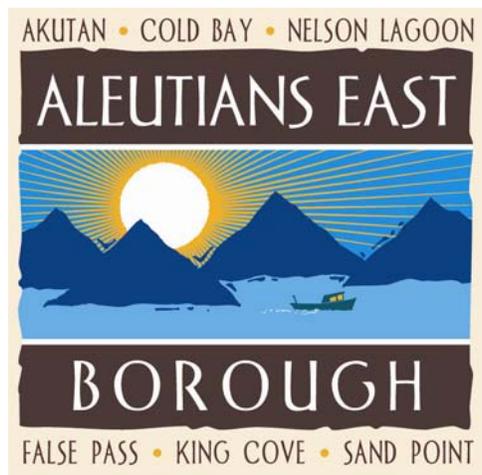


Aleutians East Borough Assembly Meeting

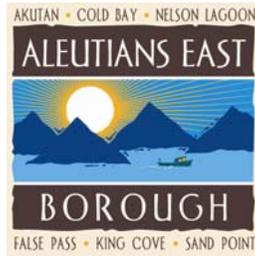


Workshop: Wednesday, March 23, 2011 – 6:00 p.m.

Meeting: Thursday, March 24, 2011 – 6:00 p.m.

Roll Call & Establishment of a Quorum

Adoption of Agenda



Agenda

Assembly Meeting

(packet available on website www.aleutianseast.org)

Date: March 23-24, 2011
Time: Workshop: March 23 @ 6:00 p.m.
Meeting: March 24 @ 6:00 p.m.
Location: Southwest Cities – Anchorage AEB office

This will be a face to face meeting of the Assembly. All communities will be provided with conference calling information for the designated location in your community. 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
 - February 17, 2011
5. Financial Reports
 - Financial Report, February 2011
 - Investment Report
 - January 2011
 - February 2011
6. Old Business
 - Ports and Harbors
 - Cold Bay Terminal Management
7. New Business
 - Opting out of APOC Financial Disclosure Statement requirement
 - FY10 Audit Report.
 - ADF&G funding request - SEDM Genetic Stock Identification project discussion.
 - Nelson Lagoon School funding request.
 - School District – Unencumbered Fund Balance.
8. Reports & Updates
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
February 17, 2011
5:00 P.M.

CALL TO ORDER

Mayor Mack called the February 17, 2011 Assembly meeting to order at 5:00 p.m. by teleconference in each community.

ROLL CALL

| | |
|--------------------|------------------|
| Mayor Stanley Mack | Present |
| Paul Gronholdt | Present |
| Carol Foster | Present |
| Marvin Mack | Present |
| Bill Cumberlidge | Present |
| Paul Schaack | Present |
| Joe Bereskin, Sr. | Absent - Excused |
| Justine Gundersen | Present |

Advisory Members:

| | |
|------------------------|-------------------|
| Tom Hoblet, False Pass | Absent- Unexcused |
|------------------------|-------------------|

A quorum was present.

Others Present:

Sharon Boyette, Administrator
Roxann Newman, Finance Director
Tina Anderson, Clerk
Ernie Weiss, Community Development Director
Laura Tanis, Communications Director

Agenda Additions/changes:

- New Business, Opt out of Financial Disclosure Statement requirement.
- Cold Bay Terminal

Adoption of Agenda:

Justine moved to adopt the agenda with the additions and second by Marvin. There were no objections the agenda was approved.

Community roll call and public comment on Agenda items:

Cold Bay: Dane Lyons, George Lopez
Sand Point: Melvin Larsen
King Cove: none
Nelson Lagoon: none
Akutan: not connected
False Pass: not connected

PUBLIC COMMENTS

Melvin Larsen, from the public, asked if AEB can categorize fish tax income from salmon and trawling and pot fishing or does data collected only have amounts based by community, species and gear.

The Administrator said she can break down fish tax report by species, by processor and by month and the report can give you pounds, value or tax dollars.

Paul G. said catch reports on the NMFS website shows catch report by gear.

Mr. Larsen said his concern is that we might be required to have observers in one year to a year and a half. Bering Sea observer program went through a 5-year process. Here in our communities, they want to implement a program in one year. Salmon by-catch is the cause. He feels we need to slow this process down to make sure we get the facts before they implement something on us. Mayor Mack said we discussed at the last meeting and it was already set in motion at that time. He said AEB had a special financial request at that meeting prior to him receiving information on what is happening. Mr. Larsen explained last year they got hit on king salmon, outside vessels caught the bulk of them. It has not been an ongoing issue, but just this last year. Mayor Mack said salmon are being caught just not at the magnitude as last year.

Mr. Larsen asked how it will affect Sam Cotton working for the AEB now that he is also working for the Aleut Corporation. Mayor Mack assured Mr. Larsen that it won't affect AEB consultant, Sam Cotton's ability to support AEB communities.

Mayor Mack said it has been difficult getting information he needs on fisheries issues, he feels information comes to his office after the fact. The Resource Director is trying to keep on these issues, but he has not been able to get fully informed on the issues himself. Melvin requested assistance from Sam Cotton in order to move away from Duncan Fields. What is good for small communities in Kodiak might not be good for the small communities of Sand Point, King Cove and False Pass. Mayor Mack said he sits on GOAC3 (Gulf of Alaska Coastal Communities Coalition), if there is a conflict he is not sure what it is. Melvin pointed out that seiners here are small boats. Mayor Mack asked for suggestions and if you see issues of concern coming in our direction, to inform him ahead. He feels he isn't getting the information and has discussed this with the Resource Director. He asked Mr. Larson to inform him on issues as well.

Minutes, January 12, 2011:

MOTION

Carol moved to approve the January 12, 2011 Minutes as presented and second by Justine. Hearing no objections the January 12, 2011 Minutes are approved.

Financial Report, January, 2011:

MOTION

Paul S. moved to approve and second by Justine.

Paul G. said in looking under the Admin Dept, Administration salary is high asking if that is due to the Assistant Administrator position. The Administrator answered yes.

Paul G. said Public Information and Resource Dept. are combined together on the budget. The Finance director will work to separate the two departments.

Paul G. asked how the hovercraft tent damage is getting repaired and where the money is coming from. Mayor Mack said hopefully from AML/JIA insurance minus deductible. The Administrator said materials have been ordered already but not in Anchorage yet. She will work with Peter Pan to get the material to King Cove. AEB may have to pay for repairs up front. The Finance Director said door parts arrived in King Cove already.

ROLL CALL

Marvin-yes, Justine-yes, Bill-yes, Paul G.-yes, Carol-yes, Paul S.-yes. MOTION PASSED.

Investment Reports:

In packet.

Resolution 11-20, supporting an application to the Alaska Energy Authority for an Emerging Energy Technology Fund Grant for False Pass Tidal Resource and Energy Assessment:

MOTION

Bill moved to adopt and second by Carol.

DISCUSSION None

ROLL CALL

Paul S.-yes, Paul G.-yes, Justine-yes, Marvin-yes, Carol-yes, Bill-yes. MOTION PASSED.

PUBLIC HEARING

Public Hearing Ordinance 11-01, Amending the FY11 Budget:

MOTION

Justine moved to approve and second by Marvin.

Mayor Mack opened for Public Hearing. Hearing none public hearing closed.

DISCUSSION

Paul G. said there are some things he would like to change, however, there is only three months left on this budget. He suggested a workshop to do a thorough review of the entire budget prior to introduction and public hearing in order to look at things in a different way. Mayor Mack said perhaps he can get together with the Finance Director and Administrator to do a preliminary budget for the Assembly to review. Paul G. felt that would be useful.

NEW BUSINESS

Ports and Harbors:

Report reviewed at the workshop by Anne Bailey. It will be updated and brought back to the Assembly at the next meeting.

Opting out of Financial Disclosure Statement:

Paul G. suggested a draft ordinance be available at the next meeting, to give us time to discuss. The Clerk will work on.

Cold Bay Terminal:

The Administrator will put together a terminal report.

REPORTS AND UPDATES

In packet.

ASSEMBLY COMMENTS

Justine suggested a meeting with the school board. She feels small schools are still being neglected, maintenance is not good. Mayor Mack will talk to the Superintendent. Justine said there has been no contact on maintenance issues. She feels we need to come to a resolution on how our small schools are going to be addressed as well as the maintenance.

Bill said enjoyable time at SWAMC feels the AEB should be a sponsor for a coffee break next time since we have not done this for a few years.

PUBLIC COMMENTS

None.

NEXT MEETING DATE AND LOCATION

Next meeting in March, date to be determined later. Location Anchorage.

ADJOURNMENT

MOTION

Marvin moved to adjourn and second by Paul S. Hearing no objections the meeting adjourned at 5:43 p.m.

Mayor

Date

Clerk

Date

Financial Report

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*Revenue Guideline©

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Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|-----------------------------------|--------------------------------------|-----------------------|-----------------------|---------------------|-----------------------|----------------|
| Fund 01 GENERAL FUND | | | | | | |
| Active | R 01-201 INTEREST REVENUE | \$35,000.00 | \$4,522.80 | \$0.00 | \$30,477.20 | 12.92% |
| Active | R 01-203 OTHER REVENUE | \$7,000.00 | \$783.27 | \$0.00 | \$6,216.73 | 11.19% |
| Active | R 01-204 OPERATING TRANSFER F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 01-206 AEBSD Fund Balance Refun | \$0.00 | \$461,727.14 | \$0.00 | -\$461,727.14 | 100.00% |
| Active | R 01-218 AEB RAW FISH TAX | \$2,635,000.00 | \$2,373,099.54 | \$424,780.60 | \$261,900.46 | 90.06% |
| Active | R 01-229 Southwest Cities LLC | \$45,300.11 | \$45,300.11 | \$0.00 | \$0.00 | 100.00% |
| Active | R 01-265 STATE RAW FISH TAX | \$1,581,127.95 | \$1,581,127.95 | \$0.00 | \$0.00 | 100.00% |
| Active | R 01-266 STATE EXTRATERRITORIA | \$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 | \$0.00 | \$8,040.10 | 82.18% |
| Active | R 01-268 State"Loss" Of Raw Fish Tax | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 01-270 STATE REVENUE OTHER | \$407,309.00 | \$407,309.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 01-276 AEB SCHOOL | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 01-277 STATE BOND REBATE | \$1,045,464.00 | \$313,114.00 | \$0.00 | \$732,350.00 | 29.95% |
| Active | R 01-278 COASTAL MANAGEMENT | \$17,000.00 | \$3,850.55 | \$0.00 | \$13,149.45 | 22.65% |
| Active | R 01-291 PLO-95 PAYMNT IN LIEU O | \$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% |
| Total Fund 01 GENERAL FUND | | \$6,521,922.06 | \$5,227,909.26 | \$424,780.60 | \$1,294,012.80 | 80.16% |

ALEUTIANS EAST BOROUGH

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*Expenditure Guideline©

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Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|--|--|---------------------|---------------------|---------------------|----------------------|----------------|
| Fund 01 GENERAL FUND | | | | | | |
| DEPT 100 MAYORS OFFICE | | | | | | |
| Active | E 01-100-000-300 SALARIES | \$67,204.00 | \$44,802.56 | \$5,600.32 | \$22,401.44 | 66.67% |
| Active | E 01-100-000-350 FRINGE BENEFITS | \$25,282.00 | \$17,855.84 | \$2,231.98 | \$7,426.16 | 70.63% |
| Active | E 01-100-000-400 TRAVEL AND PER | \$36,000.00 | \$11,244.74 | \$1,310.91 | \$24,755.26 | 31.24% |
| Active | E 01-100-000-425 TELEPHONE | \$2,400.00 | \$923.19 | \$137.17 | \$1,476.81 | 38.47% |
| Active | E 01-100-000-475 SUPPLIES | \$1,000.00 | \$577.93 | \$100.00 | \$422.07 | 57.79% |
| Active | E 01-100-000-554 AK LOBBIST | \$36,000.00 | \$24,000.00 | \$3,000.00 | \$12,000.00 | 66.67% |
| Active | E 01-100-000-555 FEDERAL LOBBIST | \$75,600.00 | \$44,100.00 | \$6,300.00 | \$31,500.00 | 58.33% |
| | SUBDEPT 000 | <u>\$243,486.00</u> | <u>\$143,504.26</u> | <u>\$18,680.38</u> | <u>\$99,981.74</u> | <u>58.94%</u> |
| | Total DEPT 100 MAYORS OFFICE | \$243,486.00 | \$143,504.26 | \$18,680.38 | \$99,981.74 | 58.94% |
| DEPT 105 ASSEMBLY | | | | | | |
| Active | E 01-105-000-300 SALARIES | \$25,000.00 | \$9,800.00 | \$1,400.00 | \$15,200.00 | 39.20% |
| Active | E 01-105-000-350 FRINGE BENEFITS | \$55,702.00 | \$50,478.53 | \$5,764.96 | \$5,223.47 | 90.62% |
| Active | E 01-105-000-400 TRAVEL AND PER | \$40,000.00 | \$20,828.02 | \$4,487.51 | \$19,171.98 | 52.07% |
| Active | E 01-105-000-425 TELEPHONE | \$4,500.00 | \$2,407.00 | \$295.25 | \$2,093.00 | 53.49% |
| Active | E 01-105-000-475 SUPPLIES | \$500.00 | \$362.00 | \$0.00 | \$138.00 | 72.40% |
| Active | E 01-105-000-476 Plan Evaluation | \$10,000.00 | \$0.00 | \$0.00 | \$10,000.00 | 0.00% |
| | SUBDEPT 000 | <u>\$135,702.00</u> | <u>\$83,875.55</u> | <u>\$11,947.72</u> | <u>\$51,826.45</u> | <u>61.81%</u> |
| | Total DEPT 105 ASSEMBLY | \$135,702.00 | \$83,875.55 | \$11,947.72 | \$51,826.45 | 61.81% |
| DEPT 150 PLANNING/CLERKS DEPARTMENT | | | | | | |
| Active | E 01-150-000-300 SALARIES | \$79,220.00 | \$45,311.93 | \$6,345.66 | \$33,908.07 | 57.20% |
| Active | E 01-150-000-350 FRINGE BENEFITS | \$26,858.00 | \$17,599.39 | \$2,465.11 | \$9,258.61 | 65.53% |
| Active | E 01-150-000-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-150-000-400 TRAVEL AND PER | \$12,500.00 | \$4,906.09 | \$681.00 | \$7,593.91 | 39.25% |
| Active | E 01-150-000-425 TELEPHONE | \$7,500.00 | \$3,834.55 | \$982.23 | \$3,665.45 | 51.13% |
| Active | E 01-150-000-450 POSTAGE/SPEED | \$500.00 | \$209.08 | \$0.00 | \$290.92 | 41.82% |
| Active | E 01-150-000-475 SUPPLIES | \$9,000.00 | \$4,186.65 | \$2,547.92 | \$4,813.35 | 46.52% |
| Active | E 01-150-000-500 EQUIPMENT | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-150-000-526 UTILITIES | \$12,000.00 | \$14,520.39 | \$3,512.83 | -\$2,520.39 | 121.00% |
| Active | E 01-150-000-530 DUES AND FEES | \$5,000.00 | \$1,875.70 | \$0.00 | \$3,124.30 | 37.51% |
| Active | E 01-150-000-650 ELECTION | \$8,300.00 | \$7,616.47 | \$0.00 | \$683.53 | 91.76% |
| Active | E 01-150-000-670 Planning Commisio | \$7,000.00 | \$0.00 | \$0.00 | \$7,000.00 | 0.00% |
| Active | E 01-150-000-961 OIL & GAS STUDY- | \$10,000.00 | \$0.00 | \$0.00 | \$10,000.00 | 0.00% |
| | SUBDEPT 000 | <u>\$177,878.00</u> | <u>\$100,060.25</u> | <u>\$16,534.75</u> | <u>\$77,817.75</u> | <u>56.25%</u> |
| Active | E 01-150-051-300 SALARIES | \$11,550.00 | \$5,775.00 | \$0.00 | \$5,775.00 | 50.00% |
| Active | E 01-150-051-350 FRINGE BENEFITS | \$3,850.00 | \$1,925.00 | \$0.00 | \$1,925.00 | 50.00% |
| Active | E 01-150-051-400 TRAVEL AND PER | \$1,600.00 | \$2,134.00 | \$0.00 | -\$534.00 | 133.38% |
| | SUBDEPT 051 State Coastal Management | <u>\$17,000.00</u> | <u>\$9,834.00</u> | <u>\$0.00</u> | <u>\$7,166.00</u> | <u>57.85%</u> |
| | Total DEPT 150 PLANNING/CLERKS DEPARTMENT | \$194,878.00 | \$109,894.25 | \$16,534.75 | \$84,983.75 | 56.39% |
| DEPT 200 ADMINISTRATION | | | | | | |
| Active | E 01-200-000-300 SALARIES | \$253,681.00 | \$169,975.70 | \$13,032.40 | \$83,705.30 | 67.00% |
| Active | E 01-200-000-350 FRINGE BENEFITS | \$87,462.00 | \$48,865.00 | \$5,892.09 | \$38,597.00 | 55.87% |
| Active | E 01-200-000-380 CONTRACT LABO | \$25,000.00 | \$15,508.36 | \$0.00 | \$9,491.64 | 74.03% |
| Active | E 01-200-000-382 ANCHORAGE OFFI | \$0.00 | \$15,773.00 | \$13,495.95 | -\$15,773.00 | 0.00% |
| Active | E 01-200-000-400 TRAVEL AND PER | \$15,000.00 | \$10,819.30 | \$3,744.53 | \$4,180.70 | 72.13% |
| Active | E 01-200-000-425 TELEPHONE | \$6,000.00 | \$4,941.65 | \$2.44 | \$1,058.35 | 82.36% |
| Active | E 01-200-000-450 POSTAGE/SPEED | \$2,500.00 | \$1,253.95 | \$25.89 | \$1,246.05 | 50.16% |
| Active | E 01-200-000-475 SUPPLIES | \$18,120.00 | \$4,829.14 | \$223.97 | \$13,290.86 | 26.69% |
| Active | E 01-200-000-500 EQUIPMENT | \$4,500.00 | \$0.00 | \$0.00 | \$4,500.00 | 0.00% |
| Active | E 01-200-000-525 RENTAL/LEASE | \$36,980.00 | \$22,072.86 | \$0.00 | \$14,907.14 | 59.69% |

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03/03/11 3:16 PM

*Expenditure Guideline©

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Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|---|----------------------------------|---------------------|---------------------|---------------------|----------------------|----------------|
| Active | E 01-200-000-530 DUES AND FEES | \$1,500.00 | \$1,258.64 | \$0.00 | \$241.36 | 83.91% |
| SUBDEPT 000 | | \$450,743.00 | \$295,297.60 | \$36,417.27 | \$143,826.13 | 65.51% |
| Total DEPT 200 ADMINISTRATION | | \$450,743.00 | \$295,297.60 | \$36,417.27 | \$143,826.13 | 65.51% |
| DEPT 250 FINANCE DEPARTMENT | | | | | | |
| Active | E 01-250-000-300 SALARIES | \$102,811.00 | \$68,999.31 | \$8,441.66 | \$33,811.69 | 67.11% |
| Active | E 01-250-000-350 FRINGE BENEFITS | \$43,702.00 | \$29,025.51 | \$3,865.89 | \$14,676.49 | 66.42% |
| Active | E 01-250-000-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-250-000-400 TRAVEL AND PER | \$4,000.00 | \$3,606.82 | \$600.00 | \$393.18 | 90.17% |
| Active | E 01-250-000-425 TELEPHONE | \$5,000.00 | \$2,721.26 | \$373.22 | \$2,278.74 | 54.43% |
| Active | E 01-250-000-450 POSTAGE/SPEED | \$2,500.00 | \$1,724.22 | \$0.00 | \$775.78 | 68.97% |
| Active | E 01-250-000-475 SUPPLIES | \$10,500.00 | \$10,511.48 | \$1,355.35 | -\$11.48 | 100.11% |
| Active | E 01-250-000-500 EQUIPMENT | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-250-000-526 UTILITIES | \$4,000.00 | \$1,746.22 | \$159.71 | \$2,253.78 | 43.66% |
| Active | E 01-250-000-550 AUDIT | \$45,000.00 | \$30,127.00 | \$0.00 | \$14,873.00 | 66.95% |
| SUBDEPT 000 | | \$217,513.00 | \$148,461.82 | \$14,795.83 | \$69,051.18 | 68.25% |
| Total DEPT 250 FINANCE DEPARTMENT | | \$217,513.00 | \$148,461.82 | \$14,795.83 | \$69,051.18 | 68.25% |
| DEPT 650 RESOURCE DEPARTMENT | | | | | | |
| Active | E 01-650-000-300 SALARIES | \$115,976.00 | \$81,982.48 | \$10,997.60 | \$33,993.52 | 70.69% |
| Active | E 01-650-000-350 FRINGE BENEFITS | \$37,880.00 | \$25,977.63 | \$3,382.34 | \$11,902.37 | 68.58% |
| Active | E 01-650-000-380 CONTRACT LABO | \$60,000.00 | \$40,000.00 | \$5,000.00 | \$20,000.00 | 66.67% |
| Active | E 01-650-000-400 TRAVEL AND PER | \$35,000.00 | \$12,131.71 | \$569.89 | \$22,868.29 | 34.66% |
| Active | E 01-650-000-402 NPFMC Meetings | \$15,000.00 | \$13,123.00 | \$0.00 | \$1,877.00 | 87.49% |
| Active | E 01-650-000-403 BOF Meetings | \$25,000.00 | \$1,971.65 | \$0.00 | \$23,028.35 | 7.89% |
| Active | E 01-650-000-425 TELEPHONE | \$5,200.00 | \$2,847.08 | \$584.78 | \$2,352.92 | 55.89% |
| Active | E 01-650-000-450 POSTAGE/SPEED | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-650-000-475 SUPPLIES | \$3,000.00 | \$644.00 | \$0.00 | \$2,356.00 | 21.47% |
| Active | E 01-650-000-500 EQUIPMENT | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 000 | | \$297,056.00 | \$178,677.55 | \$20,534.61 | \$118,319.26 | 60.15% |
| Total DEPT 650 RESOURCE DEPARTMENT | | \$297,056.00 | \$178,677.55 | \$20,534.61 | \$118,319.26 | 60.15% |
| DEPT 651 PUBLIC INFORMATION | | | | | | |
| Active | E 01-651-011-300 SALARIES | \$82,766.00 | \$55,176.96 | \$55,176.96 | \$27,589.04 | 66.67% |
| Active | E 01-651-011-350 FRINGE BENEFITS | \$29,760.00 | \$19,490.01 | \$19,490.01 | \$10,269.99 | 65.49% |
| Active | E 01-651-011-400 TRAVEL AND PER | \$15,000.00 | \$7,158.05 | \$7,158.05 | \$7,841.95 | 47.72% |
| Active | E 01-651-011-425 TELEPHONE | \$2,400.00 | \$742.34 | \$742.34 | \$1,657.66 | 30.93% |
| Active | E 01-651-011-450 POSTAGE/SPEED | \$250.00 | \$0.00 | \$0.00 | \$250.00 | 0.00% |
| Active | E 01-651-011-475 SUPPLIES | \$4,500.00 | \$955.37 | \$955.37 | \$3,544.63 | 22.19% |
| Active | E 01-651-011-525 RENTAL/LEASE | \$6,800.00 | \$4,534.72 | \$4,534.72 | \$2,265.28 | 66.69% |
| Active | E 01-651-011-532 ADVERTISING | \$25,000.00 | \$13,194.45 | \$13,194.45 | \$11,805.55 | 52.78% |
| SUBDEPT 011 PUBLIC INFORMATION | | \$166,476.00 | \$101,251.90 | \$101,251.90 | \$65,180.90 | 60.82% |
| Total DEPT 651 PUBLIC INFORMATION | | \$166,476.00 | \$101,251.90 | \$101,251.90 | \$65,180.90 | 60.82% |
| DEPT 700 PUBLIC WORKS DEPARTMENT | | | | | | |
| Active | E 01-700-000-300 SALARIES | \$71,112.00 | \$48,363.00 | \$6,881.00 | \$22,749.00 | 68.01% |
| Active | E 01-700-000-350 FRINGE BENEFITS | \$26,911.00 | \$18,958.05 | \$2,468.79 | \$7,952.95 | 70.45% |
| Active | E 01-700-000-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-700-000-400 TRAVEL AND PER | \$12,000.00 | \$3,497.90 | \$0.00 | \$8,502.10 | 29.15% |
| Active | E 01-700-000-425 TELEPHONE | \$1,500.00 | \$1,225.23 | \$196.11 | \$274.77 | 81.68% |
| Active | E 01-700-000-450 POSTAGE/SPEED | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-700-000-475 SUPPLIES | \$6,000.00 | \$1,920.45 | \$51.97 | \$4,079.55 | 32.01% |
| Active | E 01-700-000-500 EQUIPMENT | \$1,500.00 | \$0.00 | \$0.00 | \$1,500.00 | 0.00% |
| Active | E 01-700-000-525 RENTAL/LEASE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-700-000-526 UTILITIES | \$2,500.00 | \$1,374.12 | \$57.64 | \$1,125.88 | 54.96% |
| SUBDEPT 000 | | \$121,523.00 | \$75,338.75 | \$9,655.51 | \$46,184.25 | 62.00% |

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Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|--|--------------------------------------|-----------------------|---------------------|---------------------|----------------------|----------------|
| Total DEPT 700 PUBLIC WORKS DEPARTMENT | | \$121,523.00 | \$75,338.75 | \$9,655.51 | \$46,184.25 | 62.00% |
| DEPT 844 KCAP | | | | | | |
| Active | E 01-844-000-300 SALARIES | \$4,500.00 | \$0.00 | \$0.00 | \$4,500.00 | 0.00% |
| Active | E 01-844-000-350 FRINGE BENEFITS | \$6,000.00 | \$0.00 | \$0.00 | \$6,000.00 | 0.00% |
| Active | E 01-844-000-400 TRAVEL AND PER | \$0.00 | \$2,720.10 | \$0.00 | -\$2,720.10 | 0.00% |
| Active | E 01-844-000-425 TELEPHONE | \$2,120.00 | \$350.77 | \$0.00 | \$1,769.23 | 16.55% |
| Active | E 01-844-000-475 SUPPLIES | \$3,600.00 | \$125.98 | \$0.00 | \$3,474.02 | 3.50% |
| Active | E 01-844-000-525 RENTAL/LEASE | \$7,580.00 | \$4,534.72 | \$0.00 | \$3,045.28 | 59.82% |
| SUBDEPT 000 | | <u>\$23,800.00</u> | <u>\$7,731.57</u> | <u>\$0.00</u> | <u>\$16,068.43</u> | <u>32.49%</u> |
| Total DEPT 844 KCAP | | \$23,800.00 | \$7,731.57 | \$0.00 | \$16,068.43 | 32.49% |
| DEPT 850 EDUCATION | | | | | | |
| Active | E 01-850-000-700 LOCAL SCHOOL C | \$1,388,000.00 | \$594,000.00 | \$0.00 | \$794,000.00 | 42.80% |
| Active | E 01-850-000-701 SCHOOL SCHOLA | \$20,000.00 | \$0.00 | \$0.00 | \$20,000.00 | 0.00% |
| Active | E 01-850-000-703 School Contribution | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-850-000-756 STUDENT TRAVEL | \$5,000.00 | \$0.00 | \$0.00 | \$5,000.00 | 0.00% |
| SUBDEPT 000 | | <u>\$1,413,000.00</u> | <u>\$594,000.00</u> | <u>\$0.00</u> | <u>\$819,000.00</u> | <u>42.04%</u> |
| Total DEPT 850 EDUCATION | | \$1,413,000.00 | \$594,000.00 | \$0.00 | \$819,000.00 | 42.04% |
| DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB | | | | | | |
| Active | E 01-860-000-300 SALARIES | \$62,760.00 | \$32,758.04 | \$5,000.00 | \$30,001.96 | 52.20% |
| Active | E 01-860-000-350 FRINGE BENEFITS | \$24,869.00 | \$13,385.92 | \$2,171.40 | \$11,483.08 | 53.83% |
| Active | E 01-860-000-380 CONTRACT LABO | \$6,000.00 | \$2,271.02 | \$0.00 | \$3,728.98 | 37.85% |
| Active | E 01-860-000-400 TRAVEL AND PER | \$15,000.00 | \$6,367.00 | \$1,169.00 | \$8,633.00 | 42.45% |
| Active | E 01-860-000-425 TELEPHONE | \$4,000.00 | \$244.87 | \$0.00 | \$3,755.13 | 6.12% |
| Active | E 01-860-000-450 POSTAGE/SPEED | \$250.00 | \$152.81 | \$0.00 | \$97.19 | 61.12% |
| Active | E 01-860-000-475 SUPPLIES | \$4,500.00 | \$621.12 | \$138.55 | \$3,878.88 | 13.80% |
| Active | E 01-860-000-500 EQUIPMENT | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-860-000-525 RENTAL/LEASE | \$7,000.00 | \$3,884.46 | \$0.00 | \$3,115.54 | 55.49% |
| Active | E 01-860-000-969 Tourism Developme | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 000 | | <u>\$124,379.00</u> | <u>\$59,685.24</u> | <u>\$8,478.95</u> | <u>\$64,693.76</u> | <u>47.99%</u> |
| Total DEPT 860 SPECIAL ASSISTANT-NLG,FP,CDB | | \$124,379.00 | \$59,685.24 | \$8,478.95 | \$64,693.76 | 47.99% |
| DEPT 900 OTHER | | | | | | |
| Active | E 01-900-000-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-900-000-500 EQUIPMENT | \$8,200.00 | \$2,462.90 | \$0.00 | \$5,737.10 | 30.04% |
| Active | E 01-900-000-525 RENTAL/LEASE | \$1,900.00 | \$1,900.00 | \$0.00 | \$0.00 | 100.00% |
| Active | E 01-900-000-526 UTILITIES | \$11,410.00 | \$7,646.56 | \$4,051.15 | \$3,763.44 | 67.02% |
| Active | E 01-900-000-527 Aleutia Crab | \$58,522.00 | \$0.00 | \$0.00 | \$58,522.00 | 0.00% |
| Active | E 01-900-000-551 LEGAL | \$75,000.00 | \$33,847.78 | \$681.51 | \$41,152.22 | 45.13% |
| Active | E 01-900-000-552 INSURANCE | \$180,000.00 | \$131,992.00 | \$0.00 | \$48,008.00 | 73.33% |
| Active | E 01-900-000-727 BANK FEES | \$1,000.00 | \$1,268.27 | \$174.76 | -\$268.27 | 126.83% |
| Active | E 01-900-000-728 WIRE TRANSFERS | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-900-000-751 OPERATING TRAN | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-900-000-752 CONTRIBUTION T | \$150,000.00 | \$75,000.00 | \$0.00 | \$75,000.00 | 50.00% |
| Active | E 01-900-000-753 MISC EXPENSE | \$1,000.00 | \$720.00 | \$0.00 | \$280.00 | 72.00% |
| Active | E 01-900-000-757 YOUTH SERVICES | \$23,500.00 | \$7,000.00 | \$0.00 | \$16,500.00 | 29.79% |
| Active | E 01-900-000-760 REVENUE SHARIN | \$32,000.00 | \$32,000.00 | \$0.00 | \$0.00 | 100.00% |
| Active | E 01-900-000-761 SOUTHWEST GOV | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-900-000-770 Depreciation Expen | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 01-900-000-943 WEB SERVICE | \$10,500.00 | \$8,931.50 | \$1,336.50 | \$1,568.50 | 85.06% |
| SUBDEPT 000 | | <u>\$553,032.00</u> | <u>\$302,769.01</u> | <u>\$6,243.92</u> | <u>\$250,262.99</u> | <u>54.75%</u> |
| Total DEPT 900 OTHER | | \$553,032.00 | \$302,769.01 | \$6,243.92 | \$250,262.99 | 54.75% |

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Current Period: FEBRUARY 10-11

| | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|-----------------------------------|---------------------|------------------|---------------------|----------------------|----------------|
| <i>Total Fund 01 GENERAL FUND</i> | \$3,941,588.00 | \$2,100,487.50 | \$244,540.84 | \$1,829,378.84 | 53.29% |

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|-------------------------------------|--------------------------------------|-----------------------|-----------------------|-------------------|-----------------------|---------------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 20 GRANT PROGRAMS | | | | | | |
| Active | R 20-201 INTEREST REVENUE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 20-203 OTHER REVENUE | \$473,570.08 | \$0.00 | \$0.00 | \$473,570.08 | 0.00% |
| Active | R 20-204 OPERATING TRANSFER F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| 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 | \$427,271.96 | \$0.00 | \$750,235.94 | 36.29% |
| Active | R 20-256 HOMELAND SECURITY GR | \$41,586.00 | \$41,562.00 | \$0.00 | \$24.00 | 99.94% |
| Active | R 20-257 US Dept.of Energy-DE-RW0 | \$50,000.00 | \$50,000.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 20-287 KCAP/09-DC-359 | \$1,959,372.03 | \$380.00 | \$380.00 | \$1,958,992.03 | 0.02% |
| Active | R 20-290 DOTPF/KCAP | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| 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 Authority2195 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 20-421 DENALI COMMISSION-SAN | \$1,100,000.00 | \$1,100,000.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 20-512 Nelson Lagoon #810758 AC | \$50,000.00 | \$0.00 | \$0.00 | \$50,000.00 | 0.00% |
| Active | R 20-811 US FISH&WILDLIFE MARITI | \$4,700.00 | \$1,705.88 | \$902.44 | \$2,994.12 | 36.30% |
| Total Fund 20 GRANT PROGRAMS | | \$5,069,970.66 | \$1,620,919.84 | \$1,282.44 | \$3,449,050.82 | 31.97% |

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Current Period: FEBRUARY 10-11

| | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|--|-----------------------|-----------------------|---------------------|-----------------------|----------------|
| Fund 20 GRANT PROGRAMS | | | | | |
| DEPT 257 US Dept.of Energy-DE-RW0000113 | | | | | |
| Active E 20-257-000-850 CAPITAL CONSTR | \$50,000.00 | \$50,000.00 | \$0.00 | \$0.00 | 100.00% |
| SUBDEPT 000 | <u>\$50,000.00</u> | <u>\$50,000.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>100.00%</u> |
| Total 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 | | | | | |
| Active E 20-421-000-850 CAPITAL CONSTR | \$1,100,000.00 | \$1,306,818.00 | \$0.00 | -\$206,818.00 | 118.80% |
| SUBDEPT 000 | <u>\$1,100,000.00</u> | <u>\$1,306,818.00</u> | <u>\$0.00</u> | <u>-\$206,818.00</u> | <u>118.80%</u> |
| Total DEPT 421 DENALI COMMISSION-SAND POINT | \$1,100,000.00 | \$1,306,818.00 | \$0.00 | -\$206,818.00 | 118.80% |
| DEPT 512 Nelson Lagoon-Hazard Impact | | | | | |
| Active E 20-512-000-380 CONTRACT LABO | \$50,000.00 | \$0.00 | \$0.00 | \$50,000.00 | 0.00% |
| SUBDEPT 000 | <u>\$50,000.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$50,000.00</u> | <u>0.00%</u> |
| Total DEPT 512 Nelson Lagoon-Hazard Impact | \$50,000.00 | \$0.00 | \$0.00 | \$50,000.00 | 0.00% |
| DEPT 803 CAPITAL - FALSE PASS | | | | | |
| Active E 20-803-000-850 CAPITAL CONSTR | \$14,070.13 | \$0.00 | \$0.00 | \$14,070.13 | 0.00% |
| SUBDEPT 000 | <u>\$14,070.13</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$14,070.13</u> | <u>0.00%</u> |
| Total DEPT 803 CAPITAL - FALSE PASS | \$14,070.13 | \$0.00 | \$0.00 | \$14,070.13 | 0.00% |
| DEPT 809 Akutan Airport/Grant | | | | | |
| Active E 20-809-000-850 CAPITAL CONSTR | \$88,701.52 | \$22,215.00 | \$4,665.00 | \$66,486.52 | 25.04% |
| SUBDEPT 000 | <u>\$88,701.52</u> | <u>\$22,215.00</u> | <u>\$4,665.00</u> | <u>\$66,486.52</u> | <u>25.04%</u> |
| Total DEPT 809 Akutan Airport/Grant | \$88,701.52 | \$22,215.00 | \$4,665.00 | \$66,486.52 | 25.04% |
| DEPT 810 HOMELAND SECURITY-GR34286 | | | | | |
| Active E 20-810-000-500 EQUIPMENT | \$41,586.00 | \$41,699.24 | \$0.00 | -\$113.24 | 100.27% |
| SUBDEPT 000 | <u>\$41,586.00</u> | <u>\$41,699.24</u> | <u>\$0.00</u> | <u>-\$113.24</u> | <u>100.27%</u> |
| Total DEPT 810 HOMELAND SECURITY-GR34286 | \$41,586.00 | \$41,699.24 | \$0.00 | -\$113.24 | 100.27% |
| DEPT 811 US FISH AND WILDLIFE-TOURS | | | | | |
| Active E 20-811-000-300 SALARIES | \$4,000.00 | \$739.13 | \$0.00 | \$3,260.87 | 18.48% |
| Active E 20-811-000-350 FRINGE BENEFITS | \$455.00 | \$64.31 | \$0.00 | \$390.69 | 14.13% |
| Active E 20-811-000-475 SUPPLIES | \$245.00 | \$0.00 | \$0.00 | \$245.00 | 0.00% |
| SUBDEPT 000 | <u>\$4,700.00</u> | <u>\$803.44</u> | <u>\$0.00</u> | <u>\$3,896.56</u> | <u>17.09%</u> |
| Total DEPT 811 US FISH AND WILDLIFE-TOURS | \$4,700.00 | \$803.44 | \$0.00 | \$3,896.56 | 17.09% |
| DEPT 867 KCC Alternative Road | | | | | |
| Active E 20-867-000-300 SALARIES | \$0.00 | \$4,142.49 | \$1,575.00 | -\$4,142.49 | 0.00% |
| Active E 20-867-000-350 FRINGE BENEFITS | \$0.00 | \$2,818.60 | \$1,109.81 | -\$2,818.60 | 0.00% |
| Active E 20-867-000-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active E 20-867-000-381 ENGINEERING | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active E 20-867-000-400 TRAVEL AND PER | \$0.00 | \$76.00 | \$0.00 | -\$76.00 | 0.00% |
| Active E 20-867-000-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 000 | <u>\$0.00</u> | <u>\$7,037.09</u> | <u>\$2,684.81</u> | <u>-\$7,037.09</u> | <u>0.00%</u> |
| Active E 20-867-167-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 167 DOTPF/KCAP | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>0.00%</u> |
| Active E 20-867-168-300 SALARIES | \$17,800.00 | \$0.00 | \$0.00 | \$17,800.00 | 0.00% |
| Active E 20-867-168-350 FRINGE BENEFITS | \$8,985.46 | \$0.00 | \$0.00 | \$8,985.46 | 0.00% |
| Active E 20-867-168-381 ENGINEERING | \$943,500.00 | \$0.00 | \$0.00 | \$943,500.00 | 0.00% |
| Active E 20-867-168-400 TRAVEL AND PER | \$6,306.49 | \$0.00 | \$0.00 | \$6,306.49 | 0.00% |
| Active E 20-867-168-850 CAPITAL CONSTR | \$982,780.08 | \$11,870.18 | \$0.00 | \$970,909.90 | 1.21% |
| SUBDEPT 168 KCAP/09-DC-359 | <u>\$1,959,372.03</u> | <u>\$11,870.18</u> | <u>\$0.00</u> | <u>\$1,947,501.85</u> | <u>0.61%</u> |
| Active E 20-867-169-300 SALARIES | \$3,850.00 | \$15,075.00 | \$225.00 | -\$11,225.00 | 391.56% |

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Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|-----------------------|--|-----------------------|-----------------------|---------------------|-----------------------|----------------|
| Active | E 20-867-169-350 FRINGE BENEFITS | \$4,612.95 | \$4,771.97 | \$173.01 | -\$159.02 | 103.45% |
| Active | E 20-867-169-400 TRAVEL AND PER | \$739.01 | \$2,535.20 | \$0.00 | -\$1,796.19 | 343.05% |
| Active | E 20-867-169-753 MISC EXPENSE | \$7,100.00 | \$0.00 | \$0.00 | \$7,100.00 | 0.00% |
| Active | E 20-867-169-850 CAPITAL CONSTR | \$1,161,205.94 | \$349,822.58 | \$0.00 | \$811,383.36 | 30.13% |
| | SUBDEPT 169 KCAP Road Completion | \$1,177,507.90 | \$372,204.75 | \$398.01 | \$805,303.15 | 31.61% |
| | Total DEPT 867 KCC Alternative Road | \$3,136,879.93 | \$391,112.02 | \$3,082.82 | \$2,745,767.91 | 12.47% |
| DEPT 900 OTHER | | | | | | |
| Active | E 20-900-000-509 FY11 Pollock | \$110,463.00 | \$111,012.92 | \$0.00 | -\$549.92 | 100.50% |
| Active | E 20-900-000-753 MISC EXPENSE | \$150,000.00 | \$995.00 | \$0.00 | \$149,005.00 | 0.66% |
| Active | E 20-900-000-850 CAPITAL CONSTR | \$473,570.08 | \$15,742.19 | \$0.00 | \$457,827.89 | 3.32% |
| | SUBDEPT 000 | \$734,033.08 | \$127,750.11 | \$0.00 | \$606,282.97 | 17.40% |
| | Total DEPT 900 OTHER | \$734,033.08 | \$127,750.11 | \$0.00 | \$606,282.97 | 17.40% |
| | Total Fund 20 GRANT PROGRAMS | \$5,219,970.66 | \$1,940,397.81 | \$7,747.82 | \$3,279,572.85 | 37.17% |

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|---------------------------------|--------------------------------|---------------------|---------------------|-------------------|---------------------|---------------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 22 OPERATIONS | | | | | | |
| Active | R 22-203 OTHER REVENUE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 22-204 OPERATING TRANSFER F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 22-221 COLD BAY TERMINAL LEA | \$139,620.00 | \$86,445.77 | \$5,000.00 | \$53,174.23 | 61.92% |
| Active | R 22-222 COLD BAY TERMINAL OTH | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| 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 | \$27,421.00 | \$320.00 | \$65,579.00 | 29.48% |
| Active | R 22-247 HOVERCRAFT/ VEHICLES | \$30,000.00 | \$6,280.00 | \$720.00 | \$23,720.00 | 20.93% |
| Active | R 22-248 HOVERCRAFT/ FREIGHT | \$30,000.00 | \$4,953.54 | \$0.00 | \$25,046.46 | 16.51% |
| Total Fund 22 OPERATIONS | | \$340,620.00 | \$125,100.31 | \$6,040.00 | \$215,519.69 | 36.73% |

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|--|-------------------------------------|-----------------------|-----------------------|--------------------|---------------------|---------------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 22 OPERATIONS | | | | | | |
| DEPT 802 CAPITAL - COLD BAY | | | | | | |
| Active | E 22-802-200-300 SALARIES | \$41,422.00 | \$27,614.40 | \$3,451.80 | \$13,807.60 | 66.67% |
| Active | E 22-802-200-350 FRINGE BENEFITS | \$19,652.00 | \$13,540.90 | \$1,373.82 | \$6,111.10 | 68.90% |
| Active | E 22-802-200-380 CONTRACT LABO | \$83,700.00 | \$83,832.76 | \$0.00 | -\$132.76 | 100.16% |
| Active | E 22-802-200-381 ENGINEERING | \$35,000.00 | \$34,956.84 | \$0.00 | \$43.16 | 99.88% |
| Active | E 22-802-200-400 TRAVEL AND PER | \$3,000.00 | \$1,922.00 | \$1,544.00 | \$1,078.00 | 64.07% |
| Active | E 22-802-200-425 TELEPHONE | \$4,500.00 | \$3,255.28 | \$406.94 | \$1,244.72 | 72.34% |
| Active | E 22-802-200-475 SUPPLIES | \$30,000.00 | \$6,621.17 | \$592.59 | \$23,378.83 | 22.07% |
| Active | E 22-802-200-525 RENTAL/LEASE | \$5,335.00 | \$0.00 | \$0.00 | \$5,335.00 | 0.00% |
| Active | E 22-802-200-526 UTILITIES | \$24,000.00 | \$14,369.50 | \$2,093.99 | \$9,630.50 | 59.87% |
| Active | E 22-802-200-551 LEGAL | \$40,000.00 | \$26,431.62 | \$0.00 | \$13,568.38 | 66.08% |
| Active | E 22-802-200-576 GAS | \$2,500.00 | \$2,509.10 | \$99.18 | -\$9.10 | 100.36% |
| Active | E 22-802-200-577 FUEL | \$15,000.00 | \$8,202.21 | \$1,022.42 | \$6,797.79 | 54.68% |
| Active | E 22-802-200-753 MISC EXPENSE | \$0.00 | \$44,000.00 | \$0.00 | -\$44,000.00 | 0.00% |
| Active | E 22-802-200-850 CAPITAL CONSTR | \$800,000.00 | \$816,581.29 | \$0.00 | -\$16,581.29 | 102.07% |
| SUBDEPT 200 COLD BAY TERMINAL | | \$1,104,109.00 | \$1,083,837.07 | \$10,584.74 | \$20,271.93 | 98.16% |
| Total DEPT 802 CAPITAL - COLD BAY | | \$1,104,109.00 | \$1,083,837.07 | \$10,584.74 | \$20,271.93 | 98.16% |
| DEPT 843 Hovercraft Operation | | | | | | |
| Active | E 22-843-100-300 SALARIES | \$175,000.00 | \$95,804.85 | \$9,540.00 | \$79,195.15 | 54.75% |
| Active | E 22-843-100-350 FRINGE BENEFITS | \$58,308.00 | \$28,243.44 | \$893.91 | \$30,064.56 | 48.44% |
| Active | E 22-843-100-380 CONTRACT LABO | \$150,000.00 | \$46,593.81 | \$2,790.00 | \$103,406.19 | 31.06% |
| Active | E 22-843-100-381 ENGINEERING | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 22-843-100-400 TRAVEL AND PER | \$21,000.00 | \$11,257.73 | \$0.00 | \$9,742.27 | 53.61% |
| Active | E 22-843-100-425 TELEPHONE | \$8,000.00 | \$4,967.68 | \$279.15 | \$3,032.32 | 62.10% |
| Active | E 22-843-100-475 SUPPLIES | \$75,000.00 | \$44,022.35 | \$23,806.63 | \$30,977.65 | 58.70% |
| Active | E 22-843-100-477 HOVERCRAFT FR | \$5,000.00 | \$3,768.52 | \$0.00 | \$1,231.48 | 75.37% |
| Active | E 22-843-100-500 EQUIPMENT | \$20,000.00 | \$0.00 | \$0.00 | \$20,000.00 | 0.00% |
| Active | E 22-843-100-510 EQUIPMENT REPA | \$25,000.00 | \$2,000.00 | \$0.00 | \$23,000.00 | 8.00% |
| Active | E 22-843-100-525 RENTAL/LEASE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 22-843-100-526 UTILITIES | \$5,000.00 | \$2,232.73 | \$299.06 | \$2,767.27 | 44.65% |
| Active | E 22-843-100-551 LEGAL | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 22-843-100-552 INSURANCE | \$201,000.00 | \$253,679.27 | \$40,200.47 | -\$52,679.27 | 126.21% |
| Active | E 22-843-100-576 GAS | \$5,000.00 | \$2,676.76 | \$198.37 | \$2,323.24 | 53.54% |
| Active | E 22-843-100-577 FUEL | \$78,000.00 | \$37,461.82 | \$0.00 | \$40,538.18 | 48.03% |
| Active | E 22-843-100-770 Depreciation Expen | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 100 HOVERCRAFT OPERATION | | \$826,308.00 | \$532,708.96 | \$78,007.59 | \$293,599.04 | 64.47% |
| Total DEPT 843 Hovercraft Operation | | \$826,308.00 | \$532,708.96 | \$78,007.59 | \$293,599.04 | 64.47% |
| Total Fund 22 OPERATIONS | | \$1,930,417.00 | \$1,616,546.03 | \$88,592.33 | \$313,870.97 | 83.74% |

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*Revenue Guideline©

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Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|--|-------------------------------|-----------------------|-----------------------|---------------------|-----------------------|----------------|
| Fund 24 BOND CONSTRUCTION | | | | | | |
| Active | R 24-201 INTEREST REVENUE | \$0.00 | \$18,841.28 | \$0.00 | -\$18,841.28 | 100.00% |
| Active | R 24-203 OTHER REVENUE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 24-204 OPERATING TRANSFER F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| 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 | 100.00% |
| Total Fund 24 BOND CONSTRUCTION | | \$8,701,801.99 | \$5,018,841.28 | \$0.00 | \$3,682,960.71 | 57.68% |

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***Expenditure Guideline©**

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Current Period: FEBRUARY 10-11

| | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|---|-----------------------|---------------------|---------------------|-----------------------|----------------|
| Fund 24 BOND CONSTRUCTION | | | | | |
| DEPT 809 Akutan Airport/Grant | | | | | |
| Active E 24-809-000-850 CAPITAL CONSTR | \$3,000,000.00 | \$217,561.83 | \$0.00 | \$2,782,438.17 | 7.25% |
| SUBDEPT 000 | \$3,000,000.00 | \$217,561.83 | \$0.00 | \$2,782,438.17 | 7.25% |
| Total DEPT 809 Akutan Airport/Grant | \$3,000,000.00 | \$217,561.83 | \$0.00 | \$2,782,438.17 | 7.25% |
| DEPT 830 KING COVE HARBOR | | | | | |
| Active E 24-830-000-850 CAPITAL CONSTR | \$89,676.00 | \$0.00 | \$0.00 | \$89,676.00 | 0.00% |
| SUBDEPT 000 | \$89,676.00 | \$0.00 | \$0.00 | \$89,676.00 | 0.00% |
| Total DEPT 830 KING COVE HARBOR | \$89,676.00 | \$0.00 | \$0.00 | \$89,676.00 | 0.00% |
| DEPT 831 SAND POINT HARBOR | | | | | |
| Active E 24-831-132-850 CAPITAL CONSTR | \$364,857.09 | \$598,420.75 | \$6,876.30 | -\$233,563.66 | 168.19% |
| SUBDEPT 132 Sand Point Harbor | \$364,857.09 | \$598,420.75 | \$6,876.30 | -\$248,813.66 | 164.02% |
| Total DEPT 831 SAND POINT HARBOR | \$364,857.09 | \$598,420.75 | \$6,876.30 | -\$248,813.66 | 164.02% |
| DEPT 833 FALSE PASS HARBOR | | | | | |
| Active E 24-833-000-850 CAPITAL CONSTR | \$519,917.36 | \$52,089.91 | \$13,809.42 | \$467,827.45 | 10.02% |
| SUBDEPT 000 | \$519,917.36 | \$52,089.91 | \$13,809.42 | \$467,827.45 | 10.02% |
| Total DEPT 833 FALSE PASS HARBOR | \$519,917.36 | \$52,089.91 | \$13,809.42 | \$467,827.45 | 10.02% |
| DEPT 839 AKUTAN HARBOR | | | | | |
| Active E 24-839-000-850 CAPITAL CONSTR | \$1,649,556.99 | \$0.00 | \$0.00 | \$1,649,556.99 | 0.00% |
| SUBDEPT 000 | \$1,649,556.99 | \$0.00 | \$0.00 | \$1,649,556.99 | 0.00% |
| Total DEPT 839 AKUTAN HARBOR | \$1,649,556.99 | \$0.00 | \$0.00 | \$1,649,556.99 | 0.00% |
| DEPT 862 NELSON LAGOON DOCK | | | | | |
| Active E 24-862-000-850 CAPITAL CONSTR | \$24,265.88 | \$4,815.97 | \$0.00 | \$19,449.91 | 19.85% |
| SUBDEPT 000 | \$24,265.88 | \$4,815.97 | \$0.00 | \$19,449.91 | 19.85% |
| Total DEPT 862 NELSON LAGOON DOCK | \$24,265.88 | \$4,815.97 | \$0.00 | \$19,449.91 | 19.85% |
| DEPT 900 OTHER | | | | | |
| Active E 24-900-000-380 CONTRACT LABO | \$0.00 | \$18,079.68 | \$2,664.91 | -\$18,079.68 | 0.00% |
| Active E 24-900-000-725 BOND INTEREST P | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active E 24-900-000-745 Bond Sale Expense | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active E 24-900-000-850 CAPITAL CONSTR | \$2,000,000.00 | \$0.00 | \$0.00 | \$2,000,000.00 | 0.00% |
| SUBDEPT 000 | \$2,000,000.00 | \$18,079.68 | \$2,664.91 | \$1,981,920.32 | 0.90% |
| Total DEPT 900 OTHER | \$2,000,000.00 | \$18,079.68 | \$2,664.91 | \$1,981,920.32 | 0.90% |
| Total Fund 24 BOND CONSTRUCTION | \$7,648,273.32 | \$890,968.14 | \$23,350.63 | \$6,742,055.18 | 11.65% |

ALEUTIANS EAST BOROUGH
***Revenue Guideline©**

Current Period: FEBRUARY 10-11

| | | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|--------------------------------|-------------------------------|-----------------------|--------------------|---------------------|-----------------------|----------------|
| Fund 30 BOND FUND | | | | | | |
| Active | R 30-201 INTEREST REVENUE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| 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 F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Total Fund 30 BOND FUND | | <u>\$2,148,786.27</u> | <u>\$23,071.34</u> | <u>\$0.00</u> | <u>\$2,125,714.93</u> | <u>1.07%</u> |

ALEUTIANS EAST BOROUGH

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|--------------------------------|------------------------------------|-----------------------|-----------------------|---------------|---------------------|---------------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 30 BOND FUND | | | | | | |
| DEPT 900 OTHER | | | | | | |
| Active | E 30-900-000-725 BOND INTEREST P | \$1,303,786.27 | \$734,951.25 | \$0.00 | \$568,835.02 | 56.37% |
| Active | E 30-900-000-726 BOND PRINCIPAL | \$845,000.00 | \$875,000.00 | \$0.00 | -\$30,000.00 | 103.55% |
| Active | E 30-900-000-745 Bond Sale Expense | \$0.00 | \$20,367.82 | \$0.00 | -\$20,367.82 | 0.00% |
| SUBDEPT 000 | | <u>\$2,148,786.27</u> | <u>\$1,630,319.07</u> | <u>\$0.00</u> | <u>\$518,467.20</u> | <u>75.87%</u> |
| Total DEPT 900 OTHER | | <u>\$2,148,786.27</u> | <u>\$1,630,319.07</u> | <u>\$0.00</u> | <u>\$518,467.20</u> | <u>75.87%</u> |
| Total Fund 30 BOND FUND | | <u>\$2,148,786.27</u> | <u>\$1,630,319.07</u> | <u>\$0.00</u> | <u>\$518,467.20</u> | <u>75.87%</u> |

ALEUTIANS EAST BOROUGH

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*Revenue Guideline©

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|-------------------------------------|-------------------------------|---------------------|-----------------------|---------------|------------------------|----------------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 40 PERMANENT FUND | | | | | | |
| Active | R 40-201 INTEREST REVENUE | \$350,000.00 | \$3,454,273.72 | \$0.00 | -\$3,104,273.72 | 986.94% |
| Active | R 40-203 OTHER REVENUE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 40-204 OPERATING TRANSFER F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 40-230 LAND SALES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Total Fund 40 PERMANENT FUND | | <u>\$350,000.00</u> | <u>\$3,454,273.72</u> | <u>\$0.00</u> | <u>-\$3,104,273.72</u> | <u>986.94%</u> |

ALEUTIANS EAST BOROUGH
***Expenditure Guideline©**

Current Period: FEBRUARY 10-11

| | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|--|---------------------|--------------------|---------------------|----------------------|----------------|
| Fund 40 PERMANENT FUND | | | | | |
| DEPT 900 OTHER | | | | | |
| Active E 40-900-000-380 CONTRACT LABO | \$35,000.00 | \$18,079.67 | \$2,664.91 | \$16,920.33 | 51.66% |
| Active E 40-900-000-751 OPERATING TRAN | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 000 | <u>\$35,000.00</u> | <u>\$18,079.67</u> | <u>\$2,664.91</u> | <u>\$16,920.33</u> | <u>51.66%</u> |
| Total DEPT 900 OTHER | <u>\$35,000.00</u> | <u>\$18,079.67</u> | <u>\$2,664.91</u> | <u>\$16,920.33</u> | <u>51.66%</u> |
| Total Fund 40 PERMANENT FUND | <u>\$35,000.00</u> | <u>\$18,079.67</u> | <u>\$2,664.91</u> | <u>\$16,920.33</u> | <u>51.66%</u> |

ALEUTIANS EAST BOROUGH

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***Revenue Guideline©**

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|---|-------------------------------|---------------------|---------------|---------------|---------------------|--------------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 41 MAINTENANCE RESERVE FUND | | | | | | |
| Active | R 41-201 INTEREST REVENUE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 41-203 OTHER REVENUE | \$100,000.00 | \$0.00 | \$0.00 | \$100,000.00 | 0.00% |
| Active | R 41-204 OPERATING TRANSFER F | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Active | R 41-276 AEB SCHOOL | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100.00% |
| Total Fund 41 MAINTENANCE RESERVE FUND | | \$100,000.00 | \$0.00 | \$0.00 | \$100,000.00 | 0.00% |

ALEUTIANS EAST BOROUGH

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***Expenditure Guideline©**

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Current Period: FEBRUARY 10-11

| | | 10-11 | 10-11 | FEBRUARY | 10-11 | % of |
|---|----------------------------------|------------|--------------|------------|---------------|--------|
| | | YTD Budget | YTD Amt | MTD Amt | YTD Balance | Budget |
| Fund 41 MAINTENANCE RESERVE FUND | | | | | | |
| DEPT 800 CAPITAL - SCHOOL | | | | | | |
| Active | E 41-800-857-300 SALARIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-857-350 FRINGE BENEFITS | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-857-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-857-400 TRAVEL AND PER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-857-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-857-850 CAPITAL CONSTR | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 857 FALSE PASS SCHOOL | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-860-300 SALARIES | \$0.00 | \$2,532.50 | \$0.00 | -\$2,532.50 | 0.00% |
| Active | E 41-800-860-350 FRINGE BENEFITS | \$0.00 | \$220.32 | \$0.00 | -\$220.32 | 0.00% |
| Active | E 41-800-860-475 SUPPLIES | \$0.00 | \$132,058.50 | \$0.00 | -\$132,058.50 | 0.00% |
| SUBDEPT 860 SAND POINT Gym Floor | | \$0.00 | \$134,811.32 | \$0.00 | -\$134,811.32 | 0.00% |
| Active | E 41-800-865-300 SALARIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-865-350 FRINGE BENEFITS | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-865-400 TRAVEL AND PER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-865-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 865 Akutan School | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-300 SALARIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-350 FRINGE BENEFITS | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-400 TRAVEL AND PER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-425 TELEPHONE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-866-850 CAPITAL CONSTR | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 866 NELSON LAGOON SCHOOL | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-867-300 SALARIES | \$0.00 | \$13,215.00 | \$0.00 | -\$13,215.00 | 0.00% |
| Active | E 41-800-867-350 FRINGE BENEFITS | \$0.00 | \$1,150.79 | \$0.00 | -\$1,150.79 | 0.00% |
| Active | E 41-800-867-400 TRAVEL AND PER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-867-475 SUPPLIES | \$0.00 | \$500.00 | \$0.00 | -\$500.00 | 0.00% |
| Active | E 41-800-867-850 CAPITAL CONSTR | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 867 Sand Point School | | \$0.00 | \$14,865.79 | \$0.00 | -\$14,865.79 | 0.00% |
| Active | E 41-800-868-300 SALARIES | \$0.00 | \$1,575.00 | \$1,575.00 | -\$1,575.00 | 0.00% |
| Active | E 41-800-868-350 FRINGE BENEFITS | \$0.00 | \$147.58 | \$147.58 | -\$147.58 | 0.00% |
| Active | E 41-800-868-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-868-400 TRAVEL AND PER | \$0.00 | \$400.00 | \$400.00 | -\$400.00 | 0.00% |
| Active | E 41-800-868-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-868-577 FUEL | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-868-852 ASPHALT PAVING | \$0.00 | \$97,032.20 | \$0.00 | -\$97,032.20 | 0.00% |
| SUBDEPT 868 King Cove School | | \$0.00 | \$99,154.78 | \$2,122.58 | -\$101,154.78 | 0.00% |
| Active | E 41-800-869-300 SALARIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-869-350 FRINGE BENEFITS | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-869-380 CONTRACT LABO | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-869-400 TRAVEL AND PER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-869-475 SUPPLIES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-800-869-942 PROPERTY LEASE | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 869 COLD BAY SCHOOL | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Total DEPT 800 CAPITAL - SCHOOL | | \$0.00 | \$248,831.89 | \$2,122.58 | -\$250,831.89 | 0.00% |
| DEPT 900 OTHER | | | | | | |
| Active | E 41-900-000-751 OPERATING TRAN | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Active | E 41-900-000-880 LAND | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| SUBDEPT 000 | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |

ALEUTIANS EAST BOROUGH

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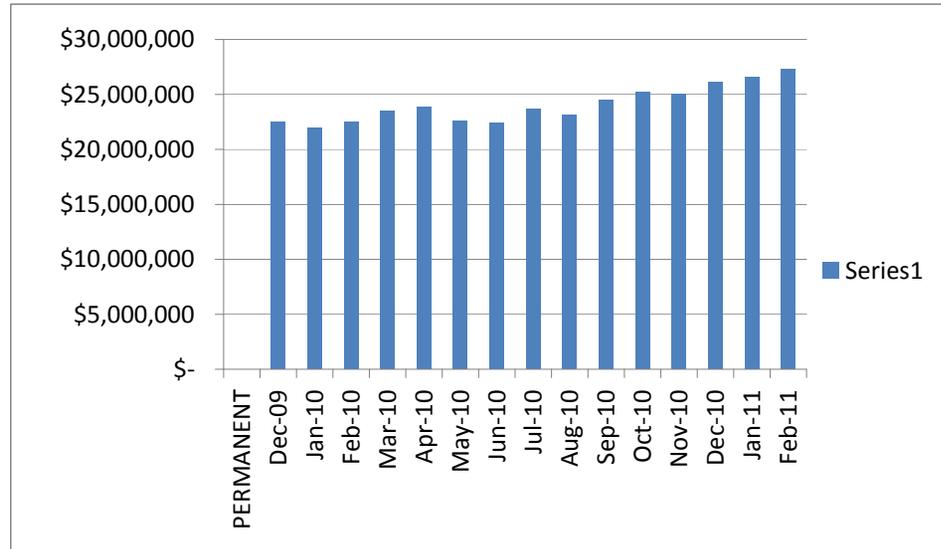
Current Period: FEBRUARY 10-11

| | 10-11 YTD Budget | 10-11 YTD Amt | FEBRUARY MTD Amt | 10-11 YTD Balance | % of Budget |
|---|---------------------|------------------|---------------------|----------------------|----------------|
| Total DEPT 900 OTHER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Total Fund 41 MAINTENANCE RESERVE FUND | \$0.00 | \$248,831.89 | \$2,122.58 | -\$250,831.89 | 0.00% |

INVESTMENT REPORT

Permanent Fund **PERMANENT FUND**

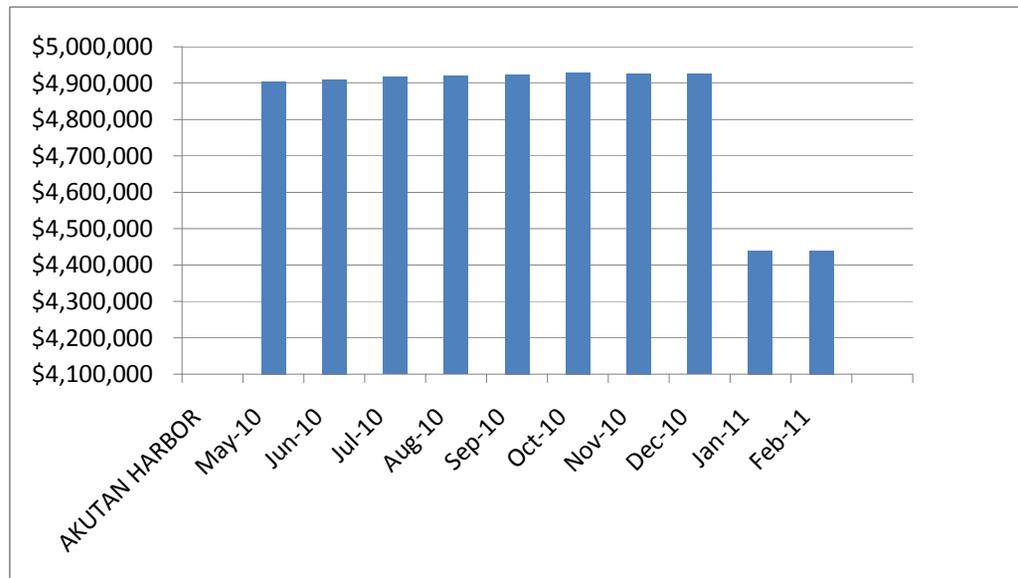
| | | |
|--------|----|------------|
| Dec-09 | \$ | 22,496,898 |
| Jan-10 | \$ | 21,954,713 |
| Feb-10 | \$ | 22,473,491 |
| Mar-10 | \$ | 23,527,796 |
| Apr-10 | \$ | 23,903,341 |
| May-10 | \$ | 22,559,863 |
| Jun-10 | \$ | 22,405,848 |
| Jul-10 | \$ | 23,678,528 |
| Aug-10 | \$ | 23,098,043 |
| Sep-10 | \$ | 24,490,005 |
| Oct-10 | \$ | 25,187,890 |
| Nov-10 | \$ | 25,020,439 |
| Dec-10 | \$ | 26,145,357 |
| Jan-11 | \$ | 26,614,385 |
| Feb-11 | \$ | 27,331,859 |



AKUTAN HARBOR

Akutan Harbor
2006 A

| | | |
|--------|----|-----------|
| 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 |
| Nov-10 | \$ | 4,926,428 |
| Dec-10 | \$ | 4,925,901 |
| Jan-11 | \$ | 4,440,234 |
| Feb-11 | \$ | 4,440,006 |

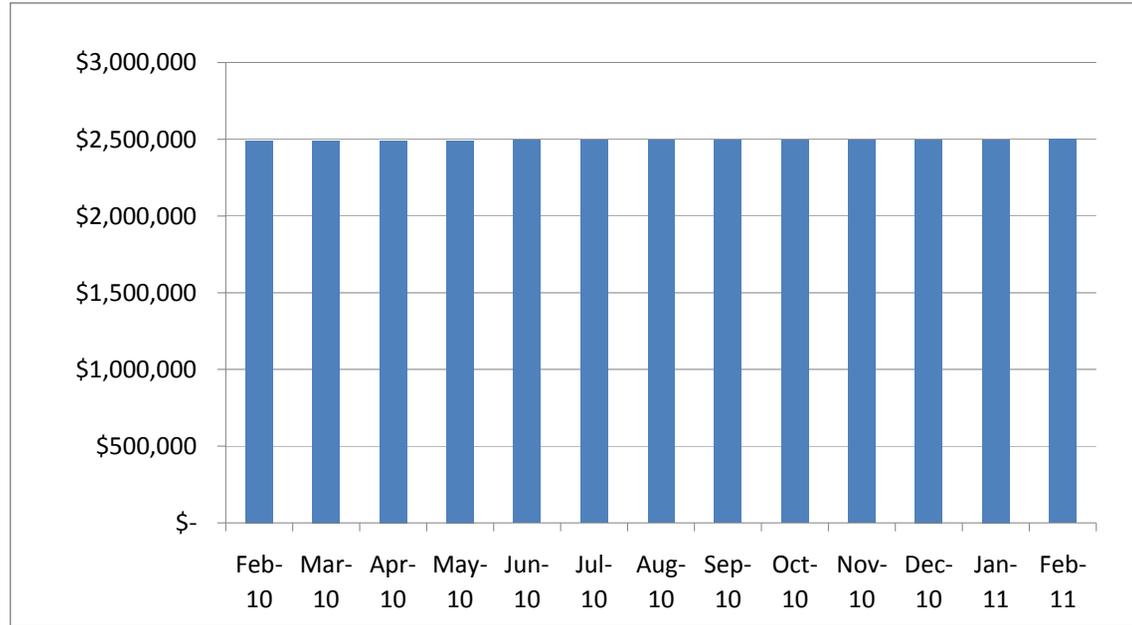


\$440,234 withdrawn 1/18/11

OPERATING FUND

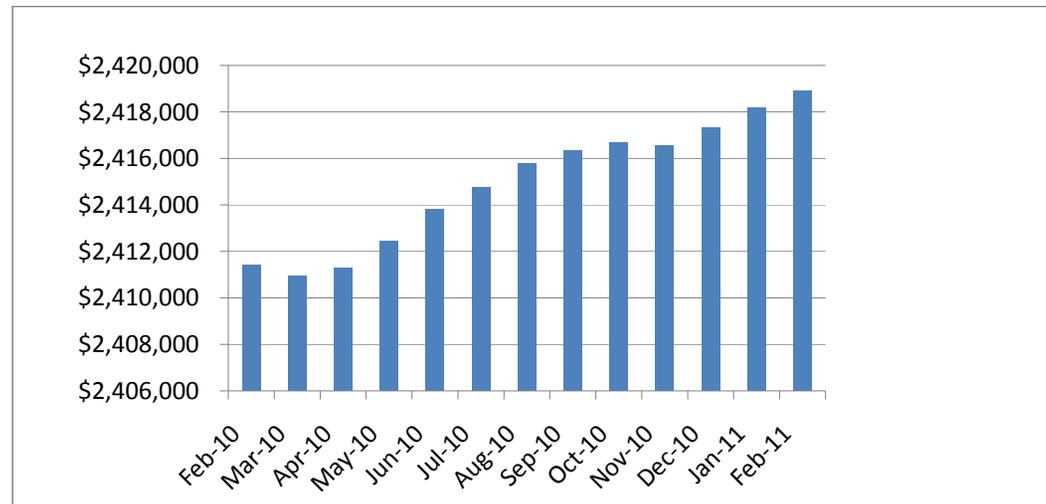
INVESTMENT REPORT

| | | | |
|----------------|--------|-----------|-----------|
| Operating Fund | Dec-10 | \$ | 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 |
| | Nov-10 | \$ | 2,496,680 |
| | Dec-10 | \$ | 2,497,672 |
| | Jan-11 | \$ | 2,499,072 |
| Feb-11 | \$ | 2,499,575 | |

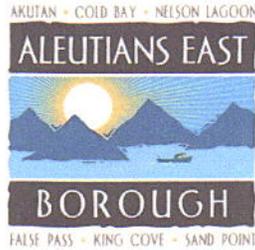


SERIES E

| | | | |
|----------|--------|-----------|-----------|
| Series E | 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 |
| | Nov-10 | \$ | 2,416,547 |
| | Dec-10 | \$ | 2,417,327 |
| | Jan-11 | \$ | 2,418,191 |
| Feb-11 | \$ | 2,418,888 | |



OLD BUSINESS



AGENDA STATEMENT

Date: March 4, 2011

To: The Honorable Mayor Mack and Assembly

From: Anne Bailey *abailey*

Through: Sharon Boyette

Re: Prioritizing Port and Harbor Needs Within the Aleutians East Borough Region Discussion

On November 18, 2010, the Corps of Engineers hosted the 2010 Ports Conference. At the conference Northern Economics provided a document listing the 2010 Statewide Ports and Harbors Needs. Akutan, False Pass, King Cove, Sand Point and Cold Bay were listed in this document and many of the projects listed were inaccurate.

At the February 17, 2011 Assembly Work Session the Ports and Harbors Needs list was presented to the Assembly. The Assembly requested that AEB staff have each individual community review the list and modify, delete, add and prioritize projects as they deemed necessary. The communities have all provided their comments and the updated prioritized project lists are attached.

Sharon Boyette has provided a memo (that follows) suggesting three ways on how to proceed with this project. If the Assembly chooses to prioritize the needs as a whole it will help prioritize State and Federal funding showing the cohesiveness of the communities. Please keep in mind that projects that have been designed will most likely be funded first.

All of the information gathered will be provided to Northern Economics for their review and use.

TO: Mayor Mack and Assembly Members

FROM: Sharon Boyette

DATE: March 4, 2011

RE: Prioritizing Ports and Harbors Projects

When Annie introduced this subject at the last Assembly meeting, it was hard to figure out a way forward; perhaps because it is difficult to prioritize one community's projects over another's. However, the request has been made - by the Corps and would be used by the State as well - to prioritize marine projects within our boundaries.

Recognizing the difficulty, the unfairness, lack of criteria or a number of other reasons, you may choose to say the Cities have provided their priorities and the AEB is going to support each of the Cities' priorities. It was, after all, a request not a mandate and hasn't been described as influencing funding.

However, if you want to take a stab at selecting projects and prioritizing them I can offer some alternative ways to think about that.

One way would be to look at the AEB's long-held perspective of assuming the role of the economic development and stepping up to the responsibility of building infrastructure. That would result something like this:

1. Akutan Harbor Construction (It is funded and underway so rises to the top.)
2. False Pass Harbor Utilities (Construction-ready; some FY12 funding likely)
3. Sand Point New Harbor Floats (Design complete; a small effort to get construction-ready)
4. Cold Bay Floating Breakwater/Harbor Construction
5. King Cove Harbor Entrance Renovation

Another way to establish priorities would be to look at actual need. This disregards the long-held but evidently unrealistic expectation that the AEB would build transportation infrastructure and the cities would maintain it. That would result in something like this:

1. Sand Point Galovin Harbor Renovation and Repairs (Some FY12 funding is likely)
2. Akutan Dock Repair (DOT requested project; some FY12 funding is likely)
3. Cold Bay Anode Replacement and other Dock Repairs(desperate need; City has some money but not nearly enough)
4. Nelson Lagoon Dock Repairs (same need; little money available)
5. False Pass Dock Repairs (same need; little money available)
6. King Cove Dock Repairs (I don't know for sure but suspect same need; little money available)
7. Sand Point Dock Repairs (I don't know for sure but suspect same need; little money available)

You are, of course, free to develop another way of prioritizing or rearrange the priorities that are listed in either alternative above.

King Cove Projects

| Facility | Project Description | Status |
|----------------------------|---|---------------------------------|
| Robert E. Newman Harbor | 400 feet sheet pile dock along road to deep water dock. | City of King Cove's #1 Priority |
| Robert E. Newman Harbor | Narrow entrance to cut down on swell of harbor. (The Corps of Engineers is working on a solution for this problem.) | City of King Cove's #2 Priority |
| Small Boat Harbor Tee Dock | Some new fender pile & bullrail replacement- some decking | |

Sand Point Projects

| Facility | Project Description | Status |
|---|---|--|
| Robert E. Galovin Small Boat Harbor | Replace infrastructure in harbor Water, electricity & floats to new harbor | City of Sand Point's #1 Priority |
| City Dock | Fenders, piling, cleats, anodes and deck repair | City of Sand Point's #2 Priority |
| New Boat Harbor | Install piling, floats, pedestals, etc. as designed by URS and in a phased, systematic plan over a 5-year period. | City of Sand Point's #3 Priority |
| Mooring Points, Dolphins and/or Fenders | Old cannery dock used, in bad shape. Mooring points on dock and breasting dolphins needed. Draft is an issue with bigger barge. If they dredge 5 ft they could get in with double hull barge. Now they pass Sand Point on their way through and come back after barge is lighter. It would be more efficient if this was dredged and they could go in on their way up the coast. (Please note that this is part of a Denali Commission Barge Landing Projects (2) and is not part of a City or Borough initiative). | Please note that this is part of a Denali Commission Barge Landing Projects (2) and is not part of a City or Borough initiative. |
| Peter Pan Seafoods, Inc | New decking | Port & Harbor Operator Identified Needs |
| Sand Point Harbor | Expand existing harbor for 27 vessels in excess of 80' and additional capacity for local/transient | Information is from DOT's Harbor Grant Construction Program and DOT Mgmt Reporting System Port/Harbor Needs List |

Akutun Projects

| Facility | Project Description | Status |
|-------------------|---|---|
| Port/Ferry Dock | <p>*Repair and upgrade city dock/ ferry terminal (Tustamena) fender system to meet Alaska Marine Highway standards to ensure ferry service reliability and safety of vessels and passengers</p> <p>*Install raised fender panel extensions to the dock and dolphins. Install platform for AMS ferry gang-way</p> <p>* Install additional bollards ashore to provide better lead for mooring lines</p> <p>*Raise/improve fendering system on the Akutan City Dock to prevent ships from overriding dolphins and dock pilings causing damage to ships and dock.</p> | <p>City of Akutan's #1 Priority Active- Denali Commission is making a determination whether to fund application or not.</p> |
| Small Boat Harbor | <p>Construct small boat harbor with moorage for approximately 58 vessels. Includes armored entrance channel constructed of two rubble mound breakwaters and mooring basins. This project will provide a safe harbor or refuge from the Bering Sea and permanent moorage for local boats.</p> | <p>City of Akutan's #2 Priority Active- Construction began last summer and construction begins Spring 2011.</p> |

Cold Bay Projects

| Facility | Project Description | Status |
|----------------------------|--|---------------------------------------|
| Cold Bay Dock and Causeway | <p>Anodes need to be fixed as soon as possible.</p> <p>* Four (4) pilings need to be replaced. * Repair and modify the entire pin pile fender system. * Three (3) concrete sections on the approach are severely cracked and need replacing. * The rusting on the metal piling infrastructure needs to be removed and a new coating applied.</p> | <p>City of Cold Bay's #1 Priority</p> |
| Cold Bay Dock and Causeway | <p>Construct a floating breakwater and floats for 50-100 small craft and transient fishing vessels</p> | <p>City of Cold Bay's #2 Priority</p> |
| Cold Bay Dock | <p>Install approximately 2,150 feet of three-phase conductor</p> | <p>City of Cold Bay's #3 Priority</p> |

Information last updated 3/4/2011.

| | | |
|-------------|--|--|
| | between the existing feeder and the dock outer terminal, which will provide electricity on the Cold Bay Public Dock. | |
| Fuel System | Has a dock, some repairs needed (scored for repair work). But, 24hr stay due to 4" fuel line. Recommend increasing to 6" line from dock face to shore tanks. | Please note that this is part of a Denali Commission Barge Landing Projects (2) and is not part of a City or Borough initiative. |

False Pass Projects

| Facility | Project Description | Status |
|--------------------------------------|--|---|
| Harbor | Need harbor utilities including potable water, firefighting equipment/facilities, life rings, ladders, electrical services, and lighting. | City of False Pass' #1 Priority URS has completed the design for this project and the Borough has applied for two grants. This project is also going before legislation. |
| Harbor | Need a Harbor House and other facilities that will improve the harbor area and encourage more commercial fishermen to moor in False Pass. | City of False Pass' #2 Priority |
| Dock Repairs | Miscellaneous Repair- New Decking (including new planks). | City of False Pass' #3 Priority |
| Dolphins and/or Fenders, Fuel System | Has a dock. Old cannery dock is soft, larger fuel barges won't be able to go there unless mooring/breasting dolphins are installed to stay off the dock. Alternately would like to use the new sheet pile dock about a mile from old fuel dock, but it would need a pipeline/header. | Please note that this is part of a Denali Commission Barge Landing Projects (2) and is not part of a City or Borough initiative. |

Nelson Lagoon Projects

| Facility | Project Description | Status |
|----------|--|--------|
| Dock | About \$400,000 worth of repairs are needed for the Nelson Lagoon dock. (NL was not included in the Northern Economics Report) | |

TO: Mayor Mack and Assembly Members

FROM: Sharon Boyette 

DATE: February 28, 2011

RE: Terminal Manager Position

At the last Assembly meeting, a suggestion was made that the Cold Bay Airport Terminal Manager position ("terminal manager position") be eliminated. In response to the suggestion, the Assembly requested copies of the terminal manager position job description, terminal budget and other pertinent information.

Attached is a copy of the terminal manager position job description. This attachment is informational only and any discussion regarding an employee would be considered a personnel matter and a possible violation to the Open Meetings Act. All personnel matters are administrative in nature and are, pursuant to the Borough Code left to the Mayor and Borough Administrator. If there is a specific problem with any employee, please take it to the mayor or me.

Also attached are copies of the most recent budget and financial report. Information pertaining to the terminal is located in this month's financials. See: Fund 22 revenue and Fund 22 sub-department 200 expenditures.

Elimination of the terminal manager position might result in a savings of ½ of the position's current funding (i.e. salary and benefits combined are approximately \$61,000). However, contract labor and travel would have to be increased to cover maintenance services. Other terminal expenses are anticipated to remain the same.

Funding the terminal manager position, as a financial matter, should be discussed within the development of the Borough's annual budget. As we are approaching the FY12 budget development, the timing is good to have that discussion, if you wish, within the larger framework of the next annual budget.

Aleutians East Borough Job Description

TERMINAL MANAGER¹

(Cold Bay)

Job Summary

- Responsible for providing custodial, maintenance and general support to all tenants² who rent space from the Aleutians East Borough (AEB) in the Cold Bay Terminal Building.
- Requires a self-starting individual with an outstanding work ethic who can be given a list of diverse tasks with varying "complete by" dates, prioritize the list appropriately, obtain the materials and supplies necessary, and then complete all tasks timely, successfully, and in appropriate order by priority.
- Serve as the AEB's representative in the community of Cold Bay, which among other things will include serving as a central point of contact for the AEB's hovercraft operation.
- Perform other duties as assigned (which likely will vary from time to time) in support of the activities of the Aleutians East Borough and the School District in Cold Bay.
- Must be sensitive to cultural diversity and able to deal appropriately and professionally with a full spectrum of personality types, including some which may be challenging.

This is a forty (40) hour per week³, year-round position.

¹ NOTE: Although the job title is the same, this job description has been changed significantly from the June 30, 2008, job description. Among other things, this is now a full-time (40 hour per week) job; it is now a salaried position (no longer an hourly position); and the job has been expanded to include a significant "other duties as assigned" component.

² At the time this is being written, tenants include the National Weather Service (NWS) and the Federal Aviation Administration (FAA). Future tenants may include air carriers or others requiring professional-quality space in Cold Bay.

³ As initially described and advertised, this was a part-time position. It has been redefined, and will now be a full-time position, with duties that likely will evolve as more tenants occupy the AEB's Cold Bay Terminal Building.

Major Duties

- Custodial and janitorial duties, including cleaning, replacing consumables and light maintenance, for the Cold Bay Terminal Building and its immediate environs.
- Trouble-shooting and maintenance, for the entire Cold Bay Terminal Building. This includes arranging with local service providers for those trouble-shooting and maintenance tasks which are beyond the abilities of the Terminal Manager, ensuring those tasks are completed timely and reporting to the AEB's Anchorage office⁴ regarding all such work which is done by persons who are not AEB employees.
- When in the Terminal Building office, answering the telephone promptly and courteously, responding as appropriate and referring to other AEB officials when necessary.
- Operating and maintaining all office machines as required.
- Meter reading and reporting as assigned (particularly electric meters).
- Maintaining records, including records of meter readings and dates, records of expenditures, postage records, a Terminal Building Log and other records, which may be in electronic and/or hard copy format, as directed.
- Meeting with tenants and others as necessary to discuss and resolve problems. Following up to be certain the problems have, in fact, been resolved in a satisfactory manner.
- Receiving, responding to and forwarding mail as appropriate.
- Packaging items for mailing and delivering them to the U.S. Postal Service, FedEx, UPS, or local air carriers as directed. Running other business-related errands as required and directed.
- Keeping records as required, on a daily basis, and providing copies of those records to the AEB's Anchorage office monthly⁵.
- Serving as the Borough's primary point of contact in Cold Bay.
- Coordinating and maintaining equipment; facilitating movement of supplies and freight; assisting with ticket sales and passenger

⁴ Unless otherwise specified, all such reports should be made to the Director of Community Development and to the Assistant Borough Manager.

⁵ As this job description is written, it is our intent that the record-keeping requirements will evolve on an as-needed basis. Policies, forms and record-keeping requirements will be developed cooperatively by the Director of Community Development, the Assistant Borough Manager and the Terminal Manager.

handling; and helping with other matters as directed for the AEB's hovercraft operation.

- Serving as liaison and providing coordination as needed between tenants, constituents and the AEB's Anchorage office⁶.
- Performing a number of services for the AEB in Cold Bay, including but not necessarily limited to keeping the Borough's van filled with fuel, monitoring the condition of the van and arranging maintenance as necessary, posting notices at times and in locations as required, and serving as the AEB's Cold Bay point of contact for the building's security and fire alarm services.
- Maintaining the Terminal Building's common areas, the AEB's Cold Bay office, and the Terminal Building's maintenance and engineering spaces in a clean and orderly fashion.
- Coordinating with air carrier personnel as necessary to ensure terminal facilities are available to air carriers as and when required.
- Coordinating with the AEB's hovercraft crew regarding arrivals and departures and distributing hovercraft schedules as directed.

Job Requirements

- Demonstrated ability to perform all of the component tasks listed in "Major Duties" above.
- Demonstrated ability to take direction and then work independently to complete assigned tasks.
- Ability to work a schedule which may vary from day to day and to respond timely to all building alarms or other emergencies.
- Good interpersonal skills, including ability to handle complaints and follow up comprehensively.
- Ultra-reliable person with good judgment and reliable record-keeping skills.

⁶ The Terminal Manager's primary points of contact in the AEB's Anchorage office will be:

- The Borough's Director of Community Development.
- The Assistant Borough Administrator.
- The AEB's Administrative Clerk.

Skills

- Ability to assess needs for janitorial, custodial and maintenance work and to perform janitorial, custodial and light maintenance tasks as required by supervisor.
- Ability to become familiar with and comply with Borough policies and procedures.
- Practical knowledge of office machine operation.
- Proficiency with commonly used computer software, including Microsoft Word and e-mail programs.
- Ability to communicate professionally and effectively with other Borough employees, with the people of Cold Bay, with hovercraft passengers and persons shipping freight.

Work Environment

A good deal of work is performed inside the AEB's Terminal Building in Cold Bay. A significant portion is of a janitorial or custodial nature, and may require limited exposure to the elements outside of the Terminal Building. Some work is in an office environment. This may require considerable interaction with people, both in person, via e-mail and using the telephone, and desk work utilizing a computer, telephone and other office equipment. Some work may require travel within the community of Cold Bay, including travel to and from the hovercraft landing site in Crosswind Cove.

Supervisory Control

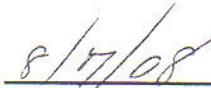
The Terminal Manager reports to the AEB's Assistant Borough Administrator. When the Assistant Borough Administrator is absent or unavailable, the AEB's Director of Community Development works directly with the Terminal Manager to assign and supervise work as needed.

Compensation

This is an exempt, salaried position. Normal work hours are as needed⁷ and may vary, from day to day or from season to season⁸. The salary range is from \$31,200.00 per year (\$15.00 per hour) to \$41,600.00 per year (\$20.00 per hour), depending on experience. The position includes customary AEB benefits for permanent employees (PERS retirement, health coverage for employee with coverage for family members available at employee's expense, paid holidays, paid vacation, workers' comp, etc.).

APPROVED:

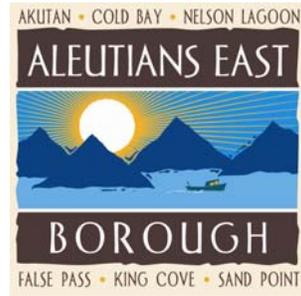

Borough Administrator


Date

⁷ Hours may vary with airline flight schedules, hovercraft schedules and other AEB-related and/or School District-related work which is assigned (some assigned work will be regular, other assigned work will be as needed from time to time).

⁸ The length of the work day may vary according to the needs of the tenants and the Borough. We anticipate a work schedule having the same hours most days and one (1) hour off for lunch each day, Monday through Friday. However, this is subject to change as the Borough's needs in Cold Bay evolve. See also footnote 3 above.

New Business



To: Mayor Mack and Assembly
From: Tina Anderson, Clerk
Date: March 24, 2011
Re: The question of opting out of Reporting Requirements Under AS 39.50

At the last meeting the Assembly requested I gather information on opting out of the reporting requirements under AS 39.50, Public Official Financial Disclosure. I reviewed some other municipalities that opted out after the 2007 changes, which now requires more personal information from candidates and elected officials. Some municipalities have opted out totally and some opted out and adopted their own financial disclosure statement similar to the one prior to 2007.

Below are the options available:

- Status quo.
- Adopt an ordinance to place before the voters the question of opting out of the State requirement with no disclosure required.
- Adopt an ordinance to place before the voters the question of opting out of the State requirement and adopting your own financial disclosure requirement.

I feel the information requested now is too personal and might also prevent some people from filing for a seat so I do not recommend status quo. If AEB does its own financial disclosure, it will be more work for the clerk's dept., however, that option might also have a better chance to pass with those people that feel disclosure should be required.

I have attached information on the process as well as an example of another municipality ordinance.

Opting Out of Reporting Requirements Under Alaska Statute 39.50, Public Official Financial Disclosure

In response to numerous requests from municipalities and individuals subject to Alaska Statute 39.50, the Public Official Financial Disclosure (POFD) law, the Alaska Public Offices Commission (APOC) has prepared the following information on how a municipality may opt out of these reporting requirements.

Under the same law that requires your municipal officials to file Public Official Financial Disclosure Statements, there is an option for a municipality to exempt their officials from reporting.

The authority to opt out of the POFD reporting requirements can be found in AS 39.50.145, Alaska's Public Official Financial Disclosure Law:

Sec. 39.50.145. Participation by municipalities. A municipality may exempt its municipal officers from the requirements of this chapter if a majority of the voters voting on the question at a regular election, as defined by AS 29.71.800(20), or a special municipality-wide election, vote to exempt its municipal officers from the requirements of this chapter. The question of exemption from the requirements of this chapter may be submitted by the city council or borough assembly by ordinance or by initiative election. (§ 16 ch 25 SLA 1975; am § 1 ch 211 SLA 1975; am § 62 ch 74 SLA 1985)

Some municipalities have chosen to discontinue the reporting requirement entirely and some municipalities have chosen to opt out but to create a simpler version of the requirements and forms.

If your municipality votes to opt out of the reporting requirements, the information is no longer required by the state. If your municipality votes to opt out of the POFD law and substitute a simplified version of financial disclosure reporting requirements, there will be no further requirement for you to provide the information to the Alaska Public Offices Commission.

Of those municipalities that have opted out of the current Public Official Financial Disclosure reporting requirements under AS 39.50, some have modified previous APOC forms and now administer their own version of financial disclosure reporting.

PROCESS FOR OPTING OUT

Step 1: The question of exemption from AS 39.50 is submitted by your city council or borough assembly, by ordinance or by initiative election. The city council must approve the ordinance to place the question of exemption from the law on the ballot. (See attached sample language.)

Step 2: Educate voters on the ballot question. There are specific guidelines under state law that a municipality must follow if municipal funds are to be used to influence the outcome of a ballot proposition or question. (See AS 15.13.145 below)

Step 3: Voters decide at a regular or special municipality-wide election whether or not to opt out of AS 39.50.

Step 4: If a majority of voters decide to opt out of POFD reporting requirements, your municipal officials are no longer subject to AS 39.50.

Step 5: You must provide APOC with a copy of the official election results indicating that your municipality is no longer subject to the POFD law administered by APOC. Your officials and candidates will not be required to file POFD statements the following year.

(If a majority of voters decide not to opt out of the POFD reporting requirements, your officials will continue reporting under AS 39.50.)

MUNICIPAL APPROPRIATION OF FUNDS TO INFLUENCE THE OUTCOME OF AN ELECTION

Sec. 15.13.145. Money of the state and its political subdivisions. (a) Except as provided in (b) and (c) of this section, each of the following may not use money held by the entity to influence the outcome of the election of a candidate to a state or municipal office:

- (1) the state, its agencies, and its corporations;
- (2) the University of Alaska and its Board of Regents;
- (3) municipalities, school districts, and regional educational attendance areas, or another political subdivision of the state; and
- (4) an officer or employee of an entity identified in (1) - (3) of this subsection.

(b) Money held by an entity identified in (a)(1) - (3) of this section may be used to influence the outcome of an election concerning a ballot proposition or question, but only if the funds have been specifically appropriated for that purpose by a state law or a municipal ordinance.

(c) Money held by an entity identified in (a)(1) - (3) of this section may be used

(1) to disseminate information about the time and place of an election and to hold an election;

(2) to provide the public with nonpartisan information about a ballot proposition or question or about all the candidates seeking election to a particular public office.

(d) When expenditure of money is authorized by (b) or (c) of this section and is used to influence the outcome of an election, the expenditures shall be reported to the commission in the same manner as an individual is required to report under AS 15.13.040 (§ 24 ch 48 SLA 1996)

SAMPLE ORDINANCE FOR PLACING THE QUESTION OF EXEMPTION FROM THE AS 39.50, PUBLIC OFFICIAL FINANCIAL DISCLOSURE LAW ON THE BALLOT

ORDINANCE NO. _____

THE BOROUGH / CITY OF _____ ORDAINS:

That the question of whether or not to exempt municipal officers and candidates for elective office from the requirements of the State of Alaska Public Official Financial Disclosure Law (AS 39.50) shall be placed on the ballot

(1) at the regular election to be held on _____ (date of the election).

- OR -

(2) at a special election called for that purpose and scheduled to be held on _____ (date of special election).

SAMPLE BALLOT LANGUAGE FOR PLACING THE QUESTION OF EXEMPTION FROM THE PUBLIC OFFICIAL FINANCIAL DISCLOSURE LAW (AS 39.50) ON THE BALLOT

OFFICIAL BALLOT

BOROUGH/CITY OF _____ DATE: _____ PROPOSITION NUMBER _____

Shall the municipal officers and candidates for elective office of the Borough/City of _____ exempt from the requirements of the AS 39.50, Public Official Financial Disclosure Law

YES ____
NO ____

**CITY OF WASILLA
ORDINANCE SERIAL NO. 10-22(SUB)(AM)**

AN ORDINANCE OF THE WASILLA CITY COUNCIL DIRECTING THE CITY CLERK TO SUBMIT THE QUESTION OF EXEMPTION FROM THE ALASKA PUBLIC OFFICES COMMISSION FINANCIAL DISCLOSURE LAW (AS 39.50) TO THE QUALIFIED VOTERS OF THE CITY AT THE OCTOBER 5, 2010, REGULAR CITY ELECTION AND PROVIDING FOR LOCAL ADOPTION OF A CITY OF WASILLA DISCLOSURE AND CONFLICT OF INTEREST LAW.

WHEREAS, in 2008 when changes occurred in state law (Alaska Statute 39.50), it had the unintended effect of limiting the number of individuals who will seek public office, to include members of the City Council and the Planning Commission; and

WHEREAS, some of the information currently required by the Alaska Public Offices Commission conflicts with other laws which require confidentiality on the part of certain professions; and

WHEREAS, state law (Alaska Statute 39.50.145) allows communities to exercise their right to "opt-out" of the state financial disclosure requirements; and

WHEREAS, this ordinance allows for the adoption of the City's own disclosure and conflict of interest code if the ballot proposition shown in Section 2 is approved by City voters.

Section 1. Classification. Sections 5 and 6 of this ordinance are of a general and permanent nature and shall become part of the city code if Proposition No. 1 is approved by the voters and upon certification of the October 5, 2010, regular City election. All other sections of this ordinance are non-code.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

Section 2. Submission to voters. The City Clerk shall submit the following proposition to the qualified voters of the city at the regular election of October 5, 2010. The proposition shall read as follows:

Proposition No. 1

**Exemption from Alaska Public Offices Commission Requirements and
Creating a City Disclosure and Conflict of Interest Statement Process**

Shall the City of Wasilla municipal officers and candidates for municipal office be exempt from the State of Alaska requirements under Alaska Statutes 39.50, regarding reporting financial disclosure requirements, business and conflicts of interests provisions and INSTEAD, be required to file a City of Wasilla Disclosure and Conflict of Interest Statement, according to Wasilla Municipal Code 2.10, that will be subject to public disclosure, as well as be subject to local laws regarding conflicts of interest?

Section 3. Proposition. The proposition shall be printed on a ballot and the following words shall be added as appropriate and next to a square provided for marking the ballot for voting by hand or machine:

| | |
|-------------------|-----|
| Proposition No. 1 | YES |
| | NO |

Section 4. Ballot Summary. Wasilla Municipal Code, Section 2.12.020, Financial Disclosure, requires a candidate for municipal office and municipal officers (Mayor, Council Members, and Planning Commissioners) to file a report under Alaska Statute 39.50, of their financial and business interests, and the financial and business interests of their spouse, dependent children and non-dependent children living with them. Currently, these reports must be filed with the City Clerk no later than March 15 of each

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

year and are public records and are available for review by members of the public upon request at the Office of the City Clerk.

In 2008, the Alaska Legislature amended state law to require reporting the amount of income over \$1,000 (how much they make) in addition to the source of income over \$1,000 (where the income comes from). The State of Alaska also intends to put that financial disclosure information, including the amount of income, on its internet site.

When these changes to Alaska Statute 39.50 occurred, the City began to show a decline in the number of people interested in serving on the City Council and Planning Commission. In some instances, the information currently required by the State, conflicts with other laws which require confidentiality on the part of certain professions.

State law (Alaska Statute 39.50.145) allows a municipality to exempt its municipal officers and candidates from the reporting requirements of state law, if a majority of voters voting on the question approve of the exemption. Exempting the City of Wasilla from State reporting requirements would mean that municipal officers and candidates would file their annual reports under the requirements of the city code, shown in section 5 of this ordinance rather than state law.

Section 5. Adoption of Chapter. Upon adoption of Proposition No. 1 and certification of the October 5, 2010, regular City, WMC 2.10, Disclosure and Conflict of Interest, is adopted as follows:

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

Chapter 2.10 DISCLOSURE AND CONFLICT OF INTEREST

2.10.010 Definitions.

2.10.020 Report of financial and business interests.

2.10.030 Contents of statement.

2.10.040 Modified requirements for professionals.

1.85.050 Refusal or failure to disclose.

1.85.060 Conflicts of interest prohibited.

2.10.010 Definitions.

When used in this chapter, the following words or phrases shall have the meanings set forth in this section:

“Commission member” means a person appointed a city commission.

“Covered individual” means a municipal officer or candidate and the municipal officer’s or candidate’s spouse, domestic partner, dependent children and non-dependent children residing with the officer or candidate.

“Domestic partner” means a person who is cohabitating with another person in a relationship like a marriage but that is not a legal marriage.

“Employee” means any person in the employ of the city who is subject to these rules and whose activities are directed by the city.

“Financial interest” means the receipt of financial benefit or the expectation of receiving financial benefit. A financial interest includes a financial interest of any member of the person’s household. A person has a financial interest in an organization if he or she has an ownership interest in the organization, is a director, officer or employee of the organization. A financial interest also includes appearance as an

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

attorney or a party plaintiff or defendant, or as a real party in interest, in any lawsuit, master's hearing or other legal proceeding in which the city is a party plaintiff or defendant or otherwise has a direct interest. A financial interest does not include (i) an affiliation with an organization solely as a volunteer, club member, or the like; or (ii) a personal or financial interest of a type which is generally shared in common with the public or a large class of citizens.

"Health care provider" means an acupuncturist licensed under AS 08.06, an audiologist or speech language pathologist licensed under AS 08.11, a chiropractor licensed under AS 08.20, a dental hygienist licensed under AS 08.32, a dentist licensed under AS 08.36, a nurse licensed under AS 08.68, a dispensing optician licensed under AS 08.71, a naturopath licensed under AS 08.45, an optometrist licensed under AS 08.72, a pharmacist licensed under AS 08.80, a physical therapist or occupational therapist licensed under AS 08.84, a physician or physician assistant licensed under AS 08.64, a podiatrist licensed under AS 08.64, a psychologist or psychologist associate licensed under AS 08.86.

"Household" includes anyone whose primary residence is in the employee's, commissioner's or municipal officer's home, including non-relatives.

"Municipal officer" means the mayor, members of the city council, and members of the planning commission.

"Official action" means a recommendation, decision, approval, disapproval, vote or other similar action, including inaction by an employee whether such action is administrative, legislative, quasi-judicial, advisory or otherwise.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

“Source of income” means an employer, other person, or entity paying compensation, dividends, or interest, directly or indirectly, for services, products, or investments. If the income being reported is derived from employment by a sole proprietorship, partnership, limited liability company, corporation, professional corporation or other business entity in which the reporting person, spouse, domestic partner, dependent children or nondependent children residing with the reporting person, or a combination of them, hold a controlling interest, that proprietorship, partnership, limited liability company, corporation, professional corporation or other business entity may be designated as the source of income without specifying clients or customers if the business is one that is normally conducted on a cash basis and typically does not keep records of individual customers, or if WMC 2.10.040 applies. In all other cases, the clients or customers of the proprietorship, partnership, limited liability company, corporation, professional corporation or other business entity shall be listed as sources of income of the covered individual.

2.10.020 Report of financial and business interests.

A. A candidate for mayor or city council shall file a disclosure statement under this chapter with the city clerk, at the time of filing a nominating petition or letter of intent to seek elective office unless an annual statement is already on file for that calendar year. If a person is seeking appointment to the city council, the applicant shall file a disclosure statement at the time of filing a letter of intent. The clerk shall not accept a nominating petition or letter of intent unless it is accompanied with a disclosure statement and is otherwise in compliance with the requirement of this chapter.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

B. Within 30 calendar days of appointment to the planning commission, each appointee shall file a disclosure statement with the city clerk.

C. Municipal officers shall file a disclosure statement under oath with the city clerk, not later than April 15 of each year that he or she holds office.

2.10.030 Contents of disclosure statement.

A. The statement filed by a municipal officer or candidate under this chapter shall be an accurate representation of the financial affairs of the municipal officer or candidate and shall also reflect the business interests and sources of income for the officer's or candidate's spouse, domestic partner, dependent children, and non-dependent children residing with the officer or candidate (covered individual), to the extent those sources of income or business interests are ascertainable by the officer or candidate. Household goods and personal effects shall not be identified.

B. The statement filed shall include the following information relating to the covered individual:

1. The source of all income over five thousand dollars (\$5,000) during the preceding calendar year, received by the covered individual, including taxable and nontaxable capital gains, except that a source of income that is a gift must be included if the value of the gift exceeds two hundred fifty dollars (\$250);

2. The identity, by name and address, of each business in which the covered individual has an interest or was a stockholder, owner, officer, director, partner, proprietor, or employee during the preceding calendar year, except that an interest of less than five thousand dollars (\$5,000) in the stock of a publicly traded corporation need not be included;

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

3. The identity and nature of each interest in real property within the City limits, including leases, rentals and options to buy, which is owned, held, or possessed at any time during the preceding calendar year by the covered individual;

4. The identity of each trust or other fiduciary relation in which the covered individual held a beneficial interest exceeding five thousand dollars (\$5,000) during the preceding calendar year, a description and identification of the property contained in each trust or relation, and the nature and extent of the beneficial interest in it;

5. Any loan or loan guarantee of more than five thousand dollars (\$5,000) made to the covered individual, and promissory note signed or debt obligation incurred by the covered individual of more than five thousand dollars (\$5,000), and the identity of each lender, guaranteed party, payee, or other creditor to whom the covered individual owed more than five thousand dollars (\$5,000); this subsection requires disclosure of a loan, loan guarantee, note or indebtedness only if the loan, guarantee, or note was made, or the indebtedness incurred, during the preceding calendar year, or if the amount still owing on the loan, loan guarantee, note or indebtedness was more than five thousand dollars (\$5,000) at any time during the preceding calendar year. Credit cards accounts, revolving charge accounts, health care bills and obligations, child support, and alimony claims and obligations are exempt from this paragraph and shall not be required to be reported;

6. A list of all contracts and offers to contract with a municipality, the state, or a political subdivision or instrumentality of the state during the preceding calendar year held, bid, or offered by the covered individual;

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

7. A list of all mineral, timber, oil, or any other natural resource lease held, or lease offer made, during the preceding calendar year by the covered individual;

8. A list of all contracts, bids, or offers to contract with the city during the preceding calendar year which are made, offered or agreed to by the covered individual;

9. A description of each business or financial dealing, transaction, or arrangement over five thousand dollars (\$5,000) by a covered individual entered into with any municipal officer of the city; and

10. If a covered individual as defined in WMC 2.10.010 is a sole proprietor or a member of a partnership or limited liability company, or a shareholder in a corporation or a professional corporation in which the covered individual holds a controlling interest, or the owner of a controlling interest in another business entity, then the disclosures required this section apply to the covered individual's sole proprietorship, partnership, limited liability company, corporation, professional corporation, or other business entity.

C. The statement shall be filed with the city clerk on a form approved by city council.

D. All statements required to be filed by this chapter are open to the public for inspection and shall be kept for six (6) years from the date of filing.

2.10.040 Modified requirements for professionals.

Notwithstanding other provisions of this chapter, municipal officials and spouses, domestic partners, and dependents of municipal officers are not required to disclose, as sources of income, the names of individual patients or clients who receive professional services. This exemption shall not apply to the identity of any corporation or other

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

business entity having a contract with the professional producing income of five thousand dollars (\$5,000) or more for services to its members or a defined group, nor to the identity of clients receiving services that do not fall within the covered individual's field of professional expertise.

2.10.050 Refusal or failure to disclose.

A. If a candidate for mayor or city council fails or refuses to file the statement required by WMC 2.10.020, his or her candidate filing shall be refused by the city clerk.

B. A municipal officer who submits a late filing shall be fined as provided for in WMC 1.20.030. The city clerk shall furnish the city council a report of any late annual filings.

C. A municipal officer that refuses or fails to comply with the requirements of this chapter, shall forfeit his or her office. The city clerk shall notify the city council of this violation.

D. A municipal officer who refuses or knowingly fails to make a required disclosure of information as provided in this chapter or who files a statement containing false or misleading information knowing it to be false or misleading, shall be guilty of a violation and upon conviction is punishable by a fine as provided for violations in WMC 1.20.030.

E. A municipal official need only make an affirmative good faith effort to obtain the required information to be disclosed. If the spouse, domestic partner, or dependent of the municipal official refuses to provide such information, the municipal

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

official is only required to disclose the information they are aware of or within his power or control.

2.10.060 Conflicts of interest prohibited.

A. A municipal officer or employee of the city may not solicit or receive money for advice or assistance given in the course of their official duties for the city.

B. A municipal officer or employee of the city may not represent a client before the city council for a fee.

C. A municipal officer or employee of the city may not accept a gift, loan, gratuity, or other valuable consideration, or a promise of any of them, with the understanding or agreement, expressed or implied, that he or she will cast a vote or given an opinion, decision, or judgment in a particular manner, in a matter, question, cause, or proceeding which then is or may by law come or be brought before him or her, or with the understanding or agreement that the officer or employee will, in his or her official capacity, act in a particular manner to produce or prevent a particular result.

D. A city council or commission member may not vote on any question in which he or she has a substantial direct or indirect financial interest. Direct or indirect financial interests shall be disclosed to the mayor or presiding officer prior to discussion and a vote on the question. In the event that a council or commission member believes there is a reasonable belief that a conflict exists by another council or commission member, the member shall announce the potential conflict of interest on behalf of another member. The mayor or presiding officer shall rule whether the financial interest exists and whether the member shall be excused from the vote. A decision by the mayor or presiding officer may be overridden by a majority vote of the members

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

present, excluding the member deemed to have the possible conflict. A council or commission member who has been excused from voting on a matter under this subsection shall abstain from the discussion on the matter.

1. Whether the direct or indirect financial interest is substantial shall be determined by the mayor or presiding officer on a case-by-case basis, with evaluation of these factors:

- a. Whether the financial interest is a substantial part of the consideration;
- b. Whether the financial interest directly and substantially varies with the outcome of the official action;
- c. Whether the financial interest is immediate and known or conjectural and dependent on factors beyond the official action;
- d. Whether the financial or private interest is significant monetarily; and
- e. Other factors deemed appropriate by the mayor or presiding officer under the specifics of the disclosure and the nature of the action taken before the council or commission.

E. A municipal officer or employee of the city may not use, or permit others to use, any property owned by the city for profit or personal use or benefit, except:

- 1. When available to the public generally, or to a class of residents, on the same terms and conditions;
- 2. When permitted by written personnel policies approved by the city; and
- 3. When, in the conduct of official business, used in a relatively minor way for personal convenience.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

F. A municipal officer or employee of the city shall not take or participate in official action on matters, other than minor or routine issues, affecting a former employer for a period one year from the date of termination of the prior employment.

G. A city employee may not participate in an official action in which he or she, or a member of his or her household, has a substantial financial interest.

H. A municipal officer or employee of the city who leaves municipal service may not for one (1) year after leaving municipal service, represent, advise, or assist a person for compensation regarding a matter that was under consideration by the city if the person participated personally and substantially in the matter through the exercise of official action. This restriction on employment after leaving municipal service does not prohibit the city from contracting with a former city employee, or municipal officer on a matter on behalf of the city. The city council may waive application of this restriction by motion upon determination that a proposed action is not adverse to the public interest.

I. A current or former municipal officer, commissioner or employee may not disclose or use information gained in the course of, or by reason of, the person's official duties that could reasonably result in the receipt of any substantial personal or substantial financial benefit for the person or his or her immediate family member unless the information has also been disseminated to the public.

J. A current or former municipal officer or employee may not use or disclose without appropriate authorization, information acquired in the course of official duties that is confidential.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]

K. If any section or provision of this chapter is held to be contrary to law by a court of competent jurisdiction, that section or provision shall be deemed invalid. All other sections and provisions of this chapter shall continue in full force and effect.

L. The city clerk shall notify each municipal officer, commissioner, and employee about this chapter annually and at the time of entering into their duties of office or employment.

Section 6. Amendment of subsection. WMC 1.20.030.C, Disposition of scheduled offenses – Fine Schedule, is amended by adding a table entry for WMC 2.10.050, as follows:

| CODE SECTION | DESCRIPTION OF OFFENSE | FINE |
|---------------------|--|--------------|
| <u>WMC 2.10.050</u> | <u>Disclosure and Conflict of Interest Statement; late filing</u> | <u>\$100</u> |
| <u>WMC 2.10.050</u> | <u>Disclosure and Conflict of Interest Statement; false statements</u> | <u>\$500</u> |

Section 7. Effective date. Sections 5 and 6 of this ordinance shall take effect if Proposition No. 1 is approved by the voters and upon certification of the October 5, 2010, regular City election. All other sections of this ordinance are effective upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on August 9, 2010.

ATTEST:


 VERNE E. RUPRIGHT, Mayor



KRISTIE SMITHERS, MMC, City Clerk

[SEAL]

VOTE: Holler, Katkus, Larson and Woodruff. Harris absent. Seat D vacant.

Bold and underline added. [CAPS AND BRACKETS, DELETED.]



**CITY OF WASILLA
LEGISLATION STAFF REPORT**

ORDINANCE SERIAL NO. 10-22(SUB) AN ORDINANCE DIRECTING THE CITY CLERK TO SUBMIT THE QUESTION OF EXEMPTION FROM THE ALASKA PUBLIC OFFICES COMMISSION FINANCIAL DISCLOSURE LAW (AS 39.50) TO THE QUALIFIED VOTERS OF THE CITY AT THE OCTOBER 5, 2010, REGULAR CITY ELECTION AND PROVIDING FOR LOCAL ADOPTION OF A CITY OF WASILLA DISCLOSURE AND CONFLICT OF INTEREST LAW.

Agenda of: August 9, 2010

Date: July 28, 2010

Originator: Richard Payne, City Attorney and Kristie Smithers, City Clerk

| Route to: | Department | Signature/Date |
|-----------|------------------------------|----------------------------|
| X | City Attorney | <i>RKP</i> |
| X | Finance Director | <i>[Signature] 7-29-10</i> |
| X | Interim Deputy Administrator | <i>[Signature]</i> |
| X | City Clerk | <i>[Signature]</i> |

REVIEWED BY MAYOR VERNE E. RUPRIGHT: *[Signature]*

FISCAL IMPACT: yes\$ or no

Funds Available yes no

Account name/number: none

Attachments: Proposed Ordinance Serial No. 10-22(SUB) (14 pp)

SUMMARY STATEMENT:

In reviewing the requirements of reporting for professionals, the below changes are proposed within this Substitute Ordinance Serial No. 10-22(SUB):

2.10.040 Modified requirements for professionals.

Notwithstanding other provisions of this chapter, **municipal officials and spouses, domestic partners, and dependents of municipal officers** health care providers, certified public accountants, stock brokers or financial advisors and attorneys are not required to disclose, as sources of income, the names of individual patients or clients who receive professional services. ~~Covered individuals who are the spouses or domestic partners of health care providers, certified public accountants, stock brokers or financial advisors and attorneys are not required to disclose the names of their professional spouse's or domestic partner's individual patients or clients who receive professional service.~~ This exemption shall not apply to the identity of any corporation or

other business entity having a contract with the professional producing income of five thousand dollars (\$5,000) or more for services to its members or a defined group, nor to the identity of clients receiving services that do not fall within the covered individual's field of professional expertise. **However, notwithstanding the aforementioned, a municipal official need only make an affirmative good faith effort to obtain the required information to be disclosed. If the spouse, domestic partner, or dependent of the municipal official refuses to provide such information, the municipal official is only required to disclose the information they are aware of or within his power or control.**

STAFF RECOMMENDATION: Adoption of Ordinance Serial No. 10-22(SUB).



**CITY OF WASILLA
LEGISLATION STAFF REPORT**

ORDINANCE SERIAL NO. 10-22: AN ORDINANCE OF THE CITY OF WASILLA, ALASKA, DIRECTING THE CITY CLERK TO SUBMIT THE QUESTION OF EXEMPTION FROM THE ALASKA PUBLIC OFFICES COMMISSION FINANCIAL DISCLOSURE LAW (AS 39.50) TO THE QUALIFIED VOTERS OF THE CITY AT THE OCTOBER 5, 2010, REGULAR CITY ELECTION AND PROVIDING FOR LOCAL ADOPTION OF A CITY OF WASILLA DISCLOSURE AND CONFLICT OF INTEREST LAW.

Agenda of: June 28, 2010

Date: June 17, 2010

Originator: Marvin Yoder, Interim Deputy Administrator

| Route to: | Department | Signature/Date |
|-----------|------------------------------|-------------------------------|
| | City Attorney | <i>RR</i> |
| | Finance Director | <i>Marvin Yoder 6/17/2010</i> |
| | Interim Deputy Administrator | <i>Marvin Yoder</i> |
| | City Clerk | <i>Tomita</i> |

REVIEWED BY MAYOR VERNE E. RUPRIGHT: *Verne E. Rupright*

FISCAL IMPACT: yes \$ or no

Funds Available yes no

Account name/number: ###-####-###-##-##

Attachments: Sample City Financial Disclosure Statement (pp11)

SUMMARY STATEMENT:

The City Council has been considering an ethics code rewrite for more than a year. This Ordinance was developed to meet the council's wish for an ethics code and to exempt City Council and Planning Commission members from the Alaska Public Office Commission (APOC) regulations.

The Mayor, City Council and Planning Commission members must file reports with the APOC at the time of filing or appointment to office and annually thereafter. Meeting the requirements of the City of Wasilla ethics code and also be required to follow the APOC regulations is somewhat redundant and could create confusion.

Many municipalities are already exempt from APOC requirements to include the City of Kenai (which this proposed ordinance is modeled after). The Cities of Fairbanks,

Palmer, Kodiak, Homer, Valdez and about 9 other smaller municipalities are also exempt and this year the Ketchikan Gateway Borough is asking their voters to opt out of APOC requirements. Many other municipalities are considering placing the question before the voters this fall.

What would Ballot Proposition A do if passed? Ballot Proposition A would only exempt the City from that portion of State law (AS 39.50) that refers to Public Official Disclosure. Instead, public official disclosure would be governed by a city law (WMC 2.10), which would be effective upon passage of the voters and certification of election by the Council. At that time, a City public disclosure form would be filed instead of a State form.

Why be exempt from the State rules? Since 2008 when additional requirements were added to the State regulations, many residents have been discouraged to serve on the City Council and the Planning Commission. Wasilla has already had one member appointed to its Planning Commission resign because of the State rules.

With the change in law, the State of Alaska intends to post filed statements on the Internet; people are concerned with identity theft and having their personal and immediate family's information posted on the Internet for everyone to view. Other members of the public have indicated they are now not willing to serve in government because the new rules invade too much into their privacy.

The rules adopted by the State of Alaska require a lot more personal and family information to be reported. For example, the new rules require reporting not just sources of income over \$1,000, but the amount of income too. That means a business owner who wishes to serve on the City Council or Planning Commission has to list how much money his/her business makes.

Some business owners do not wish to have to report the amount of income of their business and others, such as retirees, do not wish to report the amount they are drawing from their retirement funds, such as IRAs. There is also concern by some business owners that a list of their clients and customers will be posted on the Internet.

What are the main differences between the State rules and those proposed by the City? The State rules require people reporting to list the amount of their income instead of just sources of income over \$1,000. That means a person owning a business who, for example, serves on the Planning Commission must report how much money his business makes. Under the proposed City's rules, he/she would report the business as a source of income over \$5,000 rather than stating the amount of money made. The State's reporting requirements also require reporting the amount of income from such things as rental property, retirement funds, and interest on bank accounts.

The State's rules require filing an "exit" report when a person leaves office even if they have already filed a financial disclosure form for that year. The City's rules will not require an exit report.

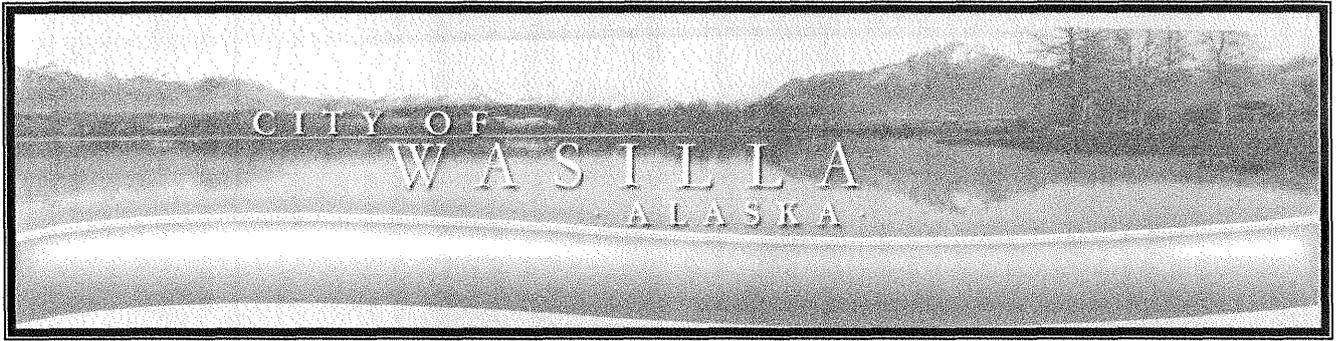
Unlike the State, the City's rules will require municipal officers and candidates to report all contracts with the City of Wasilla and other municipal officers of the City of Wasilla.

The State of Alaska intends on posting the information contained in a person's financial disclosure form on its website. The City of Wasilla will not post them on the Internet, but will have them available upon request at the office of the City Clerk at Wasilla City Hall.

What happens if Proposition A passes? The City of Wasilla will apply its own financial disclosure rules shown in WMC 2.10 and would use its own financial disclosure form. The City financial disclosure forms would be available for inspection by the public at the office of the City Clerk. The Administration believes by adopting the City's own reporting requirements, that it balances the public's right to know about the financial interests of municipal office holders and the office holders' rights of privacy. With the adoption of Proposition A by the voters, this will increase the number of people willing to serve in local government and run for the offices of City Council and Mayor and serve on the Planning Commission. The City Council further believes that expanding the base of citizens willing to serve in local government is a great benefit to the community.

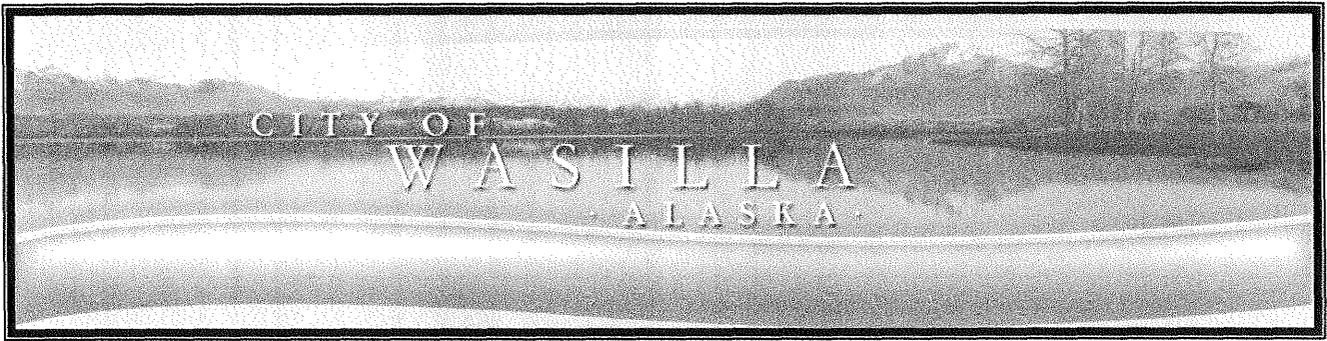
What happens if Proposition A fails? The City of Wasilla would follow the current State of Alaska financial disclosure rule and the State financial disclosure form would be used. The financial information reported on those forms would be posted on the State's Internet site. The Administration believes that requiring such disclosures will drastically reduce the quality and quantity of people willing to serve in local government, such as being on the Planning Commission, or run for City Council and Mayor positions; less citizen participation hurts local government.

STAFF RECOMMENDATION: Adopt of Ordinance Serial No. 10-22 and let the voters decide on Proposition A at the regular City Election of October 5, 2010.



**CITY OF WASILLA
2011 PUBLIC OFFICIAL FINANCIAL DISCLOSURE STATEMENT
BACKGROUND INFORMATION**

- This report is for City of Wasilla Planning Commission members, City of Wasilla candidates, and incumbent Mayor and Council Members.
- This report is for the preceding calendar year, so **include any information about financial interests held between January 1, 2010 and December 31, 2010.**
- You must show your financial interests and those held by your spouse, domestic partner, non-dependent children residing with you, or dependent children during the preceding calendar year.
- If you, your spouse, domestic partner, non-dependent child residing with you or dependent child (“covered individual”) is a sole proprietor, member of a partnership or limited liability company, shareholder in a corporation or a professional corporation in which the covered individual holds a controlling interest, or the owner of a controlling interest in another business entity, then the disclosures required under this form also apply to the covered individual’s sole proprietorship, partnership, limited liability company, corporation professional corporation or the business entity.
- Health care providers as defined in WMC 2.10.010, certified public accountants, stock brokers, or financial advisors, attorneys and their spouses or domestic partners are not required to disclose, as sources of income, the names of individual patients or clients who received professional services. This exemption shall not apply to the identify of any corporation or other business entity having a contract with the professional producing income of \$5,000 or more for services to its members or a defined group, nor to the identity of clients receiving services that do not fall within the professional’s field of expertise.
- If additional pages are needed, please copy the page showing the schedule needed and include your name at the top of each extra page.
- **SIGN AND DATE THIS REPORT ON THE LAST PAGE.**
- Submit completed forms to the Office of the City Clerk annually by April 15 of each year, 30-calendar days within appointment to office, or at the time of filing a nominating petition.
- Late filings will be subject to fines up to \$500 per WMC 1.20.030.C.
- Need assistance? Contact the Wasilla City Clerk at 907.373.9090 or at clerk@ci.wasilla.ak.us.
- This form was approved by the Wasilla City Council Resolution Serial No. 10-xx.



2011 PUBLIC OFFICIAL FINANCIAL DISCLOSURE STATEMENT

Name: _____

Occupation: _____

Mailing Address: _____
(Current Street Address or Post Office Box)

(City/Town and Zip Code)

Phone Number: _____ **Fax:** _____

Office Held: Mayor City Council Seat _____ Planning Commission

Candidate for the Office of: Mayor City Council Seat _____

Term: From: _____ to _____

Type of Statement (Check One):

CANDIDATE STATEMENT Must be filed with your nominating petition

INITIAL STATEMENT For newly appointed municipal officers due within 30 calendar days of appointment

ANNUAL STATEMENT Due by April 15 of each year.

Spouse or Domestic Partner: _____

Dependent Children: _____

Non-Dependent Children Residing With You: _____

**SCHEDULE A
SOURCES OF INCOME OVER \$5,000**

Salaried Employment

If NONE reportable, check box

Report the name of each employer who paid you, your spouse, domestic partner, non-dependent children residing with you, or dependent children more than \$5,000 during calendar year 2010.

Name of filer, spouse, domestic partner or child: _____

Employer's Name: _____

Name of filer, spouse, domestic partner or child: _____

Employer's Name: _____

Name of filer, spouse, domestic partner or child: _____

Employer's Name: _____

Name of filer, spouse, domestic partner or child: _____

Employer's Name: _____

Self-Employment

If NONE reportable, check box

List the name and address of each self-employment business that was a source of income of more than \$5,000 for you, your spouse, domestic partner, non-dependent children residing with you, or dependent child during calendar year 2010.

If the business is non-retail, list the first and last name of each client or customer who paid the business over \$5,000.

Self-employment includes: sole proprietor, partnership, limited liability company, shareholder in a professional corporation; or if you held (individually or with another family member) more than 50% of the stock in a corporation.

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Retail Non-Retail (If you check non-retail, list clients/customers below.)

Name of client/customer: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Retail Non-Retail (If you check non-retail, list clients/customers below.)

Name of client/customer: _____

Schedule A – continued
SOURCES OF INCOME OVER \$5,000

Rental Income

If NONE reportable, check box

List the first and last name of each tenant from whom over \$5,000 was received during calendar year 2010.

| | |
|--|--|
| | |
| | |
| | |

Dividends and Interest

If NONE reportable, check box

Report the name of the source of all dividends, interest and capital gains over \$5,000 earned during **CALENDAR YEAR 2010** such as Dean Witter Money market Acct. or CD's in ABC Bank.

- List the name(s) of the asset(s) (not in a retirement account) which paid you, your spouse, domestic partner or child dividends, interest or capital gains of more than \$5,000 last year such as IBM stock or Cordova Municipal Bonds.
- (Report the assets of a retirement account or trust on page 7).

Recipient (filer, spouse, domestic partner or child)

Name of Source of Income

| | |
|--|--|
| | |
| | |
| | |

Other Income

If NONE reportable, check box

List each source of income over \$5,000 not listed elsewhere on this statement, including income from public assistance, worker's compensation, unemployment, the name of the buyer of real property; social security; retirement; the name of the person who paid alimony or child support; government entitlements; honoraria and shared living expenses.

Recipient (filer, spouse, domestic partner or child)

Name of Source

| | |
|--|--|
| | |
| | |
| | |

Gifts

If NONE reportable, check box

List the source of gifts which have a value of or cumulative value of more than \$250 **except** gifts received from a spouse, domestic partner, parent, child, sibling, grandparent, aunt, uncle, niece or nephew. **Some** examples of gifts include: cash, a debt that is forgiven, scholarships, and discounts not extended to the general public.

Recipient (filer, spouse, domestic partner or child)

Name of Source

| | |
|--|--|
| | |
| | |

**SCHEDULE B
BUSINESS INTERESTS**

Business Interests

If NONE reportable, check box

Report all business interests even if they were not sources of income to you, your spouse, domestic partner, non-dependent child residing with you, or dependent child during **calendar year 2010**.

- List ownership interests of more than \$5,000 as a shareholder in publicly traded stocks that are not listed elsewhere on this form. (A list of the names of publicly traded stocks such as IMB or Intel may be listed by name only on a separate page.)
- List ownership interests in non-publicly traded companies such as a sole proprietor, shareholder, owner, partner, officer, or director including ownership interests in Native corporations.
- List interests in limited liability companies.
- List director or officer position in profit and non-profit organizations.

Describe the business activity with sufficient detail to tell a reader what the organization actually does.

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

**SCHEDULE D
BENEFICIAL INTEREST IN TRUSTS & RETIREMENT ACCOUNTS
EXCEEDING \$5,000**

Trusts & Retirement Accounts

If NONE reportable, check box

Report each beneficial interest in a trust or retirement account held by you, your spouse, domestic partner, non-dependent children residing with you, or dependent children that exceeded \$5,000 during **calendar year 2010**. Retirement accounts include *employee benefit accounts (pension and profit-sharing accounts), and retirement accounts (IRA, 401K, SEP or Keogh)*. Assets of a trust or retirement account include stocks, bonds, mutual funds, cash accounts, CD's, real property.

- Name the trustor (the *person or employer* who provided the funds or assets for the trust or retirement account).
- If a trust or retirement account is self directed, also list *the assets by name such as IBM stock or Templeton Growth Fund*.

Name of filer, spouse, domestic partner or child:

Extent of Interest (Percent)

Name of the person, employer or entity who provided the funds or assets (Trustor).

Name(s) of the stocks, bonds, mutual funds or other assets contained in the retirement account or trust.

Name of filer, spouse, domestic partner or child:

Extent of Interest (Percent)

Name of the person, employer or entity who provided the funds or assets (Trustor).

Name(s) of the stocks, bonds, mutual funds or other assets contained in the retirement account or trust.

Name of filer, spouse, domestic partner or child:

Extent of Interest (Percent)

Name of the person, employer or entity who provided the funds or assets (Trustor).

Name(s) of the stocks, bonds, mutual funds or other assets contained in the retirement account or trust.

Name of filer, spouse, domestic partner or child:

Extent of Interest (Percent)

**SCHEDULE E
LOANS, LOAN GUARANTEES, AND DEBTS OF \$5,000 OR MORE AND
NATURAL RESOURCE LEASES**

Loans, Loan Guarantees, and Debts

If NONE reportable, check box

Report the name of each creditor or lender to whom more than \$5,000 was owed during **calendar year 2010** by you, your spouse, domestic partner, non-dependent children residing with you, or dependent children.

List financial obligations including mortgages on property sold during **calendar year 2010**; loans that have been guaranteed; mortgage, boat and auto loans; business and personal loans; escrows; student loans; signature loans; and promissory notes. Loans include secured, unsecured and contingent loans. Do not report credit card obligations or revolving charge accounts, alimony, child support payments or medical bills.

| | |
|---|-----------------------------------|
| Name of Debtor (filer, spouse, domestic partner or child) | Name of Lender/Creditor/Guarantor |
| Name of Debtor (filer, spouse, domestic partner or child) | Name of Lender/Creditor/Guarantor |
| Name of Debtor (filer, spouse, domestic partner or child) | Name of Lender/Creditor/Guarantor |
| Name of Debtor (filer, spouse, domestic partner or child) | Name of Lender/Creditor/Guarantor |
| Name of Debtor (filer, spouse, domestic partner or child) | Name of Lender/Creditor/Guarantor |
| Name of Debtor (filer, spouse, domestic partner or child) | Name of Lender/Creditor/Guarantor |

Natural Resource Leases

If NONE reportable, check box

List all natural resource leases, including mineral, timber, or oil leases bid, held, or offered during **calendar year 2010**. Report this information for yourself, your spouse, domestic partner, non-dependent children residing with you, or dependent child who was a sole proprietor, a partnership or professional corporation of which you are a member, or a corporation in which you or your family members listed above (or a combination of them) held a controlling interest.

| | |
|------------------------------------|-----------------------------------|
| Leaseholder | Nature of Lease |
| Indicate: Bid, held, or offer made | Identity of Lease and Description |

**SCHEDULE F
GOVERNMENT CONTRACTS AND LEASES**

Contracts and Offers to Contract

If NONE reportable, check box

List all contracts and offers to contract with the state or instrumentality of the state or a municipality during **calendar year 2010** held, bid or offered. Report this information for yourself, your spouse, domestic partner, non-dependent children residing with you, or dependent children who was a sole proprietor, a partnership or professional corporation of which you are a member, or a corporation in which you or your family members listed above (or a combination of them) held a controlling interest.

Name(s) of Contractor

Contracting Agency/Department

Indicate: Bid, held or offer made

Contract number and description

Name(s) of Contractor

Contracting Agency/Department

Indicate: Bid, held or offer made

Contract number and description

**SCHEDULE G
CONTRACTS AND OFFERS TO CONTRACT WITH THE CITY OF WASILLA**

Contracts and Offers to Contract

If NONE reportable, check box

List all contracts and offers to contract with the City of Wasilla during **calendar year 2010** held, bid or offered. Report this information for yourself, your spouse, domestic partner, non-dependent children residing with you, or dependent children who was a sole proprietor, a partnership or professional corporation of which you are a member, or a corporation in which you or your family members listed above (or a combination of them) held a controlling interest.

Name(s) of Contractor

Contracting Agency/Department

Indicate: Bid, held or offer made

Contract number and description

Name(s) of Contractor

Contracting Agency/Department

Indicate: Bid, held or offer made

Contract number and description

Name(s) of Contractor

Contracting Agency/Department

Indicate: Bid, held or offer made

Contract number and description

SCHEDULE H
BUSINESS OR FINANCIAL DEALINGS OVER \$5,000 WITH ANY
MUNICIPAL OFFICER OF THE CITY OF WASILLA

Business or Financial Dealing

If NONE reportable, check box

List all business or financial dealing over \$5,000 with any municipal officer of the City of Wasilla during **calendar year 2010**. Report this information for yourself, your spouse, domestic partner, non-dependent children residing with you, or dependent children who was a sole proprietor, a partnership or professional corporation of which you are a member; or a corporation in which you or your family members listed above (or a combination of them) held a controlling interest.

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

Name of filer, spouse, domestic partner or child: _____

Business Name: _____

Business Address: _____

Nature of Interest: _____

Description of Business's Activity: _____

CERTIFICATION

I certify under penalty of perjury the information in this Statement is to the best of my knowledge, true, correct and complete. I acknowledge a person who makes a false sworn certification which he or she does not believe to be true is guilty of perjury.

| | |
|--------------------------------|-----------------------------|
| _____ SIGNATURE | _____ DATE |
| _____ Printed Name of Filer | _____ Place where Signed |

File this Statement with:

**Wasilla City Clerk
Wasilla City Hall
290 E. Herning Avenue
Wasilla, AK 99654**

**Telephone: 907.373.9090
Fax: 907.373.9092
Email: clerk@ci.wasilla.ak.us**

If filing by fax or email, must follow-up with original.

ALEUTIANS EAST BOROUGH

King Cove, Alaska

Letter to the Governing Body

December 9, 2010



NEWHOUSE & VOGLER
Certified Public Accountants

237 E. Fireweed Lane, Suite 200
Anchorage, Alaska 99503
(907) 258-7555
(907) 258-7582 Fax

December 9, 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 December 9, 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*.

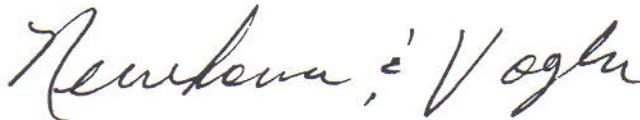
Difficulties Encountered in Performing the Audit

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.



December 9, 2010

THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

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

Year Ended June 30, 2010



NEWHOUSE & VOGLER
Certified Public Accountants

THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

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THE ALEUTIANS EAST BOROUGH

King Cove, Alaska

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NEWHOUSE & VOGLER
Certified Public Accountants

237 E. Fireweed Lane, Suite 200
Anchorage, Alaska 99503
(907) 258-7555
(907) 258-7582 Fax

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 December 9, 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.

December 9, 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 \$85,506,344 (net assets).
- The Government's total net assets increased by \$4,936,607, 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 \$38,852,746, an increase of \$2,460,255 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

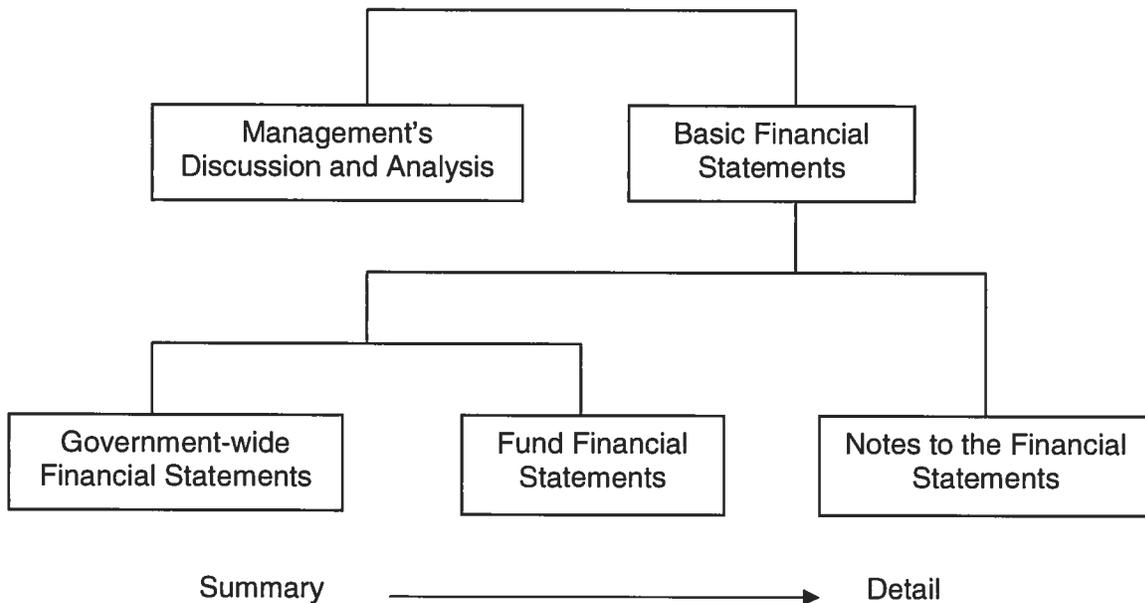
This discussion and analysis is intended to serve as an introduction to The Aleutians East Borough's basic financial statements. The Borough's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (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 gage 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 natural resource management, capital projects management, and general administration. State and federal grant funds finance most of these activities. The component unit includes 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

| | <u>2010</u> | <u>2009</u> |
|---|----------------------|--------------------|
| Current and other assets | \$ 43,201,092 | 39,776,206 |
| Capital assets | <u>69,049,647</u> | <u>66,510,261</u> |
| | <u>\$112,250,739</u> | <u>106,286,467</u> |
| | | |
| Liabilities | <u>\$ 34,188,346</u> | <u>34,053,716</u> |
| | | |
| 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 | 7,018,083 | 8,517,096 |
| Permanent fund | 22,121,090 | 18,706,978 |
| Unreserved: | | |
| Designated for major maintenance | 407,983 | 125,933 |
| Undesignated | <u>1,777,892</u> | <u>1,358,113</u> |
| <i>Total net assets</i> | <u>78,062,393</u> | <u>72,232,751</u> |
| | <u>\$112,250,739</u> | <u>106,286,467</u> |

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 \$85,506,344 as of June 30, 2010. The Borough's net assets increased by \$4,936,607 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 \$4,936,607, 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 | 3,162,879 |

General revenues:

| | |
|----------------------------------|-------------------|
| Unrestricted investment earnings | 12,832 |
| Restricted investment earnings | 3,169,829 |
| Miscellaneous | 922,905 |
| <i>Total revenues</i> | <u>14,528,395</u> |

Expenses:

| | |
|-------------------------------------|------------------|
| General fund | 5,390,290 |
| Bond construction | 511,786 |
| Trust fund | 29,166 |
| Debt service | 1,329,005 |
| Capital improvements | 668,001 |
| Business-type activity - Hovercraft | 1,663,540 |
| <i>Total expenses</i> | <u>9,591,788</u> |

Increase in net assets 4,936,607

Net assets, beginning of year 80,569,737

Net assets, end of year \$ 85,506,344

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 \$14,257,889 and expenditures of \$11,297,634. The net change in funds balance after transfers was an increase of \$2,460,225.

At June 30, 2010, governmental funds of The Aleutians East Borough reported a combined fund balance of \$38,852,746, a 7 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 \$1,070,602 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.

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.

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 - | | | | Access Road Construction | | |
| | Land | Buildings | Infra- structure | Furniture and Equipment | 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 | 821,919 | - | 821,919 | - |
| Federal | 53,601 | - | 53,601 | - |
| School | 182,927 | - | 182,927 | - |
| Accrued interest | 91,298 | - | 91,298 | - |
| Other | 440,866 | 758 | 441,624 | 110,622 |
| <i>Total receivables</i> | 1,590,611 | 758 | 1,591,369 | 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>\$ 112,250,739</u> | <u>7,456,870</u> | <u>119,707,609</u> | <u>3,143,572</u> |
| Liabilities | | | | |
| Accounts payable | \$ 863,227 | 6,810 | 870,037 | 82,367 |
| Accrued payroll and taxes | 29,983 | 6,109 | 36,092 | 431,345 |
| Accrued vacation | 52,195 | - | 52,195 | 36,762 |
| Deferred revenue | 1,017,365 | - | 1,017,365 | 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> | 34,188,346 | 12,919 | 34,201,265 | 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 | 7,018,083 | - | 7,018,083 | - |
| Permanent fund | 22,121,090 | - | 22,121,090 | - |
| Other | - | - | - | 2,092,495 |
| Unreserved: | | | | |
| Designated for major maintenance | 407,983 | - | 407,983 | - |
| Undesignated | 1,777,892 | (2,165,955) | (388,063) | - |
| <i>Total net assets</i> | 78,062,393 | 7,443,951 | 85,506,344 | 2,375,555 |
| | <u>\$ 112,250,739</u> | <u>7,456,870</u> | <u>119,707,609</u> | <u>3,143,572</u> |

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 | 511,786 | - | - | 2,052,245 | 1,540,459 | - | - |
| 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 | 551,572 | - | - | 1,110,634 | 559,062 | - | - |
| <i>Total primary governmental activities</i> | <u>7,928,248</u> | <u>2,648,995</u> | <u>4,340,449</u> | <u>3,162,879</u> | <u>2,224,075</u> | <u>-</u> | <u>-</u> |
| Business-type activity - Hovercraft | 1,663,540 | 270,506 | - | - | - | (1,393,034) | - |
| Total primary government | <u>9,591,788</u> | <u>2,919,501</u> | <u>4,340,449</u> | <u>3,162,879</u> | <u>2,224,075</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 | | | | 922,905 | - | 922,905 | 38,063 |
| <i>Total general revenues</i> | | | | <u>4,105,566</u> | <u>-</u> | <u>4,105,566</u> | <u>8,110,680</u> |
| Transfers to/from other funds | | | | (500,000) | 500,000 | - | - |
| Change in net assets | | | | 5,829,641 | (893,034) | 4,936,607 | (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>\$ 78,062,393</u> | <u>7,443,951</u> | <u>85,506,344</u> | <u>2,375,555</u> |

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 | Trust Fund | Debt Service | | |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 300 | - | - | - | - | 300 |
| Equity in central treasury Investment in Southwest Governments, LLC | 8,056,787 | 7,311,356 | 22,332,005 | - | 1,291,421 | 38,991,569 |
| | - | - | 464,818 | - | - | 464,818 |
| Receivables, net: | | | | | | |
| State of Alaska | 572,896 | - | - | - | 249,023 | 821,919 |
| Federal | 5,187 | - | - | - | 48,414 | 53,601 |
| School | - | - | - | - | 182,927 | 182,927 |
| Accrued interest | 4,080 | 13,371 | 73,847 | - | - | 91,298 |
| Other | 434,223 | - | - | - | 6,643 | 440,866 |
| <i>Total receivables</i> | 1,016,386 | 13,371 | 73,847 | - | 487,007 | 1,590,611 |
| Due from other funds | 3,306,159 | - | - | 75,123 | 1,158,925 | 4,540,207 |
| | <u>\$ 12,379,632</u> | <u>7,324,727</u> | <u>22,870,670</u> | <u>75,123</u> | <u>2,937,353</u> | <u>45,587,505</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 239,015 | 494,386 | 2,431 | - | 127,395 | 863,227 |
| Accrued payroll and taxes | 29,983 | - | - | - | - | 29,983 |
| Accrued vacation | 52,195 | - | - | - | - | 52,195 |
| Deferred revenue | 442,396 | - | - | - | 574,969 | 1,017,365 |
| 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> | 3,149,165 | 2,133,650 | 749,580 | - | 702,364 | 6,734,759 |
| Fund balances: | | | | | | |
| Reserved: | | | | | | |
| Forward funding | 7,527,698 | - | - | - | - | 7,527,698 |
| Construction | - | 5,191,077 | - | - | 1,827,006 | 7,018,083 |
| Permanent fund | - | - | 22,121,090 | - | - | 22,121,090 |
| Unreserved: | | | | | | |
| Designated for major maintenance | - | - | - | - | 407,983 | 407,983 |
| Undesignated | 1,702,769 | - | - | 75,123 | - | 1,777,892 |
| <i>Total fund balances</i> | 9,230,467 | 5,191,077 | 22,121,090 | 75,123 | 2,234,989 | 38,852,746 |
| | <u>\$ 12,379,632</u> | <u>7,324,727</u> | <u>22,870,670</u> | <u>75,123</u> | <u>2,937,353</u> | <u>45,587,505</u> |

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 | \$ 38,852,746 |
| 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>\$ 78,062,393</u> |

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 | 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 | - | - | - | 397,483 | 922,905 |
| <i>Total revenues</i> | <u>7,527,698</u> | <u>2,128,796</u> | <u>3,093,278</u> | <u>-</u> | <u>1,508,117</u> | <u>14,257,889</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 | - | 3,929,398 | - | - | 1,524,478 | 5,453,876 |
| 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>3,929,398</u> | <u>29,166</u> | <u>2,159,005</u> | <u>1,524,478</u> | <u>11,297,634</u> |
| Excess of revenues (under) over expenditures | <u>3,872,111</u> | <u>(1,800,602)</u> | <u>3,064,112</u> | <u>(2,159,005)</u> | <u>(16,361)</u> | <u>2,960,255</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>350,000</u> | <u>2,159,005</u> | <u>600,000</u> | <u>(500,000)</u> |
| Net change in fund balance (deficit) | 263,106 | (1,800,602) | 3,414,112 | - | 583,639 | 2,460,255 |
| Fund balances (deficit), beginning of year | 8,967,361 | 6,991,679 | 18,706,978 | 75,123 | 1,651,350 | 36,392,491 |
| Fund balances, end of year | <u>\$ 9,230,467</u> | <u>5,191,077</u> | <u>22,121,090</u> | <u>75,123</u> | <u>2,234,989</u> | <u>38,852,746</u> |

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 | \$ 2,460,255 |
| 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 \$4,296,303 exceeded depreciation of \$1,756,917 in the current period | 2,539,386 |
| 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>\$ 5,829,641</u> |

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 | - | 2,052,245 | 2,052,245 |
| 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) |
| <i>Total revenues</i> | <u>6,390,649</u> | <u>6,390,649</u> | <u>7,527,698</u> | <u>1,137,049</u> | <u>5,000,000</u> | <u>2,128,796</u> | <u>(2,871,204)</u> |
| 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 | 3,929,398 | 1,070,602 |
| Principle | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Trust fund | - | - | - | - | - | - | - |
| <i>Total expenditures</i> | <u>3,494,643</u> | <u>3,539,748</u> | <u>3,655,587</u> | <u>(115,839)</u> | <u>5,000,000</u> | <u>3,929,398</u> | <u>1,070,602</u> |
| Excess of revenues over (under) expenditures | 2,896,006 | 2,850,901 | 3,872,111 | 1,021,210 | - | (1,800,602) | (1,800,602) |
| Other financing (uses) sources - Transfers (to) from other funds | (3,078,833) | (3,109,005) | (3,609,005) | (500,000) | 500,000 | - | (500,000) |
| <i>Total other financing (uses) sources</i> | <u>(3,078,833)</u> | <u>(3,109,005)</u> | <u>(3,609,005)</u> | <u>(500,000)</u> | <u>500,000</u> | <u>-</u> | <u>(500,000)</u> |
| Excess of revenues and other financing sources over (under) expenditures and other uses | \$ (182,827) | (258,104) | 263,106 | 521,210 | 500,000 | (1,800,602) | (2,300,602) |
| Fund balances (deficit), beginning of year | | | 8,967,361 | | | 6,991,679 | |
| Fund balances (deficit), end of year | | | <u>\$ 9,230,467</u> | | | <u>5,191,077</u> | |

See accompanying notes to financial statements.

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 | - | - | - | <u>350,000</u> | <u>3,093,278</u> | <u>2,743,278</u> | - | - | - |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| Mayor's office | - | - | - | - | - | - | - | - | - |
| Assembly | - | - | - | - | - | - | - | - | - |
| Clerk and coastal management | - | - | - | - | - | - | - | - | - |
| Administration | - | - | - | - | - | - | - | - | - |
| Finance | - | - | - | - | - | - | - | - | - |
| Resource department | - | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - | - |
| Special assistant | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | - |
| Principle | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - |
| Trust fund | - | - | - | 35,000 | 29,166 | 5,834 | 830,000 | 830,000 | - |
| Total expenditures | - | - | - | <u>35,000</u> | <u>29,166</u> | <u>5,834</u> | <u>1,329,005</u> | <u>1,329,005</u> | - |
| | - | - | - | <u>35,000</u> | <u>29,166</u> | <u>5,834</u> | <u>2,159,005</u> | <u>2,159,005</u> | - |
| 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 | - | - | - | - | <u>350,000</u> | <u>350,000</u> | <u>2,235,320</u> | <u>2,159,005</u> | <u>(76,315)</u> |
| 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 | | <u>280,770</u> | | | <u>18,706,978</u> | | | <u>75,123</u> | |
| Fund balances (deficit), end of year | | <u>\$ 280,770</u> | | | <u>22,121,090</u> | | | <u>75,123</u> | |

See accompanying notes to financial statements.

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Exhibit C-1

Business-Type Activities - Hovercraft and Terminal

Balance Sheet

June 30, 2010

| | <u>Hovercraft</u> | <u>Terminal</u> | <u>Total Business - Type Activities</u> |
|--|---------------------|-----------------|---|
| Assets | | | |
| Current assets: | | | |
| Receivables, net | \$ - | 758 | 758 |
| Non-Current assets: | | | |
| Equipment, net of accumulated depreciation | <u>9,225,556</u> | <u>384,350</u> | <u>9,609,906</u> |
| <i>Total assets</i> | <u>\$ 9,225,556</u> | <u>385,108</u> | <u>9,610,664</u> |
| Liabilities | | | |
| Accounts payable | \$ 5,063 | 1,747 | 6,810 |
| Accrued payroll and taxes | 4,046 | 2,063 | 6,109 |
| Due to other funds | <u>2,153,794</u> | <u>-</u> | <u>2,153,794</u> |
| <i>Total liabilities</i> | <u>2,162,903</u> | <u>3,810</u> | <u>2,166,713</u> |
| | | | - |
| Retained earnings | | | |
| Fund equity: | | | |
| Contributions in aid, net | 8,841,206 | 384,350 | 9,225,556 |
| Retained deficit | <u>(1,778,553)</u> | <u>(3,052)</u> | <u>(1,781,605)</u> |
| <i>Total fund equity</i> | <u>7,062,653</u> | <u>381,298</u> | <u>7,443,951</u> |
| | | | - |
| | <u>\$ 9,225,556</u> | <u>385,108</u> | <u>9,610,664</u> |

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

ALEUTIANS EAST BOROUGH
King Cove, Alaska

Business-Type Activities - Hovercraft and Terminal

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

June 30, 2010

| | Hovercraft | Terminal | Total Business - Type Activities |
|---|---------------------|----------------|--|
| Revenues | \$ 80,885 | 189,621 | 270,506 |
| Operating expenses: | | | |
| Salaries and benefits | 362,885 | 63,516 | 426,401 |
| Contract labor | 129,442 | 1,093 | 130,535 |
| Travel and per diem | 26,298 | 3,769 | 30,067 |
| Telephone | 7,571 | 4,373 | 11,944 |
| Supplies | 75,086 | 39,027 | 114,113 |
| Rent | 3,200 | 8,476 | 11,676 |
| Utilities | 4,422 | 19,649 | 24,071 |
| Insurance | 351,030 | - | 351,030 |
| Fuel | 98,759 | 19,877 | 118,636 |
| Freight | 1,367 | - | 1,367 |
| Legal | - | 84,966 | 84,966 |
| Depreciation | 358,734 | - | 358,734 |
| <i>Total operating expenses</i> | <u>1,418,794</u> | <u>244,746</u> | <u>1,663,540</u> |
| Excess of revenues (under) over expenditures | (1,337,909) | (55,125) | (1,393,034) |
| Other financing source - Operating transfer from other funds | <u>459,542</u> | <u>40,458</u> | <u>500,000</u> |
| Change in net assets | (878,367) | (14,667) | (893,034) |
| Retained earnings, beginning of year | <u>7,941,020</u> | <u>395,965</u> | <u>8,336,985</u> |
| Retained earnings, end of year | <u>\$ 7,062,653</u> | <u>381,298</u> | <u>7,443,951</u> |

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 and Terminal

Statement of Cash Flows

Year Ended June 30, 2010

| | Hovercraft | Terminal | Total Business - Type Activities |
|---|--------------|-----------|--|
| Increase (decrease) in cash and cash equivalents - | | | |
| Cash flows from operating activities: | | | |
| Cash payments from customers | \$ 80,885 | 190,039 | 270,924 |
| Cash payments from other sources | 1,247,650 | 40,458 | 1,288,108 |
| Cash payments for goods and services | (767,715) | (167,830) | (935,545) |
| Cash payments for salaries and benefits | (364,578) | (62,667) | (427,245) |
| <i>Net cash used by operating activities</i> | 196,242 | - | 196,242 |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (196,242) | - | (196,242) |
| <i>Total cash flows used by capital and related financing activities</i> | (196,242) | - | (196,242) |
| Net increase in cash | - | - | - |
| Cash and cash equivalents, beginning of year | - | - | - |
| Cash and cash equivalents, end of year | \$ - | - | - |
| Reconciliation of operating loss to net cash provided by operating activities: | | | |
| Change in net assets | \$ (878,367) | (14,667) | (893,034) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation | 345,248 | 13,486 | 358,734 |
| (Increase) decrease in current assets: | | | |
| Receivable | - | 418 | 418 |
| Increase (decrease) in current liabilities: | | | |
| Accounts payable | (57,054) | (86) | (57,140) |
| Accrued liabilities | (1,693) | 849 | (844) |
| Increase in due to other funds | 788,108 | - | 788,108 |
| Net cash provided by operating activities | \$ 196,242 | - | 196,242 |

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

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) | (1,053,253) |
| 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 | 32,378,044 | - | - | 32,378,044 |
| | <u>107,833,238</u> | <u>4,296,302</u> | <u>-</u> | <u>112,129,540</u> |
| 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 | - | - |
| Trust Fund | - | 747,149 |
| Debt Service | 75,123 | - |
| Business-type activity - Hovercraft | - | 2,153,794 |
| Nonmajor funds | <u>1,158,925</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:

| | |
|--|-----------------------------|
| <p><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</p> | \$ 205,000 |
| <p><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</p> | 2,475,000 |
| <p><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</p> | 2,180,000 |
| <p><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.</p> | 4,085,000 |
| <p><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</p> | <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 | 1,006,154 | 2,195,563 | 3,201,717 |
| 2016-2020 | 6,754,928 | 7,152,509 | 13,907,437 |
| 2021-2025 | 9,572,095 | 3,209,048 | 12,781,143 |
| 2026-2030 | 9,195,435 | 837,595 | 10,033,030 |
| | \$ 29,840,000 | 22,526,295 | 52,366,295 |

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 | \$ 3,539,748 | 3,655,587 | (115,839) |

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 | 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 \$ 1,746,838

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.

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 a dispute with WHPacific. The borough has asserted that the architects on the Aleutians East Regional Airport Terminal neglected their duties due to mold issues that have impacted the occupancy of the building for its intended purposes. The outcome of the litigation is uncertain at this time. The trial is scheduled for January 23, 2012, but the case may be settled before this time with potential mediation. There are no counter claims by WHPacific.

AEB has filed a lawsuit against the contractor, Northern Management Services, Inc. for breach of contract regarding the construction of the Aleutians East Regional Airport Terminal. Northern Management Services, Inc. has a counter claim in the approximate amount of \$412,270 for work that was performed on the Aleutians East Regional Airport Terminal but not paid for after the defects in construction became noticed. The outcome of these claims is uncertain at this time. Damages are currently being determined from the construction defects.

The Borough is in a dispute with a contractor on the Harbor Improvement Project in King Cove. The contractor requested additional payment of approximately \$2.7 million for excess costs incurred on the project. During 2009, Red Samm Construction, Inc. filed a Request for Equitable Judgment. The U.S. Army Corps of Engineers paid the amount for the Equitable Judgment and no appeal has been filed. The Borough is not liable to Red Samm for any additional costs regarding this dispute, but according to calculations for cost sharing done by the U.S Army Corps of Engineers, the Borough will need to pay the U.S Army Corps an additional \$89,676 to completely close out their share of this contract effort. The U.S Army Corps of Engineers is currently discussing a repayment plan for this money.

Again, according to calculations for cost sharing done by the U.S Army Corps of Engineers, the Borough will also need to pay the U.S Army Corps an additional \$21,093 to completely close out their share of this contract effort for Sand Point Harbor. The U.S Army Corps of Engineers is currently discussing a repayment plan for this money.

Lastly, The Borough is currently in a dispute with a contractor on the False Pass Harbor Project Contract in King Cove. During 2009, Kelly-Ryan Inc. filed a Request for Equitable Adjustment. The contractor is requesting payment of approximately \$36 million in excess costs incurred on the project. The project is managed by the U.S. Army Corps of Engineers, and they are disputing the claims on behalf of the Borough. The Borough continues to work with its congressional delegation to limit its overall exposure should the contractor prevail. The Borough will owe an estimated \$371,852 in additional funds to the U.S Corps of Engineers after the KRI contract has closed out. The additional funding requirement may be paid over 30 years after final accounting, with interest.

The Borough has recorded a liability of \$482,621 for the sum of the amounts mentioned in the previous three paragraphs.

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> | Variance Favorable (Unfavorable) |
|---------------------------------|------------------|------------------|--|
| 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 | 18,000 | 17,000 | (1,000) |
| <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 | - | 20,567 | 20,567 |
| <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 | 7,000 | 119,900 | 112,900 |
| <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 | 111,600 | 111,600 | - |
| <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 |

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) |

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) |

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> | |

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: | |
| King Cove Harbor | 89,676 |
| Sand Point Harbor | 178,739 |
| False Pass Harbor | 412,592 |
| Akutan Harbor | 3,219,227 |
| Management fee | <u>29,164</u> |
| <i>Total expenditures</i> | <u>3,929,398</u> |
| Excess of expenditures over revenues | <u>(1,800,602)</u> |
| Beginning fund balance | <u>6,991,679</u> |
| Ending fund balance | <u><u>\$ 5,191,077</u></u> |

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> |

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 | \$ 3,093,278 |
| <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> |

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>75,123</u> |

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>King Cove Access Project</u> | <u>Total</u> |
|--|--------------------------------|---------------------------------|-------------------------------------|------------------|
| Assets | | | | |
| Equity in central treasury | \$ - | 1,291,421 | - | 1,291,421 |
| Receivables, State of Alaska | - | 249,023 | - | 249,023 |
| Receivables, Fedaral | - | 48,414 | - | 48,414 |
| Receivables, school | 182,927 | - | - | 182,927 |
| Receivables, other | - | 6,643 | - | 6,643 |
| Due from other funds | <u>313,012</u> | <u>565,143</u> | <u>280,770</u> | <u>1,158,925</u> |
| | <u>\$ 495,939</u> | <u>2,160,644</u> | <u>280,770</u> | <u>2,937,353</u> |
| Liabilities and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 87,956 | 39,439 | - | 127,395 |
| Deferred revenue | - | 574,969 | - | 574,969 |
| <i>Total liabilities</i> | <u>87,956</u> | <u>614,408</u> | <u>-</u> | <u>702,364</u> |
| Fund balances: | | | | |
| Reserved - Construction | - | 1,546,236 | 280,770 | 1,827,006 |
| Unreserved - Designated for major maintenance | <u>407,983</u> | <u>-</u> | <u>-</u> | <u>407,983</u> |
| <i>Total fund balances</i> | <u>407,983</u> | <u>1,546,236</u> | <u>280,770</u> | <u>2,234,989</u> |
| | <u>\$ 495,939</u> | <u>2,160,644</u> | <u>280,770</u> | <u>2,937,353</u> |

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 | King Cove Access Project | Total |
|--|------------------------|-------------------------|-----------------------------|------------------|
| Revenues: | | | | |
| Federal government | \$ - | 219,022 | - | 219,022 |
| State government | - | 891,612 | - | 891,612 |
| Local | 58,767 | 92,539 | - | 151,306 |
| Other | 239,712 | 6,465 | - | 246,177 |
| <i>Total revenues</i> | <u>298,479</u> | <u>1,209,638</u> | <u>-</u> | <u>1,508,117</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>-</u> | <u>1,524,478</u> |
| Excess of revenues (under) over expenditures | 182,050 | (198,411) | - | (16,361) |
| Other financing sources - Operating transfers from other funds | <u>100,000</u> | <u>500,000</u> | <u>-</u> | <u>600,000</u> |
| Excess of revenues and other financing sources over (under) expenditures | 282,050 | 301,589 | - | 583,639 |
| Beginning fund balances (deficit) | <u>125,933</u> | <u>1,244,647</u> | <u>280,770</u> | <u>1,651,350</u> |
| Ending fund balances | <u>\$ 407,983</u> | <u>1,546,236</u> | <u>280,770</u> | <u>2,234,989</u> |

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> |

*Indicates a major program for compliance audit purposes.

This schedule was prepared on the accrual basis of accounting.



NEWHOUSE & VOGLER
Certified Public Accountants

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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 December 9, 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 December 9, 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.

A handwritten signature in cursive script that reads "Newton & Vogel".

December 9, 2010



NEWHOUSE & VOGLER
Certified Public Accountants

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Anchorage, Alaska 99503
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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

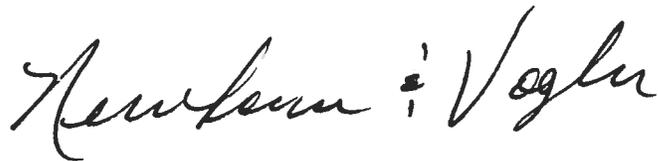
Internal Control over Compliance

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.



December 9, 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.

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.



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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' 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.

December 9, 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.

To: Mayor Stanley Mack

March 11, 2011

Aleutians East Borough Assembly

Fm: Beth Stewart

Southeast District Mainland Budget Request:

In this month's packet assembly members will find a funding request from Alaska Department of Fish and Game. This request will allow ADF&G to collect genetic samples from sockeye salmon in the Southeast District Mainland fishery. This fishery was not included in the samples for taken for the WASSIP study. ADF&G scraped together enough money to take some samples last year, but can't do it again this year. It is necessary to take another year's worth of samples, because last year's samples are inadequate.

Local set net fishermen requested that ADF&G conduct this study, because the fishery is being managed as if 80% of the sockeye were from Chignik. The Board of Fisheries indicated that they will not change those regulations unless new information is presented that shows that the 80% figure is too high. Since that figure came from a small tagging project conducted back in the 1950s, it's extremely likely that the new data will indicate that there is a much lower percentage of Chignik fish in the area.

The SEDM fishery is extremely important to local fishermen, and interest in this project was quite high. Some folks were concerned that the information may not be helpful, but based on reports from fishery participants it seems that outcome is much more likely to be positive.

It is important for the Assembly and the Mayor to know that ADF&G needs the commitment for processing the samples before they will go ahead with the sampling.

Beth,

I've come up with a budget for the sampling and analysis portions of the SEDM genetic stock analysis for you to review. There are a couple of things I wanted to make sure that we were on the same page about and wanted to make sure you had a good idea of our timelines so we have the best chance of making this happen. During our meeting at Fish Expo in Seattle, several fishermen brought up the idea of sampling the SEDM during the overlap period. Eric Volk, Bill Templin, and I have discussed this and agree that it would be a good addition to the sampling plan. We will only have two years of results instead of three and it does add to the costs of the project, but we agree that it is worthwhile information. Eric, Bill, and I also discussed the necessity of analyzing all of the test fishery samples and agreed that we could analyze a subset of the samples to determine if they are or are not a good representative of the commercial fisheries. Assuming that the test fishery does appropriately represent the commercial fisheries, we would use the test fish samples when a commercial fishery did not occur during a sampling strata. By not analyzing all of the samples from commercial and test fishery samples a substantial amount of money is saved. The details of this scenario are outlined in the attached budget. As far as timelines go, we need to have funding for sampling in place by early April so we can order sampling supplies, hire personnel and start planning for sampling. Funding for analysis can occur on a different schedule, but we will need to be forward-thinking about this, continue with a good line of communication, and have funding in place well prior to commencement of analysis during the summer of 2012. The department has limited storage capacity for samples so we would like to have funding for analysis in place sooner rather than later. Given some of the problems with the charters, we all agreed that the details of the gillnetter charters and associated compensation should be handled by the Aleutians East Borough and the stakeholders. We are limited under our test fishery permits to an income of \$30,000, so additional funding will certainly be required to pay test vessel charters and for department staff time and supplies. I think these points should be enough to give you a rough idea of what needs to be done prior to 2011 sampling and should generate some further discussion. Feel free to contact me for any other information.

Thanks,

Mark

| 2011 Season -Option 1 - Sampling during fishing seasons | | | | | 2011 Season -Option 2 - Addition of sampling during Overlap Period | | | | | | |
|---|-------------------------------|----------|-------------|-------------|--|-----------------|-------------------------------|----------|-------------|-------------|-------------|
| 5 Strata (3 areas June, 2 areas July) | | | | | 8 Strata (3 areas June, 3 areas overlap, 2 areas July) | | | | | | |
| Assuming most catch samples can be collected at the dock. | | | | | Assuming most catch samples can be collected at the dock. | | | | | | |
| FY11 (June) | | | | | FY11 (June) | | | | | | |
| Line 100 | | | | | Line 100 | | | | | | |
| | Personnel | Quantity | Amount | Benefit | Total | | Personnel | Quantity | Amount | | |
| | B. Graves: 11-1828 | | | | | | B. Graves: 11-1828 | | | | |
| | salary | 1 | \$ 4,020.00 | \$ 2,772.51 | \$ 6,792.51 | | salary | 1 | \$ 4,020.00 | \$ 2,772.51 | \$ 6,792.51 |
| | OT | 30 | \$ 1,113.23 | \$ 385.51 | \$ 1,498.74 | | OT | 30 | \$ 1,113.23 | \$ 385.51 | \$ 1,498.74 |
| | Sea Duty SWD | 6 | \$ 523.37 | \$ 181.24 | \$ 704.61 | | Sea Duty SWD | 6 | \$ 523.37 | \$ 181.24 | \$ 704.61 |
| | Sea Duty RDO | 0 | | | | | Sea Duty RDO | 2 | \$ 750.07 | \$ 259.75 | \$ 1,009.82 |
| | C. Steves: 11-1849 | | | | | | C. Steves: 11-1849 | | | | |
| | Sea Duty SWD | 4 | \$ 347.33 | \$ 120.28 | \$ 467.61 | | Sea Duty SWD | 4 | \$ 347.33 | \$ 120.28 | \$ 467.61 |
| | Sea Duty RDO | 0 | | | | | Sea Duty RDO | 2 | \$ 746.68 | \$ 258.58 | \$ 1,005.26 |
| | A. Bernard: 11-1275 | | | | | | A. Bernard: 11-1275 | | | | |
| | Sea Duty SWD | 4 | \$ 501.13 | \$ 173.54 | \$ 674.67 | | Sea Duty SWD | 4 | \$ 501.13 | \$ 173.54 | \$ 674.67 |
| | Sea Duty RDO | 0 | | | | | Sea Duty RDO | 2 | \$ 1,077.31 | \$ 373.07 | \$ 1,450.38 |
| Line 200 | | | | | | Line 200 | | | | | |
| | Travel OW Kodiak - Sand Point | | | | \$ 700.00 | | Travel OW Kodiak - Sand Point | | | | \$ 700.00 |
| Line 300 | None | | | | | Line 300 | None | | | | |
| Line 400 | Sampling supplies | | | | \$ 500.00 | Line 400 | Sampling supplies | | | | \$ 750.00 |
| | Food for crew | | | | \$ 900.00 | | Food for crew | | | | \$ 900.00 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| FY12 (July) | | | | | | FY12 (July) | | | | | |
| Line 100 | | | | | | Line 100 | | | | | |
| | Personnel | Quantity | Amount | | | | Personnel | Quantity | Amount | | |
| | B. Graves: 11-1828 | | | | | | B. Graves: 11-1828 | | | | |
| | salary | 0.75 | \$ 3,015.00 | \$ 2,079.38 | \$ 5,094.38 | | salary | 0.75 | \$ 3,015.00 | \$ 2,079.38 | \$ 5,094.38 |
| | OT | 20 | \$ 742.15 | \$ 257.01 | \$ 999.16 | | OT | 20 | \$ 742.15 | \$ 257.01 | \$ 999.16 |
| | Sea Duty SWD | 6 | \$ 523.37 | \$ 181.24 | \$ 704.61 | | Sea Duty SWD | 6 | \$ 523.37 | \$ 181.24 | \$ 704.61 |
| | Sea Duty RDO | 2 | \$ 750.07 | \$ 259.75 | \$ 1,009.82 | | Sea Duty RDO | 2 | \$ 750.07 | \$ 259.75 | \$ 1,009.82 |
| | C. Steves: 11-1849 | | | | | | C. Steves: 11-1849 | | | | |
| | Sea Duty SWD | 4 | \$ 347.33 | \$ 120.28 | \$ 467.61 | | Sea Duty SWD | 4 | \$ 347.33 | \$ 120.28 | \$ 467.61 |
| | Sea Duty RDO | | | | | | Sea Duty RDO | 2 | \$ 746.68 | \$ 258.58 | \$ 1,005.26 |
| | A. Bernard: 11-1275 | | | | | | A. Bernard: 11-1275 | | | | |
| | Sea Duty SWD | | | | | | Sea Duty SWD | | | | |
| | Sea Duty RDO | | | | | | Sea Duty RDO | 2 | \$ 1,077.31 | \$ 373.07 | \$ 1,450.38 |
| Line 200 | | | | | | Line 200 | | | | | |
| | Travel OW Sand Point - Kodiak | | | | \$ 700.00 | | Travel OW Sand Point - Kodiak | | | | \$ 700.00 |
| Line 300 | None | | | | | Line 300 | None | | | | |
| Line 400 | Food for crew | | | | \$ 900.00 | Line 400 | Food for crew | | | | \$ 900.00 |
| Line 500 | None | | | | | Line 500 | None | | | | |
| Total 2011 | | | | | \$ 22,113.72 | | | | | | \$28,284.82 |

| 2012 Season | | | | | 8 Strata (3 areas June, 3 areas overlap, 2 areas July) | | | | | |
|---------------------------------------|-------------------------------|----------|-------------|--------------|--|-------------------------------|-------------------|-------------|--------------|-------------|
| 5 Strata (3 areas June, 2 areas July) | | | | | 8 Strata (3 areas June, 3 areas overlap, 2 areas July) | | | | | |
| FY12 (June) | | | | | FY12 (June) | | | | | |
| Line 100 | Personnel | Quantity | Amount | | Line 100 | Personnel | Quantity | Amount | | |
| | B. Graves: 11-1828 | | | | | B. Graves: 11-1828 | | | | |
| | salary | 1 | \$ 4,100.40 | \$ 2,827.96 | \$ 6,928.36 | salary | 1 | \$ 4,100.40 | \$ 2,827.96 | \$ 6,928.36 |
| | OT | 30 | \$ 1,135.49 | \$ 393.22 | \$ 1,528.71 | OT | 30 | \$ 1,135.49 | \$ 393.22 | \$ 1,528.71 |
| | Sea Duty SWD | 6 | \$ 533.84 | \$ 184.86 | \$ 718.70 | Sea Duty SWD | 6 | \$ 533.84 | \$ 184.86 | \$ 718.70 |
| | Sea Duty RDO | 0 | | | | Sea Duty RDO | 2 | \$ 765.07 | \$ 264.95 | \$ 1,030.02 |
| | C. Steves: 11-1849 | | | | | C. Steves: 11-1849 | | | | |
| | Sea Duty SWD | 4 | \$ 354.28 | \$ 122.69 | \$ 476.96 | Sea Duty SWD | 4 | \$ 354.28 | \$ 122.69 | \$ 476.96 |
| | Sea Duty RDO | 0 | | | | Sea Duty RDO | 2 | \$ 761.61 | \$ 263.75 | \$ 1,025.37 |
| | A. Bernard: 11-1275 | | | | | A. Bernard: 11-1275 | | | | |
| | Sea Duty SWD | 4 | \$ 511.15 | \$ 177.01 | \$ 688.16 | Sea Duty SWD | 4 | \$ 511.15 | \$ 177.01 | \$ 688.16 |
| | Sea Duty RDO | 0 | | | | Sea Duty RDO | 2 | \$ 1,098.86 | \$ 380.53 | \$ 1,479.39 |
| Line 200 | | | | | | Line 200 | | | | |
| | Travel OW Kodiak - Sand Point | | | \$ 700.00 | | Travel OW Kodiak - Sand Point | | | \$ 700.00 | |
| Line 300 | None | | | | | Line 300 | None | | | |
| Line 400 | Sampling supplies | | | \$ 500.00 | | Line 400 | Sampling supplies | | \$ 750.00 | |
| | Food for crew | | | \$ 900.00 | | | Food for crew | | \$ 900.00 | |
| Line 500 | None | | | | | Line 500 | None | | | |
| Total | | | | | | | | | | |
| FY13 (July) | | | | | FY13 (July) | | | | | |
| Line 100 | Personnel | Quantity | Amount | | Line 100 | Personnel | Quantity | Amount | | |
| | B. Graves: 11-1828 | | | | | B. Graves: 11-1828 | | | | |
| | salary | 0.75 | \$ 3,015.00 | \$ 2,079.38 | \$ 5,094.38 | salary | 0.75 | \$ 3,075.30 | \$ 2,120.97 | \$ 5,196.27 |
| | OT | 20 | \$ 742.15 | \$ 257.01 | \$ 999.16 | OT | 20 | \$ 756.99 | \$ 262.15 | \$ 1,019.14 |
| | Sea Duty SWD | 6 | \$ 523.37 | \$ 181.24 | \$ 704.61 | Sea Duty SWD | 6 | \$ 533.84 | \$ 184.86 | \$ 718.70 |
| | Sea Duty RDO | 2 | \$ 750.07 | \$ 259.75 | \$ 1,009.82 | Sea Duty RDO | 2 | \$ 765.07 | \$ 264.95 | \$ 1,030.02 |
| | C. Steves: 11-1849 | | | | | C. Steves: 11-1849 | | | | |
| | Sea Duty SWD | 4 | \$ 347.33 | \$ 120.28 | \$ 467.61 | Sea Duty SWD | 4 | \$ 354.28 | \$ 122.69 | \$ 476.96 |
| | Sea Duty RDO | | | | | Sea Duty RDO | 2 | \$ 761.61 | \$ 263.75 | \$ 1,025.37 |
| | A. Bernard: 11-1275 | | | | | A. Bernard: 11-1275 | | | | |
| | Sea Duty SWD | | | | | Sea Duty SWD | | | | |
| | Sea Duty RDO | | | | | Sea Duty RDO | 2 | \$ 1,098.86 | \$ 380.53 | \$ 1,479.39 |
| Line 200 | | | | | | Line 200 | | | | |
| | Travel OW Sand Point - Kodiak | | | \$ 700.00 | | Travel OW Sand Point - Kodiak | | | \$ 700.00 | |
| Line 300 | None | | | | | Line 300 | None | | | |
| Line 400 | Food for crew | | | \$ 900.00 | | Line 400 | Food for crew | | \$ 900.00 | |
| Line 500 | None | | | | | Line 500 | None | | | |
| Total 2012 | | | | \$ 22,316.48 | | | | | \$ 28,771.52 | |

| Analysis | | Test Fishery | | Commercial Harvest | | Analysis | | Test Fishery | | | Commercial Harvest | |
|--|-------------------------|------------------|---------------|--------------------|----------|--|-------------------------|------------------|---------------|--------------------|--------------------|----------|
| | | Strata 1 | Strata 2 | Strata 1 | Strata 2 | | | Strata 1 | Overlap | Strata 2 | Strata 1 | Strata 2 |
| 2010 Samples | East Stepovak | 400 | 400 | 400 | 400 | 2010 Sample | East Stepovak | 400 | | 400 | 400 | 400 |
| | SW Step, Balboa, Beaver | 127 | 400 | 400 | 357 | | SW Step, Balboa, Beaver | 127 | | 400 | 400 | 357 |
| | NW Stepovak | 400 | n/a | 400 | n/a | | NW Stepovak | 400 | | n/a | 400 | n/a |
| 2011 Samples | East Stepovak | 400 | 400 | 400 | 400 | 2011 Sample | East Stepovak | 400 | 400 | 400 | 400 | 400 |
| | SW Step, Balboa, Beaver | 400 | 400 | 400 | 400 | | SW Step, Balboa, Beaver | 400 | 400 | 400 | 400 | 400 |
| | NW Stepovak | 400 | n/a | 400 | n/a | | NW Stepovak | 400 | 400 | n/a | 400 | n/a |
| 2012 Samples | East Stepovak | 400 | 400 | 400 | 400 | 2012 Sample | East Stepovak | 400 | 400 | 400 | 400 | 400 |
| | SW Step, Balboa, Beaver | 400 | 400 | 400 | 400 | | SW Step, Balboa, Beaver | 400 | 400 | 400 | 400 | 400 |
| | NW Stepovak | 400 | n/a | 400 | n/a | | NW Stepovak | 400 | 400 | n/a | 400 | n/a |
| | Total | 3,327 | 2,400 | 3,600 | 2,357 | | Total | 3,327 | 2,400 | 2,400 | 3,600 | 2,357 |
| | Grand Total | | 5,727 | | 5,957 | | Grand Total | | | 8,127 | | 5,957 |
| Comparative analysis of test fisheries representation of the commercial fisheries (4 sample periods) | | | | | | Comparative analysis of test fisheries representation of the commercial fisheries (4 sample periods) | | | | | | |
| | | | 1,600 | | | | | | 1,600 | | | |
| | | Test Fishery | Comp Analysis | Commercial Harvest | | | | Test Fishery | Comp Analysis | Commercial Harvest | | |
| | Sample Analysis @\$25 | \$143,175 | \$40,000 | \$148,925 | | | Sample Analysis @\$25 | \$203,175 | \$40,000 | \$148,925 | | |
| Grand Total including TF and Comm fish | | \$336,530 | | | | Grand Total including TF and Comm fish | | \$409,156 | | | | |
| Grand Total including most representative samples and comparative analysis. | | \$233,355 | | | | Grand Total including most representative samples and comparative analysis. | | \$300,231 | | | | |

Aleutians East Borough
P.O. Box 349
Sand Point, AK 99661

Dear Aleutians East Borough Board,

The staff and students at Nelson Lagoon would like to make a formal request for a \$3,000 donation to help with our end of the year trip, which is planned for May 15th –May 24th. The purpose of this trip is to gain a greater understanding of the Alaskan Peninsula and the wild life, which share this beautiful area with us. We want to learn more about the fishing areas along the Southern edge of the Alaskan Peninsula.

We will fly to Cold Bay then Ride the Ferry to Homer, making several stops along the way in remote villages of the Alaskan Peninsula. At each stop we will have assignments and tasks to accomplish which will help us to learn more about these areas. We will also have activities during our two-day ride, which will assist us in learning more about the area and the people who come here to visit. In Homer we will rent a van and proceed with our trip to Islands and Oceans aquatic refuge and also the Marine Wild life center in Seward. We also are scheduled to meet with John Trent a fish and game biologist who has met with us several times at Nelson Lagoon.

We will be visiting several Colleges, Universities, and Technical Schools with the goal of better understanding available options for Native students in continued education in Alaska. Last but not least we want to celebrate the end of another exciting year at Charles J. Franz School, so we want to have fun and show pride in the leaders we are becoming as young Aleuts with goals.

We are asking the Aleutian East Borough for this donation which will be added to monies we have already solicited from other organizations. We have received \$12,000 from APICDA and \$2,400 from the Nelson Lagoon Tribal Corporation. We have spent countless hours doing bake sales, selling soda pop, and having movie nights. However with our small numbers we have not been able to raise all the funds that we need to make this trip a possibility. As the board is aware, we are sure, transportation in and out of Alaska's small villages in very costly.

This trip will include all six of our local students Malinda Johnson who is the student council advisor and Mr. Chip Sharpe our teacher. The benefits are far reaching for the community because this may be the only chance for some of us to meet with college and university staff to discuss our future needs as students. We will also be continuing our education of Alaska and it's fabulous wild life. We hope to someday bring our learned skills back to help improve our community.

We thank the board for the service they provide us and hope you will give our request careful consideration.

Sincerely,

Students and Staff
Charles J. Franz School
Nelson Lagoon

Aleutians East Borough Donation Policy

Requests for charitable donations from the Aleutians East Borough will be considered and evaluated only in the manner set out below:

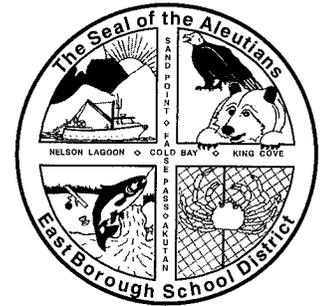
1. Protection of the Borough financial resources must be a high priority. This requires that we set and adhere to an annual budget for charitable donations for each fiscal year.
 - a. The donation amount budgeted will be determined each fiscal year.
 - b. When the donations budget for a fiscal year has been expended, no further requests will be entertained by the Assembly.
2. In order to provide the greatest benefit possible for the maximum number of people within the limits of our available resources for charitable donations, the following policies will be adopted:
 - a. We will not make donations to benefit individuals or small groups.
 - b. We will consider requests for donations that benefit non-profit organizations and civic organizations so long as the project otherwise meet our criteria for charitable donations.
 - c. We will consider requests to join together with other donor organizations within the communities to combine our resources to fund needs greater than those that can be met by a single organization so long as the project otherwise meets our criteria for charitable donations.
3. In considering requests for charitable donations, we will evaluate requests based on the following criteria:
 - a. How will Borough residents benefit from this donation?
 - b. How many Borough residents will benefit from this donation?
 - c. Will the primary beneficiaries of our donations be Borough residents?
 - d. How will this donation serve to promote the best interests of the Borough?
 - e. What other resources, including other donors, are available?
 - f. What efforts have been made by the donee to find other funding for this project?
 - g. Will the donation fund a project or activity that is open to all of the Borough residents that may wish to participate?

4. Assembly members need to have an adequate opportunity to review requests for charitable donations well in advance of meetings. To accomplish this, the following procedures are established:
 - a. Requests must be submitted in writing to the Mayor.
 - The Mayor will pass requests, which comply with our funding criteria to the Assembly as part of the meeting packet for the next Assembly meeting.
 - A report showing the amount budgeted for donations for the year, and the amount spent year-to-date on donations will be included in the packet.
 - b. Requests must be received in time to be included in the meeting packet for Assembly members. This will normally be at least 7 days in advance of the meeting. Requests not received in time to be included in the meeting packet will not be considered at that meeting.
 - c. Requests must, at a minimum, include the following information:
 - Name of person/organization making the request.
 - Type of organization.
 - Reason for request, including why the request is being made from the Borough.
 - Information showing how the request meets some or all of the criteria set out in paragraph 3 above.
5. Requests for non-monetary donations of goods or services from the Borough with a value of less than \$100, and which meets the other criteria established by the Assembly for funding charitable donations, will be handled by the Mayor in his sole discretion.
 - a. The Mayor will report to the Assembly at the next regular Assembly meeting on any requests, which has been handled in this manner. Our intention is to be a responsible and supportive member of the communities in which we work and live.

ALEUTIANS EAST BOROUGH SCHOOL DISTRICT

March 15, 2011

P.O. Box 429
Sand Point, Alaska 99661-0429
Phone: (907) 383-5222
FAX: (907) 383-3496



Mayor Stanley Mack
Aleutians East Borough
PO Box 349
Sand Point, AK 99661

Dear Stanley,

Please consider this a proposal for allowing the school district to maintain an unreserved fund balance.

The current Aleutians East Borough Code prohibits the School District from maintaining an unreserved fund balance, otherwise allowed by AS 14.17.505 which states that, *A district may not accumulate in a fiscal year an unreserved fund balance in its unreserved portion of its year-end fund balance in its school operating fund ... that is greater than 10 percent of its expenditures for that fiscal year.*

The practice is common among public entities and Aleutians East is the only district among the fifty in Alaska where it's prohibited. Under the existing ordinance, all surplus unreserved funds are refunded to the Borough at year-end. Last year, the District refunded \$461,727 and requested a rollover of \$200,000. The current practice of allowing rollovers has been helpful, although there's concern that this could change with newly elected officials. The rollovers have been mainly requested for contingencies, especially unexpected drops in enrollment and small schools dropping below ten students. State funding is not determined until after the October count period, so there's always uncertainty when planning a budget for the following year. If contingencies do not arise, then the surplus money is again refunded, repeating the cycle.

With an unreserved fund balance, District could budget for its use the following year to help balance the budget. This will be especially important in the coming years with continuation of the small school enrollment situation and phase out of the hold harmless provision in the Foundation formula which has provided relief the last few years. The State statute assures that excessive funds are not accumulated because of the 10 percent limitation, and anything beyond that would be refunded. With the requirement to formally request rollovers, the District isn't assured of its use during the budget process and must request additional funding to cover anticipated shortfalls.

Problems and misunderstandings are often created when surplus money is returned and individuals such as union members view this as wrong. By the time any surplus is determined, however, the budget has been adopted and the new school year is getting underway with programs and staffing in place. If educational needs are currently being satisfied, no one wants to see money wasted, of course, simply to avoid returning it to the Borough, especially when it has been helpful with school maintenance and capital projects such as the Sand Point gym floor

SERVING

AKUTAN
Box 25
Akutan, AK 99553
(907) 698-2205

COLD BAY
Box 128
Cold Bay, AK 99571
(907) 532-2409

FALSE PASS
Box 30
False Pass, AK 99583
(907) 548-2224

KING COVE
Box 69
King Cove, AK 99612
(907) 497-2354

NELSON LAGOON
Box 919
Nelson Lagoon, AK 99571-8998
(907) 989-2225

SAND POINT
Box 269
Sand Point, AK 99661
(907) 383-2393

and King Cove parking lot last year. (In return, the District puts in considerable time and effort submitting CIP applications to obtain 70% reimbursements from the State.) As with any household or organization, a savings account is considered essential, and the Borough is no exception with a sizable balance.

State Foundation funding is partly determined by the amount the District receives from the Borough, and since year-end refunds reduce that amount, it's impossible to accurately predict Borough contributions until after the yearly audits. So the Department of Education must adjust their calculations for prior year funding after receiving audit reports and Aleutians East always has one of the largest adjustments in the State. Sometimes the District receives money back, but had to refund \$59,000 to the Department of Education this year, which was not budgeted, of course.

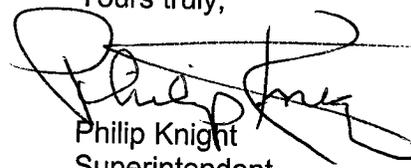
The year-end accounting adjustments for surplus refunds and rollovers always creates added complexity and confusion in the financial reports. The District and Borough transactions should be transparent and as easy to understand as possible, but the current situation doesn't help. The auditors can attest to this.

A centralized treasury system has always existed at Aleutians East in which all school district money is held in a Borough bank account, so with an unreserved fund balance the Borough would continue to hold the money and earn interest on it. The Borough would lose nothing and still be required to approve regular contributions every year, plus additional funding when needed to help keep the small schools open.

An unreserved fund balance would be a big help for budget planning and prudent use of funds. Most purchasing for school supplies and equipment is done at year-end when surplus account balances are better known, but in the past there was an incentive to spend excess money simply to reduce the amount refunded to the Borough. This proposal would change that and allow for better management of school funds in which educational needs are identified in advance, properly presented, discussed and implemented. It would allow more time for public input involving staffing and various programs.

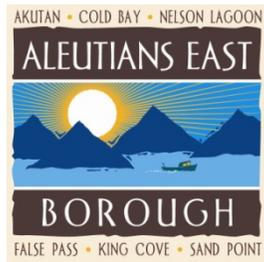
It has been argued that the Borough is always available to help financially when needed and that an unreserved fund balance isn't necessary, but there are obviously other sensible reasons to change this outdated provision. It serves no purpose and creates a number of problems. The District and Borough have had a good relationship in recent years with the common goal of providing good educational environments and opportunities for the local students, and we're interested in maintaining that cooperative effort.

Yours truly,



Philip Knight
Superintendent

REPORTS AND UPDATES



TO: Mayor Mack and Assembly Members

DATE: March 14, 2011

FROM: Sharon Boyette

RE: Administrator's Report

We are very happy to welcome back the sun. It is amazing to me the positive effect that it has on our outlooks and attitudes. I love having daylight when I get home in the afternoons to walk the dogs. I hope you are feeling the wonderful power of longer days, too.

We have been steadily working on our most active projects. That means, for me, plenty of meetings. I reformatted and updated the capital projects monthly report. It is attached.

Fish Tax 101 Workshop was held February 22. A summary is attached to Laura's monthly report. Please let me know if, based on this information, you have any thoughts about our existing tax system or would like to have a tax discussion.

After terrible winter storms, the damaged-beyond-repair hovercraft shelter has been stabilized and should hold up for a while. We are hoping to meet with AIC, the road to the northeast contractor, to discuss taking the structure down very soon. The contract between DOT and AIC has the deconstruction of the shelter occurring as one of the last tasks of the road to the NE corner project. Obviously we would like to see that happen as soon as possible. We have made an insurance claim and AML-JIA has been informed throughout the recent process. There is no resolution of the insurance claim at this time.

The hovercraft is parked as safely as possible on the KC hovercraft pad.

We have also made an insurance claim on the King Cove School as a result of water leaking and potential mold problems. That claim is also unresolved but the insurance company has sent an engineer to King Cove to look at both the hovercraft shelter and the school. I have not seen his report yet.

We are looking forward to a busy spring as construction projects gear up. We are excited about our visit to Akutan next month. Stanley and I also plan to meet with Peter Pan and get back to DC before fishing begins. I'm planning a vacation the first week of May.

As always, please call with any complaints, comments, suggestions, and questions.

Project Summary and Updates

| AKUTAN | Nov 2010 Update | Feb 2011 Update | March 2011 Update |
|--|--|---|--|
| <p>Harbor Construction. Knik Construction working for COE. AEB is a partner and provides funding from bonds. Project Total: \$35 M. Project was temporarily halted but is moving forward again.</p> | <p>Harbor Work has stopped for the winter. A different type of equipment (a suction dredge) will be brought into Akutan in the spring to continue excavation of the basin.</p> | | <p>Small crew is back in Akutan; dredge is scheduled to arrive April 22.</p> |
| <p>Airport Construction and Marine Link. Kiewitt Construction working for DOT. AEB is a partner and provides funding from bonds and general fund. Project Construction \$54,565,000 (doesn't include hovercraft funding) Project is in pre-construction phase</p> | <p>Planning continues. This is a design/build project and the 60% design is close to complete.</p> | <p>The 90% design is available for comments and the AEB has submitted comments.</p> | <p>Planning and design work continues. Earl Korynta, USKH, is providing engineering assistance to the AEB.</p> |
| <p>Harbor Mitigation Measures Fuel Spill Prevention brochure (distributed in all communities) proposal for \$16,000. CIAP project.</p> | <p>We have heard informally that it will be funded in January 2011.</p> | <p>Still no grant award. Fortunately there is no rush to get this work done.</p> | <p>CIAP grant award now scheduled for Jan 2012.</p> |
| COLD BAY | Nov 2010 Update | Feb 2011 Update | March 2011 Update |
| <p>Airport Terminal Building Repairs. AEB contracted with S and S General Contractors (Sitka company). \$843,142. Legal wrangling for damages has begun.</p> | <p>The repairs and renovation project is scheduled to be complete any day now. Sixty windows were replaced and the new siding is on.</p> | <p>The terminal repair project is complete. FAA has begun to paid full lease amount and is working on moving into the building.</p> | <p>FAA wants an air handling system installed (at their cost). Design is done; we are looking for a installer.</p> |

Project Summary and Updates

| | | | |
|--|--|---|--|
| <p>Boat Launch Repairs. We have heard informally that our proposal submitted to repair boat ramp for \$90,000 will be funded in January 2011. CIAP Project.</p> | <p>Still no grant award. Fortunately there is no rush to get this work done.</p> | | <p>CIAP grant award now (fast-tracked) scheduled for oct 15, 2011.</p> |
| <p>Apron and taxiway project. A new apron and taxiway are necessary at the new terminal building.</p> | <p>No new forward movement though. There is a connection to the completion of DOT's airport master plan undertaken by DOWL engineers. DOT's proposal to shorten the main Cold Bay runway has been taken off the table. Planning continues to address the restricted visibility zone problem.</p> | <p>DOT continues to work on the RVZ and Airport Master Plan.</p> | <p>This priority project has been submitted to state and federal funding sources. We are waiting for the next notice of proposed plans for the RVZ from DOT. I'm waiting for DOT approval of our Request for Design Services Proposal.</p> |
| <p>FALSE PASS</p> | <p>Nov 2010 Update</p> | <p>Feb 2011 Update</p> | <p>March 2011 Update</p> |
| <p>Harbor Water and Electric Services Project will provide utilities at the new harbor for economic development and safety.</p> | <p>Final Design is complete. An application for funding for this project has been completed by Annie and submitted to the Denali Commission.</p> | <p>Annie completed a CDBG funding request in December. A request to the State Legislature for funding has been submitted.</p> | <p>We are waiting to hear if we have been selected for funding by the Denali Commission and CDBG.</p> |
| <p>KING COVE</p> | <p>Nov 2010 Update</p> | <p>Feb 2011 Update</p> | <p>March 2011 Update</p> |
| <p>King Cove Access Project; Road to the Northeast Corner This project will complete the King Cove Road to the NE Corner of Cold Bay.</p> | <p>Design is completed. Construction costs estimated in the \$19 million range. Funding is secured. AK DOT start the advertisement for construction bids on November 5th.</p> | <p>Alaska Interstate Construction was awarded a contract on 1/18/11 for \$14,459,880. Work is expected to begin early spring.</p> | <p>DOT went quiet for a while on this project but a new project manager has been assigned and he says they will schedule the partnering meeting for March.</p> |

Project Summary and Updates

| | | | |
|--|--|---|--|
| <p>King Cove Access Project; EIS Development for land exchange and road corridor.AEB is cooperating agency on Izembek Land Exchange and Road EIS. Many meetings and lots of work. Gary Hennigh is leading this effort and I'm supporting him all I can.</p> | <p>Purpose and Need Section are drafted and work has begun on drafting the alternatives.</p> | <p>Gary Hennigh, Jules Tleson, Dan Rowley, Stanley, when he is available, and I, along with other partners, DOT, DNR, KC Tribe/Corp(Della Trumble), meet weekly with the Fish and Wildlife Service and the other cooperators. We have reviewed some chapters and made extensive comments.</p> | <p>Most of the individual sections of the draft EIS have been reviewed and comments have been made. This project is behind schedule. Meetings of the cooperating agencies and FWS and the contractor occur weekly.</p> |
| <p>NELSON LAGOON</p> | <p>Nov 2010 Update</p> | <p>Feb 2011 Update</p> | <p>March 2011 Update</p> |
| <p>Coastal Erosion Project. This multi-funded project will develop a plan to address severe erosion problems. ACCIMP proposal for \$50,000 has been funded for erosion control planning and mapping. We have heard informally that our CIAP proposal for erosion control mapping and planning for \$238,800 will be funded in January 2011.</p> | <p>Still no grant award. Fortunately there is no rush to get this work done.</p> | | <p>CIAP grant award is now scheduled for Jan 2012. The ACCIMP is moving forward. We are expecting proposals from five engineering firms to complete the work on March 15.</p> |
| <p>SAND POINT</p> | <p>Nov 2010 Update</p> | <p>Feb 2011 Update</p> | <p>March 2011 Update</p> |

Project Summary and Updates

| | | | |
|--|---|--|---|
| <p>Manufacture and installation of Float B in new harbor. Contract with Western Marine. Funded by Denali Commission (\$1,100,000) and AEB for total of \$1,777,920. Floats will leave Seattle about Sept 7th for Sand Point. The kick-off meeting with Western Marine will be held Sept 21st.</p> | <p>This Floats Project is complete! We will begin looking for funding to install the next section of new harbor floats.</p> | <p>The AEB will be supporting the City's request for funding for the old harbor repairs and renovations and will not seek funding for the new harbor floats. Water and fire suppression to new harbor. AEB is assisting the City with approximately \$130,000.</p> | |
| <p>OTHER</p> | <p>Nov 2010 Update</p> | <p>Feb 2011 Update</p> | <p>March 2011 Update</p> |
| <p>AEB resource planning area permitting system set-up and assistance. We have heard informally that our CIAP proposal for \$271,050 will be funded in January 2011.</p> | <p>Still no grant award. Fortunately there is no rush to get this work done.</p> | | <p>CIAP grant award now scheduled for Jan 2012.</p> |

MEMORANDUM

To: Sharon Boyette

From: Taylor McMahon / Royce & Brain

Date: March 14, 2011

Re: 2241.01
March 2011 Status Report

Per your request, the following is the current status of the Aleutians East Regional Airport Terminal case.

In the last month there has been some changes with regard to the alignment of the parties. These changes do not affect the case, but are just to keep the arrangement of the parties simple. By consent of the parties, WHPacific dismissed its third-party complaint against NMS. Instead, WHPacific and NMS will both be defendants in this case and can assert cross-claims against each other.

NMS answered AEB's complaint against it, meaning that it has consented to the jurisdiction of the trial court and cannot pursue its case in arbitration. It has asserted two counterclaims against AEB for breach of contract and unjust enrichment. We will have to reply to these counterclaims.

Other than these changes, I am still in the process of reviewing WHPacific's documents. Please see the attached anticipated schedule for the litigation.

ANTICIPATED LITIGATION SCHEDULE

Aleutians East Borough

re: Cold Bay Airport

The following is a tentative schedule for the AEB litigation. This schedule may change due to the nature of litigation and the manner in which WHPacific and NMS defend the case. I anticipate that we will spend the next two months reviewing the documents produced by WHPacific and NMS and determining AEB's damages. After that period of time, we will begin the discovery process.

Below is a list of when certain items must be completed by, according to the Court's pretrial deadlines. After about November 28, 2011, there will be numerous pre-trial deadlines that we will have to comply with.

August 22, 2011 - witness lists are due

September 19, 2011 - final date for written discovery

October 3, 2011 - expert reports due

October 31, 2011 - depositions of lay witnesses must be complete; dispositive motions must be filed

November 28, 2011 - depositions of expert witnesses must be complete; discovery motions must be filed

December 29, 2011 - exhibits served on opposing parties

January 9, 2012 - trial briefs due; final witness lists

January 11, 2012 at 2:30 p.m. - trial call.

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: March 9, 2011

It's starting to get busier, as spring approaches. Since the last Borough Assembly meeting, I have been occupied with working on newsletters, web and blog updates and putting together notes from the Fish Tax 101 workshop (see notes to follow).

Headlines in the recent newsletters included:

- ADF&G Says Only One-Third of Vessels Reporting Daily in So. AK Peninsula Area P. Cod Fishery
- Agreement Reached to Maintain Longstanding State & Federal Boundaries for Fisheries Management in 2011
- Council to Take Action on Gulf Chinook Restrictions in June
- Calendar of Fish Meetings
- Tsunami Drill Planned for March 23, 2011
- Recent Medevacs Stress Need for Road from King Cove to Cold Bay Airport (this was also a press release)
- EAT Hires New King Cove Community Health Center Manager
- EAT Receives Clean Audit from External Auditor
- AMLJIA Safety Minute: Motor Vehicle Safety
- Job Announcements

The newsletters to follow will contain updates on results from the Alaska Board of Fisheries meeting (scheduled for March 22 - 26, 2011 in Anchorage) and the North Pacific Fishery Management Council (scheduled for the following week in Anchorage). We will also have a story on the Akutan Airport groundbreaking ceremony.

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.

Fish Tax 101 - Notes:

Geron Bruce - ADF&G, Asst. Dir., Div. of Commercial Fisheries:

- Is primarily a fisheries management tool but is also used by the Dept of Revenue to figure fish taxes.
- Entry permit gets issued to all harvesters (at point of landing); Catcher processors required to fill one out when it's caught (when it comes on board).
- Incorrect information could result in an under- or over-harvest.
- Fish ticket says where the fish are caught – except when fishing vessel is catching in more than one location. In multiple locations, the last location is listed.

Tim Cottongim, AK Department of Revenue, Fish Tax & Licensing Manager

- Online application system (OPAL): Seven types: 1) Shore-based, 2) Salmon cannery, 3) Floating processor, 4) Catcher Processor, 5) Direct Marketer, 6) Buyer/Exporter, 7) Catcher/Exporter
- Taxes: 6 types: 1) Fisheries business tax, 2) Fishery resource landing tax, 3) Seafood Marketing Assessment, 4) Salmon Enhancement Tax (considered more of a sales tax. All of it goes back to the hatcheries) 5) Regional Seafood Development Tax (similar to sales tax, like the enhancement tax), 6) Dive Fishery Management Assessment
- Fisheries Business Tax (aka “raw fish tax”) : Occupation tax imposed on first processing in state, or exporting of unprocessed resource; Tax based on raw weight & raw value.
- Fishery Resource Landing Tax: Complimentary tax imposed on resources:
 - 1) Harvested in federal waters (except for where it's landed), 2) “Processed” in federal waters, 3) First “landed” (location) in Alaska
- Seafood Marketing Assessment: Imposed along with Fisheries Business and Fishery Resource Landing taxes @ .5% of “value”; 100% of proceeds appropriated to the Alaska Seafood Marketing Institute (ASMI).
- Salmon Enhancement Tax: Elected by Aquaculture Associations; Funding source for salmon; hatcheries; Imposed on commercial fishers; 100% appropriated to Aquaculture Association
- Regional Seafood Development Tax: Elected by Regional Development Associations
- Distribution to Municipalities; 50% of the gross Fisheries Business Tax (before tax credits) and 50% of the gross Fishery Resource Landing Tax (before tax credits) that is collected is shared/distributed to local communities
- The Fisheries Business Tax shares are attributed to the location of processing

- The Fishery Resource Landing Tax shares are attributed to the location of landing
- If processing/landing occurs in an organized City within an organized Borough, half of share goes to City and half to Borough
- If processing/landing occurs outside an organized city or Borough, 50% of taxes collected are allocated by the Department of Commerce, Community and Economic Development.
- Information contained in a DOR license is public information; Other information contained in a license application is confidential; regional breakdowns avail. for crab. That's the one exception.

Bill Rolfzen - AK Dept. of Commerce, Community and Economic Development:

- Dept. of Commerce categorizes the year the legislature appropriates the money for disbursement, as opposed to DOR, when they do it. (example: FY10 is based on the 2008 fishing year).
- Dept. of Commerce distributes funding (by **weight** of fish and shellfish produced by fisheries businesses.)
- DCRA Shared Taxes Application Methods: Short-form Application (Automatic Method) :
- If the total funding available for a Fisheries management Area is less than the value determined by multiplying the number of municipalities in an area by \$4,000, then the distribution formula is automatically: 50% Divided Equally/ 50% Divided on a Per Capita Basis
- Long-Form Application: If the total funding available for a Fisheries Management Area is greater than the value determined by multiplying the number of municipalities in an area by \$4,000, the area must use the Long-Form application. There are 2 possible application methods:
- Standard Method: Each municipality must determine and document the cost of fisheries business impacts experienced by the community during the previous calendar year.
- Alternate Method: All municipalities located with an area agree to use a distribution formula that includes some measure of the relative effects of the fishing industry on the respective municipalities in the area. The formula is adopted by the governing body of each municipality via an annual resolution. AEB has used this method since inception and the formula has not changed since originally agreed upon.

Lamar Cotten, Lake and Peninsula Borough:

- Fish Taxes: 2 %
 - 1) Severance Tax (if you harvest in our waters, **we tax you for “our” fish**); 2) Sales Tax; 3) Processing Tax
- Principle locations and local taxes: 1) Egegik: 3 % (have only once processor: Icicle); 2) Pilot Point: 3 %; 3) Chignik: 1%

- Accommodation Tax: 6 % tax on motel, hotel and lodges
- Guide Tax: \$3/day per customer if transient; \$1/day per customer if guide has a permanent lodge within borough boundaries.
- Severance Tax: 1.5% Mining Tax
- Other Issues: 1) Chignik Winter Fisheries: Product sent to Kodiak/Sand Point; 2) City of Dillingham Annexation.

Additional Information: a portion of fish revenues can also be used for vocational education programs

- Recent legislative bill expands education credit from just university system to vocational education (the vocational credit extension program). Middle and high school vocational programs now qualify for this credit. So communities with a large processor that's paying fish taxes, can make a contribution to school districts for vocational programs. Communities could have one pot of money for the operating expenses for VoTech and another could go to the capital expenses of the VoTech activities. (and that money comes out of the state's share).

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To: The Honorable Mayor Mack, Aleutians East Borough Assembly
From: Ernie Weiss, Community Development Coordinator
Subj: Report to the Assembly
Date: March 24, 2011

False Pass Ocean Current Energy Project

The initial abstract for the AEA Emerging Energy Technology Fund is due March 17, and I've been busy with the work group putting this proposal together: Bruce Wright APIA, Everette Anderson APICDA, Chris Emrich, City of False Pass, Shawn Hansen APICDA, Monty Worthington, Ocean Renewable Power, David Oliver, TerraSond Ltd., and Thomas Ravens of UAA. This group is also looking for USDA & DOE Tribal Energy funding for the proposal. A lot of people are optimistic about the project potential.

Coastal Impact Assistance Program

The process for this program started before my time and continues as Anne and I reformat the project proposals for Bureau of Ocean Energy Management, Regulation & Enforcement (BOEMRE). We are hopeful that at least the Cold Bay Boat Ramp Rehabilitation project in this program is completed this year. The three other CIAP projects, Resource Development Land Use Permitting System, Educational Pamphlet, and the Nelson Lagoon Coastal Erosion Study will commence in early 2012.

National Fish and Wildlife Foundation, Alaska Wildlife Fund

We submitted an initial proposal to the NFWF for the Nelson Lagoon sea wall rebuilding and construction, to help protect both the human and wildlife habitat. We have not yet heard if we will be invited to submit a full proposal.

USDA RUS

An opportunity through the USDA Rural Utilities Service may provide one or more of our communities with broadband service available to public. This proposal is due early May.

Alaska Climate Change Impact Mitigation Program

The AEB sent out a Request for Proposals on February 18th to conduct the Nelson Lagoon Hazard Impact Assessment, and on Feb. 24th we hosted an informational meeting for potential contractors. Proposals were due on March 14th and the contract to conduct the assessment should be awarded by March 28th. I continue to attend the monthly meetings of the Governor's Climate Change Immediate Action Work Group, on behalf of Nelson Lagoon, a grantee of the ACCIMP and being mentioned as a potential fy2012 ACCIMP community planning grantee.

Hovercraft tent

Recently I have been involved helping out monitoring the Hovercraft shelter situation and facilitating travel arrangements for Paul Tobin, Hovertek Inc. and Meini Huser, Alaska Dreams Inc. as the situation warranted.

I expect April to be even more engaging, especially if our proposals move forward. Additionally next month, I expect to attend the Dept. of Homeland Security Preparedness Conference and FEMA grant training.

Please email or call if I can be of service.

Ernie Weiss eweiss@aeboro.org 907-274-7557

To: Honorable Mayor Mack and AEB Assembly

From: Anne Bailey, Receptionist/Grant Assistant

Subject: Report to the Assembly

Date: March 9, 2011

Below are a few items I have been working on and accomplished since the February 2011 Assembly Meeting.

Public Entity Risk Management Seminar

February 14-15, 2011, Monty Martin and I attended the Public Entity Risk Management Seminar presented by AML/JIA. Safety in Motion, Local Leadership in Disasters, Bullying and National Flood Insurance were just a few of the many topics covered. All of the presentation were informative and presented a few topics that are worth exploring further. Summaries from Monty Martin and I are attached for your review.

Coastal Impact Assistance Program

On March 8, 2011, I submitted a Coastal Impact Assistance Program (CIAP) application entitled "Educational Pamphlet: Protecting the Coastline and Wildlife from Fuel Oil and Debris" to the Department of Commerce, Community, and Economic Development. This project will produce and distribute 1,000 educational pamphlets about the effects fuel oil and debris have on the Aleutians East Borough's coastline and wildlife and provide information on prevention technologies and techniques. The educational pamphlet is one of the mitigation measures required for the Akutan Harbor. This project will not begin until January 15, 2012. Ernie Weiss is completing two other CIAP applications.

False Pass Harbor Utility Project

The Denali Commission has approved the False Pass Harbor Utility grant application that was submitted November 2010. The Denali Commission funding amount for this project is \$996,461. We are still waiting for a letter indicating the approval of the project. According to the Denali Commission, the funds will not be released, in the form of an award, until the Commission has received its FY2011 transportation funding. This will likely occur late this spring or early in the summer.

We are still waiting to hear back in regards to the Community Development Block Grant application. The recommendations have gone to the Commissioner for approval.

2011 Public Entity Risk Management Seminar Summary
February 14-15, 2011

I attended the Public Entity Risk Management Seminar presented by AML/JIA on February 14th and 15th. Many of the presentations were very informative and presented many questions that are worth exploring. Here is information and questions from the presentations I attended.

Presentations:

Safety in Motion – Leverage
Alan Bolton, Exxon

Mr. Bolton conducted a safety training regarding leverage. He discussed different zones for carrying items and how you should do things to avoid injuries. I thought the training was pretty beneficial. His contact information is phone: (907) 564-3769 email: alan.bolton@exxonmobil.com

Local Leadership in Disasters: Preparedness, Response and Recovery Challenges Continue
John Madden, DHS&EM

This presentation was in regards to disasters and emergency response. It is astounding how many natural disasters occur in Alaska and how long it takes to recover from each one.

A few questions I had are:

1. Is the Borough prepared for an emergency? If so, what is the plan and what roles do Borough employees take?
2. Do the individual communities have a plan? How do the individual communities and the Borough work together?
3. How do communities interact with Peter Pan, Trident, G&K, and other larger entities?
4. What is the probability of a risk occurring? Tsunami, earthquake, erosion?
5. Do communities or Borough have food, water and medicine stockpiled? Does EATS play a role in this?
6. Do the communities have means of transportation and good communication equipment? Is this something worth getting grant money for?

Mr. Madden suggested that we know how the communities work. It is important to think about where the energy comes from, what can make it fail and what the consequences are. He stressed that we should be plan for an emergency, prepare via trainings, and be able to react in case of an actual emergency. Training is very important from table top exercise to community wide events.

Ready.alaska.gov is a great resource.

Bullying

David Sharrow, Anchorage School District

Mr. Sparrow discussed bullying in schools and the workplace. He explained the negative effects bullying has on the one being harassed and how to identify if you or a student is a bully. He gave a few recommendations on how to handle the situation.

According to Mr. Sparrow, all schools are required to have an anti-bullying program. Do the schools in the AEBSD have this?

Also, a member from the audience mentioned how bullying is common in the rural villages and should be addressed. He said that this could be contributing to the suicide rate in the communities.

This is a serious issue that should be addressed.

National Flood Insurance Program (NFIP) and Insurance Complications: What You Don't Know Can Cost You!

Taunnie Boothby/Al Cavallo

Ms. Boothby and Mr. Cavallo gave a speech about flooding and how important understanding flood insurance is for your community. She recommended going to floodsmart.gov for more information or contacting her if you have any questions.

Is flooding an issue in the region? Does the Borough or any of the communities participate in the NFIP?

Safety in Motion – Strength & Balance

Alan Bolton, Exxon

Mr. Bolton conducted another training regarding Line of Strength and Balance. This addressed safe ways to pull an item, techniques to reach for an item, and lift something.

Is this training something communities would benefit from and would the Borough pay to train Jim Brown or another employee to in turn train the community members?

OSHA 300

Does the Borough keep an OSHA 300 log? If so, who does this?

This is a method to keep track of any injuries done on the job. Remember that if someone is hurt and it is not documented then it “didn’t” happen.

Monty Martin was also in attendance and may have additional information or questions.



**Aleutians East Regional Airport Terminal
Cold Bay, Alaska**

To: The Honorable Mayor Mack and Assembly Members

Through: Sharon Boyette

From: Monty Martin

Re: Cold Bay Terminal Report

Date: February 28, 2011

February 14, 15 and 16 found me in Anchorage, attending seminars hosted by AML-JIA covering PERM (risk management) and OSHA's "ten-hour" primer. My compliments to AML-JIA for their world-class efforts and the quality of the presentations.

FT Elevator, represented by Sam Plancich, Owner, inspected and certified the terminal building elevator at my request, approved by Sharon. Unless otherwise directed, I will instruct Sam that he is to come to Cold Bay once a year to provide maintenance, as directed by the Otis Elevator User's Manual. I expect the Alaska Department of Labor and Workforce Development inspectors to arrive in July or August this year as was stated in a letter I received from Al Nagel of that department November 26, 2010.

On Friday, March 4th, I am meeting with the Cold Bay fire department staff/crew to present that which I learned during Sam's visit and to provide the tool FT Elevator left and the keys they need to provide fire rescues if needed.

Note: FT Elevator provided an elevator door-opening devise that was not provided earlier by the company that built the building. It is needed to gain access to the car during a fire or when the power is lost. Also, I have reconfigured the elevator car emergency telephone to dial the phone number of the local fire department first, then to the terminal manager's cell phone, as it was previously programmed to call Otis Elevator in Connecticut.

The newly-installed windows continue to perform as promised, and I am aware of no rainwater intrusions of the building.

I have attached the monthly Terminal Report for February.

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

To: Mayor Stanley Mack

March 11, 2011

Aleutians East Borough Assembly

Fm: Beth Stewart

North Pacific Fishery Management Council:

The NPFMC will be meeting in April. The agenda for this meeting includes proposed measures to curtail salmon bycatch in the Western Gulf pollock fishery. The council has 'fast tracked' this agenda item, so the April meeting may be the last time local pollock fishermen have an opportunity to participate in shaping the regulations that will impact them.

Local fishermen have asked the council to slow this process down to allow more careful consideration of alternatives for managing the pollock fishery. Mayor Mack sent a letter to the council supporting this request.

I had a call from council staff last week. They have been discussing the part of the Chinook bycatch proposal that mandate bycatch cooperatives with NOAA General Council. The result of these discussions is that council staff believes that mandatory coops are off the table for the Gulf pollock fisheries.

2011 NMFS Gulf Pollock Survey Cancelled:

I received a call from Julie Bonney of Alaska Groundfish Data Bank this weekend informing me that NMFS has cancelled the 2011 Gulfwide pollock survey. The agency was forced to cancel the survey because NOAA Corps failed to insure that maintenance on the *Oscar Dyson* was completed in time to get the survey done. Julie contacted Brad Gilman about this. I got a call from Brad this morning indicating that Arne Fuglvog in Senator Murkowski's office is following up on this problem. I got another call from Julie who said that NMFS is now saying that the GOA groundfish trawl survey is still a go.

The trawl survey occurs once every two years, and it is crucial that NMFS not skip this survey. Local fishermen have reported that cod appear to be very abundant once again. Without trawl survey verification, we will not see much of an increase in the 2012 cod TAC, so Julie and I will be monitoring this closely.

WASSIP Meeting:

On March 17 (Happy St. Patrick's Day), the WASSIP Advisory Panel will be meeting at the Anchorage Hilton to go over several draft technical documents with ADF&G staff. I will be attending and will report back on any news.

To: The Honorable Stanley Mack
The Aleutians East Borough Assembly
Sharon Boyette, Borough Administrator

From: Brad Gilman & Sebastian O'Kelly

Re: Washington Update

Date: March 9, 2011

1. Appropriations: Growing concern over the Federal budget deficit, combined with a party switch in the House and Republican gains in the Senate in last fall's election, have elevated budgetary issues to the fore in Washington. Both parties are advocating for some level of reductions in Federal spending, with Republicans pushing more aggressively for reduction in Federal programs funded through appropriations and entitlement programs. This change in climate has resulted in continued delays in enactment of a FY 2011 budget as well as a temporary moratorium on community earmarks for this fiscal year and FY 2012.

The Federal government is currently operating under a short-term continuing resolution for the next two weeks while the parties negotiate differences over remaining funding for FY 2011. The House has passed a longer-term continuing resolution that would reduce Federal discretionary appropriations by an amount of \$59 billion below FY 2010 levels and \$100 billion below the amount the Obama Administration has requested for FY 2011. President Obama has announced a veto threat against the House bill for making too many deep cuts and adding a number of controversial policy riders on healthcare and the environment. In his FY 2012 budget, President Obama has called for a 5 year freeze on Federal appropriations. It is unclear how this impasse will be settled and whether it will lead to a government shutdown.

This budget cutting drive in both parties has resulted in attempts to terminate or cut programs important to Alaskan communities, including Community Development Block Grants, Essential Air Service, Army Corps funding and Payment-In-Lieu of Taxes (PILT). We have been working with the Alaska Delegation to oppose these efforts (see more below). We believe these and other programs important to Alaska will continue to receive scrutiny and further budget-cutting attempts, whether by the Administration or by certain Members of Congress.

Regarding earmarks, the Alaska delegation continues to maintain its support for them and stated that they will advocate for community projects more directly with Federal agencies as well as continue to press for an end to the legislative moratorium. As in years past, they have asked us to submit FY 2012 community projects through their online requests process. We have done so for the following community priorities – Cold Bay airport apron and taxiway construction and False Pass harbor utilities installation.

2. Army Corps Projects: The decision to discontinue the practice of congressionally-directed project spending for FY 2011 and FY 2012 has thrown the Army Corps Civil Works program into chaos. The Congress and the ACOE have developed a comprehensive process for evaluating the feasibility of, and providing funding for, navigation, erosion control, and water supply projects. The process is project-specific by its very nature. The moratorium on earmarks means that the ACOE will not be allowed to move forward with many Alaskan projects under the current funding framework. We have met with all three Alaska Delegation offices to protest the unfairness of the current arrangement, and are promoting the concept of a Pacific Ocean Division Regional Ports Initiative funding line item. The Pacific Ocean Division includes Alaska, Hawaii, Guam and the Pacific Island territories. Congressman Young has promised to approach the Governor of Hawaii to enlist his support for the concept, and the two Senate offices will be discussing the concept with the ACOE. For this effort to be successful, the Alaskan mayors and communities will need to collaborate to advocate for a dedicated Regional Ports Initiative line item. We are working on a concept paper which we intend to distribute to AML and to the communities.

3. Essential Air Service (EAS): Senator John McCain (R-AZ) offered an amendment to the FAA Authorization Bill that would have terminated the Essential Air Service Program, including the funding of \$12.5 million to carriers providing air service to 44 Alaska communities. The amendment would have also ended the requirement to serve communities where the subsidy does not apply but there is still a required level of service. Elimination of required service, combined with the termination of funding, would have jeopardized the existence of a number of Alaska-based air carriers and severely cut back air service to many Alaska communities, including Akutan. We prepared a paper on the impact on Alaskan communities and distributed it widely, as well as educated Lower 48 Senate offices on the benefits of the program to certain rural communities in their states. The amendment was defeated by a vote of 61 to 38. Both Senators Murkowski and Begich strongly opposed the McCain Amendment and spoke against it on the Senate Floor. Action now moves to the House where a FAA authorization bill has been introduced and moved through committee. That bill terminates the EAS program but contains an exemption for Alaska communities, thanks to the advocacy of Representative Young. This will continue to be an issue that bears close watching in this Congress.

4. Payment In Lieu Of Taxes (PILT): During House debate on the long-term continuing resolution, Rep. Marcy Kaptur (D-OH) offered an amendment that would have cut the PILT program by 75%. This is another important program to Alaska boroughs and communities, providing \$25 million annually in areas where the Federal government has large land ownership that is exempt from local taxation. By Department of Interior calculations, the Borough receives approximately \$450,000 of this amount. The amendment was defeated, with Rep. Young voting to protect the program. This is also a program that needs close watching this Congress, particularly as it is due to be reauthorized next year. The Administration has requested \$380 million in FY 2012, a slight increase above FY 2011, and has expressed support for reauthorization.

5. Miscellaneous.

- **Alaska Members Take Leadership Spots On Committees:** In the 112th Congress, all three Delegation Members have assumed important positions on Committees relevant to Alaska communities. Senator Murkowski will return as Ranking Member on the Energy & Natural Resources Committee and also has ascended to the top Republican spot on the Interior & Environment Appropriations Subcommittee, which counts among the programs it funds the Forest Service and EPA sewer and water grants. She was also appointed to the Energy and Water Appropriations Subcommittee which funds Army Corps harbor projects. Senator Begich remains on the Armed Services Committee and is the new Chairman of the Subcommittee on Oceans, Atmosphere, Fisheries and Coast Guard and will have responsibility for oversight and authorization of legislation on those issues. Rep. Young is now Chairman of a new Subcommittee created to address Alaska Native issues (Subcommittee on Indian and Alaska Native Affairs) and has also kept his spot on the Transportation & Infrastructure Committee, which authorizes surface transportation and harbor projects and programs.
- **Genetically Modified Salmon:** The Delegation has re-introduced two bills – one, to prohibit FDA approval of genetically modified salmon for sale in the U.S., the other, to require labeling of such fish. All three Members have joined the newly-formed Wild Salmon Caucus which is supporting the bills and will be involved with other issues affecting salmon fisheries. Separately, Rep. Young has introduced legislation to prohibit the issuance of permits for finfish aquaculture in Federal waters unless such permits are authorized by Congress.
- **Secure Rural Schools:** The Secure Rural Schools Program is due to be reauthorized this year. The Administration has requested \$328 million for the program in its FY 2012 budget request and asked that it be reauthorized. This is a positive first step, precipitated in part by bi-partisan House and Senate group letters last year to the President in support of requesting funding in FY 2012 and for a multi-year reauthorization (all three Alaska Members signed the letters). Alaskan communities received \$18.8 million from the program in FY 2010 to go to both local schools and locally-recommended conservation projects. Both the National Association of Counties and the National Forest Counties & Schools Coalition has made reauthorization a very high priority.
- **Wetlands Permit Legislation:** Rep. Young has re-introduced legislation removing the EPA from being able to veto Section 404 wetlands/dredged fill permits issued by the Army Corps of Engineers.

Aleutians East Borough March Legislative Report

By Mark Hickey, Borough Lobbyist

A Monthly Report

March 7, 2011

| | | | | |
|---------------------------|------------------------|--------------------------|--------------------|--------------------|
| Significant Issues | New Legislation | Bills On The Move | Other Bills | AML Website |
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Significant Issues

FY 2012 Budget Proposals: Spending in the governor's FY 2012 operating and capital budget proposals is slightly higher than the current fiscal year. His capital budget proposal calls for over \$700 million in general fund spending. **The House plans to have the FY 2012 operating budget on the floor starting on March 9.**

Revenue Forecasts & Savings Accounts: The fall 2010 forecast assumes an oil price of \$77.96 per barrel. The governor's FY 2012 proposed budget with amendments spends about \$100 million more than projected revenue. The Department of Revenue (DOR) spring forecast will likely show a significant surplus based on higher oil prices and current world conditions.

Municipal Revenue Sharing Program: Adequate funds are available to allow the required payment of \$60 million for municipal revenue sharing in FY 2012. Parnell's proposed operating budget includes an appropriation of \$60 million to replenish the fund.

Oil & Gas Production Tax Change: *HB 110/SB 49* by the governor proposes a major reduction in the production tax on oil and gas in order to foster increased exploration and production. One effect of his proposal is to eliminate the "progressivity surcharge" and replace it and the base tax with a new structure. Revenue sharing ends up tied to all tax revenue. DOR estimates that it will take a price of \$57 per barrel to fully fund revenue sharing. ***HB 110* recently moved out of House Resources and is in House Finance. *SB 49* is in Senate Resources.**

Education Funding: Last session the state decided again to forward fund education for FY 2012. Governor Parnell's budget proposals includes no new increases for K-12 education. It does include an appropriation of about \$1.1 billion to forward fund education for FY 2013. **While the Senate is considering proposals to increase education funding for FY 2012, little progress has been made to date.**

Municipal PERS/TRS Funding: The governor's operating budget proposal includes a payment of \$234.5 million for the teachers' retirement system and \$242.6 million to the public employees' retirement system as required under the PERS/TRS cost share plan enacted in 2009. **The most recent estimate places the combined unfunded liability for PERS/TRS at \$10 billion.**

FY 2012 Capital Budget: The governor’s FY 2012 capital budget released in December (*HB 107/SB 46*) contains very few add-ons for individual communities. The following table lists projects in the Aleutians East Borough (AEB) included in the Governor’s submittal. **Serious work to develop the Legislature’s version will start shortly.**

| Project Name | Amount |
|---|-------------|
| DEED: Sand Point K-12 School Gym Floor & Bleacher Replacement | \$151,540 |
| DOT/PF: Cold Bay Airport Pavement Rehabilitation | \$5,300,000 |

Renewable Energy Fund Grants: The governor’s FY 2012 budget proposes another \$25 million deposit to the Renewable Energy Fund. These funds will be used to fund the Round IV projects. There are two projects for AEB communities. Both projects are recommended to receive partial funding only.

| Project Name | Amount |
|-----------------------------------|----------|
| Cold Bay Wind Energy Project | \$99,075 |
| Nelson Lagoon Wind Energy Project | \$99,075 |

CZM Management Program: The Alaska Coastal Zone Management (CZM) Program sunsets on July 1, 2011. *HB 106/SB 45* by the governor proposes a six-year extension with no program changes. *SB 56* by the Senate Finance Committee extends the program for one year only. ***HB 106* is scheduled to be heard on March 7.**

Power Cost Equalization (PCE): The proposed FY 2012 operating budget includes \$23.5 million to fund the PCE program.

New Legislation

This section describes new legislation of interest.

General Municipal Issues

Urge Funding for Essential Air Service - *HR 5* by Rep. Peggy Wilson (R-Wrangell)/SR 2 by Sen. Albert Kookesh (D-Angoon): Both measures support the federal Essential Air Service Program and urge the U.S. Congress not to adopt an amendment to the FAA Air Transportation Modernization and Safety Improvement Act that would eliminate funding for this program. **Both resolutions passed out of their respective bodies and were transmitted to the Governor.**

Peace Officer & Firefighter Death Benefit - *HB 151* by Rep. Alan Dick (R-Stony River): Adds a new provision in Title 39 to allow a person who was married less than one year to a peace officer or firefighter who died between Jan. 1, 1961 and before Jan. 1, 1976 to be deemed eligible to receive an occupational death benefit. Benefits under the bill may not be made retroactive to a date that precedes the bill’s effective date.

Public Construction Contracts - *HB 155* by the House Labor & Commerce Committee: This legislation amends the Alaska Little Davis Bacon Act by raising the threshold from \$2,000 to \$75,000 before a public works contract qualifies for prevailing wages. It also excludes maintenance contracts from the definition of “public construction.” This bill has been heard once.

State Agency Performance Audits - *HB 166* by Rep. Mike Chenault (R-Nikiski): This legislation re-establishes an audit and performance review procedure for all departments of state government. The bill spells out specific dates that each department will undergo a legislative review. The process will be conducted by the Legislative Budget and Audit Committee (LB&A). The bill is co-sponsored by 18 other House members.

Volunteers Muni Tax Exemption - HB 170 by Rep. Eric Feige (R-Chickaloon): Allows a municipality to provide a property tax exemption on the first \$200,000 of property value for active fire department, emergency medical or rescue services agency volunteers, or for a surviving spouse.

Appropriation: Public Transit Projects - SB 77 by the Senate Transportation Committee: Provides an appropriation of \$3 million to provide matching grant funds that do not exceed 50% of project costs for locally and federally funded public transit projects that are not state projects. The bill moved out of Senate Transportation and is now in Senate Finance.

Education

Constitutional Amendment: Education

Funding - HJR 16 by Rep. Wes Keller (R-Wasilla): HJR 16 amends Article VII, sec. 1, under Public Education by deleting the following sentence: “No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.” It also amends Article IX, sec. 6, under Public Purpose by adding the following language: “However, nothing in this section shall prevent payment from public funds for the direct educational benefit of students as provided by law.”

K-12 Scholarship Program - HB 145 by Rep. Wes Keller: Creates a new program using public funds for the costs to attend a public or private school of the parent’s or legal guardian’s choosing. It further specifies the scholarship amounts, eligibility, accountability, enrollment standards, and school district duties.

Pre-Elementary School Plans/Guidelines - HB 154 by Rep. Scott Kawasaki (D-Fairbanks): This bill adds a requirement for the Department of Education and Early Development (DEED) to devise an early childhood education plan for students that are three and four years of age. It also requires the Board of Education to adopt early learning guidelines.

Fisheries/Resource Issues

Sport Fishing Guide Services - HB 173 by the House Special Committee on Fisheries: Extends the sport fishing services licensing program through calendar year 2012.

Extending Stayed Permits - HB 174 by Rep. Feige: Extends the period in which a state or municipal permit is effective for activities related to mineral resources, oil and gas, or transportation projects for a period of time equal to the time the project is stayed by an order of the court or administrative agency.

Energy Issues

Regulatory Commission of Alaska (RCA)

Chair - HB 156 by Rep. Kurt Olson (R-Soldotna): The commission will no longer elect its the chair. The bill would authorize the governor to select a member as chair and further states the chair’s term will be for three years. The term of the chair at present is for one year.

Bills on the Move

The information below provides updated information regarding bills of interest on the move.

General Municipal Issues

Senior Citizens Housing Development

Fund - HB 65 by Rep. Bryce Edgmon (D-Dillingham): Expands access to these grants for regional housing authorities. Overall spending will not increase, but may widen the selection of projects competing for these funds. **HB 65 passed the House and is now in Senate Community & Regional Affairs.**

Legislative Session Limit Repeal - HB 71 by Rep. Paul Seaton (R-Homer): Repeals the 90-day session limit established by initiative starting with the 2008 session. **HB 71 passed out of its first committee with 6 members signing Do Pass. The bill is in House Finance.**

New Market Tax Credit Program - HB 120/SB 66 by request of the governor: Enables the AIDEA to foster economic development through a federal new markets tax credit assistance guarantee and loan program. **HB 120 passed its first committee and is in House Finance.**

Residential Fire Sprinkler Systems - HB 130 by the Labor & Commerce Committee. Prohibits a municipality from requiring a sprinkler system in new single-family homes or residential buildings of not more than two units unless it is done by ordinance. Any such ordinance has to meet strict notification requirements. **HB 130 passed two committees and is in House Rules.**

Legislative Sessions Duration - SB 18 by Sen. Gary Stevens (R-Kodiak): Amends the existing limit to require that the first regular session shall be for no more than 90 days and the second session shall adjourn within

120 days counting the first day the Legislature convenes. This bill also allows an extension of either session by 10 days with a affirmative vote of at least 2/3 of each house. **SB 18 is in Senate Finance. A new Committee Substitute (CS) changes the effective date for the first 120-day session to January 2012.**

Education

School Gardens - HB 93 by Rep. David Guttenberg (D-Fairbanks): Allows school districts to hire a nonprofit entity to operate a school garden and requires DEED to establish a grant program for school garden operations. **HB 93 passed its first committee of referral and is in House Finance.**

Alaska Performance Scholarships - HB 104/SB 43 by request of the governor: Renames the program and creates an Alaska Performance Scholarship Investment Fund to fund the merit scholarships for post-secondary education established last session. **Both bills have received considerable attention. The Senate version has moved to Senate Finance. Changes in the Senate version include adding a needs based component, placing program administration with the Alaska Advantage Program, and changing the program's fund sources.**

School Meals Funding - HB 132 by Rep. Cathy Munoz (R-Juneau): Establishes a state-funded school breakfast and lunch program. SB 3 by 10 Senate members is a companion bill. The program's cost is \$2 million. **The Senate version passed the Senate on 2/28/11.**

Board of Education & Early Development Annual Report - SB 1 by Sen. Bettye Davis (D-Anchorage): Requires an annual report from the Board of Education & Early Development on its efforts to develop, maintain and improve a comprehensive quality public education system. **SB 1 is on the Senate floor.**

Compulsory School Attendance - SB 9 by Sen.

Davis: Increases the compulsory school age from 16 to 18 years of age and lowers the starting age from 7 to 6. **This bill is in Senate Judiciary.**

Teacher Board Certification Incentives - SB 83

by the Senate Education Committee: Provides incentive payments to each teacher who holds a current national board certification, and establishes a loan program to assist teachers to pursue national board certification. **SB 83 is in Senate Finance.**

Fisheries/Resource Issues**Commercial Fishing Loans - HB 59 by Rep. Sea-**

ton: Allows a reduction in the interest rate of not more than 2% for loans under the Commercial Fishing Loan Act if more than 50% of the loan proceeds are used for product quality improvements or energy efficiency upgrades. **HB 59 was rolled into the governor's loan bill (HB 121), which relates to loans for charter fishing, mariculture and small business "microloans". HB 121 is in House Resources.**

Community Quota Entity Loan Program

Appropriation - HB 140 by Rep. Alan Austerman (R-Kodiak): Appropriates \$45 million to capitalize the community quota entity loan program proposed in **HB 141. HB 140 is in House Finance.**

Community Quota Entity Loan Program - HB

141 by Rep. Austerman: Establishes a revolving loan program to allow community quota entities to purchase fishing quota shares. **HB 141 is in House Finance.**

Commercial Fishing & Agricultural Bank -

SB 68 by Sen. John Coghill (R-North Pole): Proposes a number of changes relating to the examinations, loans, board, records and lobbying contracts of the Alaska Commercial Fishing & Agricultural Bank. **SB 68 is in Senate Finance.**

Other Bills

Other bills previously discussed are listed in this section.

General Municipal Issues

Constitutional Amendment: Biennial**Budget; Session Length - HJR 2 by Rep. Carl**

Gatto (R-Palmer): Establishes that the first regular session shall last no longer than 120 days and the second session last no longer than 90 days. In addition, the governor shall submit during the first regular session a state budget for two fiscal years.

Constitutional Amendment: Gas Revenue**Endowment Fund - HJR 3 by Rep. Mike Hawker**

(R-Anchorage): An endowment fund for revenues from natural gas is established in the state's treasury division. No more than 5% of the market value averages shall be available for appropriation and may not be used to provide dividends or payments that are not needs based.

Constitutional Amendment: Dedicated**Transportation Infrastructure Fund - HJR 4 by**

Rep. Peggy Wilson: Re-establishes a dedicated transportation fund using all motor fuel taxes and vehicle registration fees as revenue sources. The legislature may appropriate up to 50% of the revenue received each year and up to 6% of the average market value of the established fund over the previous five fiscal years.

Constitutional Amendment: Term Limits -**HJR 6 by Rep. Charisse Millett (R-Anchorage):**

No House member may serve for more than 4 successive full or partial terms (2-years each). No Senate member may serve for more than 2 successive full or partial terms (4-years each). Both the House and Senate members shall be eligible to hold office again after one full term has intervened. **SJR 1 by Sen. Linda Menard (R-Wasilla)** is a companion measure.

Establish a Dedicated Transportation Infrastructure Fund - HB 30 by Rep. Peggy Wilson: Appropriations to the fund would occur after July 1, 2013, from various sources including any state tax on fuel, registration fees, studded tire tax, leases and fees on airport facilities. The fund would be managed as an endowment and recommendations to the legislature for expenditures would be made by a newly established advisory council. *SB 37* by Senator Joe Thomas (*D-Fairbanks*) is a similar proposal, but does not proposed a dedicated fund.

Infrastructure Fund Appropriation - HB 31 by Rep. Peggy Wilson: If voters approve a constitutional amendment to establish a dedicated Transportation Infrastructure Fund, \$1 billion would be appropriated to capitalize the fund.

Optional Municipal Property Tax Exemptions - Several Proposals: *HB 40* by Rep. Scott Kawasaki raises the optional exclusion or exemption authorized by existing statute (Title 29) from \$20,000 to \$100,000 of assessed value. *HB 41* by Rep. Pete Peterson (*D-Anchorage*) clarifies that a municipality may classify residential property regarding taxation and increases the optional exclusion or exemption allowed to \$50,000.

Notice Municipal Selection of State Land - HB 52 by Rep. Millett: Current law requires the state to mail a notice to all individuals and entities holding land leases within the borders of the land to be conveyed. This bill requires the municipality to also provide written notice to all leaseholders.

Bicycle Program - HB 57 by Rep. Paul Seaton: Establishes a new grant program for the safe use and distribution of bicycles and related items. Also provides for a survey and subsequent report to the legislature on the effectiveness of this program.

Senior Citizens Municipal Property Tax Exemptions/Limitation - Sponsor Substitute for HB 90 by Rep. Mark Neuman (R-Wasilla): A new version increases the senior citizens municipal property tax exemption from \$150,000 to the first \$200,000 of assessed value of the real property for seniors and other qualified individuals with a gross household income that does not exceed 200% of the federal poverty guidelines. Existing exemptions are unchanged.

Senior Citizens Municipal Property Tax Exemptions - SB 57 by Sen. Menard: Exempts the first \$200,000 of assessed property value for seniors and other qualified individuals if the state appropriates an amount sufficient to fully fund reimbursements at the increased exemption amount. Another provision expands a municipality's ability to authorize exemptions.

Education

Constitutional History Curriculum - HB 5 by Rep. Wes Keller: Requires addition of the history of American constitutionalism to the required secondary school curriculum.

Early Education Program - HB 49 by Rep. Chris Tuck (D-Anchorage): Requires DEED to create and implement a statewide "parents as teachers" early childhood education program.

BSA Increase/Inflation Adjustment - HB 143 by Rep. Petersen: Increases the base student allocation by \$158 for FY 2012, and provides for an automatic inflation adjustment for FY 2013 and FY 2014.

Prekindergarten School Programs - SB 6 by Senators Davis & Hollis French (D-Anchorage): Requires school districts to provide an optional prekindergarten program for students four and five years old.

Repeal Secondary School Exit Exams - SB 10 by Sen. Davis: Proposes the repeal of the state's secondary school exit exam requirements.

P-16 Education Council - SB 54 by Sen. Davis: Establishes a preschool to postsecondary education council in DEED.

BSA & Special Needs Funding Increases - SB 73 by Sen. Davis: Provides an increase in the BSA of \$125 for each of the next two years, two years of increases to the special needs funding factor, and a three-year extension of the adjustment for student transportation funding.

BSA Increases/Vocational Education Factor - SB 84 by the Senate Education Committee: Provides three years of BSA increases by \$110, \$115 & \$120, respectively. Establishes a new high school vocational education factor as a component of the foundation formula. **SB 84 is scheduled to be heard on March 7.**

Fisheries/Resource Issues

Personal Use Fishing Priority - HB 20 by Rep. Bill Stoltze (R-Chugiak): Establishes a priority for personal use fishing for a fishery that is restricted to achieve a management goal. Subsistence is an explicit exception.

Mining Production, License Taxes & Royalties - HB 58 by Rep. Seaton: *HB 58* re-writes the state's existing mining tax structure. The bill increases the state's financial return on its mineral resources through a combination of adjustments. This bill does not address issues related to severance taxes.

Mixing Zones/Sewage Systems - HB 85 by Rep. Seaton: Requires DEC to obtain an annual report from mixing zone permittees. Prohibits a mixing zone in any fresh water body where anadromous fish spawn or where resident fish redds are located except in certain cases.

Another section imposes additional notice requirements for a commercially operated sewage system or treatment works. *HB 86* by Rep. Les Gara (D-Anchorage) also bans mixing zones in freshwater spawning waters.

Label Farmed or Genetically Modified Fish - HB 99 by Rep. Bob Miller (D-Fairbanks): Requires labeling for all farmed or genetically modified fish or fish product sold in the state.

Ban Cultivation of Genetically Modified Fish - HB 100 by Rep. Kawasaki: Prohibits growing or cultivating genetically modified fish in the state.

Personal Use Fishery Permits & Fund - SB 20 by Sen. Tom Wagoner (R-Kenai): Establishes a new personal use fishery permit fee structure and fund that can be used to support personal use fisheries.

Sport Fishing Guides: Board; Licenses - SB 24 by Sen. Lesil McGuire (R-Anchorage): Establishes the Sport Fishing Guide Services Board and new licensing requirements for sport fishing guide-outfitters, sport fishing outfitters, and sport fishing transporters.

Energy Issues

Extend Regulatory Commission of Alaska - HB 24 by Rep. Kurt Olson: Extends the termination date of the RCA to June 30, 2013.

Net Energy Metering - HB 37 by Rep. Olson: Allows, with exceptions and certain requirements, interconnections with consumers that produce electric energy from various sources including wind, solar, geothermal, biomass, etc. Sanctions the crediting of the consumer's account if they supplied more electric energy to the utility than the utility supplied to them.

RCA Utility Rates; Refund Procedures - HB 39 by Rep. Petersen: Mandates that a utility must have a refund procedure in place before applying to the RCA for a new or revised rate.

Alaska Railbelt Energy Fund & Alaska Energy Authority Provisions - HB 103/SB 42 by request of the governor: Establishes the Railbelt Energy Fund and authorizes AEA to acquire, construct, own, and operate a new hydroelectric power project on the Susitna River. Other provisions modify AEA's operative statutes. **The House version is scheduled twice starting the week of March 7.**

AIDEA Participation in Energy Projects - SB 25 by Sen. McGuire: Authorizes AIDEA to provide for less than the minimum interest rates on a loan participation for energy projects. The intent language calls for the appropriation of \$2 billion over two years to carry out the objectives of this legislation.

Alternative Energy Revolving Loan Fund Capitalization - SB 32 by Sen. Bill Wielechowski (D-Anchorage): The bill appropriates \$10 million from the general fund to the Dept. of Commerce, Community, and Economic Development to capitalize this fund.

AML Website

The Alaska Municipal League maintains a database on legislation of interest to local municipalities. This material can be accessed at <http://www.akml.org/>. Lists are maintained in four categories. A weekly AML Legislative E-Bulletin is also available. It can be found at the same link. Please let me know if anyone needs help in accessing this information, or wants me to fax a hard copy.

Public Comments

Assembly Comments

Date & Location of Next Meeting

Adjournment