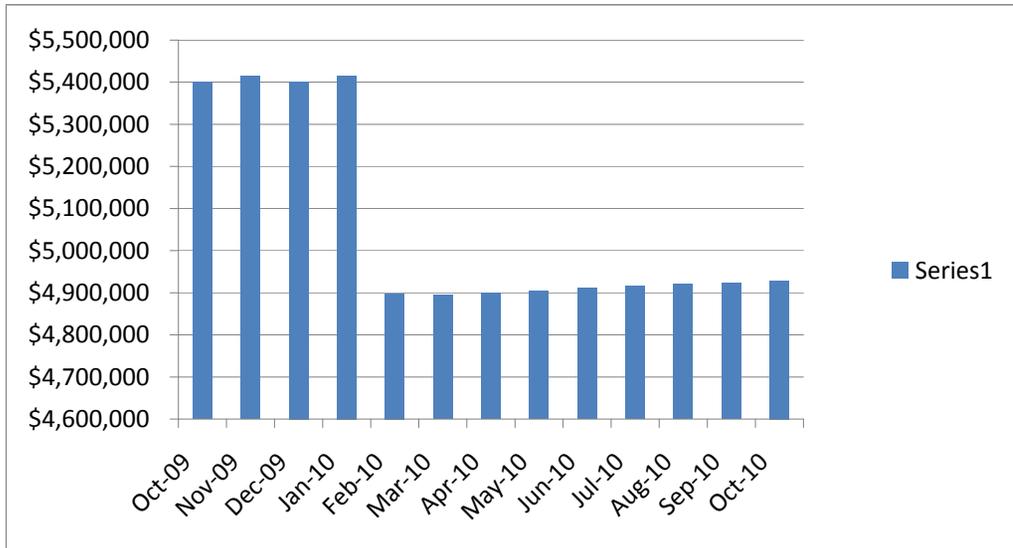
Sep-09	\$	21,706,648
Oct-09	\$	21,212,085
Nov-09	\$	22,108,312
Dec-09	\$	22,496,898
Jan-10	\$	21,954,713
Feb-10	\$	22,473,491
Mar-10	\$	23,527,796
Apr-10	\$	23,903,341
May-10	\$	22,559,863
Jun-10	\$	22,405,848
Jul-10	\$	23,678,528
Aug-10	\$	23,098,043
Sep-10	\$	24,490,005
Oct-10	\$	25,187,890



AKUTAN HARBOR

Akutan Harbor
2006 A

Sep-09	\$	5,394,316
Oct-09	\$	5,400,464
Nov-09	\$	5,413,687
Dec-09	\$	5,401,569
Jan-10	\$	5,415,826
Feb-10	\$	4,897,978
Mar-10	\$	4,894,844
Apr-10	\$	4,898,641
May-10	\$	4,904,971
Jun-10	\$	4,910,895
Jul-10	\$	4,916,213
Aug-10	\$	4,920,138
Sep-10	\$	4,923,778
Oct-10	\$	4,929,076



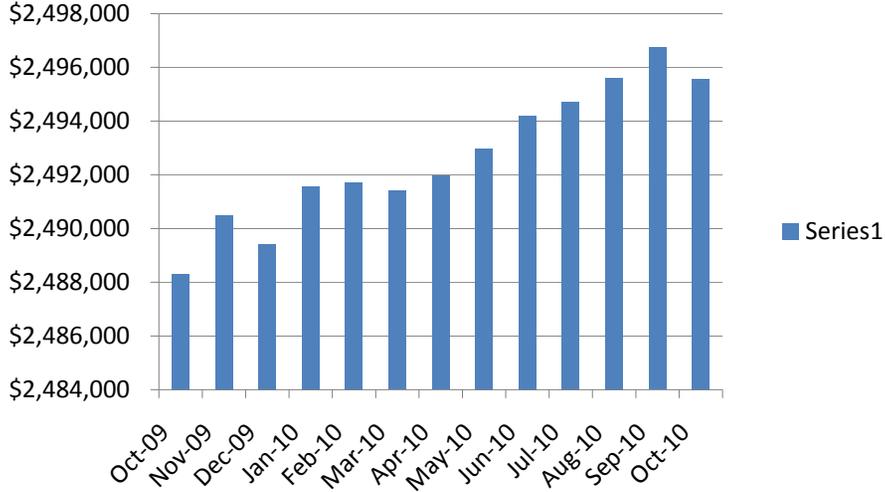
OPERATING FUND



INVESTMENT REPORT

Operating Fund

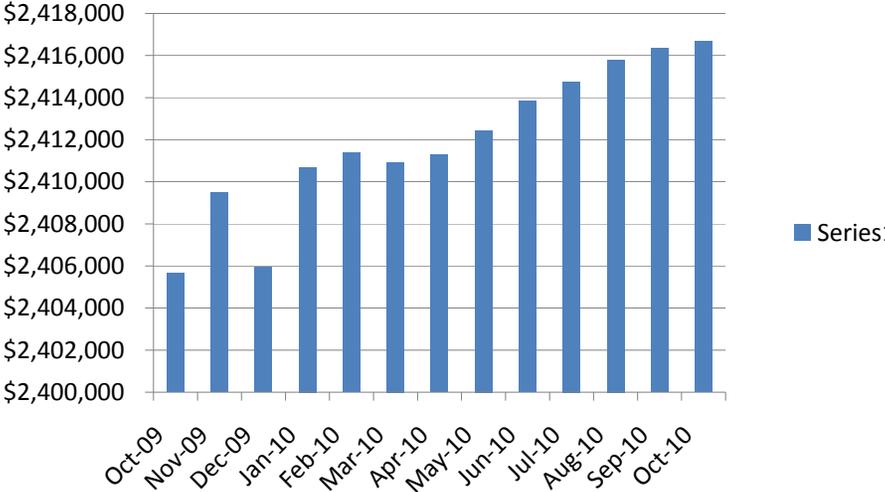
Sep-09	\$	2,487,260
Oct-09	\$	2,488,302
Nov-09	\$	2,490,504
Dec-09	\$	2,489,413
Jan-10	\$	2,491,559
Feb-10	\$	2,491,712
Mar-10	\$	2,491,404
Apr-10	\$	2,491,960
May-10	\$	2,492,980
Jun-10	\$	2,494,190
Jul-10	\$	2,494,728
Aug-10	\$	2,495,614
Sep-10	\$	2,496,736
Oct-10	\$	2,495,583



SERIES E

Series E

Sep-09	\$	2,403,902
Oct-09	\$	2,405,655
Nov-09	\$	2,409,490
Dec-09	\$	2,405,955
Jan-10	\$	2,410,692
Feb-10	\$	2,411,396
Mar-10	\$	2,410,925
Apr-10	\$	2,411,293
May-10	\$	2,412,443
Jun-10	\$	2,413,826
Jul-10	\$	2,414,754
Aug-10	\$	2,415,796
Sep-10	\$	2,416,358
Oct-10	\$	2,416,662



Consent Agenda

RESOLUTION NO. 11-17

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH APPROVING THE MEMORANDUM OF AGREEMENT BETWEEN THE ALEUTIANS EAST BOROUGH, THE CITY OF KING COVE AND THE ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES AND THE US DEPARTMENT OF TRANSPORTATION TO ASSIST IN THE IZEMBEK LAND EXCHANGE AND ROAD CORRIDOR ENVIRONMENTAL IMPACT STATEMENT.

WHEREAS, the community of King Cove and the Aleutians East Borough have established the high priority need for a road between King Cove and the Cold Bay Airport; and

WHEREAS, as a necessary step in process of planning a road between King Cove and the Cold Bay Airport, Congress has directed the Secretary of Interior to prepare an Izembek Land Exchange and Road Corridor Environmental Impact Statement and the Aleutians East Borough is a cooperating agency in that effort; and

WHEREAS, the City of King Cove, the Alaska Department of Transportation and Public Facilities, the US Department of Transportation and the Aleutians East Borough have decided to work cooperatively to assist in the road corridor evaluation and road construction analysis for the Izembek Land Exchange and Road Corridor EIS; and

WHEREAS, the each of the entities have agreed to perform specific functions and activities as described in the Memorandum of Agreement; and

WHEREAS, the Aleutians East Borough Assembly has reviewed the Memorandum of Agreement and is willing to fulfill its obligations under this agreement; and

NOW THEREFORE BE IT RESOLVED by the Aleutians East Borough Assembly that it approves the execution of the Memorandum of Agreement by the Mayor.

Approved by the Aleutians East Borough Assembly this 8th day of December 2010.

Stanley Mack, Mayor

ATTEST:

Tina Anderson

Clerk

1
2
3
4 **MEMORANDUM OF AGREEMENT**
5
6

7 **PARTIES TO THE AGREEMENT**
8

9 US Department of Transportation
10 Federal Highway Administration
11 Western Federal Lands Highways Division (FHWA)
12

13 and
14

15 Alaska Department of Transportation and Public Facilities (DOT&PF)
16

17 and
18

19 City of King Cove (CITY)
20

21 and
22

23 Aleutians East Borough (AEB)
24
25

26 **INTRODUCTION**
27

28 In the Omnibus Public Land Management Act of 2009 (H.R. 146, Title VI, Subtitle E, Sections
29 6402-6403), Congress directed the Secretary of the Interior to prepare an Environmental Impact
30 Statement (EIS) under the National Environmental Policy Act (NEPA) of 1969, as amended (42
31 U.S.C. 4321 et seq.) to conduct an analysis of a proposed land exchange among the State of
32 Alaska and the King Cove Corporation and the potential construction and operation of a road
33 between the communities of King Cove and Cold Bay, Alaska. The Act also requires the EIS
34 contain an evaluation of a specific road corridor through the Refuge that is identified in
35 consultation with the State, the CITY, and the Agdaagux Tribe of King Cove, Alaska. The
36 Secretary of the Interior delegated the coordination of the EIS to the U.S. Fish and Wildlife
37 Service (SERVICE).
38

39 In the Act (Sec.6402 (3) (B) (i)), Congress gave certain entities a right to become cooperating
40 agencies under NEPA. These authorized entities include any Federal agency that has permitting
41 jurisdiction over the road. The Act does not forbid other agencies from becoming cooperating
42 agencies at the request of the SERVICE. The SERVICE has requested the FHWA to become a
43 cooperating agency in the development of this EIS.
44
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PURPOSE

The purpose of this Memorandum of Agreement is to establish roles and responsibilities of FHWA to act at the request of the DOT&PF to assist in the corridor evaluation and road construction analysis for the EIS phase of the project.

The Alaska State Department of Natural Resources (DNR), CITY, and FHWA have all been invited to serve as co-operating agencies to the EIS. It is agreed that all will retain their authority to comment upon the entirety of the EIS. The signatory of the resulting EIS, Record of Decision (ROD), and public interest finding will remain with the SERVICE.

AUTHORITIES

The signatories for the respective parties represent that their agencies or organizations are authorized to enter into this Memorandum of Agreement by the following:

- DOT&PF by Alaska Statue 19.05.010 and 19.05.125;
- FHWA by Title 23 U.S.C. 308(a);
- CITY by Resolution 11-08
- AEB by Resolution _____

PROJECT TIMELINE

This Memorandum of Agreement covers the project timeline during the development of the EIS and it is anticipated to cover at least two Federal fiscal years (2011 - 2012). Various uncertainties exist which could affect the current project timeline and the parties agree to work together to meet project milestones. If the project timeline slips more than 6 months, the parties agree to revisit this Memorandum of Agreement.

DOT&PF RESPONSIBILITIES

1. Seek appropriate funding sources and reimburse FHWA for design and engineering services in connection with this Memorandum of Agreement.
2. Provide a single point of contact to the parties for the management of the responsibilities contained within this agreement.

- 1 3. Assist the SERVICE with evaluating the EIS, for consistency with Title 23 and DOT&PF
2 environmental procedures, while delegating the design and engineering support role to
3 FHWA.
4
- 5 4. Assist the Alaska State Department of Natural Resources (DNR) in consultation with the
6 SERVICE on a preferred road corridor.
7
- 8 5. Coordinate and submit the necessary permit applications.
9

10 **FHWA RESPONSIBILITIES**

- 13 1. Assist the SERVICE with evaluating the EIS as a cooperating agency.
14
- 15 2. Act at DOT&PF's request for the design development and engineering evaluation of road
16 corridor alternative(s) of the EIS.
17
- 18 3. Provide a single point of contact to the parties for the management of the responsibilities
19 contained within this agreement.
20
- 21 4. Assist in the establishment of appropriate design standards for the proposed road within
22 the EIS.
23
- 24 5. Evaluate road corridor alternative(s) developed for the EIS to ensure feasibility and
25 constructability with regards to Federal and DOT&PF standards and provide regular
26 updates to DOT&PF.
27
- 28 6. Prepare applicable permit applications for DOT&PF submittal.
29

30 **CITY RESPONSIBILITIES**

- 33 1. Coordinate with DOT&PF and AEB to identify and obtain appropriate funding sources to
34 reimburse WFL for design and engineering services in connection with this
35 Memorandum of Agreement.
36
- 37 2. Provide FHWA, DOT&PF, and AEB assistance in the review of road corridor
38 alternatives and related topics within the EIS.
39
- 40 3. Invite FHWA, DOT&PF, and AEB to participate in teleconferences and meeting
41 regarding the EIS, as appropriate.
42
- 43 4. Provide a single point of contact to the parties for the management of the responsibilities
44 contained within this agreement.
45

1
2 **AEB RESPONSIBILITIES**
3

- 4 1. Coordinate with DOT&PF and CITY to identify and obtain appropriate funding sources
5 to reimburse WFL for design and engineering services in connection with this
6 Memorandum of Agreement.
7
8 2. Provide FHWA, DOT&PF, and CITY assistance in the review of road corridor
9 alternatives and related topics within the EIS
10
11 3. Invite FHWA, DOT&PF, and CITY to participate in teleconferences and meeting
12 regarding the EIS, as appropriate.
13
14 4. Provide a single point of contact to the parties for the management of the responsibilities
15 contained within this agreement.
16

17
18 **FUNDING**
19

20 DOT&PF will seek out appropriate funding sources and reimburse 100% of project costs that
21 FHWA performs for services related to this Memorandum of Agreement. Funding for the
22 following activities will be necessary:
23

- 24 1. Engineering Services of road corridor alternative(s) and preliminary design developed for
25 the EIS.
26
27 2. Coordination efforts with the DOT&PF, CITY, and AEB.
28
29 3. Travel and associated costs to attend reviews/meetings for the EIS and preliminary
30 engineering reviews.
31

32 This document is not a fund obligating document. Funding will be provided through a
33 subsequently executed agreement between DOT&PF and FHWA.
34

35 The signatories acknowledge and agree that FHWA participation in the project is dependent
36 upon receipt of full funding for their project related costs. The parties further agree that any
37 unanticipated limitations on funding may delay or prevent FHWA from continued work and that
38 could result in failure to meet any agreed upon milestones.
39

40
41 **DISPUTE RESOLUTION**
42

43 Should any dispute arise between or among any of the parties concerning performance of the
44 services related to this Memorandum of Agreement, the identified points of contacts will be the
45 first tier to solve the dispute. If the dispute cannot be solved under the first tier, the second tier

1 of dispute resolution will consist of the official delegates of the signatories. If the dispute cannot
2 be solved under the second tier, the final tier of dispute resolution will consist of the signatories.

3 **WAIVER OF CLAIMS**

4
5 The parties agree to waive any claims against any other party for damages to its property, natural
6 resources, personnel, or employees caused by another party or parties arising from the
7 performance of the Project.
8
9

10 **MODIFICATION OR TERMINATION OF THE AGREEMENT**

11
12 The Memorandum of Agreement can be modified, if mutually agreed, to include post-EIS
13 services once the EIS is completed and if the Secretary of Interior finds the land exchange is in
14 the public interest.
15

16 The Memorandum of Agreement may be modified by mutual agreement of the signatories.
17

18 A party may terminate its participation in this Memorandum of Understanding by furnishing 90
19 days written notice to the other parties.
20
21
22
23
24

1 The Memorandum of Agreement shall be effective as of the date of the last signature below.

2
3

4 **ALASKA DEPARTMENT OF**
5 **TRANSPORTATION & PUBLIC FACILITIES**

6
7

8 By: _____
9 Leo von Scheben, P.E., L.S., M.B.A.
10 Commissioner

_____ Date

11
12
13
14
15

16 **FEDERAL HIGHWAY ADMINISTRATION**
17 **WESTERN FEDERAL LANDS, HIGHWAY DIVISION**

18
19

20 By: _____
21 Clara H. Conner
22 Division Engineer

_____ Date

23
24
25
26
27

28 **CITY OF KING COVE**

29
30

31 By: _____
32 Henry Mack
33 Mayor

_____ Date

34
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36
37

38 **ALEUTIANS EAST BOROUGH**

39
40

41
42 By: _____
43 Stanley Mack
44 Mayor

_____ Date



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Community and Regional Affairs



Sean Parnell, Governor
Susan K. Bell, Commissioner
Tara Jollie, Director

November 17, 2010

Dear Municipal Official:

The purpose of the *Shared Fisheries Business Tax Program* is to provide for a sharing of state fish tax collected outside municipal boundaries with municipalities that have been affected by fishing industry activities. Municipalities around the state will share approximately \$2.32 million based on 2009 fisheries activity as reported by fish processors on their fish tax returns.

Because the Department of Revenue, Tax Division, was nearly three months late in providing this Division with its 2009 fish processing data, all program deadlines outlined in the attached FY 11 application have been waived. However, we strongly encourage your municipality to complete the FY 11 Shared Fisheries Business Tax application as soon as possible so that we can begin releasing payments as early as possible.

The law that created this program requires that program funding be first allocated to fisheries management areas around the state based on the level of fish processing in each area compared to the total fish processing for the whole state. Then the funding is further allocated among the municipalities located within each fisheries management area based on the relative level of impacts experienced by each municipality. Details of how the program works are presented in the application under *Program Description*.

Your municipality is located in the **Alaska Peninsula Fisheries Management Area**. The municipalities located in this area include the Aleutians East Borough, Cold Bay, False Pass, King Cove, Lake & Peninsula Borough, Port Heiden and Sand Point. The FY 11 program allocation to be shared within this area is estimated to be **\$201,990.06**.

In fisheries management areas where the program allocation is greater than \$4,000 multiplied by the number of municipalities in the area, program regulations provide for a "long-form" application. In your area the threshold value equals \$28,000 (7 municipalities x \$4,000) and you are therefore receiving the attached Long-Form Application. The long-form application provides for a "standard" and an "alternative" method of funding allocation.

If you have any questions about the program, or require assistance in completing the application, please call me at 465-4733.

Sincerely,

Bill Rolfzen
Program Administrator

RESOLUTION 11-18

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 11 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN THE ALEUTIAN ISLANDS FISHERIES MANAGEMENT AREA 2.

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY11 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2009 from fisheries business activities; and

WHEREAS, 3AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

WHEREAS, the Aleutians East Borough proposes to use an alternative method for allocation of FY11 funding available within the Aleutian Islands Fisheries Management Area in agreement with all other municipalities in this area participating in the FY11 Shared Fisheries Business Tax Program;

BE IT RESOLVED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY THAT:

SECTION 1. The Aleutians East Borough by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2009 of fisheries business activity in the Aleutian Island Region Fisheries Management Area 2.

ALTERNATIVE ALLOCATION METHOD:

1. Each municipality (including the Aleutians East Borough) will split 60 percent of the total funding allocation for the fisheries management area;
2. Each city (excluding the Aleutians East Borough) will split 40 percent of the funding allocation on a per capita basis.

Approved this _____ day of December, 2010

Mayor

ATTEST: _____

Clerk



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Community and Regional Affairs

Sean Parnell, Governor
Susan K. Bell, Commissioner
Tara Jollie, Director

November 17, 2010

Dear Municipal Official:

The purpose of the **Shared Fisheries Business Tax Program** is to provide for a sharing of state fish tax collected outside municipal boundaries with municipalities that have been affected by fishing industry activities. Municipalities around the state will share approximately \$2.32 million based on 2009 fisheries activity as reported by fish processors on their fish tax returns.

Because the Department of Revenue, Tax Division, was nearly three months late in providing this Division with its 2009 fish processing data, all program deadlines outlined in the attached FY 11 application have been waived. However, we strongly encourage your municipality to complete the FY 11 Shared Fisheries Business Tax application as soon as possible so that we can begin releasing payments as early as possible.

The law that created this program requires that program funding be first allocated to fisheries management areas around the state based on the level of fish processing in each area compared to the total fish processing for the whole state. Then the funding is further allocated among the municipalities located within each fisheries management area based on the relative level of impacts experienced by each municipality. Details of how the program works are presented in the application under *Program Description*.

Your municipality is located in the **Aleutian Islands Fisheries Management Area**. The municipalities located in this area include the Aleutians East Borough, Adak, Akutan, Atka and Unalaska. The FY 11 program allocation to be shared within this area is estimated to be **\$1,015,776.82**.

In fisheries management areas where the program allocation is greater than \$4,000 multiplied by the number of municipalities in the area, program regulations provide for a "long-form" application. In your area the threshold value equals \$20,000 (5 municipalities x \$4,000) and you are therefore receiving the attached Long-Form Application. The long-form application provides for a "standard" and an "alternative" method of funding allocation.

If you have any questions about the program, or require assistance in completing the application, please call me at 465-4733.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Rolfzen", with a long horizontal flourish extending to the right.

Bill Rolfzen
Program Administrator

RESOLUTION 11-19

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLYH ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 11 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN THE ALASKA PENINSULA FISHERIES MANAGEMENT AREA 3.

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY11 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2009 from fisheries business activities; and

WHEREAS, 3AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

WHEREAS, the Aleutians East Borough proposes to use an alternative method for allocation of FY10 funding available within the Aleutian Islands Fisheries Management Area in agreement with all other municipalities in this area participating in the FY11 Shared Fisheries Business Tax Program;

BE IT RESOLVED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY THAT:

SECTION 1. The Aleutians East Borough by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2009 of fisheries business activity in the Alaska Peninsula Fisheries Management Area 3.

ALTERNATIVE ALLOCATION METHOD: It is proposed that 40% of the FY11 funding available for FMA3 be distributed equally among the eligible municipalities located within FMA3, and that the remaining 60% of the funding be divided among the same eligible communities based upon revenue sharing population estimated as

determined for 2009 by DCED, with exception of mutually agreed upon population counts for the Aleutians East Borough and Lake and Peninsula Borough.

Approved this _____ day of December, 2010

Mayor

ATTEST: _____
Clerk

New Business

FY 2010 Audit Report, Newhouse &
Vogler presentation

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Letter to the Governing Body

DATE, 2010

DRAFT
For Discussion Purposes Only

DATE, 2010

Honorable Mayor and Borough Assembly
Aleutians East Borough
King Cove, Alaska

Ladies and Gentlemen:

We have audited the financial statements of Aleutians East Borough as of June 30, 2010, and have issued our report thereon dated DATE, 2010. Under professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Professional Standards

We have a responsibility to conduct our audit in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

Accounting Policies

Significant Accounting Policies

The significant accounting policies used by the Borough are described in note 1 to the financial statements. There were no changes in accounting policies during the year.

Unusual Transactions

We noted no transactions entered into by the Borough during the year ended that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Borough to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as the date of the financial statements and reported amounts of revenues and expenses during the period.

We reviewed management's estimate of the depreciable lives of furniture, equipment, and leasehold improvements determined that amounts recorded were reasonable in relation to the financial statements of the Borough taken as a whole.

Honorable Mayor and Borough Assembly
Aleutians East Borough

Audit Adjustments and Uncorrected Misstatements

Audit adjustments

Proposed audit adjustments and uncorrected misstatements were immaterial to the financial statements.

Disagreements with Management

There were no disagreements with management on financials accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Borough's financial statements.

Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral from other independent accountants during the past year that were subject to the requirements of Statements on Auditing Standards No. 50, *Reports on the Application of Accounting Principles*.

Difficulties Encountered in Performing the Audit

We encountered no serious difficulties in dealing with management in performing our audit.

Material Written Communication

Copies of the Management Representation Letter have been provided to management.

This information is presented solely for the use of the Assembly members and management and is not intended to be and should not be used by anyone other than these specified parties.

DATE, 2010

DRAFT
For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

Management Discussion and Analysis,
Basic Financial Statements, Supplemental
Information, and Compliance Reports

Year Ended June 30, 2010

THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

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THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

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Independent Auditor's Report

Honorable Mayor and Borough Assembly
The Aleutians East Borough
King Cove, Alaska

Ladies and Gentlemen:

We have audited the accompanying financial statements of governmental and business type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of The Aleutians East Borough as of and for the year ended June 30, 2010, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental and business type activities, discretely presented component unit, major funds, and aggregate remaining fund information of The Aleutians East Borough as of June 30, 2010, and respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated DATE, 2010, on our consideration of The Aleutians East Borough's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Honorable Mayor and Borough Assembly
The Aleutians East Borough

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 19 and 20 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consist principally of inquiries of management regarding methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Aleutians East Borough's basic financial statements taken as a whole. The information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of The Aleutians East Borough. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. The accompanying schedule of State financial assistance is presented for purposes of additional analysis as required by *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

DATE, 2010

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis

Year Ended June 30, 2010

As the management of The Aleutians East Borough, we offer readers of The Aleutians East Borough's financial statements this narrative overview and analysis of the financial activities of The Aleutians East Borough for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Borough's financial statements which follow this narrative.

FINANCIAL HIGHLIGHTS

- Assets of The Aleutians East Borough exceeded liabilities at the close of the fiscal year by \$86,038,964 (net assets).
- The Government's total net assets increased by \$5,469,227, primarily due to government activity, capitalization of capital expenses in the government-wide financial statements and gain on investments.
- Governmental funds reported combined ending fund balances of \$39,385,366, an increase of \$2,992,876 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,702,769, or 47 percent of total general fund expenditures for the fiscal year.

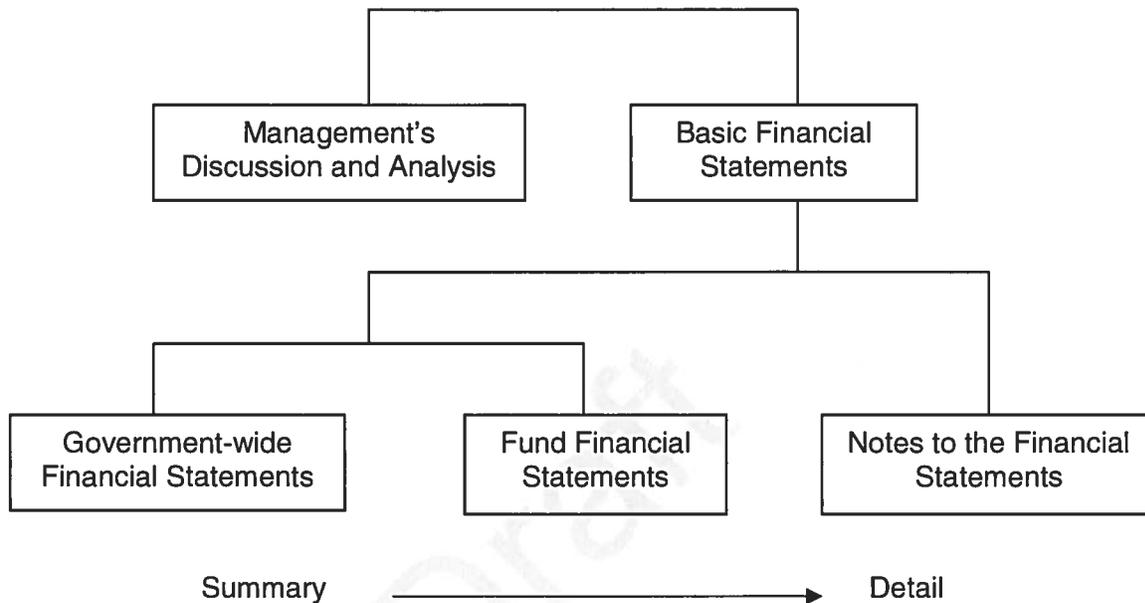
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to The Aleutians East Borough's basic financial statements. The Borough's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Borough through use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of The Aleutians East Borough.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

OVERVIEW OF THE FINANCIAL STATEMENTS, continued
Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits A-1 and A-2) in the basic financial statements are government-wide financial statements. They provide both short- and long-term information about the Borough's financial status.

The next statements (Exhibits B-1 through B-5) are fund financial statements. These statements focus on activities of the individual parts of the Borough's government. These statements provide more detail than government-wide statements. There are two parts to fund financial statements: governmental funds statements and budgetary comparison statements.

The next section of the basic financial statements is notes. Notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Borough's individual funds. Budgetary information can also be found in this part of the statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide the reader with a broad overview of the Borough's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the Borough's financial status as a whole.

The two government-wide statements report the Borough's net assets and how they have changed. Net assets are the difference between the Borough's total assets and total liabilities. Measuring net assets is one way to gauge the Borough's financial condition.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Government-wide Financial Statements, continued

Government-wide statements are divided into two categories: governmental activities and component units. Governmental activities include the Borough's basic services such as affordable housing activities, crime prevention, and general administration. State and federal grant funds finance most of these activities. The component unit include the Aleutians East Borough School District. The District's activities include Instruction, Support Services, Student Transportation, and Food Services, among others. These activities are supported by local, State, and federal financial aid.

Government-wide financial statements are Exhibits A-1 and A-2 of this report.

Fund Financial Statements

Fund financial statements (see Figure 2) provide a more detailed look at the Borough's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All funds of The Aleutians East Borough are included within one broad category: governmental funds.

The Aleutians East Borough's Net Assets
Figure 2

	2010	2009
Current and other assets	\$ 43,251,091	39,776,206
Capital assets	69,049,647	66,510,261
	\$112,300,738	106,286,467
 Liabilities	 \$ 33,705,725	 34,053,716
 Net assets:		
Invested in capital assets, net of related debt	\$ 39,209,647	35,840,261
Reserved:		
Forward funding	7,527,698	7,684,370
Construction	7,500,702	8,517,096
Permanent fund	22,121,090	18,706,978
Unreserved:		
Designated for major maintenance	457,984	125,933
Undesignated	1,777,892	1,358,113
Total net assets	78,595,013	72,232,751
	\$112,300,738	106,286,467

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Fund Financial Statements, continued

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Borough's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Borough's programs. The relationship between government activities (reported in the statement of net assets and statement of activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The Aleutians East Borough adopts an annual budget for its general fund. The budget is a legally adopted document that incorporates input from the management of the Borough and decisions of the Assembly about which services to provide and how to pay for them. It also authorizes the Borough to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the general fund demonstrates how well the Borough complied with the budget and whether or not the Borough succeeded in providing services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Assembly; 2) the final budget as amended by the Assembly; 3) actual resources, charges to appropriations, and ending balances in the general fund; and 4) the difference or variance between the final budget and actual resources and charges. To account for the difference between the budgetary basis of accounting and modified accrual basis, a reconciliation showing differences in reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. Notes to the financial statements are on pages 25 through 38 of this report.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2010, are the beginning of a new era in financial reporting for The Aleutians East Borough and many other units of government across the United States. Prior to this year, The Aleutians East Borough maintained its governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust statements in such a way that the total column would represent the overall financial condition of The Aleutians East Borough. These statements were basically the equivalent of fund financial statements that appear in this report with fiduciary funds and two account groups, long-term debt, and general fixed assets added in.

Changes in the financial statement reporting model are mandated by GASB. GASB 34 dictated the changes you see in The Aleutians East Borough's financial reports as well as those of many other units of government. While The Aleutians East Borough was required to implement these changes for the fiscal year ended June 30, 2004, other units were required to implement Statement 34 in 2002.

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. Assets of The Aleutians East Borough exceeded liabilities by \$86,038,964 as of June 30, 2010. The Borough's net assets increased by \$5,469,227 for the fiscal year ended June 30, 2010. However, the largest portion reflects the Borough's investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt still outstanding that was issued to acquire those items. The Aleutians East Borough uses these capital assets to provide services; consequently, these assets are not available for future spending. Although The Aleutians East Borough's investment in its capital assets is reported net of any outstanding related debt, resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities.

Several particular aspects of the Borough's financial operations positively influenced total unrestricted governmental net assets:

- Increase in funding from the Borough raw fish tax.
- Increased funding from the State of Alaska.

Governmental Activities

Governmental activities increased the Borough's net assets by \$5,469,227, thereby accounting for a 7 percent of total increase in net assets of The Aleutians East Borough (see Figure 3). Key elements of this increase are as follows:

- Miscellaneous revenues increased.
- Investment Gains increased.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Governmental Activities, continued

The Aleutians East Borough Changes in Net Assets
Figure 3

Revenues:	
Program revenues:	
Charges for services	\$ 2,919,501
Operating grants and contributions	4,340,449
Capital grants and contributions	1,110,634
General revenues:	
Unrestricted investment earnings	12,832
Restricted investment earnings	3,169,829
Miscellaneous	972,904
<i>Total revenues</i>	<u>12,526,149</u>
Expenses:	
General fund	5,390,290
Bond construction	29,165
Trust fund	29,166
Debt service	1,329,005
Capital improvements	668,002
Business-type activity - Hovercraft	1,663,540
<i>Total expenses</i>	<u>9,109,168</u>
Increase in net assets	3,416,981
Net assets, beginning of year	<u>80,569,737</u>
Net assets, end of year	<u>\$ 83,986,718</u>

FINANCIAL ANALYSIS OF THE BOROUGH'S FUNDS

As noted earlier, The Aleutians East Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of The Aleutians East Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing The Aleutians East Borough's financing requirements. Specifically, the unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

FINANCIAL ANALYSIS OF THE BOROUGH'S FUNDS, continued

Governmental Funds, continued

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$14,307,888 and expenditures of \$10,815,012. The net change in funds balance after transfers was a decrease of \$2,992,876.

At June 30, 2010, governmental funds of The Aleutians East Borough reported a combined fund balance of \$39,385,366, a 9 percent increase over last year.

General Fund Budgetary Highlights

General fund budgets are prepared according to Alaska law and are based on a modified accrual basis of accounting. The most significant budgeted fund is the general fund.

Actual revenues in the general fund were \$1,137,049 more than anticipated. This variance was related primarily to the Borough raw fish tax in the general fund.

Actual expenditures in the general fund were \$115,839 more than anticipated. This variance was related primarily to the SOA and other in the general fund.

Actual revenues in bond construction were \$2,871,204 less than anticipated. This variance was related primarily to the decrease in activity within this fund.

Actual expenditures in bond construction were \$1,553,223 less than anticipated. This variance was due to the decrease in activity within this fund.

Actual revenues in the trust fund were \$2,743,278 greater than anticipated. This variance was due to the increase in investment income.

Actual expenditures in the trust fund were \$5,834 less than anticipated. This variance was due to the decrease in activity within this fund.

Actual expenditures in the debt service fund were \$1 less than anticipated. This variance was due to the decrease in interest expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Aleutians East Borough's investment in capital assets for its governmental activities as of June 30, 2010, totals \$78,659,553 (net of accumulated depreciation; see Figure 4). These assets include buildings, land, machinery and equipment, vehicles, and infrastructure.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

CAPITAL ASSET AND DEBT ADMINISTRATION, continued

Major capital asset transactions during the year include the following additions and retirements:

- Infrastructure additions totaled \$4,274,089.
- Furniture and equipment additions totaled \$22,213.

Draft

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Management's Discussion and Analysis, continued

The Aleutians East Borough's Capital Assets
Figure 4

	Capital Assets, Depreciated						Totals
	Capital Assets, Not Depreciated -				Furniture and Equipment	Access Road Construction	
	Land	Buildings	Infra- structure	Vehicles	WIP		
Primary government -							
Governmental activities:							
Balance, June 30, 2009	\$ 5,323,074	45,004,047	24,374,659	583,763	169,651	32,378,044	107,833,238
Increases	-	-	4,274,089	22,213	-	-	4,296,302
Decreases	-	-	-	-	-	-	-
<i>Balance, June 30, 2010</i>	<u>5,323,074</u>	<u>45,004,047</u>	<u>28,648,748</u>	<u>605,976</u>	<u>169,651</u>	<u>32,378,044</u>	<u>112,129,540</u>
Accumulated depreciation -							
Balance, June 30, 2010	-	(32,647,346)	(9,806,924)	(509,507)	(116,116)	-	(43,079,893)
<i>Capital assets, net</i>	<u>5,323,074</u>	<u>12,356,701</u>	<u>18,841,824</u>	<u>96,469</u>	<u>53,535</u>	<u>32,378,044</u>	<u>69,049,647</u>
Business-type activities:							
Balance, June 30, 2009	-	-	-	10,523,248	-	-	10,523,248
Increases	-	-	-	196,242	-	-	196,242
<i>Balance, June 30, 2010</i>	-	-	-	<u>10,719,490</u>	-	-	<u>10,719,490</u>
Accumulated depreciation -							
Balance, June 30, 2010	-	-	-	(1,109,584)	-	-	(1,109,584)
<i>Capital assets, net</i>	-	-	-	<u>9,609,906</u>	-	-	<u>9,609,906</u>
Total Governmental activities:	<u>5,323,074</u>	<u>12,356,701</u>	<u>18,841,824</u>	<u>9,706,375</u>	<u>53,535</u>	<u>32,378,044</u>	<u>78,659,553</u>
Component units:							
Balance, June 30, 2009	-	-	-	681,035	-	-	681,035
Increases	-	-	-	48,229	-	-	48,229
Decreases	-	-	-	(15,239)	-	-	(15,239)
<i>Balance, June 30, 2010</i>	-	-	-	<u>714,025</u>	-	-	<u>714,025</u>
Accumulated depreciation -							
Balance, June 30, 2010	-	-	-	(430,965)	-	-	(430,965)
<i>Capital assets, net</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>283,060</u>	<u>-</u>	<u>-</u>	<u>283,060</u>

Additional information on the Borough's capital assets can be found in the notes to the basic financial statements.

THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

Management's Discussion and Analysis, continued

CAPITAL ASSET AND DEBT ADMINISTRATION, continued

Long-term Debt

As of June 30, 2010, The Aleutians East Borough had the following outstanding debt:

Bonds payable at July 1, 2009	\$ 30,670,000
Principal payments	<u>(830,000)</u>
Bonds payable at June 30, 2010	<u>\$ 29,840,000</u>

Additional information on the Borough's outstanding debt can be found in the notes to the basic financial statements.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Borough's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Director of Finance, The Aleutians East Borough, PO Box 49, King Cove, AK 99612.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit A-1

Government-wide Statement of Net Assets

June 30, 2010

	Primary Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	\$ 300	-	300	-
Equity in central treasury	38,991,569	-	38,991,569	2,385,576
Investments	464,818	-	464,818	-
Prepays	-	-	-	333,996
Inventory	-	-	-	30,318
Receivables, net:				
State of Alaska	572,896	-	572,896	-
School	232,926	-	232,926	-
Accrued interest	91,298	-	91,298	-
Other	743,490	758	744,248	110,622
<i>Total receivables</i>	1,640,610	758	1,641,368	110,622
Internal balances	2,153,794	(2,153,794)	-	-
Capital assets:				
Land and construction in progress	37,701,118	-	37,701,118	-
Other capital assets, net of depreciation	31,348,529	9,609,906	40,958,435	283,060
<i>Total capital assets</i>	69,049,647	9,609,906	78,659,553	283,060
	<u>\$ 112,300,738</u>	<u>7,456,870</u>	<u>119,757,608</u>	<u>3,143,572</u>
Liabilities				
Accounts payable	\$ 380,606	6,810	387,416	82,367
Accrued payroll and taxes	604,952	6,109	611,061	431,345
Accrued vacation	52,195	-	52,195	36,762
Deferred revenue	442,396	-	442,396	29,616
Due to component unit	2,385,576	-	2,385,576	187,927
Debt payable	29,840,000	-	29,840,000	-
<i>Total liabilities</i>	33,705,725	12,919	33,718,644	768,017
Net Assets				
Invested in capital assets, net of related debt	39,209,647	9,609,906	48,819,553	283,060
Reserved:				
Forward funding	7,527,698	-	7,527,698	-
Construction	7,500,702	-	7,500,702	-
Permanent fund	22,121,090	-	22,121,090	-
Other	-	-	-	2,092,495
Unreserved:				
Designated for major maintenance	457,984	-	457,984	-
Undesignated	1,777,892	(2,165,955)	(388,063)	-
<i>Total net assets</i>	78,595,013	7,443,951	86,038,964	2,375,555
	<u>\$ 112,300,738</u>	<u>7,456,870</u>	<u>119,757,608</u>	<u>3,143,572</u>

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-or Discussion Purposes Only

See accompanying notes to financial statements.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Government-wide Statement of Activities

Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Component Unit
Primary governmental activities:							
General Fund	\$ 5,390,290	2,648,995	4,340,449	-	1,599,154	-	-
Bond construction	29,165	-	-	-	(29,165)	-	-
King Cove Access Project	-	-	-	-	-	-	-
Trust fund	29,166	-	-	-	(29,166)	-	-
Debt service	1,329,005	-	-	-	(1,329,005)	-	-
Maintenance reserve	116,429	-	-	-	(116,429)	-	-
Capital improvements	551,573	-	-	1,110,634	559,061	-	-
<i>Total primary governmental activities</i>	<u>7,445,628</u>	<u>2,648,995</u>	<u>4,340,449</u>	<u>1,110,634</u>	<u>654,450</u>	<u>-</u>	<u>-</u>
Business-type activity - Hovercraft	1,663,540	270,506	-	-	-	(1,393,034)	-
Total primary government	<u>9,109,168</u>	<u>2,919,501</u>	<u>4,340,449</u>	<u>1,110,634</u>	<u>654,450</u>	<u>(1,393,034)</u>	<u>-</u>
Component unit - AEB School	\$ 8,900,748	87,426	529,144	8,017	-	-	(8,276,161)
General revenues:							
Unrestricted investment earnings				\$ 12,832	-	12,832	-
Restricted investment earnings				3,169,829	-	3,169,829	-
Local contributions				-	-	-	1,027,493
State grants and entitlements				-	-	-	5,481,216
Impact aid				-	-	-	1,136,360
E-rate				-	-	-	427,548
Miscellaneous				972,904	-	972,904	38,063
<i>Total general revenues</i>				<u>4,155,565</u>	<u>-</u>	<u>4,155,565</u>	<u>8,110,680</u>
Transfers to/from other funds				(500,000)	500,000	-	-
Change in net assets				4,310,015	(893,034)	3,416,981	(165,481)
Net assets, beginning of year				<u>72,232,752</u>	<u>8,336,985</u>	<u>80,569,737</u>	<u>2,541,036</u>
Net assets, end of year				<u>\$ 76,542,767</u>	<u>7,443,951</u>	<u>83,986,718</u>	<u>2,375,555</u>

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For Discussion Purposes Only

See accompanying notes to financial statements.

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit B-1

Governmental Funds

Combining Balance Sheet

June 30, 2010

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Bond Construction	King Cove Access Project	Trust Fund	Debt Service		
Assets							
Cash and cash equivalents	\$ 300	-	-	-	-	-	300
Equity in central treasury	8,056,787	7,311,356	-	22,332,005	-	1,291,421	38,991,569
Investment in Southwest Governments, LLC	-	-	-	464,818	-	-	464,818
Receivables, net:							
State of Alaska	572,896	-	-	-	-	-	572,896
School	-	-	-	-	-	232,926	232,926
Accrued interest	4,080	13,371	-	73,847	-	-	91,298
Other	439,410	-	-	-	-	304,080	743,490
<i>Total receivables</i>	<u>1,016,386</u>	<u>13,371</u>	<u>-</u>	<u>73,847</u>	<u>-</u>	<u>537,006</u>	<u>1,640,610</u>
Due from other funds	<u>3,306,159</u>	<u>-</u>	<u>280,770</u>	<u>-</u>	<u>75,123</u>	<u>878,155</u>	<u>4,540,207</u>
	<u>\$ 12,379,632</u>	<u>7,324,727</u>	<u>280,770</u>	<u>22,870,670</u>	<u>75,123</u>	<u>2,706,582</u>	<u>45,637,504</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 239,015	11,765	-	2,431	-	127,395	380,606
Accrued payroll and taxes	29,983	-	-	-	-	574,969	604,952
Accrued vacation	52,195	-	-	-	-	-	52,195
Deferred revenue	442,396	-	-	-	-	-	442,396
Due to component unit	2,385,576	-	-	-	-	-	2,385,576
Due to other funds	-	1,639,264	-	747,149	-	-	2,386,413
<i>Total liabilities</i>	<u>3,149,165</u>	<u>1,651,029</u>	<u>-</u>	<u>749,580</u>	<u>-</u>	<u>702,364</u>	<u>6,252,138</u>
Fund balances:							
Reserved:							
Forward funding	7,527,698	-	-	-	-	-	7,527,698
Construction	-	5,673,698	280,770	-	-	1,546,234	7,500,702
Permanent fund	-	-	-	22,121,090	-	-	22,121,090
Unreserved:							
Designated for major maintenance	-	-	-	-	-	457,984	457,984
Undesignated	1,702,769	-	-	-	75,123	-	1,777,892
<i>Total fund balances</i>	<u>9,230,467</u>	<u>5,673,698</u>	<u>280,770</u>	<u>22,121,090</u>	<u>75,123</u>	<u>2,004,218</u>	<u>39,385,366</u>
	<u>\$ 12,379,632</u>	<u>7,324,727</u>	<u>280,770</u>	<u>22,870,670</u>	<u>75,123</u>	<u>2,706,582</u>	<u>45,637,504</u>

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For Discussion Purposes Only

See accompanying notes to financial statements.

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Governmental Funds

Reconciliation of Fund Balance to Net Assets

Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - Total governmental funds	\$ 39,385,366
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	69,049,647
General long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(29,840,000)</u>
Net assets of governmental activities	<u>\$ 78,595,013</u>

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See accompanying notes to financial statements.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit B-3

Governmental Funds

*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficit)*

Year Ended June 30, 2010

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General Fund	Bond Construction	King Cove Access Project	Trust Fund	Debt Service		
Revenues:							
Federal government	\$ 373,582	-	-	-	-	219,022	592,604
State of Alaska	3,966,867	2,052,245	-	-	-	891,612	6,910,724
Borough raw fish tax	2,648,995	-	-	-	-	-	2,648,995
Investment income	12,832	76,551	-	3,093,278	-	-	3,182,661
Other	525,422	-	-	-	-	447,482	972,904
<i>Total revenues</i>	<u>7,527,698</u>	<u>2,128,796</u>	<u>-</u>	<u>3,093,278</u>	<u>-</u>	<u>1,558,116</u>	<u>14,307,888</u>
Expenditures:							
Current:							
Mayor's office	231,639	-	-	-	-	-	231,639
Assembly	146,506	-	-	-	-	-	146,506
Clerk and planning management	147,987	-	-	-	-	-	147,987
Administration	474,459	-	-	-	-	-	474,459
Finance	199,330	-	-	-	-	-	199,330
Resource department	420,994	-	-	-	-	-	420,994
Public works	113,542	-	-	-	-	-	113,542
Special assistant	113,406	-	-	-	-	-	113,406
Other	1,807,724	-	-	-	-	-	1,807,724
Capital outlay	-	3,446,777	-	-	-	1,524,478	4,971,255
Principle	-	-	-	-	830,000	-	830,000
Interest	-	-	-	-	1,329,005	-	1,329,005
Trust fund	-	-	-	29,166	-	-	29,166
<i>Total expenditures</i>	<u>3,655,587</u>	<u>3,446,777</u>	<u>-</u>	<u>29,166</u>	<u>2,159,005</u>	<u>1,524,478</u>	<u>10,815,013</u>
Excess of revenues (under) over expenditures	<u>3,872,111</u>	<u>(1,317,981)</u>	<u>-</u>	<u>3,064,112</u>	<u>(2,159,005)</u>	<u>33,638</u>	<u>3,492,875</u>
Other financing sources (uses):							
Transfers from other funds	-	-	-	350,000	2,159,005	600,000	3,109,005
Transfers to other funds	(3,609,005)	-	-	-	-	-	(3,609,005)
<i>Total other financing sources (uses)</i>	<u>(3,609,005)</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>2,159,005</u>	<u>600,000</u>	<u>(500,000)</u>
Net change in fund balance (deficit)	263,106	(1,317,981)	-	3,414,112	-	633,638	2,992,875
Fund balances (deficit), beginning of year	<u>8,967,361</u>	<u>6,991,679</u>	<u>280,770</u>	<u>18,706,978</u>	<u>75,123</u>	<u>1,370,580</u>	<u>36,392,491</u>
Fund balances, end of year	\$ 9,230,467	5,673,698	280,770	22,121,090	75,123	2,004,218	39,385,366

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For Discussion Purposes Only

See accompanying notes to financial statements.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Governmental Funds

Reconciliation of Change in Net Assets

Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - Total governmental funds	\$ 2,992,875
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized outlays of \$4,296,302 exceeded depreciation of \$1,756,917 in the current period	2,539,385
Governmental funds report outlays of principle payments on debt as expenditures; however, in the statement of activities, the cost of those expenditures is a reduction of a liability, the amount by which principle payments are reported as expenditures.	<u>830,000</u>
Total changes in net assets of governmental activities	<u>\$ 6,362,260</u>

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For Discussion Purposes Only

See accompanying notes to financial statements.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit B-5

General Fund and Annually Budgeted Major Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Budget and Actual

Year Ended June 30, 2010

	General Fund				Bond Construction		
	Original	Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Original/Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
Revenues:							
Federal government	\$ 602,000	602,000	373,582	(228,418)	-	-	-
State of Alaska	3,078,649	3,078,649	3,966,867	888,218	-	-	-
Borough raw fish tax	2,635,000	2,635,000	2,648,995	13,995	-	-	-
Investment income	68,000	68,000	12,832	(55,168)	-	76,551	76,551
Other	7,000	7,000	525,422	518,422	5,000,000	-	(5,000,000)
Total revenues	6,390,649	6,390,649	7,527,698	1,137,049	5,000,000	76,551	(4,923,449)
Expenditures:							
Current:							
Mayor's office	242,784	242,784	231,639	11,145	-	-	-
Assembly	135,000	135,000	146,506	(11,506)	-	-	-
Clerk and coastal management	194,176	195,176	147,987	47,189	-	-	-
Administration	455,441	455,441	474,459	(19,018)	-	-	-
Finance	174,366	215,811	199,330	16,481	-	-	-
Resource department	470,628	462,128	420,994	41,134	-	-	-
Public works	138,321	120,821	113,542	7,279	-	-	-
Development director	136,427	123,677	113,406	10,271	-	-	-
Other	1,547,500	1,588,910	1,807,724	(218,814)	-	-	-
Capital outlay	-	-	-	-	5,000,000	3,446,777	1,553,223
Principle	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Trust fund	-	-	-	-	-	-	-
Total expenditures	3,494,643	3,539,748	3,655,587	(115,839)	5,000,000	3,446,777	1,553,223
Excess of revenues over (under) expenditures	2,896,006	2,850,901	3,872,111	1,021,210	-	(3,370,226)	(3,370,226)
Other financing (uses) sources - Transfers (to) from other funds	(3,078,833)	(3,109,005)	(3,609,005)	(500,000)	500,000	-	(500,000)
Total other financing (uses) sources	(3,078,833)	(3,109,005)	(3,609,005)	(500,000)	500,000	-	(500,000)
Excess of revenues and other financing sources over (under) expenditures and other uses	\$ (182,827)	(258,104)	263,106	521,210	500,000	(3,370,226)	(3,870,226)
Fund balances (deficit), beginning of year			8,967,361			6,991,679	
Fund balances (deficit), end of year			\$ 9,230,467			3,621,453	

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

General Fund and Annually Budgeted Major Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Budget and Actual, continued

	King Cove Access Project			Trust fund			Debt Service Fund		
	Original/Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Original/Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Original/Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
Revenues:									
Federal government	-	-	-	-	-	-	-	-	-
State of Alaska	-	-	-	-	-	-	-	-	-
Borough raw fish tax	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	350,000	3,093,278	2,743,278	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	350,000	3,093,278	2,743,278	-	-	-
Expenditures:									
Current:									
Mayor's office	-	-	-	-	-	-	-	-	-
Assembly	-	-	-	-	-	-	-	-	-
Clerk and coastal management	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-
Resource department	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Special assistant	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Principle	-	-	-	-	-	-	830,000	830,000	-
Interest	-	-	-	-	-	-	1,329,005	1,329,005	-
Trust fund	-	-	-	35,000	29,166	5,834	-	-	-
Total expenditures	-	-	-	35,000	29,166	5,834	2,159,005	2,159,005	-
Excess of revenues over (under) expenditures	-	-	-	315,000	3,064,112	2,749,112	(2,159,005)	(2,159,005)	-
Other financing (uses) sources -									
Transfers (to) from other funds	-	-	-	-	350,000	350,000	2,235,320	2,159,005	(76,315)
Total other financing (uses) sources	-	-	-	-	350,000	350,000	2,235,320	2,159,005	(76,315)
Excess of revenues and other financing sources over (under) expenditures and other uses	-	-	-	315,000	3,414,112	3,099,112	(2,159,005)	-	(76,315)
Fund balances (deficit), beginning of year		280,770			18,706,978			75,123	
Fund balances (deficit), end of year		\$ 280,770			22,121,090			75,123	

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For Discussion Purposes Only See accompanying notes to financial statements.

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit C-1

Business-Type Activities - Hovercraft

Balance Sheet

June 30, 2010

Assets

Current assets:

Receivables, net \$ 758

Non-Current assets:

Equipment, net of accumulated depreciation 9,609,906

Total assets \$ 9,610,664

Liabilities

Accounts payable \$ 6,810

Accrued payroll and taxes 6,109

Due to other funds 2,153,794

Total liabilities 2,166,713

Retained earnings

Fund equity:

Contributions in aid, net 9,609,906

Retained deficit (2,165,955)

Total fund equity 7,443,951

\$ 9,610,664

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For Discussion Purposes Only

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

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Business-Type Activities - Hovercraft

*Combined Statement of Revenue, Expenses,
and Changes in Retained (Deficits) Balance*

Year Ended June 30, 2010

Revenues	<u>\$ 270,506</u>
Operating expenses:	
Salaries and benefits	426,401
Contract labor	130,535
Travel and per diem	30,067
Telephone	11,944
Supplies	114,113
Rent	11,676
Utilities	24,071
Insurance	351,030
Fuel	118,636
Freight	1,367
Legal	84,966
Depreciation	<u>358,734</u>
<i>Total operating expenses</i>	<u>1,663,540</u>
Excess of revenues (under) over expenditures	(1,393,034)
Other financing source - Operating transfer from other funds	<u>500,000</u>
Change in net assets	(893,034)
Retained earnings, beginning of year	<u>8,336,985</u>
Retained earnings, end of year	<u><u>\$ 7,443,951</u></u>

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For Discussion Purposes Only

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

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit C-3

Business-Type Activities - Hovercraft

Statement of Cash Flows

Year Ended June 30, 2010

Increase (decrease) in cash and cash equivalents -	
Cash flows from operating activities:	
Cash payments from customers	\$ 270,924
Cash payments from other sources	500,000
Cash payments for goods and services	(935,545)
Cash payments for salaries and benefits	360,863
<i>Net cash used by operating activities</i>	<u>196,242</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(196,242)</u>
<i>Total cash flows used by capital and related financing activities</i>	(196,242)
Net increase in cash	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Change in net assets	\$ (893,034)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	358,734
(Increase) decrease in current assets:	
Receivable	418
Increase (decrease) in current liabilities:	
Accounts payable	(57,140)
Accrued liabilities	(844)
Increase in due to other funds	788,108
Net cash provided by operating activities	<u>\$ 196,242</u>

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

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Deferred Compensation Agency Fund

Statement of Fiduciary Net Assets

June 30, 2010

Assets

Property and rights held under deferred compensation plan \$ 337,554

Net Assets

Obligations to employees under deferred compensation plan \$ 337,554

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Aleutians East Borough (Borough) was incorporated October 23, 1987, under the laws of the State of Alaska as a second-class borough. All significant activities with which the Borough exercises oversight responsibilities have been included in the Borough's general purpose financial statements.

The accompanying financial statements include all activities of The Aleutians East Borough and The Aleutians East Borough School District. The Borough Assembly, as the oversight authority, approves the total annual budget of the School District and also makes annual contributions to it. Based on financial interdependence, budget approval, responsibility for debt, and accountability and control of fiscal matters, The Aleutians East Borough School District is a component unit of The Aleutians East Borough. The Aleutians East Borough School District's audited financial statements may be obtained from The Aleutians East Borough School District.

No other entities exist over which the Borough has oversight responsibility.

Component Unit

The Aleutians East Borough School District is a component unit of The Aleutians East Borough. The School District was formed July 1, 1988, as a result of the formation of The Aleutians East Borough on the same date. The District was formed by incorporating King Cove City School District and Sand Point City School District. In addition, the following locations were added from Aleutian Region School District: Cold Bay, False Pass, Nelson Lagoon, and Akutan.

As the School District is organized as a government, its financial statements are prepared using accounting principles generally accepted in the United States of America as related to government organizations. As such, the financial statements are prepared using the current financial resources measurement focus and accrual method of accounting.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information in all nonfiduciary activities of the Borough. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
Government-wide and Fund Financial Statements, continued

Separate financial statements are provided for governmental fund types. Major individual governmental funds are reported in separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2010, the Borough had no restricted net assets.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements of the Borough are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Borough's reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Assembly (FASB) pronouncements and Accounting Principles Assembly (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Borough's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and accrual basis of accounting includes reclassification or elimination of internal activity (between or within funds). Financial statements of Borough component units also report using this same focus and basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements report used the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Borough considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include intergovernmental revenues and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as needed.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Types and Major Funds

The Borough reports the following major governmental funds:

- General Fund - Reports as the primary fund of the Borough. This fund is used to account for all financial resources not reported in other funds.
- Bond Construction - Accounts for all revenue received and expenditures made for the development and administration of construction, including the issuance of bonds.
- King Cove Access Project - Accounts for all revenue earned and expenditures made for the development and administration of the King Cove/Cold Bay Road.
- Trust Fund - Accounts for all revenue received and expenditures made for the development and administration of the trust fund.
- Debt Service – Accounts for all expenditures made for the retirement of and interest on debt.
- Business-type activity – Hovercraft – Accounts for all activity for the operations of the hovercraft.

Other Fund Types

The Borough also reports the following fund type: Nonmajor Fund - Reports all capital expenditures for the Borough.

Assets, Liabilities, and Equity

- Deposits and Investments - The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.
- Receivables and Payables - All outstanding balances between funds are reported as "due to/from other funds." These balances represent the numerous transactions that occur during the course of operations between individual funds for goods provided or services rendered. The direct write-off method is used for estimated uncollectible accounts receivable.
- Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
Assets, Liabilities, and Equity, continued

- **Fixed Assets** - The Borough's property, plant, equipment, and infrastructure with useful lives of more than 1 year are stated at historical cost and comprehensively reported in government-wide financial statements. The Borough maintains infrastructure asset records consistent with all other capital assets. Component unit capital assets are also reported in their respective fund and combining component unit financial statements. Donated assets are stated at fair value on the date donated. The Borough generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives in years for depreciable assets are as follows:

Buildings	25
Infrastructure	30
Furniture and equipment	3 to 7
Vehicles	7

- **Compensated Absences** - It is the Borough's policy to permit employees to accumulate earned but unused annual leave. Compensated absences are reported as accrued in government-wide and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees and are included in wages and benefits payable.
- **Deferred Revenue** - Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met are recorded as deferred revenue.
- **Long-term Debt** - In government-wide and component unit financial statements, outstanding debt is reported as liabilities. Governmental fund financial statements recognize proceeds of debt and premiums as other financing sources of the current period.
- **Fund Equity** - Governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. There is no reserved fund balance reported in the current year.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Borough Assembly is required to approve an annual budget before the start of the new fiscal year. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through passage of an ordinance. Budgets are prepared and presented on the modified accrual basis of accounting. Any revisions to the budget must be approved by passage of an ordinance by the Assembly. The Borough Assembly authorizes formal budget revisions several times each year to adjust revenues and expenditures to available resources and program needs. The final revised and approved budget is presented in these financial statements.

Beginning in fiscal year 2003, the Borough is forward funding its general fund expenditures and reserving general fund balance to the extent of current-year general fund revenue except coastal management and LEPC grants.

NOTE 3 - CASH AND INVESTMENTS

The Borough's investment policy authorizes the Borough to invest in U.S. Treasury securities; obligations guaranteed by the U.S. government or its agencies or instrumentalities; repurchase agreements; certificates of deposit; bonds and notes which are issued by any state or political subdivision thereof which are graded "A" or higher by Moody's Investor's Service, Inc.; prime commercial paper graded "A1" or higher by Moody's Investor's Service, Inc.; banks and savings and loan associations to the extent that deposits are insured by Federal Depository Insurance Corporation or Federal Savings and Loan Insurance Corporation; obligations of corporations, provided the obligations are graded "Baa" or higher by Moody's Investor's Service Inc., or Standard and Poor's Corporation and issued in the United States and denominated in US dollars, not more than 15% of the fixed income portfolio may be held in Baa rated securities; The Alaska Municipal League Investment Pool, Inc.; and Income producing real estate investments. Additionally, the policy authorizes the Borough invest permanent fund assets to maintain safety of principle while maximizing the total return. Investments shall be diversified to minimize the risk of loss resulting from a concentration of investments in a specific maturity, issuer, class of security, financial institution, or with respect to equity investments, in a specific company, industry or investment sector. Fund assets may be invested in the instruments and securities set out in the following securities: Domestic Equities, which taken as a whole, attempt to replicate the Standard and Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's); International Equities, which taken as a whole, attempt to replicate the Morgan Stanley Europe, Australiasia, Far East (EAFE) Index, including both mutual funds and exchange traded funds (ETF's); Equities, which take as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the S&P REIT index or the Cohen and Steers Realty Majors Portfolio Index, including both mutual funds and exchange traded funds (ETF'S); and Domestic Equities, which taken as a whole, attempt to replicate the Standard and Poor's 400 Midcap Index, including both moth mutual funds and exchange traded funds (ETF's). The permanent fund may invest up to 35 percent of total invested permanent funds in common and preferred stock listed on a recognized exchange and a mutual fund designed to replicate the Standard and Poor's 500 Index. The permanent fund may also invest in international equities up to a maximum of 5 percent of the total permanent fund. Performance measurement for the Fixed Income Allocation will be measured against the Target weighting using the Lehman Intermediate Gov/Credit Index fro the Benchmark.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 3 - CASH AND INVESTMENTS, continued

The duration of the Fixed Income Allocation should be maintained between 80% and 120% of the duration of the Benchmark.

Statutes require that the Borough's deposits in excess of FDIC or FSLIC limits be collateralized by government securities. Cash resources for some of the various funds are maintained in a central treasury represented by a sweep checking account and certificate of deposit. Cash is swept and commingled with the School District's moneys within Borough accounts on a daily basis.

The Borough participates in the Alaska Municipal League Investment Pool (AMLIP). This investment pool consists of governmental investors within the State of Alaska. AMLIP does not carry its own institutional insurance or collateralization for funds it invests. The organizing document does state that certificates of deposit must be collateralized or covered by federal insurance by the issuing entity. The carrying amount and market value at June 30, 2010, was \$50,767.

Cash and investment balances are as follows:

	Bank Balance	Book Balance
Cash and cash equivalents	\$ 9,745,118	9,172,956
Investments, at fair market value	29,818,913	29,818,913
	\$ 39,564,031	38,991,869

Components of investment income/(loss) at June 30, 2010 was as follows:

Interest	\$ 471,091
Dividends	369,647
Fees	(13,047)
Realized gains (loss)	(1,053,254)
Unrealized gains (loss)	3,408,223
	\$ 3,182,661

Investment income/(loss) affected the following funds at June 30, 2010:

General Fund - unreserved	\$ 12,832
Bond Construction - reserved	76,551
Trust Fund - reserved	3,093,278
	\$ 3,182,661

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 4 - FIXED ASSETS

A summary of changes in fixed assets for the year ended June 30, 2010, follows:

	June 30, 2009	Additions	Retirements	June 30, 2010
Land	\$ 5,323,074	-	-	5,323,074
Buildings and improvements	45,004,047	-	-	45,004,047
Infrastructure	24,374,659	4,274,089	-	28,648,748
Furniture and equipment	583,763	22,213	-	605,976
Vehicles	169,651	-	-	169,651
Access road construction	<u>32,378,044</u>	<u>-</u>	<u>-</u>	<u>32,378,044</u>
	107,833,238	4,296,302	-	112,129,540
Less accumulated depreciation	<u>(41,322,976)</u>	<u>(1,756,917)</u>	<u>-</u>	<u>(43,079,893)</u>
	<u>\$ 66,510,262</u>	<u>2,539,385</u>	<u>-</u>	<u>69,049,647</u>
Hovercraft	\$ 10,523,248	196,242	-	10,719,490
Less accumulated depreciation	<u>(750,850)</u>	<u>(358,734)</u>	<u>-</u>	<u>(1,109,584)</u>
	<u>\$ 9,772,398</u>	<u>(162,492)</u>	<u>-</u>	<u>9,609,906</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables are shown as "due to" and "due from" in each individual fund within the governmental fund financial statements. These balances represent short-term interfund borrowings at June 30, 2010, and were as follows:

	Due from Other Funds	Due to Other Funds
Major funds:		
General fund	\$ 3,306,159	-
Bond construction	-	1,639,264
King Cove Access Project	280,770	-
Trust Fund	-	747,149
Debt Service	75,123	-
Business-type activity - Hovercraft	-	2,153,794
Nonmajor funds	<u>878,155</u>	<u>-</u>
	<u>\$ 4,540,207</u>	<u>4,540,207</u>

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 6 - LONG-TERM DEBT

Following is a summary of general obligation bond transactions of the Borough for the year ended June 30, 2010:

Bonds payable at July 1, 2009	\$ 30,670,000
Principal payments	<u>(830,000)</u>
Bonds payable at June 30, 2010	<u>\$ 29,840,000</u>

General obligation bonds payable at June 30, 2010, are comprised of the following individual issues:

<i>\$2,350,000</i> - 1998 King Cove Harbor, due in variable installments ranging from \$150,000 to \$250,000 through April 1, 2014; interest rate is variable from 4.6 to 5.6 percent	\$ 205,000
<i>\$3,550,000</i> - 2001 Akutan and False Pass Schools, due in variable installments ranging from \$30,000 to \$190,000 through November 1, 2021; interest rate is not to exceed 7 percent	2,475,000
<i>\$21,125,000</i> - 2003 Aleutians East Borough, Alaska school, marine, other transportation, due in variable installments ranging from \$60,125 to \$2,465,125 through December 1, 2028; interest rate not to exceed 7 percent	2,180,000
<i>\$5,000,000</i> - 2006 Akutan Harbor due in variable installments ranging from \$112,393 to \$556,235 through February 1, 2026; interest rate is variable from 4.0 to 4.35 percent.	4,085,000
<i>\$21,095,000</i> - 2007 Refunding of Aleutians East Borough bonds due in variable installments ranging from \$53,550 to \$2,433,550 through June 30, 2029; interest rate is variable from 3.75 to 5.0 percent	<u>20,895,000</u>
	<u>\$ 29,840,000</u>

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 6 - LONG-TERM DEBT, continued

Annual requirements to amortize all Borough general obligation bonds and leases payable as of June 30th follow:

Year ending	Principal	Interest	Total
2011	\$ 715,252	2,287,970	3,003,222
2012	775,365	2,320,697	3,096,061
2013	878,591	2,282,577	3,161,167
2014	942,182	2,240,336	3,182,517
2015-2019	6,173,728	8,450,472	14,624,199
2020-2024	8,923,480	3,639,207	12,562,687
2025-2029	<u>11,431,403</u>	<u>1,305,038</u>	<u>12,736,441</u>
	<u>\$ 29,840,000</u>	<u>22,526,295</u>	<u>52,366,295</u>

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds for the current year were:

	Budget	Actual Expenditures	Over Budget
General Fund	<u>\$ 3,539,748</u>	<u>3,655,587</u>	<u>(115,839)</u>

NOTE 8 - DEFINED-BENEFIT PENSION PLANS

All non-certified permanent employees working over 30 hours per week participate in the Alaska Public Employees Retirement System (PERS).

Alaska Public Employees Retirement System (PERS)

Plan Description: The plan is a joint-contributor agent, multiple-employer PERS plan created by State of Alaska statutes effective January 1, 1961. Any municipality or other political subdivision of the State may request to become an employer in this system. Benefit and contribution provisions are established by State law and may be amended only by State legislature.

Pension Benefits: The Aleutians East Borough participates in the Public Employees Retirement System (PERS), a retirement plan that provides pension, postemployment health care, death and disability benefits to eligible participants. The PERS is administered by the State of Alaska Division of Retirement and Benefits.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 8 - DEFINED-BENEFIT PENSION PLANS, continued

Employees hired prior to July 1, 2006 and employees hired after July 1, 2006 who have PERS enrollment from prior employment, participate in the PERS Tiers I-III, a defined benefit retirement system. Employees hired after July 1, 2006 who have no prior PERS participating employment participate in PERS Tier IV, a defined contribution plan with a component of defined benefit postemployment health care. Benefits and contribution provisions are established by State law and may be amended only by the State Legislature.

Each fiscal year the PERS issues publicly available financial reports that include financial statements and required supplementary information. These reports are available from: Department of Administration, Division of Retirement and Benefits, PO Box 110203, Juneau, AK 99811.

Conversion to Cost Sharing: In 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the PERS from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost sharing arrangement the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. The cost sharing plan requires a uniform employer contribution rate of 22% of active member wages, subject to a wage floor. State legislation currently provides that the State of Alaska will contribute any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate. This rate will be consistent with the actuarially determined rate. Any such additional contributions are recognized by each employer as an on-behalf payment.

In fiscal year 2008 the State of Alaska also passed SB 123 which requires the employer contribution be calculated on all PERS eligible wages, including wages attributable to the defined contribution plan.

The PERS contribution rates for 2009 were determined as part of the June 30, 2006 and June 30, 2007 actuarial valuations as follows:

Pers Rates - 2009	Contractual Rate	ARM Board Adoption Rate	GASB 45 Rate**
Pension	6.82%	10.91%	8.47%
Postemployment Health Care	15.18%	24.31%	37.25%
Total Contribution Rate	22.00%	35.22%	45.72%
Pers Rates - 2010	Contractual Rate	ARM Board Adoption Rate	GASB 45 Rate**
Pension	6.82%	10.25%	Unavailable
Postemployment Health Care	15.18%	17.40%	Unavailable
Total Contribution Rate	22.00%	27.65%	Unavailable

** this rate uses a 4.5% OPEB discount rate and disregards future Medicare Part D payments.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 8 - DEFINED-BENEFIT PENSION PLANS, continued

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan is understood by the employer and the plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between AEB and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets. The significant actuarial information and assumptions used in the most recent valuation plan follow:

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry age actuarial cost Level percentage of pay for pension Level dollar for healthcare
Amortization Method	Level dollar, closed
Equivalent Single Amortization Period	20 years
Asset Valuation Method	8.25% compounded annually, net of expenses
Salary Scale	Merit - 5.5% per year grading down to 1.5% after 5 years; more than 6 years 1% grading down to 0%. Productivity - 0.5% per year.
Payroll Growth	4% per year.
Inflation	3.5 % annually.
Health Cost Trend	Medical: 8% for FY09 grades down to 5.1% thru FY10. Prescription Drugs: 10.8% for FY09 trending down to 5.1% thru FY10.

Projected benefits for financial reporting purposes do not incorporate any potential effect of legal or contractual funding limitations.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 8 - DEFINED-BENEFIT PENSION PLANS, continued

Annual Pension and Post employment Healthcare Cost: AEB is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributes the difference between the rates established by the Alaska Retirement Management Board (ARMB) and the employer mandated rates. The state of Alaska contributed approximately 13.22% and 5.65% of covered payroll to the retirement plan in State FY2009 and State FY2010 respectively. In accordance with the provisions of GASB Statement Number 24, AEB has recorded the State contribution in the amount \$58,889 as a PERS on-behalf payment for the year ended December 31, 2009. However, because AEB is not statutorily obligated for these payments, this amount is excluded from pension and the Obligation Post Employee Benefit as described here.

Period	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	Contributions	% of TBC Contributed
07/01/09-6/30/10	\$ 253,384	-	253,384	-	100%

Employees first enrolling into PERS after July 1, 2006 participate in PERS Tier IV. PERS Tier IV is a defined contribution retirement plan that includes a component of defined benefit post-employment health care. The plan required both employer and employee contributions. Contribution rates are as follows:

Pers Tier IV Contribution Rates:	07/01/09 - 12/31/09	01/01/10 - 6/30/10
Employee Contribution	8.00%	8.00%
Employer Contribution		
Retirement	5.00%	5.00%
Health Reimbursement Arrangement*	3.00%	3.00%
Retiree Medical Plan	0.83%	0.55%
Death & Disability Benefit	0.30%	0.31%
Total Employer Contribution	9.13%	8.86%

*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute “an amount equal to three percent to the employers average annual employee compensation.” For actual remittance this amount was calculated at a flat rate of \$65.37 per full time employee per pay period for full time employees and \$1.09 per hour worked for each part time employee.

Under the newly adopted cost sharing arrangement for the PERS defined benefit plan the state statute employer contribution rate of 22% includes Tier IV employees. In addition to the amounts above AEB contributed \$57,602 on Tier IV employee payroll for the year ended June 30, 2010. This contribution is comprised of \$49,387 for retirement and retiree medical and disability, and \$8,215 for Health Reimbursement Arrangement on-behalf of its employees.

All amounts paid on behalf of employees are applied to the obligation of the PERS defined benefit plan and is included in the contribution AEB recorded in the defined benefit cost-sharing plan. Employee contribution to the plan totaled \$20,946.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 9 - DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Borough (without being restricted to provisions of benefits under the plan), subject only to claims of the Borough's general creditors. Participants' rights under the plan are equal to those of general creditors of the Borough in the amount equal to fair market value of the deferred account for each participant.

The Borough has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Borough believes it is unlikely it will use the assets to satisfy claims of general creditors in the future. Assets of the fund totaled \$337,544 at June 30, 2010, and are accounted for in the deferred compensation agency fund.

NOTE 10 - THE ALEUTIANS EAST BOROUGH SCHOOL DISTRICT CONTRIBUTION

Contributions:

Local school contribution	\$ 1,200,000
Additional CIP contribution	85,111
FY10 revenue in excess of expenditures	<u>461,727</u>
Total contributions - Cash	<u>\$ 1,746,838</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Grants

The Aleutians East Borough participates in a number of federal- and State-assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The amount, if any, of expenditures that may be disallowed by granting agencies cannot be determined at this time, although the Borough expects such amounts, if any, to be immaterial.

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THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Notes to Financial Statements, continued

NOTE 11 - COMMITMENTS AND CONTINGENCIES, continued

Contract Dispute

The Borough is currently in dispute with an architect on the Harbor Improvement Project in King Cove.

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SUPPLEMENTAL INFORMATION

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit E-1

General Fund

*Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual*

Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal government:			
Payment in lieu of taxes	\$ 559,000	320,326	(238,674)
USFWS lands	25,000	36,256	11,256
Coastal management grant	<u>18,000</u>	<u>17,000</u>	<u>(1,000)</u>
<i>Total federal government</i>	<u>602,000</u>	<u>373,582</u>	<u>(228,418)</u>
State of Alaska:			
Raw fish tax	1,492,720	2,119,328	626,608
State bond rebate	1,045,464	1,070,875	25,411
State fish landing tax	45,115	96,142	51,027
State extraterritorial fish tax	108,350	272,955	164,605
State revenue sharing	387,000	387,000	-
State energy assistance	<u>-</u>	<u>20,567</u>	<u>20,567</u>
<i>Total State of Alaska</i>	<u>3,078,649</u>	<u>3,966,867</u>	<u>888,218</u>
Borough raw fish tax	2,635,000	2,648,995	13,995
Investment income	68,000	12,832	(55,168)
AEBSD refund	-	405,522	405,522
Other	<u>7,000</u>	<u>119,900</u>	<u>112,900</u>
<i>Total revenues</i>	<u>6,390,649</u>	<u>7,527,698</u>	<u>1,137,049</u>
Expenditures:			
Mayor's office:			
Salaries	67,204	70,196	(2,992)
Fringe benefits	24,580	25,142	(562)
Travel and per diem	36,000	22,465	13,535
Telephone	2,400	1,856	544
Supplies	1,000	380	620
Legal	<u>111,600</u>	<u>111,600</u>	<u>-</u>
<i>Total Mayor's office</i>	<u>242,784</u>	<u>231,639</u>	<u>11,145</u>
Assembly:			
Salaries	25,000	15,600	9,400
Fringe benefits	55,000	75,360	(20,360)
Travel and per diem	40,000	37,334	2,666

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

General Fund

*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual, continued*

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures, continued:			
Assembly, continued:			
Telephone	\$ 4,500	3,248	1,252
Supplies	500	1,194	(694)
Retreat	10,000	13,770	(3,770)
<i>Total assembly</i>	<u>135,000</u>	<u>146,506</u>	<u>(11,506)</u>
Clerk and planning management:			
Salaries	79,220	62,998	16,222
Fringe benefits	26,156	24,468	1,688
Travel and per diem	12,500	3,392	9,108
Telephone	7,500	6,282	1,218
Postage	500	318	182
Supplies	9,000	5,769	3,231
Utilities	12,000	17,035	(5,035)
Dues and fees	5,000	3,453	1,547
Elections	8,300	7,450	850
Planning commission	7,000	8,264	(1,264)
Other	28,000	8,558	19,442
<i>Total clerk and planning management</i>	<u>195,176</u>	<u>147,987</u>	<u>47,189</u>
Administration:			
Salaries	268,681	276,732	(8,051)
Fringe benefits	92,160	91,393	767
Contract labor	10,000	25,575	(15,575)
Travel and per diem	15,000	15,714	(714)
Telephone	6,000	6,532	(532)
Postage	2,500	2,417	83
Supplies	18,120	16,788	1,332
Equipment	4,500	-	4,500
Rent	36,980	36,898	82
Dues and fees	1,500	2,410	(910)
<i>Total administration</i>	<u>455,441</u>	<u>474,459</u>	<u>(19,018)</u>
Finance:			
Salaries	102,811	98,552	4,259
Fringe benefits	43,000	40,972	2,028
Contract labor	-	45	(45)
Travel and per diem	4,000	4,453	(453)

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit E-1, continued

General Fund

*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual, continued*

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures, continued:			
Finance, continued:			
Telephone	\$ 5,000	3,781	1,219
Postage	1,500	2,095	(595)
Supplies	10,500	13,694	(3,194)
Utilities	4,000	3,353	647
Audit	45,000	32,385	12,615
<i>Total finance</i>	<u>215,811</u>	<u>199,330</u>	<u>16,481</u>
Resource department:			
Salaries	115,976	120,208	(4,232)
Fringe benefits	37,178	38,286	(1,108)
Contract labor	60,000	60,000	-
Travel and per diem	35,000	24,579	10,421
Meetings	40,000	21,224	18,776
Telephone	5,200	5,270	(70)
Supplies	3,000	1,206	1,794
Area M issues	165,774	150,221	15,553
<i>Total resource department</i>	<u>462,128</u>	<u>420,994</u>	<u>41,134</u>
Public works:			
Salaries	71,112	68,817	2,295
Fringe benefits	26,209	27,526	(1,317)
Travel and per diem	12,000	8,934	3,066
Telephone	1,500	1,647	(147)
Supplies	6,000	3,861	2,139
Equipment	1,500	-	1,500
Utilities	2,500	2,757	(257)
<i>Total public works</i>	<u>120,821</u>	<u>113,542</u>	<u>7,279</u>
Development director:			
Salaries	62,760	51,754	11,006
Fringe benefits	24,167	21,627	2,540
Contract labor	6,000	12,519	(6,519)

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

General Fund

*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual, continued*

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures, continued:			
Development director, continued:			
Travel and per diem	\$ 15,000	15,297	(297)
Telephone	4,000	2,751	1,249
Postage	250	6	244
Supplies	4,500	1,871	2,629
Rent	7,000	7,581	(581)
<i>Total special assistant</i>	<u>123,677</u>	<u>113,406</u>	<u>10,271</u>
Other:			
Local school contribution	1,054,000	1,200,000	(146,000)
Student scholarship	20,000	11,711	8,289
Student travel	5,000	5,000	-
Utilities	11,410	20,218	(8,808)
Equipment	18,200	22,214	(4,014)
Legal	65,000	90,133	(25,133)
Insurance	180,000	153,200	26,800
Bank fees	500	916	(416)
Contribution to Eastern Aleutians Tribes	150,000	150,000	-
Basketball camp and native dance	23,500	15,100	8,400
Revenue sharing - Nelson Lagoon	32,000	91,671	(59,671)
Coastal management	-	17,724	(17,724)
King Cove Access Project	20,000	12,544	7,456
Web service	9,300	13,231	(3,931)
Miscellaneous expense	-	4,062	(4,062)
<i>Total other</i>	<u>1,588,910</u>	<u>1,807,724</u>	<u>(218,814)</u>
Capital outlays	-	-	-
<i>Total expenditures</i>	<u>3,539,748</u>	<u>3,655,587</u>	<u>(115,839)</u>
Excess of revenues over expenditures	<u>2,850,901</u>	<u>3,872,111</u>	<u>1,021,210</u>
Other financing uses - Operating transfers to other funds:			
Special revenue funds - Maintenance reserve	(100,000)	(100,000)	-
Capital improvements fund	(500,000)	(500,000)	-
Hovercraft	-	(500,000)	500,000
Trust Fund	(350,000)	(350,000)	-
Debt service fund	(2,159,005)	(2,159,005)	-
<i>Net other financing uses</i>	<u>(3,109,005)</u>	<u>(3,609,005)</u>	<u>500,000</u>
Excess of revenues over expenditures and other financing uses	<u>\$ (258,104)</u>	<u>263,106</u>	<u>1,521,210</u>
Beginning fund balance		<u>8,967,361</u>	
Ending fund balance		<u>\$ 9,230,467</u>	

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THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit F-1

Bond Construction

*Statement of Revenues, Expenditures,
and Changes in Fund Balance*

Year Ended June 30, 2010

Revenues:	
Investment income	\$ 76,551
State revenue	<u>2,052,245</u>
<i>Total revenues</i>	<u>2,128,796</u>
Expenditures:	
Sand Point Harbor	157,646
False Pass Harbor	40,740
Akutan Harbor	3,219,227
Management fee	<u>29,164</u>
<i>Total expenditures</i>	<u>3,446,777</u>
Excess of expenditures over revenues	<u>(1,317,981)</u>
Beginning fund balance	<u>6,991,679</u>
Ending fund balance	<u><u>\$ 5,673,698</u></u>

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

King Cove Access Project

*Statement of Revenues, Expenditures,
and Changes in Fund Balance*

Year Ended June 30, 2010

Revenues:	
Investment income	\$ -
Other	-
<i>Total revenues</i>	<u>-</u>
Expenditures - Miscellaneous capital projects - King Cove Access Project	<u>-</u>
Excess of revenues over expenditures	-
Beginning fund balance	<u>280,770</u>
Ending fund balance	<u><u>\$ 280,770</u></u>

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THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit H-1

Trust Fund

*Statement of Revenues, Expenditures,
and Changes in Fund Balance*

Year Ended June 30, 2010

Revenues:	
Investment income	<u>\$ 3,093,278</u>
<i>Total revenues</i>	<u>3,093,278</u>
Expenditures - Management fee	<u>29,166</u>
<i>Total expenditures</i>	<u>29,166</u>
Excess of expenditures over revenues	3,064,112
Other financing source - Operating transfer from general fund	<u>350,000</u>
Excess of revenues and other financing source over expenditures	3,414,112
Beginning fund balance	<u>18,706,978</u>
Ending fund balance	<u>\$ 22,121,090</u>

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THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Debt Service

*Statement of Revenues, Expenditures,
and Changes in Fund Balance (Deficit)*

Year Ended June 30, 2010

Revenues - Investment income	\$ <u> -</u>
Expenditures:	
Principle	830,000
Interest	<u>1,329,005</u>
<i>Total expenditures</i>	<u>2,159,005</u>
Excess of expenditures over revenues	(2,159,005)
Other financing source - Operating transfer from general fund	<u>2,159,005</u>
Excess of revenues and other financing source over expenditures	-
Beginning fund balance	<u>75,123</u>
Ending fund balance	<u><u>\$ 75,123</u></u>

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit J-1

Nonmajor Funds

Combining Balance Sheet

June 30, 2010

	<u>Maintenance Reserve</u>	<u>Capital Improvements</u>	<u>Total</u>
Assets			
Equity in central treasury	\$ -	1,291,421	1,291,421
Receivables, net	-	304,080	304,080
Receivables, school	232,926	-	232,926
Due from other funds	<u>313,012</u>	<u>565,143</u>	<u>878,155</u>
	<u>\$ 545,938</u>	<u>2,160,644</u>	<u>2,706,582</u>
 Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 87,956	39,439	127,395
Deferred revenue	-	<u>574,969</u>	<u>574,969</u>
<i>Total liabilities</i>	<u>87,956</u>	<u>614,408</u>	<u>702,364</u>
Fund balances:			
Reserved - Construction	-	1,546,234	1,546,234
Unreserved - Designated for major maintenance	<u>457,984</u>	-	<u>457,984</u>
<i>Total fund balances</i>	<u>457,984</u>	<u>1,546,234</u>	<u>2,004,218</u>
	<u>\$ 545,940</u>	<u>2,160,642</u>	<u>2,706,582</u>

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For Discussion Purposes Only

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Nonmajor Funds

*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficit)*

Year Ended June 30, 2010

	Maintenance Reserve	Capital Improvements	Total
Revenues:			
Federal government	\$ -	219,022	219,022
State government	-	891,612	891,612
Local	108,768	92,539	201,307
Other	239,712	6,463	246,175
<i>Total revenues</i>	<u>348,480</u>	<u>1,209,636</u>	<u>1,558,116</u>
Expenditures - Capital outlay:			
Salaries and benefits	34,961	-	34,961
Travel and per diem	390	-	390
Supplies	80,719	-	80,719
Contributions to other governments	-	15,667	15,667
Capital projects	359	1,392,382	1,392,741
<i>Total expenditures - Capital outlay</i>	<u>116,429</u>	<u>1,408,049</u>	<u>1,524,478</u>
Excess of revenues (under) over expenditures	232,051	(198,413)	33,638
Other financing sources - Operating transfers from other funds	<u>100,000</u>	<u>500,000</u>	<u>600,000</u>
Excess of revenues and other financing sources over (under) expenditures	332,051	301,587	633,638
Beginning fund balances (deficit)	<u>125,933</u>	<u>1,244,647</u>	<u>1,370,580</u>
Ending fund balances	<u>\$ 457,984</u>	<u>1,546,234</u>	<u>2,004,218</u>

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For Discussion Purposes Only

FEDERAL COMPLIANCE REPORT

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Schedule of Expenditures of Federal Financial Awards

Year Ended June 30, 2010

Federal Grant Title	Award Identification	CFDA Number	Total Grant Award	Eligible Expenditures
Department of Commerce:				
Homeland Security	09NOAA-GR34286	11.467	\$ 90,000	48,414
Coastal Management Program	ACMP 309	11.419	17,000	17,000
<i>Total Department of Commerce</i>			<u>107,000</u>	<u>65,414</u>
U.S. Department of Interior:				
Payment in lieu of taxes	Unknown	15.226	320,326	320,326
US Department of the Interior MMS	Unknown	15.423	65,000	52,780
USFWS Lands	Unknown	15.XXX	36,256	36,256
<i>Total Department of the Interior</i>			<u>421,582</u>	<u>409,362</u>
Denali Commission:				
False Pass Boat Harbor	321-07	90.100	1,020,000	115,844
<i>Total Department of the Interior</i>			<u>1,020,000</u>	<u>115,844</u>
Department of Education:				
Community Stimulus- ARRA	800121	84.397	1,984	1,984
 Total federal financial assistance			<u>1,550,566</u>	<u>592,604</u>

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For Discussion Purposes Only

*Indicates a major program for compliance audit purposes.

This schedule was prepared on the accrual basis of accounting.

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*

Honorable Mayor and Borough Assembly
The Aleutians East Borough
King Cove, Alaska

Ladies and Gentlemen:

We have audited the financial statements for the business-type activities of The Aleutians East Borough as of and for the year ended June 30, 2010, which collectively comprise Aleutians East Borough's basic financial statements and have issued our report thereon dated Date XXX, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Aleutians East Borough's internal control over financial reporting as a basis for designing our auditing procedures 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 Aleutians East Borough internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Aleutians East Borough's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and Borough Assembly
The Aleutians East Borough

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Aleutians East Borough's financial statements are free of 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 determination of financial statement amounts. 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*.

We also noted certain other matters that we reported to management of the Borough in a separate letter dated Date XXX, 2010.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

DATE, 2010

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and Borough Assembly
The Aleutians East Borough
Anchorage, Alaska

Ladies and Gentlemen:

Compliance

We have audited the compliance of The Aleutians East Borough with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Aleutians East Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Borough's management. Our responsibility is to express an opinion on The Aleutians East Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Aleutians East Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Aleutians East Borough's compliance with those requirements.

In our opinion The Aleutians East Borough complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Honorable Mayor and Borough Assembly
The Aleutians East Borough

Internal Control over Compliance

The management of The Aleutians East Borough is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Aleutians East Borough's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Aleutians East Borough's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in The Aleutians East Borough's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DATE, 2010

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

*Summary of Auditor's Results and
Schedule of Findings and Questioned Costs*

Year Ended June 30, 2010

FINANCIAL STATEMENTS

Type of auditor report issued:		Unqualified
Material weakness in internal control over financial reporting identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies not considered a material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance related to the financial statements identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

FEDERAL AWARDS

Type of auditor report issued on compliance over major programs:		Unqualified
Material weakness in internal control over major programs identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies not considered a material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Audit findings that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster of Programs</u>
15.226	DOI- PILT

Dollar threshold used to distinguish between Type A and Type B programs:		\$ 300,000
Qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The Aleutians East Borough did not have any findings that relate to the financial statements that are required to be reported in accordance with GAGAS.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The Aleutians East Borough did not have any findings or questioned costs related to federal awards for the year ended June 30, 2010.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

Summary of Prior Audit Findings

Year Ended June 30, 2010

There are no prior findings or questioned costs.

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STATE COMPLIANCE REPORTS

THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

Schedule of State Financial Assistance

Year Ended June 30, 2010

Grant Title	Award Identification	Period	Total Grant Award	State Share of Expenditures
Department of Community and Regional Affairs:				
Fish landing tax supplement*	Unknown	07/01/09-06/30/10	\$ 272,955	272,955
Fish landing tax	Unknown	07/01/09-06/30/10	<u>96,142</u>	<u>96,142</u>
<i>Total Department of Community and Regional Affairs</i>			<u>369,097</u>	<u>369,097</u>
Department of Commerce, Community and Economic Development:				
Revenue sharing*	Unknown	07/01/09-06/30/10	407,567	407,567
King Cove Access Project	09-DC-359	07/01/09-06/30/10	2,000,000	40,628
<i>Total Department of Commerce, Community and Economic Development</i>			<u>2,407,567</u>	<u>448,195</u>
Department of Revenue -				
Raw fish tax*	Unknown	07/01/08-06/30/09	2,119,328	2,119,328
Department of Education -				
Debt retirement*	Unknown	07/01/08-06/30/09	<u>1,070,875</u>	<u>1,070,875</u>
Department of Transportation:				
Transportation	59791	07/01/08-06/30/09	50,450	3,492
Transportation*	59791	07/01/09-06/30/10	2,000,000	822,492
Legislative appropriation*	51142	Unknown	<u>2,052,245</u>	<u>2,052,245</u>
<i>Total Department of Transportation</i>			<u>4,102,695</u>	<u>2,878,229</u>
Alaska Energy Authority:				
Alaska Energy Authority	2195408	07/01/09-06/30/10	<u>25,000</u>	<u>25,000</u>
Total State financial assistance			<u>\$ 10,094,562</u>	<u>\$ 6,910,724</u>

*Indicates a major program.

This schedule was prepared on the accrual basis of accounting.

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Audits*

Honorable Mayor and Borough Assembly
The Aleutians East Borough
King Cove, Alaska

Ladies and Gentlemen:

Compliance

We have audited the compliance of The Aleutians East Borough with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major State programs for the year ended June 30, 2010. The Aleutians East Borough's major State programs are identified in the accompanying Schedule of State financial assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of The Aleutians East Borough's management. Our responsibility is to express an opinion on The Aleutians East Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about The Aleutians East Borough's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Aleutians East Borough's compliance with those requirements.

In our opinion, The Aleutians East Borough complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2010.

Honorable Mayor and Borough Assembly
The Aleutians East Borough

Internal Control over Compliance

The management of The Aleutians East Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered The Aleutians East Borough's internal control over compliance with requirements that could have a direct and material effect on a major State program, in order 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 the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Aleutians East Borough's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of 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 state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or 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 state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as identified above.

This report is intended solely for the information and use of the audit committee, management, and the State of Alaska, and is not intended to be, and should not be used by anyone other than these specified parties.

DATE, 2010

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

*Summary of Auditor's Results and
Schedule of Findings and Questioned Costs*

Year Ended June 30, 2010

FINANCIAL STATEMENTS

Type of auditor report issued:			Unqualified
Material weakness in internal control over financial reporting identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Significant deficiencies not considered a material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Noncompliance related to the financial statements identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

STATE FINANCIAL ASSISTANCE

Type of auditor report issued on compliance for major programs:			Unqualified
Material weakness in internal control over major programs identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Significant deficiencies not considered a material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

Dollar threshold used to distinguish a state major program: \$ 100,000

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The Aleutians East Borough did not have any findings that relate to the financial statements that are required to be reported in accordance with GAGAS.

FINDINGS AND QUESTIONED COSTS FOR STATE AWARDS

The Aleutians East Borough did not have any findings or questioned costs related to state awards for the year ended June 30, 2010.

THE ALEUTIANS EAST BOROUGH
King Cove, Alaska

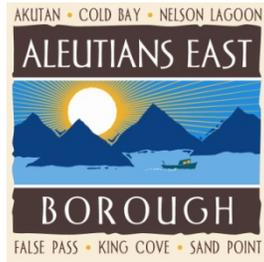
Summary of Prior Audit Findings

Year Ended June 30, 2010

There were no prior audit findings.

Draft

REPORTS AND UPDATES



TO: Mayor Mack and Assembly Members

DATE: Nov 29, 2010

FROM: Sharon Boyette

RE: Administrator's Report

Happy Holiday Season!

Fish Expo was a big success this year I think. We had many visitors to our booth and gave away a lot of 2011 calendars. (We'll be sending them out to the communities soon.) The fishermen's meeting was well attended with about 35 people and good communications among fishermen and Fish and Game staff, Beth and Sam.

Stanley, Sam and I also met with Sno-Pac, Trident and Peter Pan Seafoods while we were in Seattle. We had no firm agendas or pressing issues to discuss but rather took the opportunity to check in with the processors in our region.

Stanley and I also met with the hovercraft insurance company representatives to work on a rebate for our past out of service period and to discuss insurance coverage and rebates for this winter's hovercraft lay-up.



Paul Gronholdt at AEB's Fish Expo booth.



Mayor Mack meets with Aleutian Pribilof Islands Community Development Association's Ken Smith and Joe Kyle at AEB Fish Expo's booth.

The anticipated dates for the hovercraft winterization: November 28th was to be the last run and December 2 last day of work for employees. We didn't get that last run in on Sunday the 28th because of weather.

It has been a short month with a peaceful long weekend and wonderful Thanksgiving Day so I don't have much new to report on capital projects or on-going issues. But please also see the Fish Tax Revenue Worksheet and the Commercial Fishing Report attached.

As always, please call with any complaints, comments, suggestions, and questions. I would like to hear from you and love to hear news of the region that isn't available from my desk in Anchorage. I hope you all have a terrific holiday and lots of cheer with family and friends!

TO: Mayor Mack and Assembly Members

FROM: Sharon Boyette

RE: Attached Commercial Fish Report

DATE: November 30, 2010

The Assembly requested a comprehensive commercial fish tax report from me during the last meeting and I have attached such a report. I hope that it meets your needs and provides good information but if not please let me know and I can try again.

A couple of things you should keep in mind as you look at these numbers:

- The numbers are taken from AEB sales tax forms submitted by the processing companies to us to explain their sales tax payments.
- 2010 numbers do not include November or December 2010.
- Sometimes we receive “bonus” or “retro” payments. As I understand it, the companies fill in the value and pounds columns if this has not been previously taxed. If the payment was previously taxed, the value and pounds are not included a second time with the bonus or retro tax payment. Therefore, I included in the attached spread sheet only those numbers that had values and pounds.
- There are other species reported that I did not include on this report. They are available if you would like them added to this report. They include Atka mackerel, black bass, herring, idiotfish, misc. flatfish, octopus, ocean perch, pollock roe, pollock-goa/t, salmon meal, red rock, rockfish, skate, sole, thornyhead and yelloweye rockfish.

Commercial Fish Report

Calendar Year	\$ Value	Pounds	\$ AEB Tax
Salmon-Sockeye			
2008	\$17,521,736	\$21,580,414	\$350,435
2009	\$17,781,965	\$20,635,092	\$355,639
2010	\$17,908,102	\$13,283,969	\$358,162
	\$53,211,802	\$55,499,475	\$1,064,236

Salmon-Pink			
2008	\$12,855,955	\$42,033,172	\$257,119
Retro 2008	\$432,695	\$568,157	\$8,654
2009	\$7,179,911	\$30,851,330	\$143,598
2010	\$3,161,099	\$7,294,057	\$63,222
	\$23,629,660	\$80,746,716	\$472,593

Salmon-King			
2008	\$80,936	\$97,420	\$1,619
2009	\$265,989	\$193,991	\$5,320
2010	\$147,968	\$140,240	\$2,959
	\$494,893	\$431,651	\$9,898

Salmon-Coho			
2008	\$1,265,110	\$2,682,932	\$25,302
2009	\$660,381	\$2,093,166	\$13,208
2010	\$797,395	\$1,963,962	\$15,948
	\$2,722,885	\$6,740,060	\$54,458

Salmon-Chum			
2008	\$1,943,760	\$7,106,473	\$38,875
2009	\$2,810,926	\$12,094,035	\$56,219
2010	\$5,280,611	\$9,389,229	\$105,612
	\$10,035,297	\$28,589,737	\$200,706

All Salmon			
2008	\$33,667,496	\$73,500,411	\$673,350
2009	\$28,699,171	\$65,867,613	\$573,983
2010	\$27,295,176	\$32,071,457	\$545,904
	\$89,661,842	\$171,439,481	\$1,793,237

Crab Bairdi			
2008	\$1,208,062	\$750,945	\$24,161
2009	\$1,240,008	\$782,860	\$24,800
2010	\$1,257,554	\$747,046	\$25,151
	\$3,705,624	\$2,280,851	\$74,112

Crab-Brown			
2008	\$645,668	\$187,150	\$12,913
2009	\$28,073	\$0	\$561

Commercial Fish Report

2010	\$673,740	\$187,150	\$13,475
	\$1,347,481	\$374,300	\$26,949

Calendar Year	\$ Value	Pounds	\$ AEB Tax
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Crab-Dungeness

2008	\$936,738	\$467,206	\$18,735
2009	\$755,694	\$481,074	\$15,114
2010	\$702,440	\$402,510	\$14,049
	\$2,394,873	\$1,350,790	\$47,897

Crab-Opilio

2008	\$17,162,552	\$10,517,808	\$343,251
Retro 2008	\$2,187,154	\$400,018	\$43,743
2009	\$8,173,808	\$5,699,962	\$163,476
2010	\$8,355,974	\$6,468,468	\$167,119
	\$35,879,488	\$23,086,256	\$717,589

Crab-Red King

2008	\$34,190,244	\$6,670,138	\$683,805
2009	\$21,897,999	\$5,374,956	\$437,960
2010	\$15,475,648	\$2,392,618	\$309,513
	\$71,563,892	\$14,437,712	\$1,431,278

Halibut

2008	\$25,813,712	\$6,085,185	\$516,274
2009	\$9,964,458	\$3,752,703	\$199,289
2010	\$15,508,491	\$3,348,314	\$310,170
	\$51,286,661	\$13,186,202	\$1,025,733

Pollock

2008	\$51,402,847	\$359,647,104	\$1,028,057
2009	\$53,001,941	\$249,384,032	\$1,060,039
2010	\$52,803,822	\$318,346,644	\$1,056,076
	\$157,208,610	\$927,377,780	\$3,144,172

Cod

2008	\$31,647,462	\$55,459,190	\$632,949
2009	\$15,934,973	\$61,833,273	\$318,699
2010	\$17,851,334	\$72,648,074	\$357,027
	\$65,433,769	\$189,940,537	\$1,308,675

Black Cod

2008	\$8,117,582	\$1,738,569	\$162,352
2009	\$8,266,174	\$1,695,080	\$165,323
2010	\$9,437,134	\$1,586,252	\$188,743
	\$25,820,889	\$5,019,901	\$516,418

MEMORANDUM

TO: Sharon Boyette
Aleutians East Borough Administrator

FROM: Joseph Levesque, Aleutians East Borough Attorney

DATE: November 29, 2010

RE: STATUS UPDATE ON MEL GILLIS V. ALEUTIANS EAST BOROUGH & STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES
Case No. S-13620
File No.: 200-3

As previously stated in my September 29, 2010 update, all briefing has been completed. The case is now set for oral argument on December 16, 2010 at 10:30 AM. It is anticipated that the Alaska Supreme Court will issue a written opinion within one year, after the oral argument.

MEMORANDUM

TO: Sharon Boyette
Aleutians East Borough Administrator

FROM: Joseph Levesque, Aleutians East Borough Attorney

DATE: December 2, 2010

RE: STATUS UPDATE ON Aleutians East Borough v. WHPacific, Inc.,
Case No. 3AN-10-9681 Civil
File No.: 200-1501

The above-referenced case has been filed on behalf of the Borough against the Cold Bay Terminal architect, WHPacific, Inc. A Routine Pretrial Order was issued in this case by Anchorage Superior Court Judge Eric A. Aarseth on November 4, 2010. Trial is scheduled to commence on January 23, 2012, for 2 weeks in Anchorage, Alaska. Currently, the parties have exchanged initial disclosures and are at the discovery stage in the case.

The other part of the contract dispute will involve arbitration between the Borough and the Cold Bay Terminal contractor, Northwest Management Services, Inc. ("NMS"). The demand for arbitration will be filed in the immediate near future. The architect's attorney has inquired as to whether the Borough would agree to allow the architect to participate as a party at the soon to be scheduled arbitration against the Cold Bay Terminal contractor. This issue will be the subject of discussions between the Borough and its construction litigation attorney Raymond Royce.

We will continue to update you regarding the status of these matters. Please do not hesitate to contact me if you have any questions or concerns.

State of Alaska
 Department of Education & Early Development
 Division of School Finance

Average Daily Membership Report

DUE: NOVEMBER 5, 2010

ACTUAL FY2011

Prepared By:	Carl Warner
District Name:	Aleutians East Borough S.D.
Contact # or Email:	cwarner@aebsd.org
Superintendent's Signature:	<i>Philip Knight</i>
Date:	11-3-2010

I certify the reported counts & foundation claim comply with state law, regulations, including the Student Data Reporting Manual. Noncompliance is subject to PTPC sanctions per AS 14.20.030 & 20 AAC 10.020(d)(9).

A	B	A+B	C
Average Daily Membership [ADM]		K-6 PLUS 7-12	Special Ed.
K-6	7-12	TOTAL	Intensive

Enter the District's ADM & Intensive numbers in the appropriate boxes by school. Correspondence goes in the above box.

Enter Correspondence ADM here

School / Attendance Center:	A	B	A+B	C
ALEUTIANS EAST				
Akutan School	4.00	4.00	8.00	
Cold Bay School	10.00	3.00	13.00	
False Pass School	4.00	3.50	7.50	
King Cove School	53.00	46.35	99.35	1.00
Nelson Lagoon School	2.00	4.25	6.25	
Sand Point School	67.00	44.40	111.40	
TOTAL			245.50	1.00

To: Hon. Mayor Mack and AEB Assembly
From: Laura Tanis, AEB Communications Manager
Through: Sharon Boyette
Subject: Communications Manager's Report to the Assembly
Date: Nov. 29, 2010

It's been a busy month. I'm grateful that so many people pulled together to make Fish Expo (Nov. 18 - 20, 2010) and the Fishermen's Meeting (Nov. 18th) a success! We produced a lot of fresh material to help make this year's show exciting. I was not able to be there because of a family emergency, but helped to get all of our promotional items shipped off. Thank you to everyone who participated. We will have details about Fish Expo and the Fishermen's Meeting in the next issue of *In the Loop*.

As always, I'm happy to help get the word out about an event or issue in your community. Please call any time. My direct phone number is (907) 274-7579, and my email is ltanis@aeboro.org.

To: Honorable Mayor Mack and AEB Assembly
From: Anne Bailey, Receptionist/Grant Assistant
Subject: Report to the Assembly
Date: November 29, 2010

Below are items I have been working on and accomplished since the November 15, 2010 Assembly Meeting.

False Pass Harbor Utility Extension

On November 29, 2010, I submitted a False Pass Harbor Utility Project Grant Application in the amount of \$400,000 to the CDBG Program. The grant deadline is December 3, 2010 and funding decisions will be made in March 2011.

AEA Renewable Energy Grants

The AEB and partners will submit a False Pass Tidal Energy project to the AEA Emerging Technologies program when the information is available. APICDA is interested in helping us on this grant as well.

Ports Conference

I attended a Ports Conference in Anchorage on November 18, 2010. Please see the attached 2010 Port Conference Summary. Information will also be available at the following website <http://www.poa.usace.army.mil/en/cw/AKPortsStudy.htm>.

2010 Port Conference Summary – November 18, 2010

I attended the 2010 Port Conference on November 18, 2010. This was an opportunity for harbor communities and entities to hear from the Army Corps of Engineers, DOT, the Denali Commission and others to share information on harbors and plans for future development and opportunities. It also allowed attendees to participate in groups and share their visions, plans, and ideas on what is occurring in their communities and ideas for future projects. Senator Begich participated in a live teleconference and other influential people were given the opportunity to speak.

Here is a brief overview of a few items:

1. The Army Corps, DOT, and Denali Commission are trying to work together to help the State receive funding for projects and to streamline things so efforts are not being duplicated. All entities believe harbors are vital to the Alaska economy.
2. Barge Landing Studies have taken place. The Aleutians East Borough is considered part of Phase 2 of this study and 13 Phase 2 projects have been identified.
3. NOAA explained what types of projects they were conducting and their focus on the Arctic area. It was also noted that there are three invasive species that need to be called in if present in harbors (more information to come).
4. Senator Begich noted that he supports ARRA funds, Ear Marks, and the State Municipal Grant Program. He said this type of funding has supported many projects in Alaska.
5. Northern Economics has conducted an Assessment of Alaska Ports and Harbors Project Needs, identifying regional port hubs and provided policy and planning recommendations. This document needs to be reviewed. Some of the information is inaccurate and needs to be updated.
6. Public/Private Partnerships appear to be used in many projects and is something for communities to consider looking into.
7. After listening to others, every port and harbor has many needs. It is important for the region to come together and decide on what projects are the most important for the region as a whole. This will help prioritize State and Federal funding because it shows the cohesiveness of the communities. Finally, projects that have been designed will most likely be the first to be funded.

My Conference book was taken while we were doing an activity but more information on the conference and the speaker's presentations will be available on the Alaska Army Corps of Engineers website shortly.



Cold Bay Regional Airport Terminal

To: Mayor Mack and Assembly Members

Through: Sharon Boyette

From: Monty Martin

Re: Cold Bay Terminal Report

Date: November 29, 2010

Rehabilitation efforts at the terminal ceased temporarily on November 22nd, when the remaining construction crew members left Cold Bay to be with family for Thanksgiving.

The terminal has weathered two wind/rain events recently that would have revealed water intrusion in the past via the old window system, which has been replaced. No visible penetration was observed during or after those events.

Marble Construction will soon send (at least) one man back out to assist the local workman while completing the tasks listed on KPB Architect's project punch list, compiled on November 21st by Lauri Strauss. In today's construction teleconference, the need for completion of the rehabilitation by year's end was again stressed.

**P.O. Box 67
Cold Bay, Alaska 99571
Tel. (907) 532-2929 - Fax (907) 532 2930**

Public Comments

Assembly Comments

Date & Location of Next Meeting

Adjournment