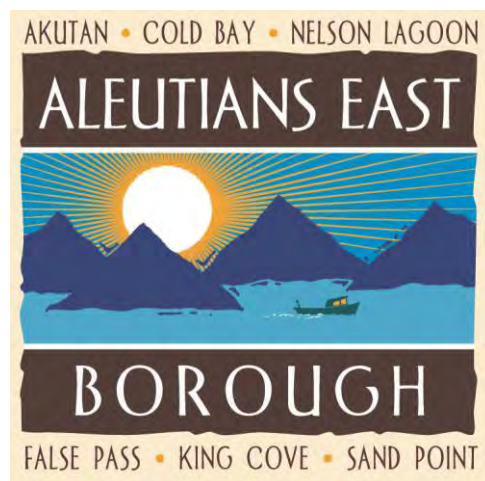


# **Aleutians East Borough Special Assembly Meeting**

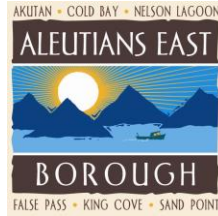


**Workshop: Thursday, May 27, 2021 – 1:00 p.m.**

**Meeting: Thursday, May 27, 2021 – 3:00 p.m.**

# Roll Call & Establishment of a Quorum

# Adoption of Agenda



Agenda  
**Special Assembly Meeting**  
(packet available on website [www.aleutianseast.org](http://www.aleutianseast.org) )

Date: Thursday, May 27, 2021  
Time: Workshop: 1:00 p.m. Meeting: 3:00 p.m.

**Due to Covid-19, the Assembly meeting will not have public locations, for the purpose of social distancing and protecting the public health. If the public wishes to comment at the Public Hearing, the dial in and code is:**

**Dial in: 1-800-315-6338 Code: 75381#**

**Public Comments on Agenda items can also be e-mailed to [ltanis@aeboro.org](mailto:ltanis@aeboro.org), Subject: *May Special Assembly Meeting*, to be read at the appropriate time during the meeting.**

**The meeting will also be broadcast on KSDP Public Radio. If you do not have the radio station broadcasting in your community, you can go to KSDP website, <http://apradio.org/> to stream the meeting.**

ASSEMBLY MEETING AGENDA

1. Roll Call & Establishment of Quorum.
2. Adoption of the Agenda.
3. Public Comments on Agenda Items.
4. Presentations:
  - BDO, LLC Fiscal Year 2020 Audit Review (Final).
5. Conflict of Interest.
6. Consent Agenda
  - Emergency Ordinance 21-13, issuing a Declaration of Disaster Emergency in response to COVID-19.
  - Resolution 21-50, supporting COVID-19 vaccines.
7. Public Hearing
  - Public Hearing Ordinance 21-12, adopting the operating and capital budget for the Aleutians East Borough Fiscal Year 2022.
8. Resolutions.

- Resolution 21-49, authorizing the mayor to appropriate the FY22 Permanent Fund earnings to designated projects and to re-appropriate False Pass/Front End Loader Funds in Dept. 820 and Nelson Lagoon School Funds in Dept. 800.
- Resolution 21-51, Assembly accepting the financial statements, required supplementary information, supplementary information, and single audit reports for year ended June 30, 2020.
- Resolution 21-52, Assembly authorizes the Borough Mayor to Negotiate and Execute a Contract with DOWL to complete a 65% Design and Guaranteed Maximum Price, 100% (Final) Design and Construction Negotiations for the Cold Bay Terminal Expansion in an amount not to exceed \$147,337.

9. Next Meeting Date.

10. Adjournment.

# Public Comment on Agenda Items

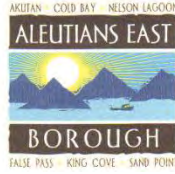
# Presentations

# BDO, LLC Fiscal Year 2020 Audit Review



# Conflict of Interests

# Consent Agenda



## **ORDINANCE 21-13**

### **AN EMERGENCY ORDINANCE OF THE ALEUTIANS EAST BOROUGH ASSEMBLY ISSUING A DECLARATION OF DISASTER EMERGENCY IN RESPONSE TO COVID-19**

**WHEREAS**, COVID-19 is a respiratory disease that can result in serious illness or death and is caused by the SARS-Cov-2 virus (“virus”), a new strain of the coronavirus that has not been previously identified in humans and is easily transmittable person to person; and,

**WHEREAS**, on March 11, 2020, the World Health Organization (“WHO”) declared the virus a pandemic; and,

**WHEREAS**, on March 13, 2020, President Donald J. Trump declared a national emergency in response to the virus pandemic; and,

**WHEREAS**, positive cases of COVID-19 have been identified within the State of Alaska and within the Aleutians East Borough; and,

**WHEREAS**, the State of Alaska has enacted various Declarations of Public Health Disaster Emergency both through executive and legislative action pursuant to AS 26.23.020 so that looking back there has been such an active disaster declaration related to the COVID-19 pandemic continuously from March 11, 2020 to April 30, 2021; and,

**WHEREAS**, considering the text of State of Alaska House Bill-76 Alaska Governor Mike Dunleavy cancelled the latest legislatively enacted disaster declaration on the advice of Alaska Department of Health and Social Services Commissioner (“Health Commissioner”) Adam Crum; and,

**WHEREAS**, pursuant to administrative powers duly delegated to him by House Bill-76, also identified as Chapter No. 2 SLA 2021, and with the consent and encouragement of Governor Dunleavy, Health Commissioner Crum subsequently issued a new declaration of public health emergency which shall remain in effect from May 1, 2021 until rescinded; and,

**WHEREAS**, the State of Alaska continues to issue Health Advisories in place to respond to COVID-19 that provides recommendations for keeping Alaskans safe; international and interstate travel; intrastate travel and critical infrastructure; and

**WHEREAS**, Borough Administration has implemented a COVID-19 Aleutians East Borough Employee Policy to help reduce transmission among staff and to help protect people who are higher risk for adverse health complications while maintaining Borough operations; and

**WHEREAS**, on March 23, 2020 the Assembly passed Emergency Ordinance 20-07 issuing a declaration of disaster emergency in response to COVID-19; and

**WHEREAS**, on May 14, 2020 the Assembly passed Emergency Ordinance 20-08, which superseded Emergency Ordinance 20-07; and

**WHEREAS**, on July 9, 2020 the Assembly passed Emergency Ordinance 21-01, which superseded Emergency Ordinance 20-08; and

**WHEREAS**, on August 13, 2020 the Assembly passed Emergency Ordinance 21-02, which superseded Emergency Ordinance 21-01; and

**WHEREAS**, on October 8, 2020 the Assembly passed Emergency Ordinance 21-04 which superseded Emergency Ordinance 21-02; and

**WHEREAS**, on November 12, 2020 the Assembly passed Emergency Ordinance 21-06 which superseded Emergency Ordinance 21-04; and

**WHEREAS**, on December 10, 2020 the Assembly passed Emergency Ordinance 21-07 which superseded Emergency Ordinance 21-06; and

**WHEREAS**, on January 14, 2021 the Assembly passed Emergency Ordinance 21-08 which superseded Emergency Ordinance 21-07; and

**WHEREAS**, on March 11, 2021 the Assembly passed Emergency Ordinance 21-10 which superseded Emergency Ordinance 21-08; and

**WHEREAS**, on April 8, 2021 the Assembly passed Emergency Ordinance 21-11 which superseded Emergency Ordinance 21-10; and

**WHEREAS**, the COVID-19 pandemic still may dramatically impact the Borough communities and residents and have a substantial effect on the Borough economy if unchecked; and

**WHEREAS**, the full extent and effect of COVID-19 cannot yet be known, it remains vital for the Borough to be prepared and take all needed precautions throughout the entire timeframe of the emergency related to COVID-19; and

**WHEREAS**, the Assembly finds that a public emergency continues to exist and deems it necessary to declare a local emergency to protect the health, safety and welfare of the residents of the Borough; and

**WHEREAS**, Borough Code Sec. 1.20.050 (a) authorizes emergency ordinances, reading:

- (a) To meet a public emergency the assembly may adopt ordinances effective on adoption. Every emergency ordinance must contain a finding by the assembly that an emergency exists and a

statement of the facts upon which the finding is based. The ordinance may be adopted, amended and adopted, or rejected at the meeting to which it is introduced. The affirmative vote of all members present, or the affirmative vote of three-fourths of the total membership, whichever is less, is required for adoption. The assembly must print and make available copies of adopted emergency ordinances.

(b) An emergency ordinance may not be used to levy taxes to grant, renew or extend a franchise, or to regulate the rate charged by a public utility for its service.

(c) Emergency ordinances are effective for sixty days.

**WHEREAS**, the Borough wishes to authorize the Mayor to request State assistance from the Governor of Alaska for costs associated with the Borough's response to the virus to meet the public safety and welfare needs arising from or incidental to COVID-19 and to recover from damage caused; and

**WHEREAS**, the Borough wishes to authorize the Mayor to request assistance from Federal agencies pursuant to the Stafford Act of 1988 and Other Federal Law; and

**WHEREAS**, a declaration of disaster emergency will alert the public to the seriousness of the risk and provide direction.

**NOW, THEREFORE, BE IT RESOLVED** by the Aleutians East Borough as follows:

Section 1. The Assembly of the Aleutians East Borough hereby declares a local disaster emergency in response to COVID-19.

Section 2. The Assembly of the Aleutians East Borough authorizes the Mayor to request State and Federal Assistance to meet the ongoing emergency created by COVID-19.

Section 3. The rules requiring in-person attendance by Assembly Members under Borough Code Sec. 2.08.10(e) for regular meetings, and 2.08.020 (a) for special meetings, and all other such rules are suspended so that a quorum may be reached without gathering people at central locations.

Section 4. Alternate means of listening in and providing public comment at Assembly Meetings, as would normally be afforded under Borough Code 2.08.010(d), shall be provided for should the teleconferencing hubs be closed.

Section 5. All residents and visitors to the Borough and Borough Property are encouraged to maintain social distancing throughout the entire period of this emergency.

Section 6. This Emergency Ordinance supersedes Emergency Ordinance 21-11 and shall become effective immediately upon adoption and remain in effect until July 25, 2021 pursuant to Borough Code Sec. 1.20.050(c).

Section 7. This Emergency Ordinance may be reauthorized by telephonic quorum prior to its expiration.

**PASSED AND ADOPTED BY THE ALEUTIANS EAST BOROUGH ASSEMBLY** on this 27<sup>th</sup> day of May 2021.

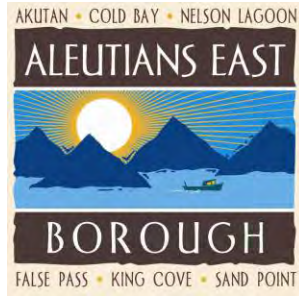
Date Introduced and Approved: \_\_\_\_\_

ALEUTIANS EAST BOROUGH, ALASKA

\_\_\_\_\_  
Alvin D. Osterback, Mayor

ATTEST:

\_\_\_\_\_  
Tina Anderson, Clerk



## RESOLUTION 21-50

### A RESOLUTION OF THE ALEUTIANS EAST BOROUGH SUPPORTING AND ENCOURAGING ITS RESIDENTS GET THE COVID-19 VACCINE.

**WHEREAS**, the COVID-19 pandemic has presented the world with unprecedented health challenges that has resulted in over 500,000 deaths in the United States, long-term debilitating physical and mental effects on many survivors and has affected every aspect of our lives; and

**WHEREAS**, since the onset of the COVID-19 pandemic in March 2020, the communities of Aleutians East Borough have suffered economic damage due to state-mandated intermittent closures and restrictions of business operations; and

**WHEREAS**, efforts to mitigate the transmission of the COVID-19 virus have also led to intermittent closures of public schools, local government offices, other places of business, and youth recreational programs; and

**WHEREAS**, the pandemic restrictions have substantially hampered the public's ability to travel for medical and business purposes, which has left many residents neglecting their health and many businesses not able to carry out business operations fully; and

**WHEREAS**, the pandemic restrictions have prevented the public from visiting family and friends, attend community gatherings and events, the results of which has left many residents suffering the effects of extended periods of isolation and lack of social contact; and

**WHEREAS**, the federal Food and Drug Administration has issued Emergency Use Authorizations for COVID-19 vaccinations, which are available in our communities; and

**WHEREAS**, vaccination is an integral part of controlling and eradicating the virus, which is, in turn, an indispensable step before the Borough communities will be able to fully resume vital economic and social activities; and

**WHEREAS**, stopping a pandemic requires using all the tools we have available – wearing a mask while in public settings, allow at least six feet of distancing between people not in the same household, washing your hands frequently, and getting vaccinated; and

**WHEREAS**, people fully vaccinated against COVID-19 do not need to wear masks or practice physical distancing in all indoor and outdoor settings; except buses, trains, planes and in hospitals; and

**WHEREAS**, it is in the best interest of Aleutians East Borough, in regards to physical, economic and social health, to minimize the impact of COVID-19 transmission.

**NOW THEREFORE BE IT RESOLVED**, the Aleutians East Borough strongly supports and recommends its residents get vaccinated to protect the public health and to get our communities reopened.

**PASSED AND ADOPTED** by the Aleutians East Borough on the 27th of May, 2021.

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Mayor Alvin D. Osterback

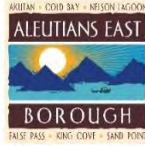
ATTEST:

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Tina Anderson, Clerk



# Ordinances



## AGENDA STATEMENT

To: Alvin D. Osterback, Mayor and Assembly

From: Anne Bailey, Borough Administrator

Date: May 20, 2021

### **Re: Ordinance 21-12, Adopting the Operating and Capital Budget for FY22**

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Ordinance 21-12 outlines the Aleutians East Borough's Operating and Capital Budget for Fiscal Year (FY) 2022. The FY22 draft budget was introduced at the May 13, 2021 Assembly Meeting and the second reading and public hearing is scheduled for May 27, 2021. Administration conducted an in-depth review of the Borough's anticipated revenues and expenditures and is recommending a conservative budget for FY22.

An overview of items that went into the FY22 budget process include but are not limited to the following:

#### **State of Alaska Budget**

On December 11, 2020, the Governor of Alaska released his proposed FY22 operating and capital budgets. The Governor proposed the following:

- Restored municipal school bond debt reimbursement to 50% (versus the 0% amount received in FY21)
- Harbor bond debt reimbursement remains at 0%. If this were funded, we would anticipate receiving ~\$300,000 in revenue for the Akutan and False Pass Harbors.
- Shared Fish Business Tax is budgeted at \$18 million opposed to \$26 million in prior years. After conversations with Mark Hickey and AML we are suggesting to budget between 30-40% less for the shared fish business tax in FY22.

The House has finalized their budget. They have included 100% of school bond debt reimbursement in their version. The Senate version contains full funding of school bond debt reimbursement, deposits sufficient funds to provide a \$30 million distribution for community assistance in FY22 and 18 months of Alaska Marine Highway System funding. We do not anticipate the budget being finalized until mid-June.

If any of these items change after the approval of the budget. Administration will present a budget amendment to the Assembly for consideration at that time.

## **Fishery Considerations**

Due to changes within the fisheries and the continued impacts due to COVID-19, Administration and the Natural Resources Department anticipate a decrease in FY22 fish tax revenues. In FY21, the Borough anticipated receiving \$3,350,000 in revenue. In FY22, we are estimating a decrease of \$400,000 (~12%) totaling \$2,950,000.

FY21 is shaping up to be the lowest AEB fish tax revenue since 2010. Complications due to COVID-19 may have contributed to the reduced fish tax revenue. Lower quotas and harvests for all species (except BS Snow crab) may also be considered contributing factor to the AEB FY21 lower revenues. Administration and the Natural Resources Department is recommending a very conservative approach to projecting FY22 AEB raw fish tax revenue based on recent fishery trends, environmental uncertainty, and potential fishery management actions, including potential Board of Fish emergency petitions. There may also be continued impacts due to COVID-19 but with gradual opening up of restaurants as the pandemic subsides, the demand for seafood could rebound and somewhat buoy fish tax revenue. The FY22 budget can be amended if the fish tax revenues exceed Administration's expectations.

## **Department Budgets**

All of the Departments have reviewed their budgets and made adjustments to meet the anticipated needs for FY22.

Salaries: This budget includes a 0% increase in salary due to The Consumer Price Index (CPI) for Urban Alaska (formerly Municipality of Anchorage), which now consists of Anchorage and the Matanuska-Susitna Borough for the preceding fiscal year is **-1.1%** as shown at the following link: <http://live.laborstats.alaska.gov/cpi/index.cfm>.

According to Section 9.05 B. of the Employee Handbook, "Cost of Living adjustments funded by the Assembly will be given annually to regular employees and will be based on the Consumer Price Index for Anchorage as computed for the preceding year." Therefore, in FY22, the employees would not receive a COLA increase.

Fringe: Administration anticipates a 5% increase in health insurance premiums in 2021. Therefore, there is a flat 5% increase for all of the fringe benefit line items. Fringe benefits include Medicare, ESC, PERS and medical insurance costs.

## **Education Support**

In March and April 2021, the School District and Borough met to review the budget. Given a preliminary assessment including flat funding from the State and increases in health, utilities, and salaries the School District is requesting the historical Borough appropriation of \$800,000 and an additional \$150,000 be committed to the School District's general fund for FY22. This would total \$950,000 in local school contributions, \$35,000 in school scholarships and \$20,000 in student travel totaling \$1,005,000 in contributions.

The proposed budget reflects \$800,000 in local school contributions, \$35,000 in school scholarships and \$20,000 in student travel totaling \$855,000.00. If the Assembly, would like to increase the School District Contribution to \$950,000, a motion will need to be made to do so. This change will increase the Borough's deficit from \$1,912,221 to \$2,062,221.

Another potential funding source is reallocating a \$50,000 to \$75,000 of the American Rescue Plan Act (ARPA) funds to the School District at a later date. Administration has not received the US Treasury guidelines for the ARPA funds; therefore, a determination if this can occur cannot be determined at this time.

**The proposed FY22 Budget Summary is as follows:**

Expected FY22 Revenue:	\$5,458,787.00
Expected FY22 Expenditures: (Funds 01, 30 and 41)	\$6,615,703.00
Expected FY22 Helicopter Transfer:	\$755,305.00
Expected FY22 Cold Bay Terminal Transfer:	(\$0)
Expected FY22 Deficit:	(\$1,912,221.00)

This assumes 50% in School Bond Debt Reimbursement, 0% Harbor Bond Debt Reimbursement, a 0% Cost of Living increase for employees and funding education at \$800,000.

In order to compensate for the deficit, Administration is recommending that we take funds out of the General Fund Fund Balance. Please note, this is a short-term fix which is not sustainable since these funds are limited. Throughout the next year, Administration will continue to look at long term solutions (i.e., new sources of revenue and additional cuts) for the FY23 budget cycle.

This memo includes an outline of the:

- FY22 Fund 01 General Fund Anticipated Revenues
- FY22 Fund 01 General Fund Expenditure Adjustment Recommendations
- FY22 Fund 22 Cold Bay Terminal Anticipated Revenues
- FY22 Fund 22 Cold Bay Terminal Expenditure Adjustment Recommendations
- FY22 Fund 22 Helicopter Operations Anticipated Revenues
- FY22 Fund 22 Helicopter Operation Expenditure Adjustment Recommendations
- FY22 Fund 30 Bond Fund Expenditure Adjustment Recommendations
- FY22 Fund 41 Maintenance Reserve Fund Expenditure Adjustment Recommendations
- FY22 Fund 20 Grant Program Overview

## **FY22 Fund 01 General Fund Anticipated Revenues**

### **Fund 1 General Fund Revenues**

**Interest Revenue:                   \$30,000**

This includes interest earned from the operating trust fund and the Alaska Municipal League Investment Pool. This amount varies every year; however, we anticipate receiving approximately \$30,000 in FY22.

**AEB Raw Fish Tax                   \$2,950,000**

Administration anticipates receiving \$2,950,000 in Raw Fish Tax in FY22. This was based off recent fishery trends, environmental uncertainty, and potential fishery management actions, including potential Board of Fish emergency petitions. There may also be continued impacts due to COVID-19.

**Other Revenue:                   \$75,000**

This includes rent from the teachers for the Sand Point 4-Plex, land use permitting fees, lease funds for an operation in the Borough and tideland leases.

**Shared Fishery Tax               \$1,128,000**

This is the FY22 shared fishery tax estimate for the Aleutians East Borough. DCCED is not informed of the fish tax distributions until November; therefore, based off numerous conversations Administration recommends reducing the FY21 Shared Fish Tax value by ~40%.

**Shared Fishery Tax FMA2       \$66,000**

This is the shared fishery tax for the Aleutians Islands Area for the Aleutians East Borough. In FY21, the Borough received \$111,252.73 from DCCED. Administration recommends reducing the FY21 value by ~40%.

**Shared Fishery Tax FMA3       \$1,500**

This is the shared fishery tax for the Alaska Peninsula Area. Administration recommends using the amount from FY21, which was ~\$1,500.

**Harbor Bond Debt                    \$0**

The Governor has vetoed 100% of the harbor bond debt reimbursement this from the State budget and stated he would replace these funds with COVID-19 money. Due to the uncertainty Administration does not recommend including it in the FY21 budget.

**School Bond Debt                    \$334,287**

The Governor restored municipal school debt reimbursement to 50% (versus the 0% amount received in FY21).

**Community Assistance:            \$300,000**

The Borough’s FY22 Community Assistance Program payment is estimated to be \$300,160.36.

**Payment in Lieu of Taxes:        \$559,000**

The Borough anticipates receiving \$559,000 in Payment in Lieu of Taxes from the Federal government in FY22. Will not receive the FY22 amount until June 2022.

**USFWS Lands:                        \$15,000**

The Borough anticipates receiving \$15,000 from USFWS in FY21.

**TOTAL Anticipated Revenues:                    \$5,458,787.00**

**FY22 Fund 01 General Fund Expenditure Adjustment Recommendations**

**Fund 01 General Fund Budget Adjustment Recommendations**

**Salaries:                                0% COLA Adjustment**

The Consumer Price Index (CPI) for Urban Alaska (formerly Municipality of Anchorage), which now consists of Anchorage and the Matanuska-Susitna Borough for the preceding fiscal year is **-1.1%** as shown at the following link:  
<http://live.laborstats.alaska.gov/cpi/index.cfm>.

According to Section 9.05 B. of the Employee Handbook, “Cost of Living adjustments funded by the Assembly will be given annually to regular employees and will be based on the Consumer Price

Index for Anchorage as computed for the preceding year.”  
Therefore, in FY22, the employees would not receive a COLA increase.

**Fringe:**

**5% Increase**

Administration anticipates a 5% increase in health insurance premiums in 2021. Therefore, there is a flat 5% increase for all of the fringe benefit line items. Fringe benefits include Medicare, ESC, PERS and medical insurance costs.

**Mayor:**

**\$84,354 Salaries Line Item**

Salary line item remains the same as FY21.

**\$42,525 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$38,000 Travel Line Item**

Travel line item remains the same as FY21.

**\$1,000 Phone Line Item**

Phone line item remains the same as FY21.

**\$1,500 Supplies Line Item**

Supplies line item remains the same as FY21.

**\$2,000 Dues & Fees**

Dues & Fees line item remains the same as FY21. These funds include registration fees for AML, SWAMC and the Harbor Masters Conference.

**\$75,600 Lobbying, Federal**

Lobbying, Federal line item remains the same as FY21. This includes the fees for our Federal lobbyist in DC.

**\$45,000 Lobbying, State**

Lobbying, State line item remains the same as FY21. This includes the fees for our State lobbyist in Juneau.

### **Mayor's Operating Budget Changes**

The Mayor's Office Operating Budget would increase in the amount of \$2,025, totaling **\$289,979**.

#### **Assembly:**

#### **\$43,000 Meeting Fee Line Item**

Increase the existing Meeting Fee Line Item (E01-105-300 SALARIES) from \$40,000 to \$43,000.

#### **\$152,250 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

#### **\$35,000 Travel Line Item**

Travel line item remains the same as FY21.

#### **\$1,000 Supplies Line Item**

Supplies line item remains the same as FY21.

### **Assembly Operating Budget Changes**

The Assembly's Operating Budget would increase in the amount of \$10,250, totaling **\$236,250**.

#### **Administration:**

#### **\$187,481 Salaries Line Item**

Salary line item remains the same as FY21.

#### **\$80,875 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

#### **\$25,000.00 Engineering Line Item**

Engineering line item remains the same as FY21.

#### **\$80,000 Contract Labor Line Item**

Contract line item remains the same as FY21.

#### **\$11,000 Travel Line Item**



Travel line item remains the same as FY21.

**\$5,350 Phone Line Item**

Phone line item remains the same as FY21.

**\$750 Postage Line Item**

Postage line item remains the same as FY21.

**\$4,500 Supplies Line Item**

Supplies line item remains the same as FY21.

**\$10,560 Rent Line Item**

Increase the existing Rent Line Item (E 01-200-000-525 RENT/LEASE) from \$10,560 to \$10,867. The rent line item is for Anchorage offices and reflects the rent increase for FY22.

**\$4,500 Dues and Fees Line Item**

Dues & Fees line item remains the same as FY21. This includes dues for the National Association of Counties, SWAMC contributions and fees to attend AML.

**Administration Operating Budget Changes**

Administration's Operating Budget would increase in the amount of \$3,682, totaling **\$410,323**.

**Assistant Administrator: \$94,469 Salary Line Item**

Salary line item remains the same as FY21.

**\$35,700 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$8,000 Travel Line Item**

Travel line item remains the same as FY21.

**\$1,250 Phone Line Item**

Phone line item remains the same as FY21.

**\$800 Supplies Line Item**

Deduct \$100 from the Supplies Line Item (E 01-201-000-475 SUPPLIES) leaving \$800.

**\$10,723 Rent Line Item**

Increase the existing Rent Line Item (E 01-201-000-525 RENAL/LEASE) from \$10,411 to \$10,723. This reflects the fees and FY22 rent increase for the Assistant Administrator's office space in the Anchorage office.

**\$1,500 Dues & Fees**

Dues & Fees line item remains the same as FY21. These funds include registration fees for AML and SWAMC.

**Assistant Administrator Operating Budget Changes**

The Assistant Administrator's Operating Budget would increase by \$1,912, totaling \$152,442.

**Clerk/Planning:**

**\$106,000 Salary Line Item**

Salary line item remains the same as FY21.

**\$47,775 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$10,000 Travel Line Item**

Travel line item remains the same as FY21.

**\$9,000 Phone Line Item**

Phone line item remains the same as FY21.

**\$1,000 Postage Line Item**

Postage line item remains the same as FY21 .

**\$3,500 Supplies Line Item**

Supplies line item remains the same as FY21.

**\$18,000 Utilities Line Item**

Utilities line item remains the same as FY21.

**\$4,500 Dues & Fees Line Item**

Dues & Fees line item remains the same as FY21.

**\$12,000 Elections Line Item**

Increase the existing Elections Line Item (E 01-150-000-650 ELECTIONS) from \$10,000 to \$12,000.

**Clerk/Planning Department's Operating Budget Changes**

The Clerk/Planning Department's Operating Budget would increase by \$4,275, totaling **\$211,775**.

**Finance:**

**\$155,000 Salary Line Item**

Increase the existing Salaries Line Item (E 01-250-000-300 SALARIES) from \$148,520 to \$155,000. This compensates for the full-time salaries for the Finance Director and Accounting Clerk.

**\$75,600 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$8,500 Travel Line Item**

Travel line item remains the same as FY21.

**\$10,500 Phone Line Item**

Phone line item remains the same as FY21.

**\$1,250 Postage Line Item**

Postage line item remains the same as FY21.

**\$8,000 Supplies Line Item**

Supplies line item remains the same as FY21.

**\$4,500 Utilities Line Item**

Utilities line item remains the same as FY21.

**\$2,250 Dues & Fees**

Dues & Fees line item remains the same as FY21.

**\$82,500 Audit Line Item**

Increase the existing Audit Line Item (E 01-250-000-550 AUDIT) from \$80,000 to \$82,500. This better reflects the BDO fees for FY21 and other fees associated with the audit.

**Finance Department Operating Budget Changes**

The Finance Operating Budget would increase in the amount of \$12,580, totaling **\$348,100**.

**Natural Resources:**

**\$172,705 Salaries Line Item**

Salary line item remains the same as FY21.

**\$73,500 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$10,000 Contract Line Item**

Contract line item remains the same as FY21.

**\$20,000 Travel Line Item**

Travel line item remains the same as FY21.

**\$3,000 Phone Line Item**

Phone line item remains the same as FY21.

**\$2,500 Supplies Line Item**

Supplies line item remains the same as FY21.

**\$2,000 Dues & Fees Line Item**

Dues & Fees line item remains the same as FY21.

**\$10,00 NPFMC Line Item**

Decrease the NPFMC Line Item (E 01-650-000-402 NPFMC MEETINGS) from \$12,500 to \$10,000.

**\$5,000 BOF Meeting Line Item**

Deduct \$5,000 from the BOF Meeting Line Item (E01-650-000-403 BOF Meetings). This will decrease the \$10,000 to \$5,000. This is not a BOF year for the Borough and \$5,000 should be sufficient to meet needs in FY22.

**\$27,632 Rent Line Item**

Increase the existing Rent Line Item from \$26,827 to \$27,632. This reflects the fees and FY22 rent increase for the Departments office space in the Anchorage office.

**Natural Resources Department Operating Budget Changes**

The Natural Resources Department Operating Budget would decrease in the amount of \$3,195, totaling **\$326,337**.

**Communications:**

**\$106,487 Salaries Line Item**

Salary line item remains the same as FY21.

**\$35,866 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$6,000 Travel and Per Diem Line Item**

Travel line item remains the same as FY21.

**\$2,400 Phone Line Item**

Phone line item remains the same as FY21.

**\$1,250 Supplies Line Item**

Decrease the existing Supplies Line Item (E 01-651-011-475 SUPPLIES) from \$1,500 to \$1,250.

**\$11,142 Rental Line Item**

Increase the existing Rent Line Item (E 01-651-011-525 RENTAL/LEASE) from \$10,817 to \$11,142. This reflects the fees and FY22 rent increase for the Communication Director's office space in the Anchorage office.

**\$1,100 Dues & Fees Line Item**

Dues & Fees line item remains the same as FY21.

**\$10,750 Advertising/Promotions Line Items**

Advertising/Promotions line item remain the same as FY21.

**Communication Department's Operating Budget Changes**

The Communication Department's Operating Budget would increase in the amount of \$1,783, totaling **\$174,995**.

**Maintenance:**

**\$73,450 Salaries Line Item**

Salary line item remains the same as FY21.

**\$33,600 Fringe Line Item**

Includes a 5 % increase in fringe benefits.

**\$16,000 Travel Line Item**

Increase the existing Travel Line Item (E 01-700-000-400 TRAVEL AND PER DIEM) from \$15,000 to \$16,000. Many of our maintenance projects have been postponed due to COVID-19; therefore, this reflects the anticipated travel expenditures for FY22.

**\$0 Phone Line Item**

Phone line item remains the same as FY21.

**\$5,000 Supplies Line Item**

Increase the existing Supplies Line Item (E 01-700-000-475 SUPPLIES) from \$4,000 to \$5,000.

**\$1,250 Dues & Fees Line Item**

Dues & Fees line item remains the same as FY21.

### **Maintenance Department's Operating Budget Changes**

The Maintenance Department's Operating Budget would increase in the amount of \$3,600, totaling **\$131,300**.

#### **KCAP:**

#### **\$2,000 Supplies Line Item**

Supplies line item remains the same as FY21.

#### **\$62,500 Maintenance Line Item**

Maintenance line item remains the same as FY21.

#### **\$25,000 Contract Line Item**

Decrease the existing Contract line item (E 01-844-000-380 CONTRACT LABOR) from \$100,000 to \$25,000. These funds can be used to repair the King Cove Road near the Delta Creek Bridge.

### **KCAP Operating Budget Changes**

The KCAP Operating Budget would decrease in the amount of \$50,000, totaling **\$152,000**.

#### **Education:**

#### **\$800,000 Local School Line Item**

Administration recommends keeping the Education Line Item at \$800,000. The School District has requested an additional \$150,000 in funding due to increases in health, utilities, and salaries.

#### **\$35,000 Scholarships Line Item**

Scholarships line item remains the same as FY21.

#### **\$20,000 Student Travel Line Item**

Student Travel line item remains the same as FY21.

### **Education Department Operating Budget Changes**

The Education Department's Operating Budget would remain the same, totaling **\$855,000**.

**Other Equipment: \$25,000 Equipment Line Item**  
Equipment line item remains the same as FY21.

**Other AEB Vehicles: \$1,000 AEB Vehicles Line Item**  
Increase the existing AEB Vehicles Line Item (E 01-900-000-515 AEB VEHICLES) from \$750 to \$1,000. This reflects anticipated expenditures in FY22.

**Other Utilities: \$20,000 Utilities Line Item**  
Utilities line item remains the same as FY21.

**Other Aleutian Crab: \$48,400 Aleutia Crab Line Item**  
Deduct \$6,600 from the existing Aleutia Crab Line Item (E 01-900-527-527 ALEUTIA CRAB) from \$55,000 to \$48,400. This reflects the anticipated Borough tax rebate on Aleutia crab in FY22.

**Other Legal: \$85,000 Legal Line Item**  
Legal line item remains the same as FY21.

**Other Insurance: \$218,000 Insurance Line Item**  
Increase the existing Insurance Line Item (E 01-900-000-552 INSURANCE) from \$195,000 to \$218,000. This reflects the anticipated expenditures for insurance in FY22, which includes AMLJIA fees, Marsh & McLennan fees, Non-Airport Liability fees and others.

**Other Repairs: \$3,000 Repairs Line Item**  
Repairs line item remains the same as FY21.

**Other Bank Fees: \$12,500 Bank Fee Line Item**  
Bank Fee line item remains the same as FY21.

**Other EATS: \$150,000 EATS Contribution**  
This line item remains unchanged. The Borough historically contributes \$150,000 to Eastern Aleutian Tribes for behavioral health services.



**Other Miscellaneous:           \$25,000 Miscellaneous Line Item**

Deduct \$5,000 from the existing Miscellaneous Line Item (E 01-900-000-753 MISC EXPENSE) reducing it from \$25,000 to \$20,000.

**Other Donations:               \$23,500 Donations Line Item**

This line item remains the same. The Borough designates \$23,500 annually for donation requests. Requests for donations must be completed and submitted by May 1 or November 1 every year.

**Other KSDP:                     \$10,000 KSDP Line Item**

This line item remains the same. The Borough has been donating \$10,000 to KSDP for their operations.

**Other NLG Rev. Sharing       \$16,000 NLG Revenue Sharing Line Item**

This line item remains the same. The Borough receives Nelson Lagoon’s Community Assistance from the State, which is then transferred to the community.

**Other Web Service/  
Tech Support:                 \$39,500 Web Service Line Item**

Increase the existing Web Service Line Item (E 09-900-000-043 WEB SERVICE) from \$36,552 to \$39,500. This includes help desk fees, estimated travel to the region during the contract term and other annual and monthly licensing fees.

**PERS:                             \$35,000 PERS Line Item Addition**

Deduct \$5,000 from the existing PERS line item from \$40,000 to \$35,000. This reflects the anticipated additional PERS contribution.

**Other Operating Budget:     Other Operating Budget Changes**

The “Other” Operating Budget would increase in the amount of \$6,650, totaling **\$706,900**.

**TOTAL Recommended  
Operating Budget:           \$3,995,401**

**FY22 Fund 22 Cold Bay Terminal Anticipated Revenues**

**Fund 22 Terminal Operations Revenue**

**Other Income:                    \$0**

**Cold Bay Terminal Lease: \$278,000**

This is rent payments we receive from FAA and the airline tenants of the Cold Bay Terminal.

**TOTAL Anticipated Revenue:                    \$278,000**

**FY22 Fund 22 Cold Bay Terminal Expenditure  
Adjustment Recommendations**

**Fund 22 Cold Bay Terminal Operations Budget Adjustment Recommendations**

**Department 802 Capital – Cold Bay**

**Salary:                            \$60,000 Salary Line Item**

Salary line item remains the as FY21.

**Fringe:                            \$5,000 Fringe Benefits Line Item**

Increase the existing Fringe Benefits Line Item (E 01-22-802-200-350 FRINGE BENEFITS) from \$4,000 to \$5,000. This reflects the anticipated expenditures for FY22.

**Maintenance:                    \$63,850 Maintenance Line Item**

Increase the existing Maintenance Line Item (E 22-802-200-603 MAINTENANCE) from \$56,500 to \$63,850 for deferred maintenance needs, snow removal and other costs incurred from having first floor tenants. The majority of these expenses are offset by the tenants through their leases.

**Phones: \$2,400 Phone Line Item**

Increase the Phone line item (E 22-802-200-425 TELEPHONE) from \$2,000 to \$2,400. This reflects the anticipated expenditures for FY22.

**Supplies: \$20,000 Supplies Line Item**

Supplies line items remains the same as FY22.

**Utilities: \$79,500 Utilities Line Item**

Utilities line item remains the same as FY22.

**Gas: \$750 Gas Line Item**

Deduct \$5250 from the existing Gas Line Item (E 22-802-200-576 GAS) from \$1,000 to \$750. This reflects the anticipated expenditures for FY22.

**Fuel: \$30,000 Fuel Line Item**

Increase the existing Fuel Line Item (E 22-802-200-577 FUEL) from \$16,000 to \$30,000. This increase is a result of having first floor tenants in the terminal and reflects the anticipated costs for FY22.

**State Land Lease: \$6,500 State Land Lease Line Item**

State Land Lease line item remains the same as FY21.

**TOTAL Operating Budget: \$278,000**

**Based off the Cold Bay Terminal Operation Revenues and Expenditures the Borough should break even.**



Deduct \$700 from this line item. The phone for this operation is not used or needed; therefore, Administration suggests removing it from the budget.

**Supplies: \$40,000 Supplies Line Item**

Increase the existing Supplies Line Item (E 22-845-300-475 SUPPLIES) from \$20,000 to \$40,000. This reflects more accurately what we anticipate expending in FY22.

**Utilities: \$10,000 Utilities Line Item**

Increase the existing Utilities Line Item (E 22-845-300-526 UTILITIES) from \$8,000 to \$10,000. This reflects more accurately what we anticipate expending in FY22/

**Gas: \$14,000 Gas Line Item**

Gas line item remains the same as FY21.

**Fuel: \$100,000 Fuel Line Item**

Deduct \$10,000 from the existing Fuel Line Item (E 22-845-300-577 FUEL) leaving \$100,000. This reflects our anticipated fuel expenditures for FY21.

**Total Operating Budget: \$1,129,429**

**Based off the Helicopter Operation Revenues and Expenditures the Borough should anticipate operating at a deficit of \$755,305.**

**FY21 Fund 30 Bond Fund Expenditure Adjustment Recommendations**

**Bond Interest: \$825,302**

Based on the FY19 Audit, the Borough owes \$825,302 in interest in FY22.

**Bond Principal: \$1,685,000**

Based on the FY19 Audit, the Borough owes \$1,685,000 in principal in FY22.

**FY21 Fund 41 Maintenance Reserve Fund Expenditure  
Adjustment Recommendations**

**Other Maintenance Reserve: \$110,000**

Deduct \$15,000 from the Maintenance Reserve line item E 41-900-000-603 MAINTENANCE leaving \$110,000 in the account for FY22.

**FY21 Fund 20 Grant Program Overview**

**Fund 20 Grant Programs**

**Permanent Fund Earnings: \$1,751,265.13 in Permanent Fund Earnings reflected in the budgets Revenues and Expenditure Line Item**

The \$1,751,265.13 is 4% of the permanent fund distribution amount and is based off APCM’s reading of the Borough ordinance (5-year average market value assuming fiscal year end 6/30).

Approval of the Permanent Fund Earnings appropriations will be presented to the Assembly via resolution. This will allow the Borough to keep documentation, approved by the Assembly, on where the funds are appropriated.

**The FY22 Permanent Fund Appropriation Recommendations are as follows:**

**City of Akutan - Akutan Harbor Water Projects**

**\$50,000 Addition to Fund 20 for an Akutan Harbor Water Projects**

Propose adding a Department Line Item to Fund 20 in the amount of \$50,000 for an Akutan Harbor Water Project. This was requested by the City of Akutan through the budget request process. These funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of Cold Bay Community Education Support**

**\$42,922 Addition to Sub Department 516 Cold Bay Community Education Preschool Line Item E 20-516-209-475 Supplies**

Propose adding \$42,922 to Line Item E 20-516-209-475 Supplies for the Cold Bay Preschool. This was requested by the City of Cold Bay through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of Cold Bay  
Municipal Building**

**\$11,635 Addition to Fund 20 for a Cold Bay Municipal  
Building Repairs**

**Repairs:**

Propose adding a Department Line Item to Fund 20 in the amount of \$11,635 for a Cold Bay Municipal Building Repairs. This was requested by the City of Cold Bay through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of False Pass  
Waste Back Haul Project:**

**\$36,250 Addition to Fund 20 for a False Pass Waste Back  
Haul Project**

Propose adding a Department Line Item to Fund 20 in the amount of \$36,250 for False Pass Waste Back Haul Project. This was requested by the City of False Pass through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of False Pass  
Community Gym  
Equipment:**

**\$9,790 Addition to Fund 20 for a False Pass Community Gym  
Community Gym Equipment**

Propose adding a Department Line Item to Fund 20 in the amount of \$9,790 for False Pass Community Gym Equipment. This was requested by the City of False Pass through the budget request process. The funds would be appropriation from the FY22 Permanent Fund Earnings.

**City of King Cove  
City Archives and  
Storage Depot:**

**\$77,000 Addition to Fund 20 for the King Cove City Archives  
and Storage Depot**

Propose adding a Department Line Item to Fund 20 in the amount of \$77,000 for the King Cove City Archives and Storage Depot. This was requested by the City of King Cove through the budget request process. The funds would be appropriated from the FY21 Permanent Fund Earnings.

**City of Sand Point  
Travel Lift:**

**\$100,000 Addition to Fund 20 for the Sand Point Trave Lift**

Propose adding a Department Line Item to Fund 20 in the amount of \$100,000 for the Sand Point Travel Lift. This was requested by the City of Sand Point through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings

**Deferred Maintenance:**

**\$250,000 Addition to Fund 20 for Deferred Maintenance**

Propose adding \$250,000 to line item E 20-900-209-678 DEFERRED MAINTENANCE. This project is on the Borough's strategic plan. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**Fisheries Research**

**\$75,000 Addition to Fund 20 for Fisheries Research**

Propose adding \$75,000 to line item E 20-872-209-679 FISHERIES RESEARCH. Fisheries research is on the Borough's strategic plan. This project would be a collaboration between the AEB, local fishermen and the Alaska Fisheries Science Center (AFSC). The idea for a cooperative survey was based on a previously successful cooperative effort to pilot a hydroacoustic survey for pollock in the Western Gulf of Alaska (WGOA). Using a similar concept, this project will utilize a local vessel to explore the feasibility of using hydroacoustic to survey cod. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**Sand Point and Akutan Harbor Floats:**

**\$600,000 Addition to Fund 20 for the Sand Point and Akutan Harbor Floats**

Propose adding \$600,000 to line item E 20-871-209-680 SAND POINT/AKUTAN HARBOR FLOAT. This project is on the Borough's strategic plan and can be used as a match to federal and state grants. The funds would be appropriated from the FY 22 Permanent Fund Earnings.

**Sand Point School:**

**\$300,000 Addition to Fund 20 for the Sand Point School**

Propose adding \$300,000 to line item E 20-807-209-462 SAND POINT SCHOOL. The Borough is applying for a DEED grant for rehabilitating the Sand Point School. If the grant is approved a 35% match will be required. These funds would be applied to the match. This project is on the Borough's strategic plan. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**Project Contingency:**

**\$198,668.13 Addition to Fund 20 for Project Contingency**

Propose adding \$198,668.13 to line item E 20-866-209-888 PROJECT CONTINGENCY. Having funds in this line item for unanticipated projects and needs has been extremely valuable. The funds would be appropriated from the FY 22 Permanent Fund Earnings.

**Other Changes:**



**False Pass/Front End  
Loader:**

**Reappropriate \$.74 in line item E 20-820-209-687 LOADER  
PURCHASE to line item E 20-866-209-888 PROJECT  
CONTINGENCY**

In FY21, \$22,152 in Permanent Fund Earnings were appropriated to the City of False Pass for the purchase of a loader through the FY21 Community Budget Request Process. The City of False Pass submitted their invoices in the amount of \$22,151.26 leaving a balance of \$.74.

Administration recommends reappropriating \$.74 from the line item E 20-820-209-687 LOADER PURCHASE to line item E 20-866-209-888 PROJECT CONTINGENCY so we can close out and remove the loader purchase account.

**Nelson Lagoon School:**

**Reappropriate \$11,295.00 in Department 800 Line Item E 41-  
800-866-888 PROJECT CONTINGENCY to Department 900  
Line Item E 20-900-209-678 DEFERRED MAINTENANCE**

In FY17, \$50,000 in Permanent Fund Earnings were appropriated to Fund 41 for the Nelson Lagoon School. The Borough expended \$38,705.00 for a Nelson Lagoon School Assessment leaving a balance of \$11,295.00. In March 2018, the Nelson Lagoon School property was transferred to the Nelson Lagoon Tribal Council. Administration does not foresee needing these funds for further Nelson Lagoon School work and recommends appropriating the remaining funds to the Deferred Maintenance line item for use.

**FY 22 Permanent Fund Earning Appropriations**

<b>Project</b>	<b>Amount</b>
City of Akutan – Akutan Harbor Water Projects	\$50,000.00
City of Cold Bay – Community Education Support	\$42,922.00
City of Cold Bay – Municipal Building Facility Repairs	\$11,635.00
City of False Pass – Waste Backhaul Project	\$36,250.00
City of False Pass – Community Gym Equipment	\$9,790.00
City of King Cove – City Archives and Storage Depot	\$77,000.00
City of Sand Point – Travel Lift	\$100,000.00
Deferred Maintenance	\$250,000.00
Fisheries Research	\$75,000.00
Sand Point and Akutan Harbor Floats	\$600,000.00
Sand Point School	\$300,000.00
Project Contingency	\$198,668.13
<b>TOTAL</b>	<b>\$1,751,265.13</b>

\*This value is 4% of the permanent fund distribution amount and is based off APCM’s reading of the Borough ordinance (5-year average market value assuming fiscal year end 6/30).



## MEMORANDUM

**DATE:** March 26, 2021

**TO:** Mayor Osterback and Assembly

**FROM:** Anne Bailey, Administrator

**RE:** Aleutians East Borough FY22 Community Budget Requests

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In January 2021, Borough Administration sent the FY22 budget request process information to the communities of Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon and Sand Point with a total estimated funding cap of \$300,000 for the entire program. The budget request process allows governing bodies in the Borough communities to request financial assistance from the Borough for community projects. The Borough's interested in selecting projects that will result in fully funded projects; therefore, requesting the Borough to fund the project in its entirety or to have funds already secured so the Borough contribution fills the deficit gap is ideal.

The Borough received \$438,486 worth of requests from the communities of Akutan, Cold Bay, False Pass, King Cove and Sand Point. The Community Budget Requests Overview is attached.

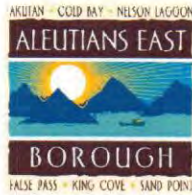
Through the Borough budget preparation process, the Borough Mayor and Administration considered these requests and recommend funding \$327,597.00 in requests as follows:

- |                      |  |              |
|----------------------|--|--------------|
| • City of Akutan     | Akutan Harbor Water Projects           | \$50,000.00  |
| • City of Cold Bay   | Community Education Support (option 2) | \$42,922.00  |
| • City of Cold Bay   | Municipal Building Facility Repairs    | \$11,635.00  |
| • City of False Pass | Waste Backhaul Project                 | \$36,250.00  |
| • City of False Pass | Community Gym Equipment                | \$9,790.00   |
| • City of King Cove  | Archives and Storage Depot Renovations | \$77,000.00  |
| • City of Sand Point | Travel Lift                            | \$100,000.00 |

The provided Borough funds will help the communities of Akutan, Cold Bay, False Pass, King Cove and Sand Point fully fund their projects. As mentioned earlier the Borough is interested in selecting projects that will result in fully funded projects.

Subject to Assembly approval during the FY2022 budget cycle, funds to pay for the appropriations will be available from the Borough's FY2022 Permanent Fund Earnings after July 1, 2021.

The requests for these projects are attached for your reference.



## Aleutians East Borough Community Budget Request Form

Project Title: Akutan Harbor Water Projects

Community Priority: \_\_\_\_\_

Recipient: City of Akutan

FY 2022 Borough Funding Request: \$50,000.00

### Brief Project Description:

The City of Akutan has 3 water related projects that need either permitting, compliance monitoring, or data gathering. First task involves obtaining an ADF&FG permit for the modifications that were recently completed at the water withdrawal site for the harbor. Second task involves setting up the monitoring for the 4 quarterly sampling sessions that need to occur in 2021 and into 2022, and third task is gathering data from Loud Creek as a water source and hydro power generation to support the Akutan Harbor operation and development.

### Funding Plan:

Total Project Cost:	\$97,000.00
Funding Already Secured:	\$47,000.00
FY2022 Borough Funding Request:	\$50,000.00
Project Deficit:	-0-

**Explanation of Other Funds:** City Match

**Detailed Project Description and Justification:**

The proposed Akutan Water Projects combined 3 interrelated water projects that needs either permitting, compliance monitoring or data gathering. The project is broken down into 3 primary tasks; 1. Permitting for Existing Water Withdrawal Modification - this encompasses obtaining Alaska Dept of Fishing & Game (ADF&G) permit to bring project y compliance; 2. Harbor Water Quality Monitoring - This includes setting up quarterly sampling sessions that needs to occur in 2021 into 2022. Sample collection for total aluminum, iron, lead and zinc will be performed, onsite training of a local resident to collect data and correctly, and lab analysis is properly interpreted and uploaded to the NetDMR portal for compliance, and 3. Loud Creek Data Gathering and Site Visit Travel - COA is considering development of Loud Creek as a water source for the harbor and possibly selling additional water to Trident Seafoods. Flow data is needed to inform the design for the waterlines and determination of whether flow is sufficient for permitting of water rights from Alaska Dept of Natural Resources Water Division. Stream data would be collected during installation to include Channel dimensions at the monitoring site, water depth, at the time of the install and flow data. All this data will be used to arrive at a final calculation for planning and permitting process.

**Project Timeline:**

Task 1: Permitting for existing water withdrawal modifications - 05/01/2021 - site visit.  
Task 2: Harbor water quality monitoring - 04/01-06/31/2021 - water sampling complete  
Task 3: Loud Creek data gathering - 04/20-05/31/2021 - gather flow data & collect fish trap data, write report

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of Akutan

**Supporting Documentation: Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).**

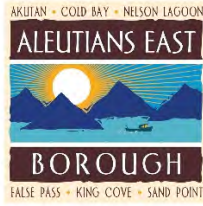
**Grant Recipient Contact Information:**

**Name:** Tuna Scanlan  
**Address:** 3380 C Street, Suite 205  
**Phone Number:** 907-271-7565  
**Email:** Tuna.Scanlan@akutanak.us

**This project has been through a public review process at the local level and it is a community priority.**

**AKUTAN NEW BOAT HARBOR WATER SUPPLY  
BUDGET**

<b>TASKS</b>	<b>COST</b>
High Tide – Permitting Updates for Existing water withdraw – Impoundment/Waterline Modifications	\$ 2,080.00
High Tide – Loud Creek Water Source Permitting	\$27,070.00
Loud Creek Water Source – Preliminary Design	\$20,850.00
<b>TOTAL AEB COMMUNITY ASSISTANCE REQUEST</b>	<b>\$50,000.00</b>
CITY MATCH	\$47,000.00
<b>TOTAL PROJECT COST</b>	<b><u>\$97,000.00</u></b>



## Aleutians East Borough Community Budget Request Form

Project Title: Community Education & Support Program

Community Priority: Top Priority

Recipient: Community Families

FY 2022 Borough Funding Request: \$53,811.00

### Brief Project Description:

The Community Education and Support Program is designed to provide families with support and enrichment activities for their school age children who are in home school programs and for young children who are just getting started with literacy due to the unavailability of a local free and public educational system or pre-school.

### Funding Plan:

Total Project Cost:	\$53,811.00
Funding Already Secured:	In-Kind
FY2022 Borough Funding Request:	\$53,811.00
Project Deficit:	N/A

**Explanation of Other Funds:** There are no other funding sources for this project.

**Detailed Project Description and Justification:**

Please see attached memo and detailed addendum outlining the Community Education and Support Program.

**Project Timeline:**

This year our program is slated for a full 12 months.  
Period of Performance: July 1, 2021 to June 30, 2022

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of Cold Bay

**Supporting Documentation: Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).**

**Grant Recipient Contact Information:**

**Name:** City of Cold Bay - Mayor Harold Kremer II

**Address:** PO Box 10 Cold Bay, Alaska 99571

**Phone Number:** (907) 532-2401

**Email:** cityoffice@akcoldbay.org  
harold@akcoldbay.org

**This project has been through a public review process at the local level and it is a community priority.**





**City of Cold Bay  
Box 10  
Cold Bay, AK 99571  
(907) 532-2401**

## **MEMO**

TO: Anne Bailey

FROM: City Office

DATE: March 14, 2021

RE: FY22 Funding Request Community Education & Support

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Dear Ms. Bailey,

The city would like to request funding of our community education and support project to continue. Our program is designed to provide families with support and enrichment activities for their school age children who are in home school programs and for young children who are just getting started with literacy due to the unavailability of a local free and public educational system or pre-school.

**The children in Cold Bay do not have regular "brick and mortar" school opportunities due to the low** number of school age children. In an effort to provide a climate that supports and encourages educational goals and growth, the City would like to provide a certified teacher to visit the community monthly in order to review individual programs, offer educational support for both regular curriculum as well as support for students undertaking on-line curriculum (either regular education and/or enrichment).

In the FY20 cycle we made a change some substantial changes in our approach of supports which had been successful with a direct positive impact in the community for our families. During the FY21 **year like everywhere our kids and families and to punt and improvise to the best of everyone's** abilities. As the children in our community have grown up we have made some additional changes to the things we would like to offer the kids for a more rounded and realistic approach to allow for more traditional learning enrichment opportunities.

Mrs. McKee (our teacher) will provide other various activities while on site that include home ec, STEM programs (Lego Explore and **Science Olympiad**), **"Tot Time" (for the younger crowd) and art/music. The program also provides support for a "Book Club,"** that is run in conjunction with our local librarian weekly, supporting our teacher in fostering the love of reading for the students and encourage participation in the Battle of the Books. The community feels that literacy skills are a priority and foundational to students participating in any educational activity. This year, online music lessons are being added, which will provide students exposure to new teaching models and provide for individualized choice as to vocal or instrumental participation. Our program will provide the **"extras" for a** well-rounded educational experience that would not otherwise be possible for families

on limited budgets and/or do not have access to a local free and public education system or preschool program.

Total Funding Request: \$53,811.00			
<u>Budget Detail Outline</u>			
First Lego League Explore	\$3,047.00	Teacher Salary	\$15,000.00
Science Olympiad	\$2,114.00	Teacher Travel	\$15,600.00
Book Club Support	\$3,400.00	Para-professional	\$5,150.00
Student and Teacher		Lodging Support Expense	\$3,000.00
Materials	\$6,500.00		

We believe that this project remains in line with the boroughs strategic plan, addressing education is one of its top priorities in developing, maintaining healthy families and communities.

Our community is unique with a constantly changing dynamic, which does not allow for the school district to open a traditional school setting. The city is continuing to work diligently with the school district and APIA to create an alternative school setting for students in the community of all ages, however we feel that this still leaves some large gaps in education for our children. To support our families in the community with a certified teacher as we work through this process over the next year with the school district and APIA.

The funding of our programming will allow a great support to our families, enhance the services being offered by the remote enrollment situation (homeschooling).

Our school age students will be able to actively participate in Battle of the Books, Lego Explore, Science Olympiad, State Science Fair, art and music projects and help meet the challenges of developing gross and fine motor skills.

It has also been identified that by offering direct services that impact our youth and families will encourage our families to remain in the community, encourage others to potentially put roots down in Cold Bay.

We believe that this is a substantial selling point, a good investment in our community as proven to help families make the decision to reside full time in Cold Bay.

Thank you for your time and consideration on behalf of the children and families of Cold Bay. We are continuing to work on developing our community so that it can grow with the changing times. If you would like more specific information on any of the line items listed above, please contact the city office at 532-2401.

## First Lego League Explore (FLL Explore)

Teams: 2-6 students, Ages: 6-9  
Coaches: Mrs. McKee + Another Adult

This "hands-on" program is designed to capture young children's inherent curiosity and direct it towards discovering the possibilities of improving the world around them. This program features a real-world challenge, to be solved by research, critical thinking and imagination. Guided by adult coaches and the First Core Values.

Students will develop and present a "Show Me" poster about the challenges facing today's scientists utilizing Lego elements, math and science concepts, research, and team building.

WeDo2.0 Robotics Kit x 2  
Additional PlayMakers Explore Lego Kits  
Presentation Materials (Tri-fold prints, Posters, Etc.)  
Team Shirts  
Meeting Snacks  
Coach Training

## **Alaska Science Olympiad (AKSO)**

Serving Students in 3rd - 12th grades

Coaches: Mrs. McKee + Another Adult

This "hands-on" program is designed to offer students the opportunity to improve their understanding in science, technology, engineering and mathematics (STEM) by working together in teams that compete within Alaska.

The Science Olympiad Signature kits will complement and support the regular curriculum through the guidance of Mrs. McKee for all students. Grades 3-6 will have the opportunity to prepare and compete in a scaled down version similar to that of the middle and high school students.

### Registration & Manual (estimated)

Metric Mastery

Bottle Music

Don't Bug Me

Operation Egg Drop

Gummi Bear Long Jump

Straw Towers

Rockhound

Monster Match

Save the Ice

What Did it Eat?

Misc. Costs



**City of Cold Bay**  
**Box 10**  
**Cold Bay, AK 99571**  
**(907) 532-2401**

## **MEMO**

TO: Anne Bailey  
FROM: City Office  
DATE: March 14, 2021  
RE: FY22 Funding Request Community Education & Support  
Offer in Compromise Based on Budget Funding Levels

---

Dear Ms. Bailey,

The city would like to request funding of our community education and support project to continue.

We wanted to make an offer in compromise of funding a traditional nine-month program budget based on funding levels if the Borough felt that it could not fund our original request due to the increase cost of going to a year-round program.

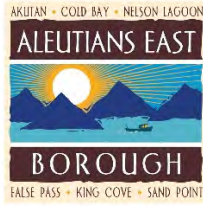
Please see below an updated budget outline representing a nine-month program.

Total Funding Request: \$42,922.00

Budget Detail Outline

First Lego League Explore	\$3,047.00	Teacher Salary	\$13,000.00
Science Olympiad	\$1,575.00	Teacher Travel	\$11,700.00
Book Club Support	\$1,700.00	Para-professional	\$5,150.00
Student and Teacher		Lodging Support Expense	\$2,250.00
Materials	\$4,500.00		

Thank you for your time and consideration on behalf of the children and families of Cold Bay. If you would like more specific information on any of the line items listed above, please contact the city office at 532-2401.



## Aleutians East Borough Community Budget Request Form

Project Title: Municipal Building Facility Repairs

Community Priority: Secondary Priority

Recipient: Cold Bay Community

FY 2022 Borough Funding Request: \$11,635.00

### Brief Project Description:

During this time of aging infrastructure and using this facility as an education center some much needed facility repairs need to be completed.

### Funding Plan:

Total Project Cost:	\$11,635.00
Funding Already Secured:	In-kind Costs
FY2022 Borough Funding Request:	\$11,635.00
Project Deficit:	

#### Explanation of Other Funds:

The city will provide in-kind support through PW wages estimated to be \$3,500.00 and will cover the cost of any excess shipping outside of the quotes prices.

**Detailed Project Description and Justification:**

Replacement of the front entry windows and womens bathroom.  
Replacing light fixtures in entry and bathrooms.  
Sealing and Painting the library and replacing floors.  
Updating and replacing needed bathroom fixtures.

This building is in need of upgrades, the city has been working on this facility for a couple of years now. We have paid for and completed work in the exercise room, the childrens classroom space. Our families heavily utilize the library space, entry and bathrooms for educational services as well so we really need to bring these areas up to a safe standard.

**Project Timeline:**

We would like to complete this over the summer July - August prior to next winter.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

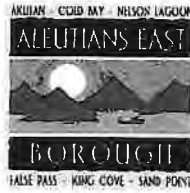
City of Cold Bay

**Supporting Documentation: Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).**

**Grant Recipient Contact Information:**

**Name:** City of Cold Bay - Mayor Harold Kremer III  
**Address:** PO Box 10 Cold Bay, AK 99571  
**Phone Number:** (907) 532-2401  
**Email:** cityoffice@akcoldbay.org  
harold@akcoldbay.org

**This project has been through a public review process at the local level and it is a community priority.**



## Aleutians East Borough Community Budget Request Form

Project Title: Harbor House Construction

Community Priority: 1

Recipient: City of False Pass

FY 2022 Borough Funding Request: \$100,000

### Brief Project Description:

Construction of Harbor House

### Funding Plan:

Total Project Cost: \$3,162,600  
Funding Already Secured: \$606,500  
FY2022 Borough Funding Request: \$100,000  
Project Deficit: \$2,556,100

**Explanation of Other Funds:** The City of False Pass has committed \$100,000 cash and \$6,500 in equipment in-kind. APICDA has committed \$500,000. We have an application into Denali Commission for \$250,000, as well as an application into USDA RD for a loan/grant.



**Detailed Project Description and Justification:**

The need for a harbor house in False Pass is an urgent human and environmental safety issue. Currently, the City's Public Works Department personnel, who provide harbormaster duties when time allows, have a makeshift connex harbor house to observe the harbor during its busiest times. Other monitoring of the docks' activities relies solely on radio transmissions and faxed freight manifests. With a harbor house, a full-time harbormaster would have a facility from which, they may quickly respond to human safety emergencies. The harbormaster will also identify and correct safety hazards before problems occur. There are numerous other beneficial factors for this harbor house, such as increased environmental protection, increased revenue to the City, increased traffic due to the services that will be available to vessels and more.

**Project Timeline:**

Summer 2021

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of False Pass

**Supporting Documentation:** Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).

**Grant Recipient Contact Information:**

**Name:** Nikki Hoblet

**Address:** PO Box 50, False Pass, AK 99583

**Phone Number:** 907-548-2319

**Email:** cityoffalsepass@ak.net

**This project has been through a public review process at the local level and it is a community priority.**

## False Pass Harbor House Construction Project

### Executive Summary

The goal of the False Pass Harbor House Construction Project is to provide for additional human and environmental safety for the commercial fishing fleet and to make the community's marine facilities, particularly the harbor, more functional and profitable. To meet this goal, the City of False Pass proposes to construct a harbor house building in False Pass to make the community's harbor safer and more functional and to allow for continued community economic development. The City of False Pass is requesting an approximately \$2,000,000 grant/loan from the U.S. Department of Agriculture, Rural Development to help with this construction-ready, \$3,162,600 project.

**NEED:** The life blood of False Pass is commercial fishing. A commercial fishing fleet of approximately 40 to 50 boats presently takes advantage of the marine facilities in False Pass – primarily using the facilities for moorage, refueling and re-supplying. These vessels may also deliver salmon, pollock, and cod to the two seafood processing plants in False Pass.

While the existing facilities are able to serve local and itinerant marine fleets by providing a harbor, they are insufficient for meeting the full human safety, communication, contamination emergency, and administration needs. Both docks and the harbor in False Pass are in excellent condition and are suitable for serving the local and itinerant fleets traveling through Isanotski Strait and by the community of False Pass. However, there are no other facilities at the harbor that support the fleet moored there. Other than VHF radio, cell phone calls, or walking a half-mile on-foot into the village center, there is no way to get an immediate response for help for a vessel or crew member in trouble. There are also no facilities to monitor environmental issues like oil and fuel spills, dumped trash, or abandoned batteries. Furthermore, there are no facilities to support the administration of the harbor, docks, and vessels to track and facilitate consistent billing for vessel moorage, water and electricity, or other marine facilities fees.

**PROJECT DESCRIPTION:** The harbor house building will measure approximately 60 feet by 20 feet. It will contain the harbormaster's office with ample windows, a large public bathroom with showers and laundry facilities, a public gathering space for meetings and relaxing, a workshop and garage.

The building is designed with a base bid of the harbor house (2,295 square feet) and an additive alternate of harbormaster living quarters (1,085 square feet). The City Council has determined the base bid will likely be selected and it is described in this summary.

The building site for this project is Parcel 4C of Plat 90-19, Aleutians Recording District. The site was leased by the City of False Pass from the Isanotski Corporation for 99 years beginning in November 2018.

**OUTCOMES:** This project will increase human safety by stationing City staff at the harbor house to be quickly available for assistance and to detect potential safety hazards at the docks and harbor.

This project will increase environmental safety by stationing City staff at the harbor to be quickly available to stop or curtail any environmental hazard and to detect potential environmental problems.

This project will increase the marine facilities revenue by at least 5% each year for five years by stationing City staff at the docks and harbors. Staff would monitor activities and ensure that all fees are documented and forwarded to the City's accounts payable office.

This project will encourage new small businesses, targeting the commercial fishing fleet. It will increase economic development by increasing the number of vessels utilizing the False Pass harbor by at least 5% each year for five years, and it will increase the duration of vessels' moorage in the harbor (by providing previously requested services including storage, showers, and laundry) by at least 5% each year for five years.

**OTHER FUNDING:** The City has included in its project budget \$100,000 for this project. The City also commits at least \$100,000 of in-kind contributions to be negotiated with the successful construction contractor. In-kind contributions typically are the use of City-owned heavy equipment. Water and electrical connections would be completed by the City. Grant administration and foregoing freight fees across the dock are also in-kind contributions.

The Aleutian Pribilof Islands Community Development Association has committed \$500,000 to this project.

The City of False Pass has a grant writer under contract and will continue to seek other grant funding as long as possible to replace USDA loan funds.



Nikki Hoblet <mayor@falsepass.net>

**False Pass funding plan**

1 message

Sharon Boyette <sharon@solsticeak.com>

To: "Chambers, Robert - RD, Palmer, AK" <robert.chambers@usda.gov>, Ami Keiffer <AKeiffer@rcac.org>

Cc: Nikki Hoblet <mayor@falsepass.net>

Thu, Mar 11, 2021 at 11:41 AM

Here is the Funding Plan that we submitted to the Denali Commission yesterday for the base bid Harbor House project only.

	equipment	contractual	construction	contingency	TOTAL
City In-Kind*	\$6,500				\$6,500
City Cash	\$30,600	\$69,400			\$100,000
Aleutians East Borough Grant		\$50,000	\$50,000		\$100,000
APICDA Grant			\$500,000		\$500,000
USDA/RUS Loan/Grant		\$380,600	\$1,577,700	\$247,800	\$2,206,100
Denali Commission Grant			\$250,000		\$250,000
<b>TOTAL</b>	\$37,100	\$500,000	\$2,377,700	\$247,800	\$3,162,600

\*Additional in-kind contributions may include grants administration, project management, and wharfage.



## Aleutians East Borough Community Budget Request Form

Project Title: Waste Backhaul Project

Community Priority: 2

Recipient: City of False Pass

FY 2022 Borough Funding Request: \$36,250

### Brief Project Description:

Removal of old vehicles, scrap metal and hazardous material from community.

### Funding Plan:

Total Project Cost: \$72,500  
Funding Already Secured: \$36,250  
FY2022 Borough Funding Request: \$36,250  
Project Deficit: \$36,250

**Explanation of Other Funds:** To be included in the FY22 City Budget, which will be up for approval in May 2021

**Detailed Project Description and Justification:**

Old vehicles and scrap metal, like any other AEB community, pile up around town and in the landfill. This project will remove these hazards, which will help to protect our subsistence resources and extend the life of our landfill.

**Project Timeline:**

Summer 2021

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of False Pass

**Supporting Documentation:** Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).

**Grant Recipient Contact Information:**

**Name:** Nikki Hoblet

**Address:** PO Box 50, False Pass, AK 99583

**Phone Number:** 907-548-2319

**Email:** cityoffalsepass@ak.net

**This project has been through a public review process at the local level and it is a community priority.**



MARCH 10, 2020

**DELTA BACKHAUL**  
COMPANY



# FALSE PASS VEHICLE BACKHAUL PROJECT - 2021

DOUG HUNTMAN  
DELTA BACKHAUL COMPANY  
16016 Bridgeview Dr.

## Introduction

Delta Backhaul Company, (DBC) is a rural solid waste and capital projects improvement organization focused on assisting community's throughout Alaska with their solid waste and special project's needs. DBC works with local crews to ensure that projects are completed correctly and on time! We are bonded and our equipment is ensured. Landfill improvement projects and backhaul collection events remains the primary focus of the organization, but we are also available for special projects in rural Alaska.

- Landfill clean-up projects
- Household hazardous waste collection
- Scrap metal backhaul
- Heavy equipment rental
- Demolition projects
- Car/heavy equipment backhaul
- Hazardous waste inventory/backhaul
- Transportation logistics
- Project management
- Landfill fence installation
- Aerial imagery capture
- Heavy equipment repair & maintenance
- Landfill operator training
- Solid waste technical assistance

## Project Scope

Delta Backhaul Company has initiated discussions with a scrap barge company that is sailing past False Pass for Seattle in two week's time. The barge has additional space available and has equipment on board to load the scrap vehicles in False Pass. False Pass has approximately 30 non-working cars/trucks, 15 ATV's, 10 pieces of heavy equipment and 10 boat motors to be backhauled for recycling. The vehicles are situated in various locations throughout the community and need to be collected before the barge arrives. A staging area at the small boat harbor has been selected as a temporary holding area prior to barge loading. As a requirement by the barge and as a precaution for fluid leaks at sea, all fluids must to be removed from vehicles, heavy equipment and boat motors and all lead-acid batteries should be removed. All scrap material identified for the project will become the property of DBC as they are loaded onto the barge.

This quote is based on the scrap material being processed and staged and ready to be included on the scrap barge sailing in two week's time. Other opportunities for scrap removal exists, but future sailings will require an updated quote. The quote is based on the volume of material reported in the inventory and in the photos provided to DBC from the City of False Pass. This quotation for services is for immediate acceptance and is subject to change by DBC without notice. Quotations are valid for 30 days from the date of quotation.

- If delays are encountered outside the control of DBC, the client will be billed "Stand by time" at the current rates.
- If the "Scope of Work" that is identified above changes, DBC assigned Project Manager will "stop" the project and contact the client's P.O.C. (Point of Contact) and will help develop a cost-effective plan to complete the scope of work.
- The weather in Alaska can be challenging and unpredictable. DBC will be prepared to work in wet, cold conditions as long as the projects objectives can be done safely and in compliance with all required federal, state, and local regulations.

### Schedule:

DBC shall adhere to the schedule identified in the scope of work, subject to the terms and conditions of the contract. A planning meeting for the *False Pass Backhaul Project* shall be scheduled once DBC is awarded the



project and a contract has been signed between DBC, the City of False Pass. The project date will be agreed upon by all parties and scheduled.

The project would need to proceed at an accelerated timeline with material ready for transport in two week's time. DBC is available for tech assistance and logistics support for the period both before and after the barge arrives for pick-up.

Delays due to inclement weather, or Covid-19 travel bans will be discussed prior to travel

**Project timeline:**

- Mid-March for the barge collection of material

**Assumptions:**

- The City of False Pass will stage vehicles for backhaul and prep the vehicles for transportation on the barge.
- The City of False Pass will be responsible for the operation of equipment, including an operator and fuel, used to collect and stage vehicles and equipment included in the scope of this project.
- Vehicles and equipment will have fluids drained and batteries removed prior to the barge arrival.
- Tires must be removed from cars, trucks and ATV's. Not necessary for heavy equipment.
- The City of False Pass will not impose a wharfage fee the barge for the purposes of the *False Pass Vehicle Backhaul Project*.
- All scrap material will become the property of Delta Backhaul Company once it is loaded onto the barge.
- Delta Backhaul Company will assume responsibility for the material during transporting and unloading.
- Shipping out hazardous materials associated with the project will be the sole responsibility of the City of False Pass

**Hazardous Waste:**

Any hazardous waste associated with the project will be collected and staged in a manor concurrent with EPA regulations. Additional funding may be required to transport hazardous material out of False Pass for disposal. Hazardous material typically associated with a scrap metal includes: used oil, antifreeze, gasoline, diesel, hydraulic oil, transmission oil and freon.

## Covid-19

Delta Backhaul Company (DBC) has a State of Alaska approved Covid-19 safety plan. All personnel shall follow the guidelines for masks, social distancing and washing of hands to help prevent the spread of the disease. DBC will provide Personal Protective Gear for all employees and labor working on the project. DBC personnel will have a Covid-19 test 24 hours prior to travel.

## Transportation Logistics

DBC will arrange all transportation for scrap vehicles from the Port of False Pass to the vehicle recycler in Tacoma, Washington. Due to Covid-19 restrictions, transportation options are limited, increasing costs and reducing options for movement of material. All transportation logistics associated with mobilization and demobilization of equipment, crew and supplies will be the responsibility of DBC.

# Delta Backhaul Company

16016 Bridgeview Dr.  
Anchorage, AK 99516  
Phone (907) 310-3807



# Quote

DATE: MARCH 9, 2021

To:

Nikki Hoblet  
City of False Pass  
P.O. Box 50  
False Pass, AK 99583  
(907) 548-2319

For:

Scrap vehicle backhaul – False Pass

**Job Name:**

False Pass Scrap Vehicle Backhaul

**Project Timeline:**

Late March - 3-4 days

**Administration**

Admin/Logistics -

**Sub-total**

\$3,800

**\$3,800**

**Scrap vehicle - transportation (barge)**

**Sub-Total**

**\$66,000**

**Tire - disposal/recycling**

Tire collection and loading

Load/transport to Tacoma for recycling

**Sub-Total**

Included

Included

**Included**

**Vehicle Recycling Fees**

Vehicles, heavy equipment & motors recycling

Port of Seattle handling fee

**Sub-Total**

Included

\$2,700

**\$2,700**

**Estimated Project Total**

**\$72,500**

If you have any questions concerning this Quote, contact Doug Huntman, (907) 310-3807, [dhuntman@dbcalaska.net](mailto:dhuntman@dbcalaska.net)



**Thank you for your business!**



Protecting – Community & Environment





## Aleutians East Borough Community Budget Request Form

Project Title: Community Gym

Community Priority: 3

Recipient: City of False Pass

FY 2022 Borough Funding Request: \$9790.00

### Brief Project Description:

Renovating an older City Building and turning into a Community Gym

### Funding Plan:

Total Project Cost: \$61,512.19  
Funding Already Secured: \$51,722.19  
FY2022 Borough Funding Request: \$9,790.00  
Project Deficit: \$9,790.00

**Explanation of Other Funds:** Budgeted City funds towards project

**Detailed Project Description and Justification:**

The City of False Pass has tried to use other sections of their currently owned buildings to house a Community Gym, with no luck. The spaces are not fit, either too small or other activities take priority. The Community does not have a dedicated place for residents to stay active/work out besides the occasional open school gym. The equipment that the City currently has is all donated and well used. With this AEB grant money, the City would be able to purchase new equipment. The renovation of the building is in progress at the moment and is expected to be complete by May 2021.

**Project Timeline:**

May 2021

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of False Pass

**Supporting Documentation: Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).**

**Grant Recipient Contact Information:**

**Name:** Nikki Hoblet

**Address:** PO Box 50, False Pass, AK 99583

**Phone Number:** 907-548-2319

**Email:** cityoffalsepass@ak.net

**This project has been through a public review process at the local level and it is a community priority.**

**City of False Pass**  
**Profit & Loss Budget vs. Actual**  
 July 2020 through June 2021

	Jul '20 - Jun 21	Budget	% of Budget
<b>Ordinary Income/Expense</b>			
<b>Expense</b>			
<b>Building Materials</b>	6,289.81	10,000.00	62.9%
<b>Freight</b>	3,428.11	5,000.00	68.6%
<b>Parts &amp; Supplies</b>	1,818.68	6,722.19	27.1%
<b>Payroll Expenses</b>			
<b>Wages</b>	11,500.00	30,000.00	38.3%
<b>Total Payroll Expenses</b>	11,500.00	30,000.00	38.3%
<b>Total Expense</b>	23,036.60	51,722.19	44.5%
<b>Net Ordinary Income</b>	-23,036.60	-51,722.19	44.5%
<b>Net Income</b>	-23,036.60	-51,722.19	44.5%

*City budget for renovation*

- **NordicTrack S25I Treadmill with 6-Month iFit Membership Included, Assembly Included**

Item 1518951

**Your Price**  
**799.99\$**

- **Nitrofit Deluxe Plus Whole-Body Vibration Machine**

Item 1152761

**Your Price**  
**1,599.99\$**

- **Total Gym XTREME Home Gym**

Item 1357677

**Your Price**  
**329.99\$**

- **Inspire Fitness FTX Functional Trainer with Bench & 1-Year Inspire Fitness App Subscription Included**

Item 1334042

**Your Price**  
**1,299.99\$**

- **Inspire Fitness 210lb PVC Hex Dumbbell Set with Rack**

Item 1480617

**Your Price**  
**429.99\$**

- **XTERRA SB550 Recumbent Bike - Assembly Required**

Item 1094888

**Your Price**  
**799.99\$**

- **ProForm Tour De France CTC Indoor Cycle with 1-Year iFit Coach Included**

Item 1390960

**Your Price**  
**999.99\$**

- **First Degree Fitness Newport Club Fluid Rowing Machine**

Item 1306545

**Your Price**  
**999.99**

- **ProForm Coachlink E9.0 Elliptical - Assembly Included**

Item 1307356

**Your Price**  
**829.99\$**

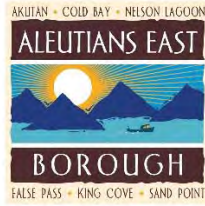
- **Samsung 75" Class - Q7DT Series - 4K UHD QLED LCD TV - \$100 Allstate Protection Plan Bundle Included**

Item 9975700

**Your Price**  
**1,699.99\$**

Total est. \$9790.00





## Aleutians East Borough Community Budget Request Form

Project Title: City Archives and Storage Depot

Community Priority: #2 for Public / Community Facilities

Recipient: City of King Cove

FY 2022 Borough Funding Request: \$77,000

### Brief Project Description:

Refurbish an 800 square foot building currently known as the "State Shed" that is in disuse due to its dilapidated condition for use as a City Archives and Storage Depot.

### Funding Plan:

Total Project Cost:	\$77,000
Funding Already Secured:	\$0
FY2022 Borough Funding Request:	\$77,000
Project Deficit:	\$0

### Explanation of Other Funds:

## Detailed Project Description and Justification:

The City of King Cove houses its current and historical archives in the loft of the City Office Building. Over time the archive has outgrown the weight rating for the loft and document placement near the roof has caused damage to some of the collection due to water leaks.

To remedy this situation, Administration has identified "the State Shed" for renovation to a City Archives and Storage Depot. The "State Shed" is close enough to the City office to be a practical repository of documents that are referred to regularly. It will also allow City administrative staff to access documents without the assistance of Public Works. Currently when documents need to be pulled, a request has to be made to Public Works to bring a ladder for loft access.

The "State Shed" was given to the City by the State of Alaska. It was used for a while as a community ceramics building but a combination of outdated building materials and extreme King Cove weather has rendered the building unsafe and unusable.

The City's detailed work plan to renovate the building and outfit it for archive and storage purposes is as follows:

City Public works department will demolish exterior tin and then install new tin to include water resistant shaped roof ribs and waterproof membrane in the roof and side walls. New doors and windows will be installed and protected by membrane, tape and outer trim.

Existing drywall (which is rotting and moldy from water damage) will be demolished and replaced with new sheets of drywall, taped, mudded, and painted.

Public Works will perform floor leveling activities and install underlayment and hard laminate flooring.

Finally, the space will be configured to accommodate the City Archives and other storage applications with shelf and unit build outs.

A replacement Toyo stove will also be installed.

Public Works Director Joe Calver has estimated that the renovation will require four Public Works employees each working for one full month. They will require a man lift, a pickup truck, and some power tools.

Materials are estimated to cost \$36,000.

Labor and equipment are estimated to cost \$41,000.

## Project Timeline:

For preliminary scheduling purposes this application assumes notice of grant award by April 30, 2021.

May week 1: Materials Ordered

June week 3: Materials Received

June week 3: Mobilization of materials, equipment and manpower to site.

June week 4: Demolish exterior tin

June weeks 4 & 5: Install Tin, windows, doors

July week 1: Install drywall, mud, and paint

July week 1 & 2: Interior build-in (shelves + units)

July week 3 & 4: Install flooring, finalize outstanding tasks, clean up, demobilize

August week 1 & 2: Move City Archives to new facility

## Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of King Cove

**Supporting Documentation: Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).**

## Grant Recipient Contact Information:

**Name:** Amber Jusefowytch

**Address:** 3380 C St, STE 205, Anchorage AK 99503

**Phone Number:** (907) 830 7813

**Email:** amberj@kingcoveak.org

**This project has been through a public review process at the local level and it is a community priority.**

CITY OF KING COVE  
Resolution 21-09

**Resolution Adopting Five-Year (FY21-25) City Capital Project Plan**

**WHEREAS**, for legislative and financial planning purposes it is prudent for the City to develop and maintain a current Capital Project Plan ("Plan") that identifies its projects, priorities, costs, and funding sources;

**WHEREAS**, a capital project is generally defined as a City project with a capital cost of \$50,000 or greater;

**WHEREAS**, this resolution adopts the City's current Five-Year Capital Project Plan (FY21-FY25) and includes the following capital projects by category (public/community facilities; transportation; utilities; and harbor/waterfront), priorities, cost estimates, and potential funding sources (see attachment A for project details);

Public/Community Facilities

- Old School Upgrades - (roof, entryway rehab)
- "State" Shed (rehab/upgrade)
- New Public Safety Facility – 1) design/permitting & 2) construction

Transportation

- West Lagoon Road reconstruction
- Airport Road pavement overlay
- THE ROAD to Cold Bay
- Airport Upgrade – runway surface & possible pavement

Utilities

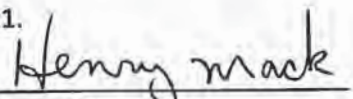
- Landfill Expansion
- Water System Upgrades – tank, SCADA/control upgrades, & well field expansion
- Power Plant - Diesel Engine Rebuilds
- Third hydro possibility – feasibility study

Harbor/Waterfront

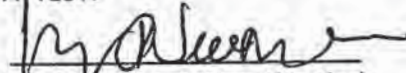
- Travelift Upgrades – hydraulic fittings & lines
- Harbor House – new doors & windows & roof upgrade
- Warehouse – new doors
- Floats – water line repair (North) & install new water line (South)
- Upland power pedestals

**NOW THEREFORE BE IT RESOLVED**, the King Cove City Council hereby has reviewed and approved this Five-Year (FY21-25) Capital Improvement Plan and directs the Administration to review and update this Plan annually.

**PASSED AND APPROVED** by the King Cove City Council on January 14, 2021.

  
Henry Mack, Mayor

ATTEST:

  
Kim Newman, Acting City Clerk

Ayes 4 Abstained 4  
Nays 0 Absent 3

**Attachment A**  
Project Descriptions

**Public/Community Facilities**

Old School Upgrades – this project will replace the roof on this structure, reconstruct the entryway, and other miscellaneous interior improvements. This facility has been designated as an emergency support facility for any community quarantine needs.

Funding estimate - \$150,000 to \$200,000

Funding source(s) - City capital project fund; State GO bond; CDBG grant

"State" Shed – this project will reinforce/replace interior walls, install new tin siding and roof, construct interior shelving, and install new doors

Funding estimate - \$50,000 to \$75,000

Funding source(s) - City capital project fund; State GO bond

New Public Safety Facility – this project will design, permit, and construct a new public safety facility on city land in at the intersection of Ram Creek Drive & Slocum. The city's existing public safety facility is too small, has an inferior space plan including the location of jail cells, and in very poor overall structural condition. Project will consist of two phases – 1) design/permitting, and 2) construction

Funding estimate - \$4.0-\$5.0 million (design/permit \$500,000 & construction \$4-5 million)

Funding source(s) - CDBG; State, federal, & private grants; City capital project fund

**Transportation**

West Lagoon Road Reconstruction – upgrade and protect this city street from flooding. Minimal design and permitting work required to be a shovel-ready project. Remaining project in the City Streets Program.

Funding estimate - \$2.0-\$2.5 million (design/permit \$75,000 & construction \$2-2.4 million)

Funding source(s) - State GO Bond; State Community Transportation Program; FEMA BRIC Program; CDBG

Airport Road Pavement Overlay – 2-3" pavement overlay & improved drainage of this 4.5-mile road from the Airport to downtown.

Funding estimate - \$5.0-\$6.0 million (design/permit \$200,000 & construction \$5.0-5.5 million)

Funding source(s) - State GO Bond and/or Community Transportation Program; Fed. Infrastructure funding

Road to Cold Bay – complete the design & construction of the remaining 12-mile, one-lane, gravel road connecting the King Cove road system to the Cold Bay Airport. State DOT/PF project.

Funding estimate - \$30-\$35 million (design/permit \$1.0 million & construction \$30-35 million)

Funding source(s) - State General Fund

Airport Upgrade – rehabilitation & upgrade runway surface with possible pavement. State DOT/PF project.

Funding estimate - \$5.0-\$7.0 million

Funding sources - State/AIP program. City \$\$ contribution will accelerate project priority & timing

**Utilities**

Landfill Expansion – finalize identification of alternatives, selection of preferred alternative, & construction

Funding estimate - \$1.0 - \$2.0 million

Funding sources (s) - State grant funds; ANTHC/federal funding

Water System Upgrades – storage tank, SCADA/control upgrades, & well field expansion

Funding estimate - \$500,000 (tank & control system) and \$3.0 to \$5.0 million (well field expansion)

Funding sources (s) – Fed. Infrastructure program, State GO Bond, new debt

• Power Plant - Diesel Engine Rebuilds

Funding estimate - \$200,000 - \$300,000

Funding sources - City Electric R&R fund

Third Hydro facility – feasibility study of new site about 1-mile NE of Waterfall Creek

Funding estimate - \$50,000

Funding sources – State AEA grant, American Power Association grant, City Electric fund

Harbor/Waterfront

Travelift Upgrades – hydraulic fittings & lines

Funding estimate - \$50,000 - \$75,000

Funding sources – City capital project fund

Harbor House – new doors & windows & roof upgrade

Funding estimate - \$50,000 - \$100,000

Funding sources – City capital project fund, State grant and/or GO Bond

Warehouse – new doors & interior upgrades

Funding estimate - \$75,000 - \$125,000

Funding sources – City capital project fund, State grant and/or GO Bond

Floats – water line repair (North) & install new water line (South)

Funding estimate - \$100,000 - \$150,000

Funding sources – City capital project fund, State grant and/or GO Bond

Upland Power Pedestals – install 5 new power pedestals

Funding estimate - \$50,000 - \$100,000

Funding sources – City capital project fund, State grant and/or GO Bond

## City Archives and Storage Depot

TASK #1 DEMOLITION (remove and dispose of tin)								
Item	Sub QTY	Labor		Equip		Materials		Totals
		Unit	Rate	Unit	Rate	Unit	Rate	Subtotal
PUBLIC WORKS I	24	HR	\$ 30.57					\$ 733.72
PUBLIC WORKS I	24	HR	\$ 30.57					\$ 733.72
OPERATOR	24	HR	\$ 41.18					\$ 988.43
PUBLIC WORKS II	24	HR	\$ 35.50					\$ 852.08
PUBLIC WORKS SUPERVISOR	3	HR	\$ 77.76					\$ 233.28
EXTENDA BOOM	3			DAY	\$ 520.00			\$ 1,560.00
Pickup	3			DAY	\$ 260.00			\$ 780.00
<b>TASK QUANTITY / Days</b>							<b>3</b>	<b>\$ 5,147.51</b>

Task #1 TOTAL

TASK #2 INSTALL TIN								
Item	Sub QTY	Labor		Equip		Materials		Totals
		Unit	Rate	Unit	Rate	Unit	Rate	Subtotal
PUBLIC WORKS I	60	HR	\$ 30.57					\$ 1,834.30
PUBLIC WORKS I	60	HR	\$ 30.57					\$ 1,834.30
OPERATOR	60	HR	\$ 41.18					\$ 2,471.08
PUBLIC WORKS II	60	HR	\$ 35.50					\$ 2,130.20
PUBLIC WORKS SUPERVISOR	60	HR	\$ 77.76					\$ 4,665.63
EXTENDA BOOM	7			DAY	\$ 520.00			\$ 3,640.00
Pickup	7			DAY	\$ 260.00			\$ 1,820.00
<b>TASK QUANTITY / Days</b>							<b>7</b>	<b>\$ 18,395.51</b>

Task #2 TOTAL

## City Archives and Storage Depot

TASK #3 DRYWALL MUD PAINT								
Item	Sub QTY	Labor		Equip		Materials		Totals
		Unit	Rate	Unit	Rate	Unit	Rate	Subtotal
PUBLIC WORKS I	25	HR	\$ 30.57					\$ 764.29
PUBLIC WORKS I	25	HR	\$ 30.57					\$ 764.29
OPERATOR	25	HR	\$ 41.18					\$ 1,029.61
PUBLIC WORKS II	25	HR	\$ 35.50					\$ 887.58
PUBLIC WORKS SUPERVISOR	5	HR	\$ 77.76					\$ 388.80
EXTENDA BOOM	3			DAY	\$ 520.00			\$ 1,560.00
Pickup	3			DAY	\$ 260.00			\$ 780.00
<b>TASK QUANTITY / Days</b>							<b>3</b>	<b>\$ 6,174.59</b>

**Task #3 Total**

Task #4 -- INTERIOR BUILD IN (SHELVES)								
Item	Sub QTY	Labor		Equip		Materials		Totals
		Unit	Rate	Unit	Rate	Unit	Rate	Subtotal
PUBLIC WORKS I	25	HR	\$ 30.57					\$ 764.29
PUBLIC WORKS I	25	HR	\$ 30.57					\$ 764.29
OPERATOR	25	HR	\$ 41.18					\$ 1,029.61
PUBLIC WORKS II	25	HR	\$ 35.50					\$ 887.58
PUBLIC WORKS SUPERVISOR	5	HR	\$ 77.76					\$ 388.80
EXTENDA BOOM	3			DAY	\$ 520.00			\$ 1,560.00
Pickup	3			DAY	\$ 260.00			\$ 780.00
<b>TASK QUANTITY / Days</b>							<b>3</b>	<b>\$ 6,174.59</b>

**Task #4 Total**

## City Archives and Storage Depot

Task #5 - INSTALL FLOORING								
Item	Sub QTY	Labor		Equip		Materials		Totals
		Unit	Rate	Unit	Rate	Unit	Rate	Subtotal
PUBLIC WORKS I	48	HR	\$ 30.57					\$ 1,467.44
PUBLIC WORKS II	48	HR	\$ 35.50					\$ 1,704.16
PUBLIC WORKS SUPERVISOR	5	HR	\$ 77.76					\$ 388.80
Pickup	4			DAY	\$ 260.00			\$ 1,040.00
TASK QUANTITY / Days							4	\$ 4,600.41

Task #5 Total

LABOR & EQUIP	\$	40,492.61
MATERIALS	\$	36,209.21
<b>Total</b>	<b>\$</b>	<b>76,701.82</b>

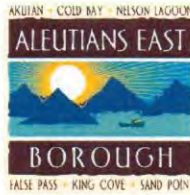




**City of King Cove**  
**CITY ARCHIVES AND STORAGE DEPOT**

Materials

Item	Description	Qty	Unit	Price	Extended	Vendor
<i>Equip</i>	Miter Saw	1	ea	500.00	500.00	Home Builders
	1-3/4 Flush Metaal Prehung Inswing 2x6 Doors	2	ea	395.00	790.00	Home Builders
	White Vinyl Horizontal Slider 5'WX3'H	3	ea	395.00	1,185.00	Home Builders
	5/8 CDX	30	ea	44.25	1,327.50	Home Builders
	1/2 CDX	80	ea	39.95	3,196.00	Home Builders
	2x6x16 2 + BTR D.F.	50	ea	24.00	1,200.00	Home Builders
	8'2" RED WIDE RIB	7	ea	32.68	228.76	Home Builders
	17' 6" RED WIDE RIB	16	ea	70.00	1,120.00	Home Builders
	13'9" RED WIDE RIB	30	ea	55.00	1,650.00	Home Builders
	RIDGE CAP	5	ea	35.00	175.00	Home Builders
	GABLE TRIM	8	ea	32.00	256.00	Home Builders
	EAVE TRIM	10	ea	35.00	350.00	Home Builders
	1"x14 SCREWS	1	1K	560.00	560.00	Home Builders
	2"x 14 SCREWS	1	500	360.00	360.00	Home Builders
	1x1x25' UNIVERSAL CLOSURE TAPE	10	ea	9.50	95.00	Home Builders
	2-1/2" x .131 21 RD HEAD NAILS	1	case	55.95	55.95	Home Builders
	3-1/2" x .131 21 RD HEAD NAILS	1	case	110.00	110.00	Home Builders
	LAMINATE AND UNDERLAYMENT	800	sqf	5.00	4,000.00	WAG
	DRYWALL PANELS MUD AND TAPE				4,000.00	WAG
	GRACE ICE AND WATER SHIELD				1,500.00	
	TOYO STOVE				3,500.00	WAG
	SHELVING LUMBER : 2"x6'	200	ea	24.00	4,800.00	
	CRATING AND DELIVERY	1	ea	250.00	250.00	
	FREIGHT SAMSON	1	ea	5,000.00	5,000.00	
	<b>TOTAL</b>				36,209.21	



## Aleutians East Borough Community Budget Request Form

Project Title: Sand Point Travel Lift

Community Priority: #1

Recipient: City of Sand Point

FY 2022 Borough Funding Request: \$100,000

### Brief Project Description:

The City of Sand Point is purchasing a 150-ton new travel lift to replace the current travel lift that is near the end of its service life.

### Funding Plan:

Total Project Cost:	approx \$1,384,000
Funding Already Secured:	\$1,284,000
FY2022 Borough Funding Request:	\$100,000
Project Deficit:	\$100,000

**Explanation of Other Funds:** The City is willing to pay the full share but asks for \$100,000 help cover the \$281,000 down payment.

**Detailed Project Description and Justification:**

The current travel lift in the City is rapidly nearing the end of its effective lifespan and quickly becoming cost-ineffective to maintain and requires costly repairs above and beyond regular operation and maintenance. A functional travel lift is essential for resident boat owners and transient vessels in order to haul out boats for repairs, storage and required inspections. Without a travel lift, vessels will not stay or visit Sand Point and this will have a massively negative effect on the economy and community. When the new harbor is completed, demand for a reliable travel lift will only increase and further drive the community and borough economy.

Due to a dearth of funding at the State level and the time-sensitive nature of the need, the City has decided to fund the travel lift using revenues from the operation of the travel lift. However, a sizable down payment is needed to secure the necessary funding in order to proceed with the purchase. A contribution from the Aleutians East Borough will help ease the financial burden on the City after a significant downturn in raw fish tax due the pandemic and closure of winter fisheries.

**Project Timeline:**

March-April 2021: Secure funding from the banks  
April 2021: Provide down payment in order start fabrication of travel lift  
September-October 2021: Delivery, construction and commissioning of new travel lift

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of Sand Point

**Supporting Documentation: Please attached any supporting documentation to this form (i.e. engineering cost estimates, resolutions of support, etc....).**

**Grant Recipient Contact Information:**

**Name:** Jordan Keeler  
**Address:** 3380 C Street, Suite 205, Anchorage, AK 99503  
**Phone Number:** 907-274-7561  
**Email:** jkeeler@sandpointak.org

**This project has been through a public review process at the local level and it is a community priority.**



City of Sand Point  
PO Box 249  
Sand Point, Alaska  
99661

January 21, 2021

Dear Jordan Keeler,

We are pleased to offer you the following quotation for **one (1) 150TG Marine Travelift.**

**Features:**

**150 Metric Ton Capacity – 330,000 lbs.**

**30' 7" Inside Clear Width – Extra Width Included to “Match Existing Pier”**

**34' Inside Clear Height – Extra 4' Height Included to Maximize Versatility**

**4 Winch Configuration for Commercial Boat Applications**

**Beam Forward Design for Increased Vessel Clearance**

Change in Drop Below Pier (+18 ft to suit customer’s requirement)

John Deere Diesel – 4045HF Tier 4

Radio Remote Control **(Incl. Option)**

2 Speed Hoists, Low – 7'/min, High - 15'/min **(Incl. Option)**

2 Speed Travel, Low - 75'/min, High - 150'/min **(Incl. Option)**

Dual Hydraulic Sling Adjustment

**6% Gradeability**

Sound Suppression Kit 1 **(Incl. Option)**

Cold Start Kit **(Incl. Option)**

Minimum Sling Spacing - 9' 6", Max Sling Spacing - 35'

(8) Nylon Slings, 10" x 44', 4 ply

Sling Protection - (8) Weighted Keel Pads & (16) Chine Pads

(8) Lug Tires - 50" x 20"

Greaseless Pivot Trunnion

**Price Assembled & Tested in Your Yard.....\$1,134,800.00**

Includes delivery, assembly, testing, and operator and maintenance training with certifications.

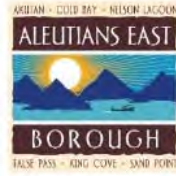
Includes a 90 day follow-up machine inspection and further training as needed. Delivery 160-180 Days Approx.

**Lease Options: Please inquire**

#20-1609 Central Ave South, Kent, WA, 98032

PHONE: 866-744-9921 | Fax: 604-940-9912 | [www.kendrickequipment.com](http://www.kendrickequipment.com)





## MEMORANDUM

**DATE:** May 7, 2021

**TO:** Mayor Osterback and Assembly

**FROM:** Anne Bailey, Administrator

**RE:** Aleutians East Borough School Maintenance Overview

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The Aleutians East Borough owns the schools in the region and is responsible for major maintenance and capital projects. Deferred maintenance for the schools has been a constant issue within the region for years. The Aleutians East Borough determined that addressing deferred maintenance needs for the schools was critical; therefore, the Borough has spent numerous funds and resources on addressing this issue.

Since FY16, the Borough has expended approximately **\$4,350,000** on school maintenance needs. Administration has compiled the attached overview of school maintenance costs that have been expended since FY16. Please note, that this is a general overview and does not capture all of the school expenses between FY16 and the present.

In FY21/FY22, the Borough plans on addressing additional maintenance needs. Administration is planning on conducting mechanical, control, electric and architectural repairs at the King Cove School. This work was postponed last year due to COVID-19. Administration also plans on conducting minor repairs at the False Pass, Akutan and Sand Point Schools.

# Maintenance Costs for School FY16-FY21 Expenditures\*

## Akutan School

Akutan School Condition Assessment	FY18	\$	37,576.00
DOWL Construction Improvements Fees	FY18/FY19	\$	37,338.00
DOWL Construction Oversight Fees	2019	\$	18,757.00
Control, Electrical and Mechanical Work	2019-2020	\$	371,366.00
Akutan Pumps	2020	\$	800.62
Akutan Replacement Pumps	2021	\$	59,425.00

**TOTAL** **\$ 431,591.62**

## False Pass School

DOWL - School Assessment	2018	\$	39,021.00
Maintenance	2018	\$	35,281.00
Fire Alarm Repairs	2018	\$	14,000.00

**TOTAL** **\$ 88,302.00**

## King Cove School

UNIT	FY16	\$	2,523,263.00
DOWL - King Cove School Maintenance	FY16	\$	249,406.00
DOWL - Condition Assessment Fees	FY19	\$	46,139.00
DOWL - King Cove School Maintenance	FY20	\$	69,135.00
King Cove School Site Visit	FY21	\$	5,639.15

**TOTAL** **\$ 2,893,582.15**

## Nelson Lagoon School

DOWL - Condition Assessment Fees	2018	\$	39,101.00
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**TOTAL** **\$ 39,101.00**

## Sand Point School

Electrical Work	2018	\$	110,000.00
DOWL Construction Improvement Fees	2018	\$	60,338.00
DOWL Sand Point Condition Assessment Fee	FY18	\$	33,560.00
Control, Electrical and Mechanical Work	2019	\$	263,819.29
Kuchar Site Visit	2018	\$	3,371.96

Painting & Sealant	2019	\$	365,287.16
Long - HVAC Site Visit	2019	\$	4,294.00
Fans	2020	\$	40,548.00
HazMat Survey	2019	\$	19,283.00
Sand Point Door Condition Survey	2020	\$	14,205.00
DEED Grant Application	2020	\$	46,549.00
Boilers	2021	\$	18,945.00
<b>TOTAL</b>		<b>\$</b>	<b>900,501.41</b>

**TOTAL COSTS** **\$ 4,353,078.18**

\*Please note that this document does not capture all of the school expenses between FY16 to FY21. A few items may have been missed while gathering the data.

ORDINANCE 21-12

AN ORDINANCE ADOPTING THE OPERATING AND CAPITAL BUDGET FOR THE ALEUTIANS EAST BOROUGH FISCAL YEAR 2022.

Section 1. Classification	This is a non-code ordinance
Section 2. Effective Date	This ordinance becomes effective upon Adoption.
Section 3. Severability	The terms, provisions, and sections of this Ordinance are severable.
Section 4. Content	The operating and capital budget for the Aleutians East Borough for Fiscal Year 2022 is adopted as follows:

REVENUES	FY22 BUDGET
Local	
Interest Income	\$30,000.00
AEB Fish Tax	\$2,950,000.00
AEBSD Refund	
Other Revenue	\$75,000.00
State	
Shared Fishery Tax	\$1,128,000.00
Shared Fishery Tax FMA2	\$66,000.00
Shared Fishery Tax FMA3	\$1,500.00
Debt Reimbursement	\$334,287.00
State Aid to Local Government	\$300,00.00
Federal	
Payment in Lieu of Taxes	\$559,000.00
USF&WS Lands	\$15,000.00
<b>Total FY22 Revenues</b>	<b>\$5,458,787.00</b>



OPERATING FUND EXPENDITURES

Mayor	\$289,979.00
Assembly	\$236,250.00
Administration	\$410,323.00
Assistant Administrator	\$152,442.00
Clerk/Planning	\$211,775.00
Planning Commission	\$0.00
Finance	\$348,100.00
Natural Resources	\$326,337.00
Communications Manager	\$174,995.00
Maintenance Director	\$131,300.00
Educational Support	\$855,000.00
KCAP	\$152,000.00
Other	
Gen.Fund	
Equipment	\$25,000.00
KSDP	\$10,000.00
AEB Vehicles	\$1,000.00
Repairs	\$3,000.00
Utilities	\$20,000.00
Aleutia Crab	\$48,400.00
Legal	\$85,000.00
Insurance	\$218,000.00
Bank Fees	\$12,500.00
EATS	\$150,000.00
Misc.	\$20,000.00
Donations	\$23,500.00
NLG Rev. Sharing	\$16,000.00
Web Service/Tech	\$39,500.00
PERS	\$35,000.00
Total Other	\$706,900.00
 Total General Fund	 \$3,995,401.00
 Capital Projects	 \$0.00
Bond Projects	\$0.00
 Debt Services	 \$2,510,302.00
 Maintenance Reserve	 \$110,000.00
 Total Expenditure	 \$6,615,703.00
Transfer to Helicopter	\$755,305.00

Operation	
Transfer to Terminal Operator	0.00
<b>AEB Surplus</b>	<b>(\$1,912,221.00)</b>
Fund 20, AEB Community Grant, Revenues	\$1,751,265.13
Fund 20, AEB Community Grant, Exp.	\$1,751,265.13
Fund 22, Helicopter, Revenues	\$374,124.00
Fund 22, Helicopter, Expenditures	\$1,129,429.00
Fund 22, Terminal Operations, Revenues	\$278,000.00
Fund 22, Terminal Operations, Expenditures	\$278,000.00
Fund 24, Bond Project, Revenues	\$0.00
Fund 24, Bond Project, Expenditures	\$0.00
Fund 30, Bond Payments, Revenues	\$0.00
Fund 30, Bond Payments, Expenditures	\$2,510,302.00
Fund 40, Permanent Fund, Revenues	\$35,000.00
Fund 40, Permanent Fund, Expenditures	\$35,000.00
Fund 41, Maintenance Reserve, Revenues	\$110,000.00
Fund 41, Maintenance Reserve, Expenditures	\$110,000.00

Passed and adopted by the Aleutians East Borough Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

Date Introduced: 5/13/2021

Date Adopted: \_\_\_\_\_

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk

## Proposed FY22 Aleutians East Borough Budget

Increases to the budget are shown in green.

Decreases to the budget are shown in red.

REVENUES		FY21 Budget	Proposed Changes	FY22 Budget
Local	Interest Income	\$ 35,000.00	\$ (5,000.00)	\$ 30,000.00
	AEB Raw Fish Tax	\$ 3,350,000.00	\$ (400,000.00)	\$ 2,950,000.00
	AEBSD Refund	\$ -		
	Other Revenue	\$ 80,000.00	\$ (5,000.00)	\$ 75,000.00
State	Shared Fishery Tax	\$ 1,880,000.00	\$ (752,000.00)	\$ 1,128,000.00
	Shared Fishery Tax FMA2	\$ 36,000.00	\$ 30,000.00	\$ 66,000.00
	Shared Fishery Tax FMA3	\$ 4,000.00	\$ (\$2,500)	\$ 1,500.00
	Harbor Bond Debt Reimbursement	\$ -	\$ -	\$ -
	School Bond Debt Reimbursement	\$ -	\$ 334,287.00	\$ 334,287.00
	Community Assistance	\$ 300,000.00	\$ -	\$ 300,000.00
Federal	Payment in Lieu of Taxes	\$ 559,000.00	\$ -	\$ 559,000.00
	USFWS Lands	\$ 25,000.00	\$ (10,000.00)	\$ 15,000.00
<b>Total FY22 Revenues</b>		<b>\$ 6,269,000.00</b>	<b>\$ (810,213.00)</b>	<b>\$ 5,458,787.00</b>

### OPERATING FUND EXPENDITURES

	FY21 Budget	Proposed Changes	FY22 Budget
<b>Departments</b>			
Mayor	\$ 287,954.00	\$ 2,025.00	\$ 289,979.00
Assembly	\$ 226,000.00	\$ 10,250.00	\$ 236,250.00
Administration	\$ 406,641.00	\$ 3,682.00	\$ 410,323.00
Assistant Administration	\$ 150,530.00	\$ 1,912.00	\$ 152,442.00
Clerk/Planning	\$ 207,500.00	\$ 4,275.00	\$ 211,775.00
Planning Commission	\$ -	\$ -	\$ -
Finance	\$ 335,520.00	\$ 12,580.00	\$ 348,100.00
Natural Resources	\$ 329,532.00	\$ (3,195.00)	\$ 326,337.00
Communication Manager	\$ 173,212.00	\$ 1,783.00	\$ 174,995.00
Public Works	\$ 127,700.00	\$ 3,600.00	\$ 131,300.00
Education Support	\$ 855,000.00	\$ -	\$ 855,000.00
KCAP	\$ 227,000.00	\$ (\$75,000)	\$ 152,000.00
<b>Department Total</b>	<b>\$ 3,326,589.00</b>	<b>\$ (38,088.00)</b>	<b>\$ 3,288,501.00</b>
<b>Other General Fund</b>			
Equipment	\$ 25,000.00	\$ -	\$ 25,000.00
AEB Vehicles	\$ 750.00	\$ 250.00	\$ 1,000.00
Utilities	\$ 20,000.00	\$ -	\$ 20,000.00
Aleutia Crab	\$ 55,000.00	\$ (6,600.00)	\$ 48,400.00
Legal	\$ 85,000.00	\$ -	\$ 85,000.00
Insurance	\$ 195,000.00	\$ 23,000.00	\$ 218,000.00
Repairs	\$ 3,000.00	\$ -	\$ 3,000.00
Bank Fees	\$ 12,500.00	\$ -	\$ 12,500.00
Eastern Aleutian Tribes	\$ 150,000.00	\$ -	\$ 150,000.00
Miscellaneous Expenses	\$ 25,000.00	\$ (\$5,000)	\$ 20,000.00
Donations	\$ 23,500.00	\$ -	\$ 23,500.00
KSDP	\$ 10,000.00	\$ -	\$ 10,000.00
Revenue Sharing	\$ 16,000.00	\$ -	\$ 16,000.00
Web Services	\$ 39,500.00	\$ -	\$ 39,500.00
PERS	\$ 40,000.00	\$ (5,000.00)	\$ 35,000.00
<b>Other General Fund Total</b>	<b>\$ 700,250.00</b>	<b>\$ 6,650.00</b>	<b>\$ 706,900.00</b>
<b>Total General Fund</b>	<b>\$ 4,026,839.00</b>	<b>\$ (31,438.00)</b>	<b>\$ 3,995,401.00</b>
Capital Projects	\$ -		
Bond Projects	\$ -		
Debt Services	\$ 2,492,493.00	\$ 17,809.00	\$ 2,510,302.00
Maintenance Reserve	\$ 125,000.00	\$ (15,000.00)	\$ 110,000.00
<b>Total Expenditures</b>	<b>\$ 6,644,332.00</b>	<b>\$ (28,629.00)</b>	<b>\$ 6,615,703.00</b>
Transfer to Helicopter Operation	\$ 766,916.00	\$ (11,611.00)	\$ 755,305.00
Transfer to Terminal Operation	\$ (16,500.00)	\$ 16,500.00	\$ -
<b>AEB Deficit</b>	<b>\$ (1,125,748.00)</b>	<b>\$ (786,473.00)</b>	<b>\$ (1,912,221.00)</b>

## Proposed FY 2022 General Fund Budget (Fund 01)

Increases to the budget are shown in green.

Decreases to the budget are shown in red.

	FY21	Proposed Changes	FY22
<b>Mayor's Office</b>			
Salary	\$ 84,354.00	\$ -	\$ 84,354.00
Fringe	\$ 40,500.00	\$ 2,025.00	\$ 42,525.00
Travel	\$ 38,000.00	\$ -	\$ 38,000.00
Phone	\$ 1,000.00	\$ -	\$ 1,000.00
Supplies	\$ 1,500.00	\$ -	\$ 1,500.00
Dues & Fees	\$ 2,000.00	\$ -	\$ 2,000.00
Lobbying, Federal	\$ 45,000.00	\$ -	\$ 45,000.00
Lobbying, State	\$ 75,600.00	\$ -	\$ 75,600.00
<b>Total Mayor's Office</b>	<b>\$ 287,954.00</b>	<b>\$ 2,025.00</b>	<b>\$ 289,979.00</b>
<b>Assembly</b>			
Salary	\$ 40,000.00	\$ 3,000.00	\$ 43,000.00
Fringe	\$ 145,000.00	\$ 7,250.00	\$ 152,250.00
Travel	\$ 35,000.00	\$ -	\$ 35,000.00
Dues & Fees	\$ 5,000.00	\$ -	\$ 5,000.00
Supplies	\$ 1,000.00	\$ -	\$ 1,000.00
<b>Total Assembly</b>	<b>\$ 226,000.00</b>	<b>\$ 10,250.00</b>	<b>\$ 236,250.00</b>
<b>Administration</b>			
Salary	\$ 187,481.00	\$ -	\$ 187,481.00
Fringe	\$ 77,500.00	\$ 3,375.00	\$ 80,875.00
Engineering	\$ 25,000.00	\$ -	\$ 25,000.00
Contract	\$ 80,000.00	\$ -	\$ 80,000.00
Travel & Per Diem	\$ 11,000.00	\$ -	\$ 11,000.00
Phone	\$ 5,350.00	\$ -	\$ 5,350.00
Postage	\$ 750.00	\$ -	\$ 750.00
Supplies	\$ 4,500.00	\$ -	\$ 4,500.00
Rent	\$ 10,560.00	\$ 307.00	\$ 10,867.00
Dues & Fees	\$ 4,500.00	\$ -	\$ 4,500.00
<b>Total Administration</b>	<b>\$ 406,641.00</b>	<b>\$ 3,682.00</b>	<b>\$ 410,323.00</b>
<b>Assistant Administrator</b>			
Salary	\$ 94,469.00	\$ -	\$ 94,469.00
Fringe	\$ 34,000.00	\$ 1,700.00	\$ 35,700.00
Travel	\$ 8,000.00	\$ -	\$ 8,000.00
Phone	\$ 1,250.00	\$ -	\$ 1,250.00
Supplies	\$ 900.00	\$ (100.00)	\$ 800.00
Rent	\$ 10,411.00	\$ 312.00	\$ 10,723.00
Dues & Fees	\$ 1,500.00	\$ -	\$ 1,500.00
<b>Total Assistant Administrator</b>	<b>\$ 150,530.00</b>	<b>\$ 1,912.00</b>	<b>\$ 152,442.00</b>
<b>Clerk/Planning</b>			
Salary	\$ 106,000.00	\$ -	\$ 106,000.00
Fringe	\$ 45,500.00	\$ 2,275.00	\$ 47,775.00
Travel & Per Diem	\$ 10,000.00	\$ -	\$ 10,000.00
Phone	\$ 9,000.00	\$ -	\$ 9,000.00
Postage	\$ 1,000.00	\$ -	\$ 1,000.00
Supplies	\$ 3,500.00	\$ -	\$ 3,500.00
Utilities	\$ 18,000.00	\$ -	\$ 18,000.00
Dues & Fees	\$ 4,500.00	\$ -	\$ 4,500.00
Elections	\$ 10,000.00	\$ 2,000.00	\$ 12,000.00
<b>Total Clerk/Planning</b>	<b>\$ 207,500.00</b>	<b>\$ 4,275.00</b>	<b>\$ 211,775.00</b>
<b>Planning Commission</b>			
Salary	\$ -	\$ -	\$ -
Fringe	\$ -	\$ -	\$ -
Contract	\$ -	\$ -	\$ -
Travel & Per Diem	\$ -	\$ -	\$ -
Permitting	\$ -	\$ -	\$ -
<b>Total Planning Commission</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Finance</b>			
Salary	\$ 148,520.00	\$ 6,480.00	\$ 155,000.00
Fringe	\$ 72,000.00	\$ 3,600.00	\$ 75,600.00
Travel & Per Diem	\$ 8,500.00	\$ -	\$ 8,500.00
Phone	\$ 10,500.00	\$ -	\$ 10,500.00
Postage	\$ 1,250.00	\$ -	\$ 1,250.00
Supplies	\$ 8,000.00	\$ -	\$ 8,000.00
Utilities	\$ 4,500.00	\$ -	\$ 4,500.00

Dues & Fees	\$	2,250.00	\$	-	\$	2,250.00
Audit	\$	80,000.00	\$	2,500.00	\$	82,500.00
<b>Total Finance</b>	<b>\$</b>	<b>335,520.00</b>	<b>\$</b>	<b>12,580.00</b>	<b>\$</b>	<b>348,100.00</b>
<b>Natural Resources</b>						
Salary	\$	172,705.00	\$	-	\$	172,705.00
Fringe	\$	70,000.00	\$	3,500.00	\$	73,500.00
Contract	\$	10,000.00	\$	-	\$	10,000.00
Travel & Per Diem	\$	20,000.00	\$	-	\$	20,000.00
Phone	\$	3,000.00	\$	-	\$	3,000.00
Supplies	\$	2,500.00	\$	-	\$	2,500.00
Dues & Fees	\$	2,000.00	\$	-	\$	2,000.00
NPFMC	\$	12,500.00	\$	(2,500.00)	\$	10,000.00
BOF Meeting	\$	10,000.00	\$	(5,000.00)	\$	5,000.00
Rent	\$	26,827.00	\$	805.00	\$	27,632.00
<b>Total Natural Resources</b>	<b>\$</b>	<b>329,532.00</b>	<b>\$</b>	<b>(3,195.00)</b>	<b>\$</b>	<b>326,337.00</b>
<b>Communication Director</b>						
Salary	\$	106,487.00	\$	-	\$	106,487.00
Fringe	\$	34,158.00	\$	1,708.00	\$	35,866.00
Travel & Per Diem	\$	6,000.00	\$	-	\$	6,000.00
Phone	\$	2,400.00	\$	-	\$	2,400.00
Supplies	\$	1,500.00	\$	(250.00)	\$	1,250.00
Rent	\$	10,817.00	\$	325.00	\$	11,142.00
Dues & Fees	\$	1,100.00	\$	-	\$	1,100.00
Advertising/Promotions	\$	10,750.00	\$	-	\$	10,750.00
<b>Total Communications</b>	<b>\$</b>	<b>173,212.00</b>	<b>\$</b>	<b>1,783.00</b>	<b>\$</b>	<b>174,995.00</b>
<b>Maintenance Director</b>						
Salary	\$	73,450.00	\$	-	\$	73,450.00
Fringe	\$	32,000.00	\$	1,600.00	\$	33,600.00
Travel & Per Diem	\$	15,000.00	\$	1,000.00	\$	16,000.00
Phone	\$	-	\$	-	\$	-
Supplies	\$	4,000.00	\$	1,000.00	\$	5,000.00
Dues & Fees	\$	1,250.00	\$	-	\$	1,250.00
Utilities	\$	2,000.00	\$	-	\$	2,000.00
<b>Total Maintenance Director</b>	<b>\$</b>	<b>127,700.00</b>	<b>\$</b>	<b>3,600.00</b>	<b>\$</b>	<b>131,300.00</b>
<b>KCAP</b>						
Salary	\$	-	\$	-	\$	-
Fringe	\$	-	\$	-	\$	-
Travel & Per Diem	\$	-	\$	-	\$	-
Supplies	\$	2,000.00	\$	-	\$	2,000.00
Maintenance	\$	125,000.00	\$	-	\$	125,000.00
Contract	\$	100,000.00	\$	(75,000.00)	\$	25,000.00
<b>Total KCAP</b>	<b>\$</b>	<b>227,000.00</b>	<b>\$</b>	<b>(75,000.00)</b>	<b>\$</b>	<b>152,000.00</b>
<b>Education</b>						
Local Contribution	\$	800,000.00	\$	-	\$	800,000.00
Scholarships	\$	35,000.00	\$	-	\$	35,000.00
Student Travel	\$	20,000.00	\$	-	\$	20,000.00
<b>Total Education</b>	<b>\$</b>	<b>855,000.00</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>855,000.00</b>
<b>Other General Fund</b>						
Equipment	\$	25,000.00	\$	-	\$	25,000.00
AEB Vehicles	\$	750.00	\$	250.00	\$	1,000.00
Utilities	\$	20,000.00	\$	-	\$	20,000.00
Aleutia Crab	\$	55,000.00	\$	(6,600.00)	\$	48,400.00
Legal	\$	85,000.00	\$	-	\$	85,000.00
Insurance	\$	195,000.00	\$	23,000.00	\$	218,000.00
Repairs	\$	3,000.00	\$	-	\$	3,000.00
Bank Fees	\$	12,500.00	\$	-	\$	12,500.00
EATS	\$	150,000.00	\$	-	\$	150,000.00
Miscellaneous Expense	\$	25,000.00	\$	(5,000.00)	\$	20,000.00
Donations	\$	23,500.00	\$	-	\$	23,500.00
KSDP	\$	10,000.00	\$	-	\$	10,000.00
NL Revenue Sharing	\$	16,000.00	\$	-	\$	16,000.00
PERS	\$	40,000.00	\$	(5,000.00)	\$	35,000.00
IT Services	\$	39,500.00	\$	-	\$	39,500.00
<b>Total Other General Fund</b>	<b>\$</b>	<b>700,250.00</b>	<b>\$</b>	<b>6,650.00</b>	<b>\$</b>	<b>706,900.00</b>

## Proposed FY22 Helicopter and Cold Bay Terminal Budgets (Fund 22)

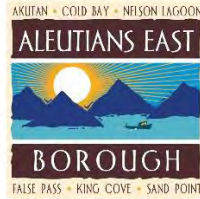
Increases to the budget are shown in green.

Decreases to the budget are shown in red.

	FY21	Proposed Changes	FY22
<b>Fund 22 Terminal Operations</b>			
<b>REVENUES</b>			
Leases	\$ 262,000.00	\$ 16,000.00	\$ 278,000.00
Other Income	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>\$ 262,000.00</b>	<b>\$ 16,000.00</b>	<b>\$ 278,000.00</b>
<b>EXPENSES</b>			
Salary	\$ 60,000.00	\$ -	\$ 60,000.00
Fringe	\$ 4,000.00	\$ 1,000.00	\$ 5,000.00
Contract Labor	\$ -	\$ 10,000.00	\$ 10,000.00
Maintenance	\$ 56,500.00	\$ 7,350.00	\$ 63,850.00
Travel & Per Diem	\$ -	\$ -	\$ -
Phone/Internet	\$ 2,000.00	\$ 400.00	\$ 2,400.00
Supplies	\$ 20,000.00	\$ -	\$ 20,000.00
Utilities	\$ 79,500.00	\$ -	\$ 79,500.00
Gas	\$ 1,000.00	\$ (250.00)	\$ 750.00
Fuel	\$ 16,000.00	\$ 14,000.00	\$ 30,000.00
State Land Lease	\$ 6,500.00	\$ -	\$ 6,500.00
<b>Total Expenditures</b>	<b>\$ 245,500.00</b>	<b>\$ 32,500.00</b>	<b>\$ 278,000.00</b>

	FY21	Proposed Changes	FY22
<b>Fund 22 Helicopter Operations</b>			
<b>REVENUES</b>			
Hangar	\$ 48,600.00	\$ 600.00	\$ 49,200.00
Transportation	\$ 169,000.00	\$ (34,000.00)	\$ 135,000.00
Fuel	\$ 126,000.00	\$ 63,924.00	\$ 189,924.00
<b>Total Revenues</b>	<b>\$ 343,600.00</b>	<b>\$ 30,524.00</b>	<b>\$ 374,124.00</b>
<b>EXPENSES</b>			
Salary	\$ 55,000.00	\$ (5,000.00)	\$ 50,000.00
Fringe	\$ 15,000.00	\$ (5,000.00)	\$ 10,000.00
Contract	\$ 887,816.00	\$ 17,613.00	\$ 905,429.00
Travel & Per Diem	\$ -	\$ -	\$ -
Telephone	\$ 700.00	\$ (700.00)	\$ -
Supplies	\$ 20,000.00	\$ 20,000.00	\$ 40,000.00
Rental Lease	\$ -	\$ -	\$ -
Utilities	\$ 8,000.00	\$ 2,000.00	\$ 10,000.00
Insurance	\$ -	\$ -	\$ -
Gas	\$ 14,000.00	\$ -	\$ 14,000.00
Fuel	\$ 110,000.00	\$ (10,000.00)	\$ 100,000.00
<b>Total Expenditures</b>	<b>\$ 1,110,516.00</b>	<b>\$ 18,913.00</b>	<b>\$ 1,129,429.00</b>

# Resolutions



## AGENDA STATEMENT

To: Mayor Osterback and Assembly

From: Anne Bailey, Borough Administrator

Date: May 14, 2021

**Re: Resolution 21-49, authorizing the Mayor to appropriate the FY22 Permanent Fund Earnings to designated projects and to reappropriate False Pass/Front End Loader Funds in Department 820 and Nelson Lagoon School Funds in Department 800**

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The Borough is authorized to appropriate funds from the Permanent Fund Account to the General Fund. The Assembly in its discretion and consistent with Chapter 6.04.041, may in any fiscal year, appropriate an amount not to exceed four percent (4%) of the five-year average fund market value, to be computed using the five (5) prior calendar years market value. This was done to attempt to smooth the effects of market volatility and preserve the purchasing power of the fund.

Currently, the Borough has been appropriating the earnings from the Permanent Fund and then appropriating the earnings to projects. These projects and their corresponding appropriations are entered into Fund 20.

Contingent upon the approval of Ordinance 21-13, which adopts the operating and capital budget for the Aleutians East Borough (“Borough”) Fiscal Year 2022, \$1,751,265.13 in Permanent Fund Earnings will be approved for FY22.

Borough Administration recommends appropriation of the Permanent Fund Earnings to projects outlined in the:

1. Borough’s Strategic Plan
2. Borough Maintenance Needs
3. Community Budget Request Items (overview of all the Community Budget Requests is attached)



The recommended appropriations of the Permanent Fund Earnings are as shown below:

**City of Akutan - Akutan Harbor Water Projects**

**\$50,000 Addition to Fund 20 for an Akutan Harbor Water Projects**

Propose adding a Department Line Item to Fund 20 in the amount of \$50,000 for an Akutan Harbor Water Project. This was requested by the City of Akutan through the budget request process. These funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of Cold Bay Community Education Support**

**\$42,922 Addition to Sub Department 516 Cold Bay Community Education Preschool Line Item E 20-516-209-475 Supplies**

Propose adding \$42,922 to Line-Item E 20-516-209-475 Supplies for the Cold Bay Preschool. This was requested by the City of Cold Bay through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of Cold Bay Municipal Building**

**\$11,635 Addition to Fund 20 for a Cold Bay Municipal Building Repairs**

**Repairs:**

Propose adding a Department Line-Item to Fund 20 in the amount of \$11,635 for a Cold Bay Municipal Building Repairs. This was requested by the City of Cold Bay through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of False Pass Waste Back Haul Project:**

**\$36,250 Addition to Fund 20 for a False Pass Waste Back Haul Project**

Propose adding a Department Line-Item to Fund 20 in the amount of \$36,250 for False Pass Waste Back Haul Project. This was requested by the City of False Pass through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**City of False Pass Community Gym Equipment:**

**\$9,790 Addition to Fund 20 for a False Pass Community Gym Community Gym Equipment**

Propose adding a Department Line Item to Fund 20 in the amount of \$9,790 for False Pass Community Gym Equipment. This was requested by the City of False Pass through the budget request process. The funds would be appropriation from the FY22 Permanent Fund Earnings.

**City of King Cove  
City Archives and  
Storage Depot:**

**\$77,000 Addition to Fund 20 for the King Cove City Archives  
and Storage Depot**

Propose adding a Department Line Item to Fund 20 in the amount of \$77,000 for the King Cove City Archives and Storage Depot. This was requested by the City of King Cove through the budget request process. The funds would be appropriated from the FY21 Permanent Fund Earnings.

**City of Sand Point  
Travel Lift:**

**\$100,000 Addition to Fund 20 for the Sand Point Trave Lift**

Propose adding a Department Line Item to Fund 20 in the amount of \$100,000 for the Sand Point Travel Lift. This was requested by the City of Sand Point through the budget request process. The funds would be appropriated from the FY22 Permanent Fund Earnings

**Deferred Maintenance:**

**\$250,000 Addition to Fund 20 for Deferred Maintenance**

Propose adding \$250,000 to line-item E 20-900-209-678 DEFERRED MAINTENANCE. This project is on the Borough's strategic plan. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**Fisheries Research**

**\$75,000 Addition to Fund 20 for Fisheries Research**

Propose adding \$75,000 to line-item E 20-872-209-679 FISHERIES RESEARCH. Fisheries research is on the Borough's strategic plan. This project would be a collaboration between the AEB, local fishermen and the Alaska Fisheries Science Center (AFSC). The idea for a cooperative survey was based on a previously successful cooperative effort to pilot a hydroacoustic survey for pollock in the Western Gulf of Alaska (WGOA). Using a similar concept, this project will utilize a local vessel to explore the feasibility of using hydroacoustics to survey cod. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**Sand Point and Akutan  
Harbor Floats:**

**\$600,000 Addition to Fund 20 for the Sand Point and Akutan  
Harbor Floats**

Propose adding \$600,000 to line-item E 20-871-209-680 SAND POINT/AKUTAN HARBOR FLOAT. This project is on the Borough's strategic plan and can be used as a match to federal and state grants. The funds would be appropriated from the FY 22 Permanent Fund Earnings.

**Sand Point School: \$300,000 Addition to Fund 20 for the Sand Point School**

Propose adding \$300,000 to line-item E 20-807-209-462 SAND POINT SCHOOL. The Borough is applying for a DEED grant for rehabilitating the Sand Point School. If the grant is approved a 35% match will be required. These funds would be applied to the match. This project is on the Borough's strategic plan. The funds would be appropriated from the FY22 Permanent Fund Earnings.

**Project Contingency: \$198,668.13 Addition to Fund 20 for Project Contingency**

Propose adding \$198,668.13 to line-item E 20-866-209-888 PROJECT CONTINGENCY. Having funds in this line item for unanticipated projects and needs has been extremely valuable. The funds would be appropriated from the FY 22 Permanent Fund Earnings.

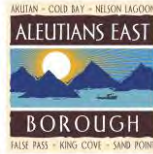
Borough Administration also recommends the following changes:

**False Pass/Front End Loader: Reappropriate \$.74 in Department 820 line-item E 20-820-209-687 LOADER PURCHASE to Department 866 line-item E 20-866-209-888 PROJECT CONTINGENCY**

In FY21, \$22,152 was appropriated to the City of False Pass for the purchase of a loader through the FY21 Community Budget Request Process. The City of False Pass submitted their invoices in the amount of \$22,151.26 leaving a balance of \$.74. Administration recommends reappropriating \$.74 from the line-item E 20-820-209-687 LOADER PURCHASE to line item E 20-866-209-888 PROJECT CONTINGENCY so we can close out and remove the loader purchase account.

**Nelson Lagoon School: Reappropriate \$11,295.00 in Department 800 Line-Item E 41-800-866-888 PROJECT CONTINGENCY to Department 900 Line Item E 20-900-209-678 DEFERRED MAINTENANCE**

In FY17, \$50,000 in Permanent Fund Earnings were appropriated to Fund 41 for the Nelson Lagoon School. The Borough expended \$38,705.00 for a Nelson Lagoon School Assessment leaving a balance of \$11,295.00. In March 2018, the Nelson Lagoon School property was transferred to the Nelson Lagoon Tribal Council. Administration does not foresee needing these funds for further Nelson Lagoon School work and recommends appropriating the remaining funds to the Deferred Maintenance line item for use.



## RESOLUTION 21-49

### **A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY AUTHORIZING THE MAYOR TO APPROPRIATE THE FY 2022 PERMANENT FUND EARNINGS TO DESIGNATED PROJECTS AND TO REAPPROPRIATE FALSEPASS/FRONT END LOADER FUNDS**

**WHEREAS**, the Borough Assembly in its discretion and consistent with Chapter 6.04.041, may in any fiscal year, appropriate an amount not to exceed four percent (4%) of the five-year average fund market value, to be computed using the five (5) prior calendar years market value; and

**WHEREAS**, the Permanent Fund Earnings can be appropriated to projects within the Borough; and

**WHEREAS**, Alaska Permanent Capital Management has determined that the Permanent Fund Earnings distribution for FY 2022 is \$1,751,265.13; and

**WHEREAS**, the Borough approved Ordinance 21-13, which adopts the operating and capital budget for the Aleutians East Borough ("Borough") Fiscal Year 2022 and approves the FY 2022 Permanent Fund Earnings distribution in the amount of \$1,751,265.13; and

**WHEREAS**, Borough Administration recommends that the Permanent Fund Earnings be distributed to projects outlined in the Borough Strategic Plan, Borough maintenance needs and Community Budget Requests; and

**WHEREAS**, the Borough has \$.74 remaining in line-item E 20-820-209-687 for the City of False Pass Front End Loader, which needs to be reappropriated; and

**WHEREAS**, Borough Administration recommends reappropriating the funds in the False Pass/Front End Loader line item to line-item E 20-866-209-888 Project Contingency; and

**WHEREAS**, the Borough has \$11,295 remaining in line-item E 41-800-866-888 Project Contingency for the Nelson Lagoon School, which can be reappropriated; and

**WHEREAS**, Borough Administration recommends reappropriating the funds in the Nelson lagoon School line item to line-item E 20-900-209-678 Deferred Maintenance.

**NOW THEREFORE, BE IT RESOLVED**, the Aleutians East Borough Assembly authorizes the Mayor to appropriate the FY 2022 Permanent Fund Earnings in the amount of \$1,751,265.13 to the projects outlined in Exhibit A.

**NOW THEREFORE, BE IT FURTHER RESOLVED**, the Aleutians East Borough Assembly to reappropriate \$.74 in line-item E 20-820-209-687 to line-item E 20-866-209-888.

**NOW THEREFORE, BE IT FURTHER RESOLVED**, the Aleutians East Borough Assembly to reappropriate \$11,295.00 in line-item E 41-800-866-888 to line-item E 20-900-209-678.

**PASSED AND ADOPTED** by the Aleutians East Borough on this 27<sup>th</sup> day of May, 2021.

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Alvin D. Osterback, Mayor

ATTEST:

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Tina Anderson, Clerk

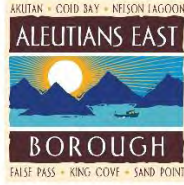
**Exhibit A**

**Resolution 21-49**

**FY 22 Permanent Fund Earning Appropriations**

<b>Project</b>	<b>Amount</b>
City of Akutan – Akutan Harbor Water Projects	\$50,000.00
City of Cold Bay – Community Education Support	\$42,922.00
City of Cold Bay – Municipal Building Facility Repairs	\$11,635.00
City of False Pass – Waste Backhaul Project	\$36,250.00
City of False Pass – Community Gym Equipment	\$9,790.00
City of King Cove – City Archives and Storage Depot	\$77,000.00
City of Sand Point – Travel Lift	\$100,000.00
Deferred Maintenance	\$250,000.00
Fisheries Research	\$75,000.00
Sand Point and Akutan Harbor Floats	\$600,000.00
Sand Point School	\$300,000.00
Project Contingency	\$198,668.13
<b>TOTAL</b>	<b>\$1,751,265.13</b>

\*This value is 4% of the permanent fund distribution amount and is based off APCM’s reading of the Borough ordinance.



## MEMORANDUM

To: Alvin D. Osterback, Mayor and Assembly

From: Anne Bailey, Borough Administrator

Date: May 20, 2021

**Re: Resolution 21-51, Accepting the Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports for Year Ended June 30, 2020**

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The Aleutians East Borough hired BDO to audit the financial statements of the government activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as of and for the year ending June 30, 2020.

BDO has completed the audit for FY2020 and, in their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aleutians East Borough, Alaska, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The audit required a few journal entry adjustments and no restatements. For the FY 2020 Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards* there was one material weakness and 3 significant deficiencies. For the FY 2020 Federal Award Findings and Questioned Costs there were 2 significant deficiencies. The findings and corrective action plan are as follows:

<b>Financial Statement Findings Required to be Reported in Accordance with <i>Government Auditing Standards</i></b>
---

**Finding 2020-001** General Ledger Reconciliation and External Financial Reporting - Material Weakness in Internal Control

**Corrective Action Plan** The Aleutians East Borough has hired a full-charge bookkeeper to assist management with year-end reconciliations, closing entries, and audit

preparation. The bookkeeper has sufficient skills, knowledge, and experience to assist management in ensuring that all accounts are properly reconciled, and all necessary year-end adjusting entries are posted timely prior to commencement of the financial statement audit.

*Expected  
Completion Date*      June 30, 2021

**Finding 2020-002**      Approved Pay Rates and Timesheets - Internal Control over Financial Reporting - Significant Deficiency

*Corrective Action  
Plan*                      Management has begun reviewing all personnel files to verify all employees have a current signed and approved pay rate on file. For employees identified without a rate on file, a signed and approved pay rate will be added. Management has also instituted a policy requiring all newly hired employees have their pay rate formally documented and added to their personnel file during onboarding. Management has also instituted a policy requiring timesheets be signed off by a supervisor prior to approval for pay.

*Expected  
Completion Date*      June 30, 2021



**Finding 2020-003** Segregation of Duties - Internal Control over Financial Reporting - Significant Deficiency

*Corrective Action Plan* Management has established a policy requiring all cash disbursements to be reviewed and approved by a second individual who is knowledgeable of the transaction prior to disbursement. If review is not possible prior to needing to make the disbursement, review is to happen as soon as possible afterwards. For transactions prepared and posted by the finance director, the full-charge bookkeeper will assist with reviewing the transaction.

*Expected Completion Date* June 30, 2021

**Finding 2020-004** Journal Entry Review - Internal Control over Financial Reporting - Significant Deficiency

*Corrective Action Plan* The Aleutians East Borough has established a Journal Entry Review Policy and Procedure. A full-charge bookkeeper will assist management with review and approval of journal entries. The bookkeeper will review all entries posted by the finance director on a weekly basis.

*Expected Completion Date* June 30, 2021

## Federal Award Findings

**Finding 2020-005** Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency

*Corrective Action Plan* Management has begun reviewing all personnel files to verify all employees have a current signed and approved pay rate on file. For employees identified without a rate on file, a signed and approved pay rate will be added. Management has also instituted a policy requiring all newly hired employees have their pay rate formally documented and added to their personnel file during onboarding. Management has also instituted a policy requiring timesheets be signed off by a supervisor prior to approval for pay.

*Expected Completion Date* June 30, 2021

**Finding 2020-006** Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency

*Corrective Action Plan* Management has established a policy requiring all cash disbursements to be reviewed and approved by a second individual who is knowledgeable of the transaction prior to disbursement. If review is not possible prior to needing to make the disbursement, review is to happen as soon as possible afterwards. For transactions prepared and posted by the finance director, the full-charge bookkeeper will assist with reviewing the transaction.

*Expected Completion Date* June 30, 2021

The final FY20 Audit is attached for the Assembly's review. BDO submitted the audit and representation letter to the State of Alaska on May 20, 2021.

### RECOMMENDATION

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Administration recommends approval of Resolution 20-51 approving the Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports for Year Ended June 30, 2020.

## Aleutians East Borough, Alaska

Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information and Single Audit Reports  
Year Ended June 30, 2020

## Aleutians East Borough, Alaska

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Basic Financial Statements, Required Supplementary Information,  
Supplementary Information and Single Audit Reports  
Year Ended June 30, 2020

# Aleutians East Borough, Alaska

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# Aleutians East Borough, Alaska

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Anchorage, AK 99503

## Independent Auditor's Report

Honorable Mayor and Borough Assembly  
Aleutians East Borough, Alaska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aleutians East Borough, Alaska (the Borough), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aleutians East Borough, Alaska, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 52 and the schedules of the Borough's proportionate share of the net pension and OPEB liability or asset and Borough contributions on pages 53-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The individual fund financial statements and schedules listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The accompanying Schedule of Expenditures of Federal Awards and the individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with ***Government Auditing Standards***, we have also issued our report dated May 20, 2021 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Borough's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
May 20, 2021

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## Basic Financial Statements

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## Aleutians East Borough, Alaska

## Statement of Net Position

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	School District
<i>June 30, 2020</i>				
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 68,696,128	\$ -	\$ 68,696,128	\$ 4,412,062
Investment in Southwest Governments, LLC	471,711	-	471,711	-
Receivables, net of allowance for uncollectible accounts:				
State of Alaska	53,469	-	53,469	349,613
Accrued interest	56,968	-	56,968	-
Other	148,230	36,542	184,772	-
Taxes	375,883	-	375,883	-
Internal balances	(162,394)	162,394	-	-
Prepaid items	-	8,310	8,310	594,601
Inventory	-	-	-	45,283
Restricted cash and investments:				
Unspent bond proceeds	3,675,489	-	3,675,489	-
Accrued interest	11,145	-	11,145	-
Net other postemployment benefits asset	6,385	-	6,385	218,228
Capital assets not being depreciated	5,521,807	62,898	5,584,705	-
Other capital assets, net of accumulated depreciation	70,313,802	4,633,912	74,947,714	231,942
<b>Total Assets</b>	<b>149,168,623</b>	<b>4,904,056</b>	<b>154,072,679</b>	<b>5,851,729</b>
Deferred Outflows of Resources				
Related to pensions	232,005	-	232,005	313,278
Related to other postemployment benefits	143,128	-	143,128	236,378
Deferred charge on refunding	310,530	-	310,530	-
<b>Total Deferred Outflows of Resources</b>	<b>685,663</b>	<b>-</b>	<b>685,663</b>	<b>549,656</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 149,854,286</b>	<b>\$ 4,904,056</b>	<b>\$ 154,758,342</b>	<b>\$ 6,401,385</b>
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 3,984,122	\$ 7,492	\$ 3,991,614	\$ 58,515
Accrued payroll and taxes	-	-	-	66,376
Accrued leave	125,971	-	125,971	71,816
Accrued interest	118,276	-	118,276	-
Unearned revenue	1,371,214	-	1,371,214	14,925
Bonds payable, current	1,595,000	-	1,595,000	-
Bonds payable, noncurrent	19,133,239	-	19,133,239	-
Net pension liability	1,611,440	-	1,611,440	3,481,263
Net other postemployment benefits liability	51,685	-	51,685	46,169
<b>Total Liabilities</b>	<b>27,990,947</b>	<b>7,492</b>	<b>27,998,439</b>	<b>3,739,064</b>
Deferred Inflows of Resources				
Related to pensions	23,856	-	23,856	248,406
Related to other postemployment benefits	51,934	-	51,934	206,038
<b>Total Deferred Inflows of Resources</b>	<b>75,790</b>	<b>-</b>	<b>75,790</b>	<b>454,444</b>
Net Position				
Net investment in capital assets	59,093,389	4,696,810	63,790,199	231,942
Restricted:				
Construction	280,770	-	280,770	-
Trust Fund	42,295,917	-	42,295,917	-
Unrestricted	20,117,473	199,754	20,317,227	1,975,935
<b>Total Net Position</b>	<b>121,787,549</b>	<b>4,896,564</b>	<b>126,684,113</b>	<b>2,207,877</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 149,854,286</b>	<b>\$ 4,904,056</b>	<b>\$ 154,758,342</b>	<b>\$ 6,401,385</b>

See accompanying notes to financial statements.

Aleutians East Borough, Alaska  
Statement of Activities

	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		School District	
					Governmental Activities	Business- type Activities		Total
<i>Year Ended June 30, 2020</i>								
Primary Government								
Governmental Activities								
General government	\$ 4,175,042	\$ -	\$ 516,392	\$ -	\$ (3,658,650)	\$ -	\$ (3,658,650)	
Infrastructure	4,931,132	-	-	194,664	(4,736,468)	-	(4,736,468)	
Interest on long-term debt	610,525	-	-	-	(610,525)	-	(610,525)	
<b>Total Governmental Activities</b>	<b>9,716,699</b>	<b>-</b>	<b>516,392</b>	<b>194,664</b>	<b>(9,005,643)</b>	<b>-</b>	<b>(9,005,643)</b>	
Business-type Activities								
Terminal	360,320	175,204	-	-	-	(185,116)	(185,116)	
Helicopter	1,013,892	357,572	-	-	-	(656,320)	(656,320)	
<b>Total Business-type Activities</b>	<b>1,374,212</b>	<b>532,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(841,436)</b>	<b>(841,436)</b>	
<b>Total Primary Government</b>	<b>\$ 11,090,911</b>	<b>\$ 532,776</b>	<b>\$ 516,392</b>	<b>\$ 194,664</b>	<b>(9,005,643)</b>	<b>(841,436)</b>	<b>(9,847,079)</b>	
<b>Component Unit - School District</b>	<b>\$ 8,630,581</b>	<b>\$ 97,969</b>	<b>\$ 627,523</b>					<b>\$ (7,905,089)</b>
General Revenues								
Borough fish tax					4,714,015	-	4,714,015	-
Unrestricted investment earnings					288,545	-	288,545	-
Restricted investment earnings					321,164	-	321,164	-
Local contributions					-	-	-	1,033,045
State grants and entitlements not restricted to specific program					2,333,032	-	2,333,032	4,611,846
Payment in lieu of taxes					668,816	-	668,816	-
Federal sources					-	-	-	2,262,715
PERS - on behalf					87,151	-	87,151	70,403
E-rate					-	-	-	719,280
Miscellaneous					304,225	-	304,225	35,546
Transfers					(852,463)	852,463	-	-
<b>Total General Revenues and Transfers</b>					<b>7,864,485</b>	<b>852,463</b>	<b>8,716,948</b>	<b>8,732,835</b>
Change in Net Position					(1,141,158)	11,027	(1,130,131)	827,746
Net Position, beginning					122,928,707	4,885,537	127,814,244	1,380,131
<b>Net Position, ending</b>					<b>\$ 121,787,549</b>	<b>\$ 4,896,564</b>	<b>\$ 126,684,113</b>	<b>\$ 2,207,877</b>

*See accompanying notes to financial statements.*

## Aleutians East Borough, Alaska

Exhibit B-1

## Balance Sheet - Governmental Funds

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Fund	Capital Improvements Capital Project	Trust Permanent Fund	Bond Construction Capital Project	King Cove Access Capital Project	
<i>June 30, 2020</i>						
Assets						
Cash and investments	\$ 27,217,765	\$ 1,458,797	\$ 39,738,796	\$ -	\$ 280,770	\$ 68,696,128
Investment in Southwest Governments, LLC	-	-	471,711	-	-	471,711
Receivables, net:						
State of Alaska	53,469	-	-	-	-	53,469
School	1,350	-	-	-	-	1,350
Accrued interest	5,789	-	51,179	-	-	56,968
Taxes	375,883	-	-	-	-	375,883
Other	5,581	141,299	-	-	-	146,880
Due from other funds	-	-	2,034,231	428,993	-	2,463,224
Restricted cash and investments:						
Unspent bond proceeds	-	-	-	3,675,489	-	3,675,489
Accrued interest	-	-	-	11,145	-	11,145
<b>Total Assets</b>	<b>\$ 27,659,837</b>	<b>\$ 1,600,096</b>	<b>\$ 42,295,917</b>	<b>\$ 4,115,627</b>	<b>\$ 280,770</b>	<b>\$ 75,952,247</b>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 109,509	\$ 79,050	\$ -	\$ 3,795,563	\$ -	\$ 3,984,122
Unearned revenue	-	1,371,214	-	-	-	1,371,214
Due to other funds	2,475,786	149,832	-	-	-	2,625,618
<b>Total Liabilities</b>	<b>2,585,295</b>	<b>1,600,096</b>	<b>-</b>	<b>3,795,563</b>	<b>-</b>	<b>7,980,954</b>
Fund Balances						
Restricted:						
Trust fund	-	-	42,295,917	-	-	42,295,917
King Cove access project funding	-	-	-	-	280,770	280,770
Assigned - capital improvements	-	-	-	320,064	-	320,064
Unassigned	25,074,542	-	-	-	-	25,074,542
<b>Total Fund Balances</b>	<b>25,074,542</b>	<b>-</b>	<b>42,295,917</b>	<b>320,064</b>	<b>280,770</b>	<b>67,971,293</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,659,837</b>	<b>\$ 1,600,096</b>	<b>\$ 42,295,917</b>	<b>\$ 4,115,627</b>	<b>\$ 280,770</b>	<b>\$ 75,952,247</b>

See accompanying notes to financial statements.

Aleutians East Borough, Alaska  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Position  
 June 30, 2020

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

Total fund balances - All governmental funds		\$ 67,971,293
Capital assets (shown here, net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		75,835,609
Certain other postemployment benefits (OPEB) plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported in the funds		
Net other postemployment asset		6,385
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds:		
Related to pensions	\$ 232,005	
Related to other postemployment benefits	143,128	
Deferred charge on refunding	310,530	
Total deferred outflows of resources	685,663	685,663
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:		
Accrued leave	(125,971)	
Accrued interest on bonds	(118,276)	
Bonds payable, including unamortized premium	(20,728,239)	
Net pension liability	(1,611,440)	
Net other postemployment liability	(51,685)	
Total long-term liabilities	(22,635,611)	(22,635,611)
Deferred inflows of resources are not financial resources and therefore, are not reported in the funds:		
Related to pensions	(23,856)	
Related to other postemployment benefits	(51,934)	
Total deferred inflows of resources	(75,790)	(75,790)
Total Net Position of Governmental Activities		\$ 121,787,549

*See accompanying notes to financial statements.*

Aleutians East Borough, Alaska  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds

	Major Funds						Nonmajor Fund	Total Govern- mental Funds
	General Fund	Capital Improve- ments Capital Project	Trust Permanent Fund	Debt Service	Bond Construc- tion Capital Project	Maint- enance Reserve Capital Project	King Cove Access Capital Project	
<i>Year Ended June 30, 2020</i>								
Revenues								
Federal government	\$ 668,816	\$ 197,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 866,357
State of Alaska	2,718,117	194,664	-	-	-	-	-	2,912,781
Borough raw fish tax	4,714,015	-	-	-	-	-	-	4,714,015
Investment income	190,444	-	321,164	-	98,101	-	-	609,709
Other	212,610	24,456	-	-	67,159	-	-	304,225
<b>Total Revenues</b>	<b>8,504,002</b>	<b>416,661</b>	<b>321,164</b>	<b>-</b>	<b>165,260</b>	<b>-</b>	<b>-</b>	<b>9,407,087</b>
Expenditures								
Current:								
General government	3,710,628	-	42,410	-	-	-	-	3,753,038
Infrastructure	-	1,076,264	-	-	42,410	261,395	-	1,380,069
Debt service	-	-	-	2,482,416	-	-	-	2,482,416
Capital outlay	-	841,890	-	-	-	6,085	-	847,975
<b>Total Expenditures</b>	<b>3,710,628</b>	<b>1,918,154</b>	<b>42,410</b>	<b>2,482,416</b>	<b>42,410</b>	<b>267,480</b>	<b>-</b>	<b>8,463,498</b>
Excess of Revenues Over (Under) Expenditures	4,793,374	(1,501,493)	278,754	(2,482,416)	122,850	(267,480)	-	943,589
Other Financing Sources (Uses)								
Transfers in	5,018,336	1,045,088	-	2,482,416	-	267,480	-	8,813,320
Transfers out	(4,451,304)	-	(5,018,336)	-	-	-	-	(9,469,640)
<b>Net Other Financing Sources (Uses)</b>	<b>567,032</b>	<b>1,045,088</b>	<b>(5,018,336)</b>	<b>2,482,416</b>	<b>-</b>	<b>267,480</b>	<b>-</b>	<b>(656,320)</b>
<b>Net Change in Fund Balances</b>	<b>5,360,406</b>	<b>(456,405)</b>	<b>(4,739,582)</b>	<b>-</b>	<b>122,850</b>	<b>-</b>	<b>-</b>	<b>287,269</b>
Fund Balances, beginning	19,714,136	456,405	47,035,499	-	197,214	-	280,770	67,684,024
Fund Balances, ending	\$ 25,074,542	\$ -	\$ 42,295,917	\$ -	\$ 320,064	\$ -	\$ 280,770	\$ 67,971,293

*See accompanying notes to financial statements.*



Aleutians East Borough, Alaska  
 Reconciliation of Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2020

Net change in fund balances - All governmental funds	\$	287,269
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, on 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 depreciation expense of \$3,705,289 exceeded capital outlays of \$198,733 in the current period.		(3,506,556)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Principal repayment	\$ 1,520,000	
Net change in premium and deferred charge on refunding	342,252	
		1,862,252

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:

Increase in accrued leave	(45,628)	
Decrease in accrued interest	9,639	
Increase in net pension liability and related deferred outflows and inflows of resources	(91,322)	
Decrease in net other postemployment benefits liability, asset and related deferred outflows and inflows of resources	343,188	
		215,877

Total Change in Net Position of Governmental Activities	\$	(1,141,158)
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*See accompanying notes to financial statements.*

## Aleutians East Borough, Alaska

## Statement of Net Position

## Enterprise Funds

<i>June 30, 2020</i>	Major Funds		Total
	Terminal	Helicopter	
Assets			
Current Assets			
Prepays	\$ -	\$ 8,310	\$ 8,310
Receivables, net	-	36,542	36,542
Due from other funds	199,754	-	199,754
Total Current Assets	199,754	44,852	244,606
Noncurrent Assets			
Equipment, net of accumulated depreciation	4,696,810	-	4,696,810
Total Assets	\$ 4,896,564	\$ 44,852	\$ 4,941,416
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ -	\$ 7,492	\$ 7,492
Due to other funds	-	37,360	37,360
Total Liabilities	-	44,852	44,852
Net Position			
Net investment in capital assets	4,696,810	-	4,696,810
Unrestricted	199,754	-	199,754
Total Net Position	4,896,564	-	4,896,564
Total Liabilities and Net Position	\$ 4,896,564	\$ 44,852	\$ 4,941,416

*See accompanying notes to financial statements.*

Aleutians East Borough, Alaska  
Statement of Revenues, Expenses and Changes in Net Position  
Enterprise Funds

<i>Year Ended June 30, 2020</i>	Major Funds		Total
	Terminal	Helicopter	
Operating Revenues	\$ 175,204	\$ 357,572	\$ 532,776
Operating Expenses			
Salaries and benefits	42,884	40,296	83,180
Professional services	-	843,059	843,059
Telephone	3,749	321	4,070
Supplies	17,111	11,206	28,317
Utilities	14,910	-	14,910
Fuel	18,731	119,010	137,741
Maintenance	7,817	-	7,817
Depreciation	255,118	-	255,118
Total Operating Expenses	360,320	1,013,892	1,374,212
Operating Loss	(185,116)	(656,320)	(841,436)
Transfers In	196,143	656,320	852,463
Change in net position	11,027	-	11,027
Net Position, beginning	4,885,537	-	4,885,537
Net Position, ending	\$ 4,896,564	\$ -	\$ 4,896,564

*See accompanying notes to financial statements.*

## Aleutians East Borough, Alaska

## Statement of Cash Flows

## Enterprise Funds

<i>Year Ended June 30, 2020</i>	Major Funds		Total
	Terminal	Helicopter	
<b>Cash Flows from (for) Operating Activities</b>			
Cash payments from customers	\$ 175,204	\$ 355,753	\$ 530,957
Cash payments for goods and services	(62,318)	(975,084)	(1,037,402)
Cash payments for salaries and benefits	(42,884)	(40,296)	(83,180)
<b>Net cash flows from (for) operating activities</b>	<b>70,002</b>	<b>(659,627)</b>	<b>(589,625)</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>			
Increase in due to other funds	-	3,307	3,307
Increase in due from other funds	(70,002)	-	(70,002)
Transfer in	-	656,320	656,320
<b>Net cash flows from (for) noncapital financing activities</b>	<b>(70,002)</b>	<b>659,627</b>	<b>589,625</b>
<b>Net Increase in Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net Cash Flows from (for) Operating Activities</b>			
Operating loss	\$ (185,116)	\$ (656,320)	\$ (841,436)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:			
Depreciation	255,118	-	255,118
Changes in operating assets and liabilities that provided (used) cash:			
Receivables, net	-	(1,819)	(1,819)
Accounts payable	-	(1,488)	(1,488)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 70,002</b>	<b>\$ (659,627)</b>	<b>\$ (589,625)</b>
<b>Noncash Capital and Related Financing Activities</b>			
Capital assets transferred from governmental activities	\$ 196,143	\$ -	\$ 196,143

*See accompanying notes to financial statements.*

Aleutians East Borough, Alaska  
Statement of Fiduciary Assets and Liabilities  
Deferred Compensation Agency Fund

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*Year Ended June 30, 2020*

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Assets - investments	\$ 440,147
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Liabilities - due to employees	\$ 440,147
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*See accompanying notes to financial statements.*

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements June 30, 2020

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### 1. Summary of Significant Accounting Policies

The financial statements of the Aleutians East Borough (the Borough) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### ***(a) 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 Borough (the primary government) and The Aleutians East Borough School District (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 School District is a component unit of the Borough. The School District's audited financial statements may be obtained from their office at the address below:

Aleutians East Borough School District  
PO Box 429  
Sand Point, Alaska 99661-0429

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

#### ***(b) Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position 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.

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.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### ***(c) Measurement Focus, Basis of Accounting, and Basis of Presentation***

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 180 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.

### ***(d) 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.
- Capital Improvements Capital Project Fund - Accounts for all revenue received and expenditures made for the development and administration of capital projects.
- Trust Permanent Fund - Accounts for all investment activity, deposits and disbursements related to the permanent fund established by the assembly. The Borough Assembly may, in any fiscal year, appropriate an amount not to exceed four percent (4%) of the five-year average fund market value, to be computed using the five prior calendar years market value, additional income is added to the fund. The fund corpus is to be held in perpetuity except in circumstances of natural disaster or financial emergency.
- Debt Service Fund - Accounts for all expenditures made for the retirement of and interest on debt.
- Bond Construction Capital Project Fund - Accounts for all expenditures made on projects funded by bond proceeds.
- Maintenance Reserve Capital Project Fund - Accounts for all expenditures made on maintenance-related projects. The Borough has elected to report this fund as major given significance to the users of the financial statements.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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The Borough reports the following major proprietary funds:

- Terminal Enterprise Fund - Accounts for all activity associated with construction, operation, and maintenance of the airport terminal located in Cold Bay.
- Helicopter Enterprise Fund - Accounts for all activity associated with helicopter operations in Akutan.

The Borough reports the following fiduciary fund:

- Deferred Compensation Agency Fund - Accounts for the Borough's employee retirement plan.

### ***(e) 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.

### ***(f) Assets and Liabilities***

#### Cash and Investments

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

Investments are stated at fair value. Investments of all funds outside of the Permanent Fund are managed within the Borough's central treasury.

#### Investments in Southwest Governments, LLC

The Borough's investment in Southwest Governments, LLC is accounted for under the equity method. Under the equity method, original investments are recorded at cost and adjusted by the Borough's share of undistributed earnings or losses. The Borough would recognize an impairment loss when there is a loss in value in the equity method investment which is other than a temporary decline.

#### Receivables

All receivables are shown net of an allowance for uncollectible accounts.



# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### Interfund 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. All amounts due to/from other funds are short-term in nature.

### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

### Capital 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 recorded at the acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. 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:

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Buildings and improvements	25 years
Infrastructure	30 years
Furniture, vehicles and equipment	3-7 years

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### Accrued Leave

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 accrued leave payable to currently terminated employees and are included in wages and benefits payable.

### Unearned Revenue

Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met are recorded as unearned revenue.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### 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.

#### ***(g) Pensions and Other Postemployment Benefits (OPEB)***

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

#### ***(h) Deferred Outflows of Resources and Deferred Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Generally, the Borough reports deferred charges on bond refunding and pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The Borough reports certain pension and OPEB related items as deferred inflows of resources. These items are amortized as a reduction of expense over varying periods of time based on their nature.

#### ***(i) Equity***

##### Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

#### ***Restricted***

Reflects funds with externally imposed constraints placed on them by either 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.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### ***Committed***

These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Assembly. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those requirements. Committed amounts cannot be used for any other purpose unless the Borough Assembly removes the constraint through a subsequent formal modification or rescinding action.

### ***Assigned***

This classification reflects the amounts constrained by the Borough's assembly members "intent" to be used for specific purposes, but are neither restricted nor committed. When Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

### ***Unassigned***

This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. When restricted, committed or assigned resources as well as unassigned resources are available for use, it is the Borough's policy to use restricted, committed, or assigned resources first, then unassigned resources as needed.

### ***(j) Net Position***

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

#### Net Investment in Capital Assets

This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

#### Restricted

This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

#### Unrestricted

This consists of net position that does not meet the definition of restricted or net investment in capital assets. 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.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### ***(k) 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.

### ***(l) Revenues, Expenditures and Expenses***

#### Grants and Other Intergovernmental Revenues

In applying the measurable and available concept to grants and intergovernmental revenues, legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

## 2. Cash and Investments

The Borough utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet in each fund as "cash and investments."

### ***Reconciliation of Deposit and Investment Balances***

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2020.

	Book Balance	Bank Balance
Bank deposits and petty cash	\$ 2,084,616	\$ 2,655,205
Investments	70,287,001	70,287,001
<b>Total</b>	<b>\$ 72,371,617</b>	<b>\$ 72,942,206</b>
Cash and investments	\$ 68,696,128	
Restricted cash and investments- Unspent bond proceeds	3,675,489	
<b>Total</b>	<b>\$ 72,371,617</b>	

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

Cash and investments are further categorized as follows:

	Bank Deposits and Petty Cash	Investments	Total
Unrestricted cash and investments	\$ 2,084,616	\$ 26,872,716	\$ 28,957,332
Restricted cash and investments	-	3,675,489	3,675,489
General cash and investments	2,084,616	30,548,205	32,632,821
Permanent fund	-	39,738,796	39,738,796
<b>Total Cash and Investments</b>	<b>\$ 2,084,616</b>	<b>\$ 70,287,001</b>	<b>\$ 72,371,617</b>

### ***General Investments***

#### ***Investment Policy***

The investment policy for funds other than the Permanent Fund authorizes the Borough to invest only in the following instruments: U.S. Treasury securities; other obligations guaranteed by the U.S. government or its agencies or instrumentalities; repurchase agreements with financial institutions; certificates of deposits and other deposits at banks and savings and loan associations (collateralized); uncollateralized deposits at banks and savings and loan associations to the extent that the deposits are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; bonds and notes issued by any state or political subdivision thereof graded A or high by Moody's Investor's Service, Inc. or Standard and Poor's Corporation; prime commercial paper graded A1 or higher by Moody's Investor's Service, Inc. or P1 or higher by Standard and Poor's Corporation; obligations of corporations 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; the Alaska Municipal League Investment Pool (AMLIP); income producing real estate investments.

General investment balances and maturities at June 30, 2020 are as follows:

<b><i>Investment Type</i></b>	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
Money market funds	\$ 1,073,461	\$ -	\$ -
U.S. treasuries	6,319,870	5,840,047	479,823
Local government investment pool (AMLIP)	23,154,874	-	-
<b>Total General Investments</b>	<b>\$ 30,548,205</b>	<b>\$ 5,840,047</b>	<b>\$ 479,823</b>

#### ***Fair Value Measurement***

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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The Borough has the following recurring fair value measurements as of June 30, 2020:

U.S. treasury securities of \$6,319,870 are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales (Level 2 inputs).

The Borough has investments in money market funds totaling \$1,073,461 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2020. The Borough's investment in AMLIP of \$23,154,874 is measured at net asset value, as of June 30, 2020. Management believes these values approximate fair value.

### ***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the duration of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Borough has no formal policy relating to interest rate risk.

### ***Credit Risk***

Money market funds are subject to credit risk because of the repurchase and sale agreement features within the money market demand deposit cash accounts.

The Borough's investments in U.S. treasury bonds are rated AA+ by Standard and Poor's. The AMLIP is an external investment pool and is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager. The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of June 30, 2020, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

Separately issued financial statements for AMLIP may be obtained by contacting the sponsor at 212 Second Street, Suite 200, Juneau, AK 99801. A portion of the general cash pool represents bond proceeds and is subject to arbitrage yield restrictions.

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

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As of June 30, 2020, the Borough did not have any investments in international debt obligations or equity mutual funds and was therefore not subject to Foreign Currency Risk.

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

In the case of deposits, this is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's deposit policy for custodial credit risk is to collateralize its primary demand deposit account. As of June 30, 2020, the Borough had no bank deposits that were not insured or collateralized.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Borough has no debt securities exposed to custodial credit risk at June 30, 2020 because the investments were held by a custodian in the name of the Borough.

### ***Permanent Fund Investments***

The Permanent Fund is reporting \$39,738,796 in cash and investments at June 30, 2020.

### ***Investment Policy***

The investment policy for the Permanent Fund authorizes the Borough to invest in domestic (U.S.) equities (both large cap and mid cap), international equities, emerging market equities, real estate investment trusts, and fixed income investments. For 2020, the target allocation was 24% U.S. equities (large cap), 7% U.S. equities (mid-cap), 3% U.S. equities (small-cap), 12% international equities, 5% emerging market equities, 5% real estate investment trusts, 5% infrastructure, 5% commodities, 19% U.S. fixed income, 10% U.S. TIPS, and 5% cash. A range of 18-30% for U.S. equities (large cap), 2-12% for U.S. equities (mid-cap), 0-6% for U.S. equities (small-cap), 6-18% international equities, 0-10% emerging market equities, 0-10% real estate investment trusts, 0-10% infrastructure, 0-10% commodities, 10-30% U.S. fixed income, 0-15% U.S. TIPS, and 0-10% cash are allowed to accommodate normal market fluctuations and prevent frequent rebalancing.

### ***Interest Rate Risk***

Because the Permanent Fund is designed to hold principal investments perpetually in trust for the future earnings to benefit the present and future generations of Borough residents, there are no maturity limitations in the policy. The policy focuses more on limiting interest rate risk by diversification in many investment types. A segmented time distribution of all investment types is presented below in an effort to disclose those investment types and amounts that are subject to interest rate risk.

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# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

Permanent Fund investment balances and maturities at June 30, 2020 are as follows:

<i>Investment type</i>	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. treasuries	\$ 4,474,910	\$ -	\$ 3,041,568	\$ 1,353,564	\$ 79,778
U.S. TIPS	3,936,589	-	3,936,589	-	-
U.S. agencies	79,414	-	-	79,414	-
Mortgage backed securities	502,534	-	-	99,926	402,608
Corporate bonds	2,725,675	-	2,115,385	610,290	-
<b>Total</b>	<b>11,719,122</b>	<b>\$ -</b>	<b>\$ 9,093,542</b>	<b>\$ 2,143,194</b>	<b>\$ 482,386</b>
U.S. equities (large cap)	9,911,278				
U.S. equities (mid cap)	2,761,545				
U.S. equities (small cap)	1,212,148				
International equities	4,785,905				
Emerging market equities	2,065,840				
Real estate investment trusts	1,797,159				
Infrastructure	1,941,397				
Commodities	1,404,998				
Money market funds	2,139,404				
<b>Total Permanent Fund</b>	<b>\$ 39,738,796</b>				

As of June 30, 2020, an actual asset allocation to target allocation is presented below. All categories fell within the allowable range at June 30, 2020.

<i>Investment Class</i>	Actual \$	Actual vs. Target Allocation			% out of Policy Range
		% Actual	% Target	% Difference	
U.S. equities (large cap)	\$ 9,911,278	24.94%	24%	0.94%	n/a
U.S. equities (mid cap)	2,761,545	6.95%	7%	-0.05%	n/a
U.S. equities (small cap)	1,212,148	3.05%	3%	0.05%	n/a
International equities	4,785,905	12.04%	12%	0.04%	n/a
Emerging market equities	2,065,840	5.20%	5%	0.20%	n/a
Real estate investment trusts	1,797,159	4.52%	5%	-0.48%	n/a
Infrastructure	1,941,397	4.89%	5%	-0.11%	n/a
Commodities	1,404,998	3.54%	5%	-1.46%	n/a
U.S. fixed income	7,782,533	19.58%	19%	0.58%	n/a
U.S. TIPS	3,936,589	9.91%	10%	-0.09%	n/a
Money market funds	2,139,404	5.38%	5%	0.38%	n/a
<b>Total</b>	<b>\$ 39,738,796</b>	<b>100.00%</b>	<b>100%</b>	<b>0.00%</b>	<b>n/a</b>



# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### ***Fair Value Measurement***

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2020:

Investments are classified in the fair value hierarchy as follows:

<b><i>Investments by Fair Value Level</i></b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
U.S. treasuries	\$ 4,474,910	\$ -	\$ 4,474,910
U.S. TIPS	3,936,589	-	3,936,589
U.S. agencies	79,414	-	79,414
Mortgage backed securities	502,534	-	502,534
Corporate bonds	2,725,675	-	2,725,675
U.S. equities (large cap)	9,911,278	9,911,278	-
U.S. equities (mid cap)	2,761,545	2,761,545	-
U.S. equities (small cap)	1,212,148	1,212,148	-
International equities	4,785,905	4,785,905	-
Emerging market equities	2,065,840	2,065,840	-
Real estate investment trusts	1,797,159	1,797,159	-
Infrastructure	1,941,397	1,941,397	-
Commodities	1,404,998	1,404,998	-
<b>Total Investments by Fair Value Level</b>	<b>37,599,392</b>	<b>\$ 25,880,270</b>	<b>\$ 11,719,122</b>
<b><i>Investments Measured at Amortized Cost -</i></b>			
<b>Money market funds</b>	<b>2,139,404</b>		
<b>Total Investments</b>	<b>\$ 39,738,796</b>		

The Permanent Fund's investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified as Level 2 of the fair value hierarchy are valued using models with various inputs such as but not limited to daily cash flow, snapshots of market indices and spread scales.

The Borough's investments in infrastructure and commodities asset classes are held in exchange-traded funds.

The Borough has investments in money market funds totaling \$2,139,404 that are not held at fair value but are instead recorded at amortized cost as of June 30, 2020.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### *Credit Risk*

<i>Investment Type</i>	Credit Quality Ratings			
	Fair Value	Moody's		Not Rated
		Aaa to A3	Baa1 to Baa3	
U.S. treasuries	\$ 4,474,910	\$ 4,474,910	\$ -	\$ -
U.S. TIPS	3,936,589	3,936,589	-	-
U.S. agencies	79,414	79,414	-	-
Mortgage backed securities	502,534	502,534	-	-
Corporate bonds	2,725,675	2,104,077	461,264	160,334
Investments not subject to credit risk	28,019,674	-	-	-
<b>Total Investments</b>	<b>\$ 39,738,796</b>	<b>\$ 11,097,524</b>	<b>\$ 461,264</b>	<b>\$ 160,334</b>

The Permanent Fund policies specifically limit the types of investments that can be purchased in an effort to limit credit risk. The policies allow for the investment in U.S. treasuries and U.S. agencies and obligations guaranteed by the U.S. government or its agencies and instrumentalities. The policies limit corporate bonds to those investments 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 U.S. dollars. Not more than 15% of the fixed income portfolio may be held in Baa rated securities.

### *Concentration of Credit Risk*

The Permanent Fund aims to diversify and limit concentration investment risk by investing in a variety of issuers and fixed income securities; however, the Permanent Fund has no formal policy addressing concentration of credit risk.

### *Foreign Currency Risk*

As of June 30, 2020, a total of \$6,851,745 (17.24%) of the total fund value is invested in international and emerging market equities that are considered subject to foreign currency risk. Such investments are held in dollar-denominated exchange-traded funds or index mutual funds, which are broadly diversified across currencies, which effectively limits the foreign currency risk; however, the Permanent Fund has no formal policy addressing foreign currency risk.

### *Custodial Credit Risk*

This is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments that are in the possession of an outside party. The Borough has no investments exposed to custodial credit risk at June 30, 2020 because the investments were held by a custodian in the name of the Borough.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### 3. Investments in Southwest Governments, LLC

The Borough has an interest in Southwest Governments, LLC. The partnership was formed by the City of Akutan (40%), the City of Sand Point (20%), the City of King Cove (10%), and the Borough (30%). The Borough leases office space from the partnership. There were no payments to the partnership for the year. The Borough's share of the partnership's net income in 2020 was \$35,189. This amount was recorded as other income in the General Fund. The balance of the Borough's ownership at June 30, 2020 was \$471,711.

### 4. Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

Governmental Activities	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 5,323,074	\$ 120,214	\$ -	\$ 5,443,288
Construction in progress	-	141,417	(62,898)	78,519
<b>Total capital assets not being depreciated</b>	<b>5,323,074</b>	<b>261,631</b>	<b>(62,898)</b>	<b>5,521,807</b>
Capital assets being depreciated:				
Buildings and improvements	46,356,899	133,245	(133,245)	46,356,899
Infrastructure	100,480,606	-	-	100,480,606
Furniture and equipment	283,498	-	(44,748)	238,750
Vehicles	407,301	-	-	407,301
<b>Total capital assets being depreciated</b>	<b>147,528,304</b>	<b>133,245</b>	<b>(177,993)</b>	<b>147,483,556</b>
Less accumulated depreciation	73,509,213	3,705,289	(44,748)	77,169,754
<b>Total capital assets being depreciated, net</b>	<b>74,019,091</b>	<b>(3,572,044)</b>	<b>(133,245)</b>	<b>70,313,802</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 79,342,165</b>	<b>\$ (3,310,413)</b>	<b>\$ (196,143)</b>	<b>\$ 75,835,609</b>

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

Business-type Activities	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated - construction in progress	\$ -	\$ 62,898	\$ -	\$ 62,898
Capital assets being depreciated:				
Terminal	7,403,571	133,245	-	7,536,816
Helicopter	97,554	-	-	97,554
Total capital assets being depreciated	7,501,125	133,245	-	7,634,370
Less accumulated depreciation	2,745,340	255,118	-	3,000,458
Total capital assets being depreciated, net	4,755,785	(121,873)		4,633,912
Business-type Activities Capital Assets, net	\$ 4,755,785	\$ (58,975)	\$ -	\$ 4,696,810

Depreciation expense was charged to the functions as follows for the year ended June 30, 2020:

### Governmental Activities

General government	\$ 607,325
Infrastructure	3,097,964

Total Depreciation Expense - Governmental Activities \$ 3,705,289

### Business-type Activities

Terminal	\$ 255,118
Helicopter	-

Total Depreciation Expense - Business-type Activities \$ 255,118

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### 5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are shown as "due from other funds" and "due to other funds" in each individual fund. These balances at June 30, 2020, were as follows:

	Due from Other Funds	Due to Other Funds
<b>Governmental Funds:</b>		
General Fund	\$ -	\$ 2,475,786
Capital Improvements Capital Project Fund	-	149,832
Trust Permanent Fund	2,034,231	-
Bond Construction Capital Project Fund	428,993	-
<b>Total Governmental Funds</b>	<b>2,463,224</b>	<b>2,625,618</b>
<b>Enterprise Funds:</b>		
Terminal	199,754	-
Helicopter	-	37,360
<b>Total Interfund Balances</b>	<b>\$ 2,662,978</b>	<b>\$ 2,662,978</b>

A schedule of interfund transfers for the year ended June 30, 2020, follows:

<b>From the General Fund to:</b>		
Capital Improvements Capital Project Fund for capital projects and acquisitions	\$	1,045,088
Debt Service Fund for debt service		2,482,416
Maintenance Reserve Capital Project Fund for capital projects and acquisitions		267,480
Helicopter Enterprise Fund for operating subsidy		656,320
<b>Total Transfers from the General Fund</b>		<b>4,451,304</b>
From the Trust Permanent fund to the General Fund for investments		5,018,336
<b>Total Transfers to Other Funds</b>	<b>\$</b>	<b>9,469,640</b>

In addition to the transfers noted above, the Borough transferred capital assets with a book value of \$196,143 from governmental activities into the Terminal Enterprise Fund.

### 6. Operating Leases

The Borough has leased to third-parties commercial space in the Cold Bay Terminal Building. The Leases are long-term and allow the lessee(s) to use the leased space for commercial purposes tied to the Cold Bay Terminal Building. There are no minimum guarantees for any of the leases. Future minimum lease payments scheduled for these agreements are as follows:

<i>Year Ending June 30,</i>	Total
2021	\$ 259,401
2022	259,401
2023	259,401
2024	259,401
2025	259,041
2026-2029	195,000
	<b>\$ 1,491,645</b>

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### 7. Long-term Debt

Following is a summary of general obligation bond transactions of the Borough for the year ended June 30, 2020:

Governmental Activities	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Bonds Payable:					
General Obligation bonds	\$ 20,450,000	\$ -	\$ (1,520,000)	\$ 18,930,000	\$ 1,595,000
Issuance premiums	2,177,025	-	(378,786)	1,798,239	-
Total bonds payable	22,627,025	-	(1,898,786)	20,728,239	1,595,000
Accrued leave	80,343	125,971	(80,343)	125,971	125,971
Total Governmental Activities	\$ 22,707,368	\$ 125,971	\$ (1,979,129)	\$ 20,854,210	\$ 1,720,971

For governmental activities, accrued leave is generally liquidated by the General Fund.

General obligation bonds payable at June 30, 2020, are comprised of the following:

\$4,900,000 - 2010 Series A&B for Akutan Airport and King Cove Access Project, due in annual installments ranging from \$240,000 to \$320,000 through October 1, 2031; interest rate is variable from 2.0 to 5.4 percent	\$ 3,070,000
\$3,450,000 - 2011 Refunding series three for Aleutians East Borough bonds, due in annual installments ranging from \$215,000 to \$225,000 through September 2021; interest rate is variable from 2.0 to 5.0 percent	440,000
\$2,205,000 - 2015 Refunding series one for Aleutians East Borough bonds, due in annual installments ranging from \$205,000 to \$245,000 through October 1, 2025; interest rate is variable from 2.0 to 5.0 percent	1,030,000
\$17,155,000 - 2016 Refunding series three for refinancing of 2007 refunding bonds, due in annual installments ranging from \$935,000 to \$2,155,000 through December 1, 2028; interest rate is variable from 3.75 to 5.0 percent	14,390,000
Total bonds payable	\$ 18,930,000

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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Annual required installments on all Borough general obligation bonds as of June 30 are as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2021	\$ 1,595,000	\$ 897,493	\$ 2,492,493
2022	1,685,000	825,302	2,510,302
2023	1,805,000	743,191	2,548,191
2024	1,945,000	649,636	2,594,636
2025	2,060,000	549,712	2,609,712
2026-2030	9,520,000	1,116,152	10,636,152
2031	320,000	8,691	328,691
	<hr/>	<hr/>	<hr/>
	\$ 18,930,000	\$ 4,790,177	\$ 23,720,177

### 8. Retirement Plans

#### ***General Information About the Plan***

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### ***(a) Defined Benefit (DB) Pension Plan***

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

### ***Historical Context and Special Funding Situation***

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

### ***Employee Contribution Rates***

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

### ***Employer and Other Contribution Rates***

There are several contribution rates associated with the pension contributions and related liabilities. These amounts are calculated on an annual basis.

***Employer Effective Rate:*** This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

***ARM Board Adopted Rate:*** This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039.



# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

**State Contribution Rate:** This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the year ended June 30, 2020 were determined in the June 30, 2017 actuarial valuations. The Borough's contribution rates for the 2020 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>28.62%</b>	<b>6.62%</b>

In 2020, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	\$ 156,444	\$ 145,741
Nonemployer contributions (on-behalf)	55,098	66,234
<b>Total Contributions</b>	<b>\$ 211,542</b>	<b>\$ 211,975</b>

In addition, employee contributions to the Plan totaled \$35,230 during the Borough's fiscal year.

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough proportionate share of NPL	\$ 1,611,440
State's proportionate share of NPL associated with the Borough	641,549
<b>Total Net Pension Liability</b>	<b>\$ 2,252,989</b>

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the Borough's proportion was 0.02944 percent, which was an increase of 0.000182 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Borough recognized pension expense of \$469,105 and on-behalf revenue of \$87,151 for support provided by the State. At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (23,856)
Changes in assumptions	49,335	-
Net difference between projected and actual earnings on pension plan investments	23,105	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	13,824	-
Borough contributions subsequent to the measurement date	145,741	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 232,005</b>	<b>\$ (23,856)</b>

The \$145,741 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### *Year Ending June 30,*

2021	\$ 64,939
2022	(17,059)
2023	6,555
2024	7,972
2025	-
Thereafter	-
<b>Total Amortization</b>	<b>\$ 62,407</b>

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### ***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

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Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### ***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.02944%	\$ 2,126,817	\$ 1,611,440	\$ 1,179,827

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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

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

### ***(b) Defined Contribution (DC) Pension Plan***

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>. Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2020 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by \$5,172.

### ***Employee Contribution Rate***

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

### ***Employer Contribution Rate***

For the year ended June 30, 2020, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2020 were \$21,588 and \$34,541, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

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# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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

As part of its participation in PERS, the Borough participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

### ***Employer Contribution Rate***

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2020 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
<b>Total Contribution Rates</b>	<b>7.86%</b>	<b>8.32%</b>

In 2020, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions - ARHCT	\$ 53,413	\$ 57,219
Employer contributions - RMP	3,889	5,699
Employer contributions - ODD	1,075	1,123
<b>Total Contributions</b>	<b>\$ 58,377</b>	<b>\$ 64,041</b>

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### ***OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans***

At June 30, 2020, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOL - ARHCT	\$	43,757
Borough's proportionate share of NOL - RMP		7,928
<b>Total Borough's Proportionate Share of Net OPEB Liabilities</b>		<b>51,685</b>
State's proportionate share of the ARHCT NOL associated with the Borough		17,287
<b>Total Net OPEB Liabilities</b>		<b>\$ 68,972</b>

At June 30, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Borough's participation in the ODD Plan. The amount recognized by the Borough for its proportionate share was \$6,385.

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plans for the fiscal years 2020 to 2039.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.02921%	0.02949%	0.00028%
RMP	0.03305%	0.03314%	0.00009%
ODD	0.03305%	0.02633%	0.00672%

For the year ended June 30, 2020, the Borough recognized OPEB expense of \$(316,128). Of this amount, \$(111,724) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<b><i>Plan</i></b>	<b>OPEB expense</b>	<b>On-behalf revenue</b>
ARHCT	\$ (328,933)	\$ (111,724)
RMP	11,294	-
ODD	1,511	-
<b>Total</b>	<b>\$ (316,128)</b>	<b>\$ (111,724)</b>

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Changes in assumptions	\$ 58,065	\$ 3,837	\$ -	\$ 61,902
Changes in proportion and differences between Borough contributions and proportionate share of contributions	16,148	249	788	17,185
Borough contributions subsequent to the measurement date	57,219	5,699	1,123	64,041
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 131,432</b>	<b>\$ 9,785</b>	<b>\$ 1,911</b>	<b>\$ 143,128</b>

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (29,404)	\$ (587)	\$ (1,991)	\$ (31,982)
Changes in assumptions	-	-	(122)	(122)
Difference between projected and actual investment earnings	(19,161)	(87)	(42)	(19,290)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	-	(540)	(540)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (48,565)</b>	<b>\$ (674)</b>	<b>\$ (2,695)</b>	<b>\$ (51,934)</b>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2021	\$ 29,915	\$ 369	\$ (314)	\$ 29,970
2022	(14,893)	369	(314)	(14,838)
2023	4,610	579	(256)	4,933
2024	6,016	575	(255)	6,336
2025	-	495	(274)	221
Thereafter	-	1,025	(494)	531
<b>Total Amortization</b>	<b>\$ 25,648</b>	<b>\$ 3,412</b>	<b>\$ (1,907)</b>	<b>\$ 27,153</b>



# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### **Actuarial Assumptions**

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

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Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre- termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<b><i>Asset Class</i></b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

### ***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

### ***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.02949%	\$ 351,970	\$ 43,757	\$ (209,782)
RMP	0.03314%	\$ 19,912	\$ 7,928	\$ (1,095)
ODD	0.02633%	\$ (6,056)	\$ (6,385)	\$ (6,650)

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

### ***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates***

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.02949%	\$ (239,435)	\$ 43,757	\$ 389,358
RMP	0.03314%	\$ (2,438)	\$ 7,928	\$ 22,118
ODD	0.02633%	\$ n/a	\$ n/a	\$ n/a

### ***OPEB Plan Fiduciary Net Position***

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

### ***(d) Defined Contribution OPEB Plans***

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan is established under AS 39.30.300. The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

### ***Contribution Rate***

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of ***all employees of all employers*** in the plan". As of July 1, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

### ***Annual Postemployment Healthcare Cost***

In fiscal year 2020, the Borough contributed \$13,640 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### 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 an 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 \$440,147 at June 30, 2020 and are accounted for in the deferred compensation agency fund.

### 10. Contribution to Aleutians East Borough School District

During the year ended June 30, 2020, the Borough contributed \$1,033,045 to the Aleutians East Borough School District, which is a component unit of the Borough. Of this amount, \$800,000 was for a local contribution and \$233,045 was for in-kind support related to facility maintenance, insurance and usage of space.

### 11. Commitments and Contingencies

#### ***(a) Grants***

The Borough participates in a number of federal and state 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.

#### ***(b) Helicopter Transportation Contract***

During fiscal year 2014, the Borough entered into a contract to transport people and mail from Akutan Airport to the City of Akutan. On January 30, 2019, the Borough entered into a Helicopter Services Agreement with Maritime Helicopters (Maritime). Maritime agreed to provide Essential Air Service (EAS) between Akutan and Akutan Airport located on Akun Island and the Borough agreed to pay 50% of the EAS costs for the services provided by Maritime. The original term of this agreement began on February 1, 2020 and ended on December 31, 2020. This agreement was extended to March 31, 2021. The Borough and Maritime are in the process of entering into another agreement, which will become effective April 1, 2021 and end on March 31, 2023.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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### ***(c) Litigation***

A restitution payable by the Army Corps of Engineers of \$20,650,253 was awarded on December 5, 2017 in regards to the claim from Kelly-Ryan, Inc., against the Army Corps of Engineers arising from a contract dispute relating to the construction of the False Pass Harbor. Originally the project cooperation agreement between the Department of the Army and the Borough provided for cost sharing on the part of the Borough, which made the Borough liable for part of the restitution awarded. However, in December 2020, the President signed the Omnibus/COVID Bill into law. The legislation included the WRDA Bill, and the False Pass provision, which states:

"In a case in which the Armed Services Board of Contract Appeals or other court of competent jurisdiction has rendered a decision during the period beginning on December 1, 2017, and ending on December 31, 2022, awarding damages to a contractor relating to the adjudication of claims arising from the construction of an authorized water resources development project, notwithstanding the terms of the Project Partnership Agreement, the Secretary shall waive payment of the share of the non-Federal interest of those damages, including attorney's fees, if - (1)(A) the contracting officer was instructed by the Corps of Engineers to modify the terms of the contract or terminate the contract; and (B) the Armed Services Board of Contract Appeals or other court of competent jurisdiction determined that the failure of the contracting officer to timely take the action described in subparagraph (A) was a material breach of the contract that resulted in damages to the contractor awarded by the Armed Services Board of Contract Appeals or the court, as applicable; or (2) the claims arose from construction of a project deauthorized under this title."

Therefore, the Borough is no longer responsible for the restitution award. The Borough is working with the Army Corps to finalize the documentation in regards to this.

The Borough entered into a Project Partnership Agreement with the Army Corps of Engineers for the False Pass Harbor Project. The Borough may owe \$650,000 for the second 10% of the project. Currently, the Borough has not received a final statement from the Army Corps of Engineers showing the amount owed and no agreement has been reached between the Borough and the Army Corp of Engineers for payment.

At the date of the financial statements, the amount of loss contingencies, if any, were not reasonably determinable, and deemed neither probable nor remote, hence no contingencies have been booked in the current year.

### 12. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through May 20, 2021, the date the financial statements were issued.

### 13. Coronavirus Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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The Borough's operations are heavily dependent upon the ability to collect fish taxes and assess fees for helicopter services. Additionally, the Borough also receives significant grant funding from the federal government and State of Alaska. The coronavirus pandemic has adversely impacted economic and financial market conditions, both globally and locally. It is possible that the coronavirus pandemic will adversely impact the Borough's tax revenue base, demand for services, access to federal and state grant funding, as well as depress the value of the Borough's investments in marketable securities. It is also possible the Borough will incur additional, previously unbudgeted expenditures as a result of the pandemic. Furthermore, it is possible that the coronavirus pandemic may adversely impact the Borough's operations by limiting or restricting the Borough's ability to deploy its workforce effectively.

Management has and is continuing to evaluate the impact of COVID-19. The full impact of COVID-19 and the scope of any adverse impact on the Borough's financial condition, results from operations and liquidity cannot be fully determined at this time.

### 14. Economic Relief Legislation

On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was signed into law. The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. The Borough received \$1,458,776 in payments from the Coronavirus Relief Fund (CRF), passed through the State of Alaska, for the year ended June 30, 2020. The Borough applied \$90,196 in CRF funding toward eligible expenditures in fiscal year 2020. Subsequent to year end, the Borough received an additional \$2,265,078 through the CRF. The Borough continues to examine the impact that the CARES Act may have. In addition, the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021 were signed into law on December 27, 2020 and March 11, 2021, respectively. Both Acts appropriated funds for States and certain local governments. Currently, the Borough is unable to determine the full impact the economic relief legislation will have on the Borough's financial condition, results of operations, or liquidity.

### 15. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

***GASB Statement No. 84 - Fiduciary Activities*** - Effective for year-end June 30, 2020. This Statement addresses criteria for identifying and reporting fiduciary activities.

***GASB Statement No. 87 - Leases*** - Effective for year-end June 30, 2021, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

***GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period*** - Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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***GASB Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*** - Effective for year-end June 30, 2020. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

***GASB Statement No. 91 - Conduit Debt Obligations*** - Effective for year-end June 30, 2022. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

***GASB Statement No. 92 - Omnibus 2020*** - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

***GASB Statement No. 93 - Replacement of Interbank Offered Rates*** - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

***GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, ***Postponement of the Effective Dates of Certain Authoritative Guidance***, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months. Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

# Aleutians East Borough, Alaska

## Notes to Basic Financial Statements

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***GASB Statement No. 96 - Subscription-Based Information Technology Arrangements*** - Effective for year-end June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

***GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

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## Required Supplementary Information

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Aleutians East Borough, Alaska  
 General Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2020</i>	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Federal government	\$ 595,256	\$ 595,256	\$ 668,816	\$ 73,560
State of Alaska	316,366	2,660,233	2,718,117	57,884
Borough raw fish tax	4,100,000	4,100,000	4,714,015	614,015
Investment income	35,000	35,000	190,444	155,444
Other	65,000	65,000	212,610	147,610
<b>Total Revenues</b>	<b>5,111,622</b>	<b>7,455,489</b>	<b>8,504,002</b>	<b>1,048,513</b>
Expenditures				
Current:				
Mayor's office	287,389	287,389	276,702	10,687
Assembly	221,000	221,000	203,182	17,818
Clerk and planning management	211,629	211,629	207,015	4,614
Administration	423,324	423,324	287,119	136,205
Assistant administrator	149,022	149,022	129,976	19,046
Finance	328,094	328,094	321,123	6,971
Resource department	326,472	326,472	301,050	25,422
Communications manager	181,573	181,573	164,787	16,786
Public works	131,459	131,459	127,445	4,014
King Cove Access Project	126,500	126,500	100,941	25,559
Other	1,601,074	1,601,074	1,591,288	9,786
<b>Total Expenditures</b>	<b>3,987,536</b>	<b>3,987,536</b>	<b>3,710,628</b>	<b>276,908</b>
Excess of Revenues Over Expenditures	1,124,086	3,467,953	4,793,374	1,325,421
Other Financing Sources (Uses)				
Transfers in	-	-	5,018,336	5,018,336
Transfers out	(3,524,910)	(3,546,812)	(4,451,304)	(904,492)
<b>Net Other Financing Sources (Uses)</b>	<b>(3,524,910)</b>	<b>(3,546,812)</b>	<b>567,032</b>	<b>4,113,844</b>
Net Change in Fund Balances	<u>\$ (2,400,824)</u>	<u>\$ (78,859)</u>	5,360,406	<u>\$ 5,439,265</u>
Fund Balances, beginning			<u>19,714,136</u>	
Fund Balances, ending			<u>\$ 25,074,542</u>	

*See accompanying notes to Required Supplementary Information.*

Aleutians East Borough, Alaska  
Public Employees' Retirement System - Pension Plan  
Schedule of the Borough's Proportionate Share of the Net Pension Liability

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.02944%	0.02926%	0.03046%	0.03650%	0.03284%	0.02858%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,611,440	\$ 1,453,693	\$ 1,574,500	\$ 2,040,097	\$ 1,592,614	\$ 1,332,935
State of Alaska Proportionate Share of the Net Pension Liability	641,549	419,234	588,884	260,943	426,877	782,704
Total Net Pension Liability	\$ 2,252,989	\$ 1,872,927	\$ 2,163,384	\$ 2,301,040	\$ 2,019,491	\$ 2,115,639
Borough's Covered Payroll	925,266	871,241	532,514	616,773	576,627	498,241
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	174.16%	166.85%	295.67%	330.77%	276.19%	267.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

Schedule of Borough Contributions

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 145,741	\$ 156,444	\$ 144,604	\$ 117,153	\$ 135,690	\$ 126,858
Contributions Relative to the Contractually Required Contribution	145,741	156,444	144,604	117,153	135,690	126,858
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	953,677	925,266	871,241	532,514	616,773	576,627
Contributions as a Percentage of Covered Payroll	15.28%	16.91%	16.60%	22.00%	22.00%	22.00%

*See accompanying notes to Required Supplementary Information.*

Aleutians East Borough, Alaska  
Public Employees' Retirement System - OPEB Plans  
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended June 30,</i>	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.02949%	0.02921%	0.03052%	0.03314%	0.03305%	0.03299%	0.02633%	0.03305%	0.03299%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ 43,757	\$ 299,740	\$ 257,835	\$ 7,928	\$ 4,205	\$ 1,721	\$ (6,385)	\$ (6,418)	\$ (4,681)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	17,287	87,351	96,277	-	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ 61,044</b>	<b>\$ 387,091</b>	<b>\$ 354,112</b>	<b>\$ 7,928</b>	<b>\$ 4,205</b>	<b>\$ 1,721</b>	<b>\$ (6,385)</b>	<b>\$ (6,418)</b>	<b>\$ (4,681)</b>
Borough's Covered Payroll	512,113	497,243	532,514	413,153	373,998	532,514	413,153	373,998	532,514
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	8.54%	60.28%	48.42%	1.92%	1.12%	0.32%	-1.55%	-1.72%	-0.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	89.68%	83.17%	88.71%	93.98%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

<i>Years Ended June 30,</i>	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	\$ 57,219	\$ 53,413	\$ 45,399	\$ 5,699	\$ 3,889	\$ 3,852	\$ 1,123	\$ 1,075	\$ 598
Contributions Relative to the Contractually Required Contribution	57,219	53,413	45,399	5,699	3,889	3,852	1,123	1,075	<b>598</b>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	521,918	512,113	497,243	431,760	413,153	373,998	431,760	413,153	373,998
Contributions as a Percentage of Covered Payroll	10.96%	10.43%	9.13%	1.32%	0.94%	1.03%	0.26%	0.26%	0.16%

*See accompanying notes to Required Supplementary Information.*

# Aleutians East Borough, Alaska

## Notes to Required Supplementary Information Year Ended June 30, 2020

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### 1. Budgetary Comparison Schedule

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

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

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

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

#### ***Changes in Assumptions:***

In 2020, the discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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

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

#### ***Schedule of Borough Contributions***

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

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

# Aleutians East Borough, Alaska

## Notes to Required Supplementary Information, continued Year Ended June 30, 2020

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

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

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

#### ***Changes in Assumptions:***

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

#### ***Changes in Methods:***

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

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

#### ***Schedule of Borough Contributions***

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

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

## Supplementary Information

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Aleutians East Borough, Alaska  
 General Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2020</i>	Budget	Actual	Variance
Revenues			
Federal government:			
Payments in lieu of taxes	\$ 559,000	\$ 668,816	\$ 109,816
Fish and Wildlife grants	36,256	-	(36,256)
<b>Total Federal government</b>	<b>595,256</b>	<b>668,816</b>	<b>73,560</b>
State of Alaska:			
Raw fish tax	1,880,000	1,977,968	97,968
State bond rebate	328,867	318,851	(10,016)
State fish landing tax	35,000	2,733	(32,267)
State extraterritorial fish tax	100,000	36,089	(63,911)
PERS on-behalf	-	66,234	66,234
State revenue sharing	316,366	316,242	(124)
<b>Total State of Alaska</b>	<b>2,660,233</b>	<b>2,718,117</b>	<b>57,884</b>
Borough raw fish tax	4,100,000	4,714,015	614,015
Investment income	35,000	190,444	155,444
Other	65,000	212,610	147,610
<b>Total Revenues</b>	<b>\$ 7,455,489</b>	<b>\$ 8,504,002</b>	<b>\$ 1,048,513</b>
Expenditures			
Mayor's Office:			
Salaries	\$ 83,189	\$ 79,630	\$ 3,559
Fringe benefits	38,000	46,719	(8,719)
Travel and per diem	40,000	31,015	8,985
Telephone	1,800	799	1,001
Supplies	3,800	345	3,455
Lobbying	120,600	118,194	2,406
<b>Total Mayor's Office</b>	<b>287,389</b>	<b>276,702</b>	<b>10,687</b>
Assembly:			
Salaries	37,000	41,500	(4,500)
Fringe benefits	140,000	136,922	3,078
Travel and per diem	40,000	23,760	16,240
Supplies	4,000	1,000	3,000
<b>Total Assembly</b>	<b>221,000</b>	<b>203,182</b>	<b>17,818</b>



## Aleutians East Borough, Alaska

## General Fund

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

<i>Year Ended June 30, 2020</i>	Budget	Actual	Variance
Expenditures, continued:			
Finance:			
Salaries	\$ 146,594	\$ 142,750	\$ 3,844
Fringe benefits	70,000	79,487	(9,487)
Travel and per diem	10,000	3,928	6,072
Telephone	10,000	10,349	(349)
Postage	2,500	515	1,985
Supplies	9,000	10,413	(1,413)
Utilities	5,000	3,818	1,182
Audit	75,000	69,863	5,137
<b>Total finance</b>	<b>328,094</b>	<b>321,123</b>	<b>6,971</b>
Resource department:			
Salaries	167,926	167,925	1
Fringe benefits	65,000	83,702	(18,702)
Travel and per diem	30,000	11,825	18,175
Telephone	1,500	3,034	(1,534)
NPFMC	15,000	5,268	9,732
Supplies	6,000	3,314	2,686
BOF meeting	15,000	-	15,000
Rent	26,046	25,982	64
<b>Total resource department</b>	<b>326,472</b>	<b>301,050</b>	<b>25,422</b>
Communications manager:			
Salaries	105,013	88,805	16,208
Fringe benefits	34,158	38,701	(4,543)
Travel and per diem	9,000	190	8,810
Telephone	2,400	3,034	(634)
Supplies	2,500	2,302	198
Rent	10,502	10,476	26
Advertising	18,000	21,279	(3,279)
<b>Total communications manager</b>	<b>181,573</b>	<b>164,787</b>	<b>16,786</b>
Public works:			
Salaries	72,435	75,260	(2,825)
Fringe benefits	31,024	32,785	(1,761)
Travel and per diem	20,000	14,620	5,380
Telephone	1,000	-	1,000
Supplies	5,000	2,975	2,025
Utilities	2,000	1,805	195
<b>Total public works</b>	<b>131,459</b>	<b>127,445</b>	<b>4,014</b>

Aleutians East Borough, Alaska  
 General Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2020</i>	Budget	Actual	Variance
Expenditures, continued:			
Clerk and planning management:			
Salaries	\$ 107,629	\$ 103,518	\$ 4,111
Fringe benefits	43,000	51,920	(8,920)
Travel and per diem	12,500	5,045	7,455
Telephone	7,500	11,885	(4,385)
Postage	1,000	713	287
Supplies	5,000	3,093	1,907
Utilities	20,000	19,634	366
Dues and fees	5,000	2,399	2,601
Elections	10,000	8,808	1,192
<b>Total clerk and planning management</b>	<b>211,629</b>	<b>207,015</b>	<b>4,614</b>
Administration:			
Salaries	187,481	149,673	37,808
Fringe benefits	72,500	97,545	(25,045)
Engineering	25,000	7,459	17,541
Contract	90,000	-	90,000
Travel and per diem	17,500	7,823	9,677
Telephone	6,100	5,054	1,046
Postage	2,000	614	1,386
Supplies	10,000	7,268	2,732
Rent	10,243	10,408	(165)
Dues and fees	2,500	1,275	1,225
<b>Total administration</b>	<b>423,324</b>	<b>287,119</b>	<b>136,205</b>
Assistant administrator:			
Salaries	93,164	83,758	9,406
Fringe benefits	32,000	30,349	1,651
Travel and per diem	10,000	2,631	7,369
Telephone	1,750	1,285	465
Supplies	2,000	1,870	130
Rent	10,108	10,083	25
<b>Total assistant administrator</b>	<b>149,022</b>	<b>129,976</b>	<b>19,046</b>

Aleutians East Borough, Alaska  
General Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2020</i>	Budget	Actual	Variance
Expenditures, continued:			
King Cove Access Project:			
Supplies	\$ 1,500	\$ 1,941	\$ (441)
Maintenance	125,000	99,000	26,000
<b>Total King Cove Access Project</b>	<b>126,500</b>	<b>100,941</b>	<b>25,559</b>
Other:			
Local school contribution	800,000	800,000	-
Student scholarship	35,000	34,024	976
Student travel	20,000	20,000	-
Repairs	5,000	568	4,432
Utilities	25,000	20,275	4,725
Equipment	35,000	66,725	(31,725)
AEB vehicles	500	-	500
Legal	100,000	30,564	69,436
Insurance	185,000	190,641	(5,641)
Bank fees	15,000	12,665	2,335
Contribution to Eastern Aleutians Tribes	150,000	150,000	-
Revenue sharing - Nelson Lagoon	16,000	15,789	211
Aleutian Crab	58,522	35,014	23,508
Donations	23,500	14,450	9,050
Contractual	46,000	58,527	(12,527)
Web service	36,552	32,349	4,203
KSDP contribution	10,000	10,000	-
Miscellaneous expense	40,000	99,697	(59,697)
<b>Total other</b>	<b>1,601,074</b>	<b>1,591,288</b>	<b>9,786</b>
<b>Total Expenditures</b>	<b>3,987,536</b>	<b>3,710,628</b>	<b>276,908</b>
Excess of Revenues Over Expenditures	3,467,953	4,793,374	1,325,421
Other Financing Sources (Uses)			
Transfers in	-	5,018,336	5,018,336
Transfers out	(3,546,812)	(4,451,304)	(904,492)
<b>Net Other Financing Sources (Uses)</b>	<b>(3,546,812)</b>	<b>567,032</b>	<b>4,113,844</b>
Net Change in Fund Balance	<u>\$ (78,859)</u>	<u>\$ 5,360,406</u>	<u>\$ 5,439,265</u>
Fund Balance, beginning		<u>19,714,136</u>	
Fund Balance, ending		<u>\$ 25,074,542</u>	

Aleutians East Borough, Alaska  
 Capital Improvements Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes  
 in Fund Balance

*Year Ended June 30, 2020*

Revenues	
Federal government	\$ 197,541
State of Alaska	194,664
Other revenue	24,456
<hr/>	
Total Revenues	416,661
<hr/>	
Expenditures	
Current - infrastructure:	
Travel	9,395
Contractual	128,050
Supplies	55,078
Repairs	133,789
Maintenance	671,156
Other	78,796
Capital outlay	841,890
<hr/>	
Total Expenditures	1,918,154
<hr/>	
Excess of Revenues Under Expenditures	(1,501,493)
<hr/>	
Other Financing Sources - transfers in	1,045,088
<hr/>	
Net Change in Fund Balance	(456,405)
<hr/>	
Fund Balance, beginning	456,405
<hr/>	
Fund Balance, ending	\$ -

Aleutians East Borough, Alaska  
Trust Permanent Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance

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*Year Ended June 30, 2020*

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Revenues - investment income	\$ 321,164
<hr/>	
Expenditures - current - general government - management fee	42,410
<hr/>	
Excess of Revenues Under Expenditures	278,754
<hr/>	
Other Financing Sources - transfers out	(5,018,336)
<hr/>	
Net Change in Fund Balance	(4,739,582)
<hr/>	
Fund Balance, beginning	47,035,499
<hr/>	
Fund Balance, ending	\$ 42,295,917
<hr/>	

## Aleutians East Borough, Alaska

## Debt Service Fund

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

*Year Ended June 30, 2020*

Expenditures		
Debt service:		
Principal	\$	1,520,000
Interest		962,416
Total Expenditures		2,482,416
Other Financing Sources - transfers in		2,482,416
Net Change in Fund Balance		-
Fund Balance, beginning		-
Fund Balance, ending	\$	-

Aleutians East Borough, Alaska  
 Bond Construction Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance

*Year Ended June 30, 2020*

Revenues	
Investment income	\$ 98,101
Other	67,159
<hr/>	
Total Revenues	165,260
<hr/>	
Expenditures	
Current - infrastructure - contractual	42,410
<hr/>	
Net Change in Fund Balance	122,850
<hr/>	
Fund Balance, beginning	197,214
<hr/>	
Fund Balance, ending	\$ 320,064
<hr/>	

Aleutians East Borough, Alaska  
 Maintenance Reserve Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance

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*Year Ended June 30, 2020*

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Expenditures	
Current - infrastructure:	
Maintenance	\$ 250,000
Other	11,395
Capital outlay	6,085
<hr/>	
Total Expenditures	267,480
<hr/>	
Other Financing Sources - transfers in	267,480
<hr/>	
Net Change in Fund Balances	-
<hr/>	
Fund Balance, beginning	-
<hr/>	
Fund Balance, ending	\$ -
<hr/>	



Aleutians East Borough  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Passed-Through Entity Identifying Number	Total Grant Award	Provided to Subrecipients	Total Federal Expend- itures
Department of the Interior					
Payments in Lieu of Taxes	15.226		\$ 668,816	-	\$ 668,816
Department of the Treasury					
Passed through the State of Alaska					
Department of Commerce, Community and Economic Development -					
COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-009	3,723,854	-	90,196
Department of Commerce					
Passed through the National Fish and Wildlife Foundation:					
Unallied Science Program	11.472	0303.18.062040	433,773	-	84,680
Unallied Science Program	11.472	0303.19.066233	531,217	-	7,360
Total CFDA 11.472				-	92,040
Unallied Management Projects	11.454	0303.08.061327	71,456	-	15,305
Total Department of Commerce				-	107,345
Total Expenditures of Federal Awards				\$ -	\$ 866,357

### 1. Basis of Presentation

The schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Aleutians East Borough, Alaska (the Borough). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Borough.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

The Borough has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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Single Audit Section

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

Honorable Mayor and Borough Assembly  
Aleutians East Borough, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Aleutians East Borough, Alaska (the Borough), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 20, 2021.

### ***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

A **significant deficiency** is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, and 2020-004 to be significant deficiencies.

### ***Compliance and Other Matters***

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

### ***The Borough's Response to Findings***

The Borough's response to the findings identified in our audit is described in the accompanying corrective action plan. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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

*BDO USA, LLP*

Anchorage, Alaska  
May 20, 2021



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

Honorable Mayor and Borough Assembly  
Aleutians East Borough, Alaska

### Report on Compliance for Each Major Federal Program

We have audited Aleutians East Borough's (the Borough) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended June 30, 2020. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Borough's basic financial statements include the operations of Aleutians East Borough School District which received \$2,711,418 in federal awards which is not included in the Borough's schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of Aleutians East Borough School District because it was subjected to a separate audit in accordance with the Uniform Guidance.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

#### Report on Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A ***significant deficiency in internal control over compliance*** is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-005 and 2020-006 that we consider to be significant deficiencies.

The Borough's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Borough's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*BDO USA, LLP*

Anchorage, Alaska  
May 20, 2021



Aleutians East Borough, Alaska

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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Section I - Summary of Auditors' Results

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
15.226	Payments in Lieu of Taxes	Department of the Interior

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

Auditee qualified as low-risk auditee?  yes  no

# Aleutians East Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

Section II - Financial Statement Findings Required to be Reported in Accordance with <b><i>Government Auditing Standards</i></b>
---

Finding 2020-001      General Ledger Reconciliation and External Financial Reporting - Material Weakness in Internal Control over Financial Reporting

*Criteria*                      Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement. The general ledger and accounting records should accurately report financial transactions and year-end balances in accordance with GAAP.

*Condition*                      There were material adjustments made to the general ledger and the financial statements during the course of the audit. Specifically, adjustments were required to properly reflect interfund transfers, cash, investments, intergovernmental receivables, unearned revenue, and investment income balances.

*Cause*                              Internal controls were not established to ensure that all general ledger accounts were properly reconciled and adjusted at year-end for GAAP-based financial reporting.

*Effect or potential effect*                      Individual accounts were misstated, requiring multiple adjustments. Without such adjustments, the financial statements would have been materially misstated.

*Recommendation*                      Management should closely review the activity in the general ledger. Information should be reviewed for completeness and accuracy. Year-end balances should be reviewed in a timely manner.

*Views of responsible officials*                      Management concurs with the finding and will adhere to the corrective action plan included in this report.

# Aleutians East Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

---

Finding 2020-002 Approved Pay Rates and Timesheets - Internal Control over Financial Reporting - Significant Deficiency

**Criteria** *Government Auditing Standards* states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

**Condition** While the Borough has in place policies requiring employees have signed and approved pay rates on file, the results of our payroll testing identified 4 payroll disbursements out of a sample of 40 that were not supported by signed and approved pay rates on file. Additionally, the results of our payroll testing identified 1 instance out of 40 where an employee's timesheet was not reviewed and approved, as required by Borough policy.

**Cause** Internal controls were not in place throughout the entire fiscal year to ensure that all employees have approved pay rates included in their personnel file and that all timesheets are reviewed and approved prior to payment.

**Effect or potential effect** Lack of properly documented pay rates and properly reviewed timesheets increases the likelihood that payroll expense is misstated.

**Recommendation** Management should review all personnel files and verify all employees have a current signed and approved pay rate included in their file. We also recommend management adopt a policy requiring all payroll disbursements be reviewed by 2 individuals prior to approval for pay to ensure a signed and approved timesheet is on file supporting the disbursement.

**Views of responsible officials** Management concurs with the finding and will adhere to the corrective action plan included in this report.

# Aleutians East Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

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Finding 2020-003 Segregation of Duties - Internal Control over Financial Reporting - Significant Deficiency

**Criteria** *Government Auditing Standards* states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

**Condition** We noted that while management began taking steps in 2020 to improve segregation of duties between initiation and review/approval of cash disbursements prior to posting, there were still instances in which cash disbursements were processed and recorded to the general ledger without proper segregation of duties between initiation and review/approval prior to posting. Cash disbursements testing identified 35 instances out of 60 tested in which cash disbursements were not reviewed and approved prior to posting. Additionally, we noted that while management took steps to improve segregation of duties over bank reconciliations, recording of transactions within the general ledger and initiating and approving electronic payments, there are still instances of improper segregation of duties (or lack thereof) between initiation and review/approval.

**Cause** Internal controls were not in place throughout the entire fiscal year to ensure that all transactions were reviewed and approved by an individual who did not initiate the transaction.

**Effect or potential effect** Lack of proper internal controls related to cash disbursements and segregation of duties increases the risk that inappropriate or inaccurate transactions will be recorded to the general ledger.

**Recommendation** Management should establish policies requiring all transactions to be reviewed and approved by a second individual who is knowledgeable of the transaction prior to disbursement, and that documentation of this review be retained.

**Views of responsible officials** Management concurs with the finding and will adhere to the corrective action plan included in this report.

## Aleutians East Borough, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

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Finding 2020-004 Journal Entry Review - Internal Control over Financial Reporting - Significant Deficiency

*Criteria* **Government Auditing Standards** states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

*Condition* We noted that the finance director was able to create and post journal entries to the general ledger without separate review and approval.

*Cause* Internal controls were not established to ensure that all journal entries are reviewed and approved by an individual who did not prepare the entry and who is knowledgeable of the facts and circumstances related to the entry.

*Effect or potential effect* Lack of proper internal controls related to journal entries increases the risk that inappropriate or inaccurate transactions will be recorded to the general ledger.

*Recommendation* Management should adopt policies and procedures related to the journal entry review and approval process to ensure that a separate individual review all journal entries in a timely manner.

*Views of responsible officials* Management concurs with the finding and will adhere to the corrective action plan included in this report.

# Aleutians East Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

Section III - Federal Award Findings and Questioned Costs
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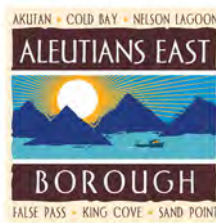
<u>Finding 2020-005</u>	Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency
<i>Agency</i>	Department of the Interior
<i>CFDA</i>	15.226
<i>Program</i>	Payments in Lieu of Taxes
<i>Award Year</i>	FY 2020
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by federal funds are allowable and in accordance with the types of activities allowed per the compliance supplement.
<i>Condition</i>	While the Borough has in place policies requiring employees have signed and approved pay rates on file, the results of our payroll testing identified 4 payroll disbursements out of a sample of 40 that were not supported by signed and approved pay rates on file. Additionally, the results of our payroll testing identified 1 instance out of 40 where an employee's timesheet was not reviewed and approved, as required by Borough policy.
<i>Cause</i>	Internal controls were not in place throughout the entire fiscal year to ensure that all employees have approved pay rates included in their personnel file and that all timesheets are reviewed and approved prior to payment.
<i>Effect or potential effect</i>	Federal funds could be expended for unallowed activities and unallowed costs.
<i>Questioned costs</i>	None.
<i>Context</i>	We noted payroll expenditures recorded in the general ledger that were not supported by signed and approved payrates on file as well as reviewed and approved timesheets. However, all costs tested were found to be allowable in accordance with program requirements.
<i>Identification as a repeat finding</i>	Yes, see prior year finding number 2019-004.
<i>Recommendation</i>	Management should review all personnel files and verify all employees have a current signed and approved pay rate included in their file. We also recommend management adopt a policy requiring all payroll disbursements be reviewed by 2 individuals prior to approval for pay to ensure a signed and approved timesheet is on file supporting the disbursement.
<i>Views of responsible officials</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

# Aleutians East Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

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<u>Finding 2020-006</u>	Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency
<i>Agency</i>	Department of the Interior
<i>CFDA</i>	15.226
<i>Program</i>	Payments in Lieu of Taxes
<i>Award Year</i>	FY 2020
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by federal funds are allowable and in accordance with the types of activities allowed per the compliance supplement.
<i>Condition</i>	We noted that while management began taking steps in 2020 to improve segregation of duties between initiation and review/approval of cash disbursements prior to posting, there were still instances in which cash disbursements were processed and recorded to the general ledger without proper segregation of duties between initiation and review/approval prior to posting. Cash disbursements testing identified 35 instances out of 60 tested in which cash disbursements were not reviewed and approved prior to posting.
<i>Cause</i>	Internal controls were not in place throughout the entire fiscal year to ensure that all transactions were reviewed and approved by an individual who did not initiate the transaction.
<i>Effect or potential effect</i>	Federal funds could be expended for unallowed activities and unallowed costs.
<i>Questioned costs</i>	None.
<i>Context</i>	We noted nonpayroll expenditures recorded in the general ledger that were not supported by documentation indicating review and approval. However, all costs tested were found to be allowable in accordance with program requirements.
<i>Identification as a repeat finding</i>	Yes, see prior year finding number 2019-005.
<i>Recommendation</i>	Management should establish policies requiring all cash disbursements to be reviewed and approved by a second individual who is knowledgeable of the transaction prior to disbursement, and that documentation of this review be retained.
<i>Views of responsible officials</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.



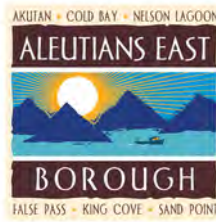
## Aleutians East Borough, Alaska

### Summary Schedule of Prior Audit Findings *Year Ended June 30, 2020*

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<u>Finding 2019-001</u>	Approved Pay Rates - Internal Control over Financial Reporting - Significant Deficiency
<i>Finding</i>	Internal controls were not in place throughout the entire fiscal year to ensure that all employees have approved pay rates included in the personnel files.
<i>Status</i>	Aleutians East Borough instituted a policy requiring all employees to have a personnel action form stating the current rate of pay included in their personnel files. This form is required to be updated annually or whenever there is a change in the employee's rate of pay. The Borough requires the employee and the Borough Administrator to sign the personnel action form annually as well as any time the form is updated (the Mayor signs the Borough Administrator's personnel action form). This policy was enacted in March 2019 and has been in effect since then. We consider this finding partially resolved. See finding 2020-002 in the current year.
<u>Finding 2019-002</u>	Segregation of Duties - Internal Control over Financial Reporting - Significant Deficiency
<i>Finding</i>	Internal controls were not in place throughout the entire fiscal year to ensure that all transactions were reviewed and approved by an individual who did not initiate the transaction.
<i>Status</i>	Aleutians East Borough is in the process of updating their system of internal controls to include procedures that ensure separate individuals review and approve expenses before entering them. We consider this finding unresolved. See finding 2020-003 in the current year.
<u>Finding 2019-003</u>	Journal Entry Review - Internal Control over Financial Reporting - Significant Deficiency
<i>Finding</i>	Internal controls were not established to ensure that all journal entries are reviewed and approved by an individual who did not prepare the entry and who is knowledgeable of the facts and circumstances related to the entry.
<i>Status</i>	Aleutians East Borough has hired a full-charge bookkeeper to assist with review of journal entries prepared by management. Due to travel restrictions caused by the COVID-19 public health emergency, the bookkeeper was unable to travel onsite and complete such review. We anticipate review to begin in the 4 <sup>th</sup> quarter of FY 2021. We consider this finding partially resolved. See finding 2020-004 in the current year.





## Aleutians East Borough, Alaska

### Summary Schedule of Prior Audit Findings, continued *Year Ended June 30, 2020*

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Finding 2019-004      Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency

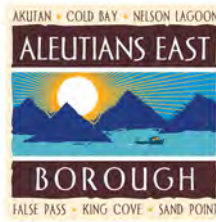
*Finding*              Internal controls were not in place throughout the entire fiscal year to ensure that all employees have approved pay rates included in the personnel files.

*Status*              Aleutians East Borough instituted a policy requiring all employees to have a personnel action form stating the current rate of pay included in their personnel files. This form is required to be updated annually or whenever there is a change in the employee's rate of pay. The Borough requires the employee and the Borough Administrator to sign the personnel action form annually as well as any time the form is updated (the Mayor signs the Borough Administrator's personnel action form). This policy was enacted in March 2019 and has been in effect since then. We consider this finding partially resolved. See finding 2020-005 in the current year.

Finding 2019-005      Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency

*Finding*              Internal controls were not in place throughout the entire fiscal year to ensure that all transactions were reviewed and approved by an individual who did not initiate the transaction.

*Status*              Aleutians East Borough is in the process of updating their system of internal controls to include procedures that ensure separate individuals review and approve expenses before entering them. We consider this finding unresolved. See finding 2020-006 in the current year.



## Aleutians East Borough, Alaska

### Summary Schedule of Prior Audit Findings, continued *Year Ended June 30, 2020*

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Finding 2019-006 Types of Services Allowed and Unallowed - Internal Control over Compliance - Significant Deficiency

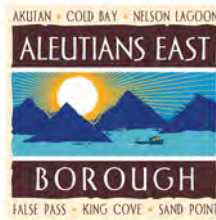
*Finding* Internal controls were not in place throughout the entire fiscal year to ensure that all transactions were reviewed and approved by an individual who did not initiate the transaction.

*Status* Aleutians East Borough is in the process of updating their system of internal controls to include procedures that ensure separate individuals review and approve expenses before entering them. We consider this finding unresolved. See finding 2020-006 in the current year.

Finding 2019-007 Types of Services Allowed and Unallowed - Internal Control over Compliance - Significant Deficiency

*Finding* Internal controls were not in place throughout the entire fiscal year to ensure that all employees have approved pay rates included in the personnel files.

*Status* Aleutians East Borough instituted a policy requiring all employees to have a personnel action form stating the current rate of pay included in their personnel files. This form is required to be updated annually or whenever there is a change in the employee's rate of pay. The Borough requires the employee and the Borough Administrator to sign the personnel action form annually as well as any time the form is updated (the Mayor signs the Borough Administrator's personnel action form). This policy was enacted in March 2019 and has been in effect since then. We consider this finding partially resolved. See finding 2020-005 in the current year.



## Aleutians East Borough, Alaska

### Corrective Action Plan Year Ended June 30, 2020

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Name of Contact Person    Anne Bailey, Borough Administrator  
[abailey@aeboro.org](mailto:abailey@aeboro.org)  
907-274-7580

<b>Financial Statement Findings Required to be Reported in Accordance with <i>Government Auditing Standards</i></b>
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Finding 2020-001    General Ledger Reconciliation and External Financial Reporting - Material Weakness in Internal Control

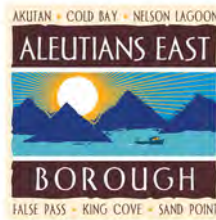
**Corrective Action Plan**    The Aleutians East Borough has hired a full-charge bookkeeper to assist management with year-end reconciliations, closing entries, and audit preparation. The bookkeeper has sufficient skills, knowledge and experience to assist management in ensuring that all accounts are properly reconciled, and all necessary year-end adjusting entries are posted timely prior to commencement of the financial statement audit.

**Expected Completion Date**    June 30, 2021

Finding 2020-002    Approved Pay Rates and Timesheets - Internal Control over Financial Reporting - Significant Deficiency

**Corrective Action Plan**    Management has begun reviewing all personnel files to verify all employees have a current signed and approved pay rate on file. For employees identified without a rate on file, a signed and approved pay rate will be added. Management has also instituted a policy requiring all newly-hired employees have their pay rate formally documented and added to their personnel file during onboarding. Management has also instituted a policy requiring timesheets be signed off by a supervisor prior to approval for pay.

**Expected Completion Date**    June 30, 2021



## Aleutians East Borough, Alaska

### Corrective Action Plan, continued *Year Ended June 30, 2020*

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Finding 2020-003 Segregation of Duties - Internal Control over Financial Reporting - Significant Deficiency

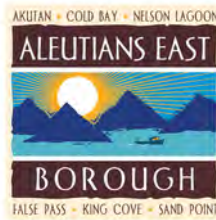
***Corrective Action Plan*** Management has established a policy requiring all cash disbursements to be reviewed and approved by a second individual who is knowledgeable of the transaction prior to disbursement. If review is not possible prior to needing to make the disbursement, review is to happen as soon as possible afterwards. For transactions prepared and posted by the finance director, the full-charge bookkeeper will assist with reviewing the transaction.

***Expected Completion Date*** June 30, 2021

Finding 2020-004 Journal Entry Review - Internal Control over Financial Reporting - Significant Deficiency

***Corrective Action Plan*** The Aleutians East Borough has hired a full-charge bookkeeper to assist management with review and approval of journal entries. The bookkeeper will review all entries posted by the finance director on a monthly basis.

***Expected Completion Date*** June 30, 2021



## Aleutians East Borough, Alaska

Corrective Action Plan, continued  
*Year Ended June 30, 2020*

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### Federal Award Findings

Finding 2020-005    Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency

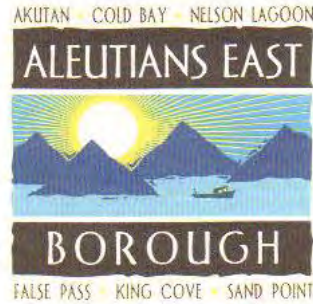
***Corrective Action Plan***    Management has begun reviewing all personnel files to verify all employees have a current signed and approved pay rate on file. For employees identified without a rate on file, a signed and approved pay rate will be added. Management has also instituted a policy requiring all newly-hired employees have their pay rate formally documented and added to their personnel file during onboarding. Management has also instituted a policy requiring timesheets be signed off by a supervisor prior to approval for pay.

***Expected Completion Date***    June 30, 2021

Finding 2020-006    Activities Allowed and Unallowed, Allowable Costs - Internal Control over Compliance - Significant Deficiency

***Corrective Action Plan***    Management has established a policy requiring all cash disbursements to be reviewed and approved by a second individual who is knowledgeable of the transaction prior to disbursement. If review is not possible prior to needing to make the disbursement, review is to happen as soon as possible afterwards. For transactions prepared and posted by the finance director, the full-charge bookkeeper will assist with reviewing the transaction.

***Expected Completion Date***    June 30, 2021



## **RESOLUTION NO. 21-51**

### **A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY ACCEPTING THE FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, SUPPLEMENTARY INFORMATION AND SINGLE AUDIT REPORTS FOR YEAR ENDED JUNE 30, 2020**

**WHEREAS**, the Aleutians East Borough hired BDO to audit the financial statements of the government activities, business -type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as of and for the year ending June 30, 2020; and

**WHEREAS**, BDO has completed the audit for FY2020 and, in their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Alaska East Borough, Alaska, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America; and

**WHEREAS**, the audit required a few journal entry adjustments and no restatements; and

**WHEREAS**, BDO reported a few findings, which Borough Administration is in the process of correcting; and

**WHEREAS**, Borough Administration has reviewed the FY2020 audit and submitted the Corrective Action Plan; and

**WHEREAS**, BDO submitted the audit and submission letter to meet the State of Alaska's submission deadline.

**NOW, THEREFORE, BE IT RESOLVED** by the Aleutians East Borough Assembly accepts the financial statements, required supplementary information, supplementary information and single audit reports for year ended June 30, 2020.

**PASSED AND APPROVED** BY THE ALEUTIANS EAST BOROUGH ASSEMBLY  
on this 27<sup>th</sup> day of May 2021.

ALEUTIANS EAST BOROUGH, ALASKA

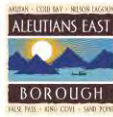
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Alvin D. Osterback, Mayor

ATTEST:

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Tina Anderson, Clerk



## Agenda Statement

Date: May 21, 2021  
To: Mayor Osterback and Assembly  
From: Anne Bailey, Borough Administrator

**Re: Resolution 21-52, Authorizing the Mayor to Negotiate and Execute a Contract with DOWL to complete a 65% Design and Guaranteed Maximum Price, 100% (Final) Design and Construction Negotiations for the Cold Bay Terminal Expansion Project in an amount not to exceed \$147,337 and Reappropriate \$200,000 from Line Item E 20-500-209-604 to Line Item E 20-500-209-603**

Borough Administration has been directed to expand the Cold Bay Terminal Facility to accommodate additional space for social distancing due to the COVID-19 emergency. DOWL has been contracted to perform a Feasibility Study, 10% Conceptual Design, and 35% Design and Construction Manager-General Contractor (GMGC) Contractor Solicitation and Selection. The Feasibility Study has been completed; DOWL is in the process of completing the 35% design and the solicitation for the GM-GC contractor for preconstruction services has been issued and are due on June 7, 2021.

It is anticipated that the cost estimate to construct the facility will be ~\$1 million dollars. The Borough has \$854,208.60 in CARES Act funds to pay for a portion of this, but the rest will need to be appropriated from the Borough's General Fund. Project management and engineering services are not included in the anticipated construction costs.

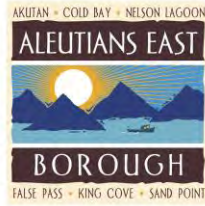
DOWL has now issued their proposal for the 65% Design and Guaranteed Maximum Price, 100% (Final) Design and to assist with contract negotiations in an amount not to exceed \$147,337. If the Assembly approves the Borough would enter into a contract with DOWL for the work.

This proposal does not include a construction administration/oversight and site visits/travel. These services, if needed, would be authorized under a separate scope of work.

To pay for DOWL's services, this resolution reappropriates \$200,000 from line-item E 20-500-209-604, which was for the Cold Bay Terminal Bracing project, to line-item E 20-500-603. The bracing project has been delayed and it is unclear when the work will be completed. If the Assembly would like to fund this differently a motion to amend the resolution would need made.

Administration does not have a recommendation at this time.





**Resolution 21-52**

**A RESOLUTION AUTHORIZING THE MAYOR TO NEGOTIATE AND EXECUTE A CONTRACT WITH DOWL TO COMPLETE a 65% DESIGN AND GUARANTEED MAXIMUM PRICE, 100% (FINAL) DESIGN AND CONSTRUCTION NEGOTIATIONS FOR THE COLD BAY TERMINAL EXPANSION PROJECT IN AN AMOUNT NOT TO EXCEED \$147,337 AND REAPPROPRIATE \$200,000 FROM LINE ITEM E 20-500-209-604 TO LINE ITEM E 20-500-209-603**

**WHEREAS**, the Borough has been directed to expand the Cold Bay Terminal Facility to accommodate additional space for social distancing due to the COVID-19 emergency; and

**WHEREAS**, DOWL has been contracted to perform a Feasibility Study, 10% Conceptual Design, and 35% Design and Construction Manager-General Contractor (GMGC) Contractor Solicitation and Selection; and

**WHEREAS**, DOWL has submitted a scope of services and fee proposal to compete a 65% design and guaranteed maximum price, 100% (final) design and construction negotiations in an amount not to exceed \$147,337; and

**WHEREAS**, if approved the Borough would enter into a contract with DOWL for these services; and

**WHEREAS**, this DOWL proposal does not include a construction administration/oversight and site visits/travel; and

**WHEREAS**, \$200,000 will be reappropriated from account E 20-500-209-604 BRACING to account E 20-500-209-603 MAINTENANCE to pay for this work.

**NOW THEREFORE, BE IT RESOLVE**, the Aleutians East Borough Assembly authorizes the Borough Mayor to Negotiate and Execute a Contract with DOWL to complete a 65% Design and Guaranteed Maximum Price, 100% (Final) Design and Construction Negotiations for the Cold Bay Terminal Expansion in an amount not to exceed \$147,337.

**NOW THEREFORE, BE IT FURTHER RESOLVED**, the Aleutians East Borough Assembly authorizes the reappropriation of \$200,000 from line item E 20-500-209-064 to line item E 20-500-209-603.

**PASSED AND APPROVED** by the Aleutians East Borough on this day May 27, 2021.

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**Alvin D. Osterback, Mayor**

**ATTEST:**

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**Tina Anderson, Borough Clerk**



May 21, 2021

Ms. Anne Bailey  
Aleutians East Borough (AEB)  
3380 C Street, Suite 205  
Anchorage, AK 99503

**Subject: Cold Bay Airport Terminal Addition  
65% Design, 100% (Final) Design and Construction Negotiations**

Dear Ms. Bailey:

Thank you for the opportunity for DOWL to continue to help complete this terminal addition project for the AEB. Prior authorizations for this project include:

- Phase 1 - Feasibility Study & 10% Concept Design
- Phase 2 - 35% Design
- Phase 3 - CM-GC Solicitation and Selection
- Phase 4 - Construction Contract Assistance
- Phase 5 - Permitting Assistance

This proposal includes the services for the following phases.

- Phase 5 – 65% Design & Guaranteed Maximum Price (GMP) Development
- Phase 6 – 100% (Final) Design
- Phase 7 – Construction Negotiations

The following two phases are not being requested for authorization at this time and will be scoped once the design and construction planning process is further along. DOWL expects Phases 8 and 9 below to be the final authorizations needed to complete this project.

- Phase 8 – Construction Administration/Oversight
- Phase 9 – Site Visits/Travel

This letter details our scope of services, schedule, assumptions, and budget for the phases 5-7 described above.

## **SCOPE OF SERVICES**

### **Phase 5 - 65% Design & GMP**

This phase will progress the design to an approximately 65% level completion. This includes coordination with the eventual CM-GC (contractor) who will provide a 65% GMP estimate. Estimations Inc. (Estimations) will provide an independent cost estimate. The estimate provided by Estimations and the contractor estimate will be compared and reconciled to determine a realistic GMP. Part of the reconciliation process will be to create a risk register documenting the conditions that are unclear in the design, “what ifs”, and other undefinable risks to the project, contractor and AEB. The risk register will be used to guide design discussions and decisions

between 65% and 100% and help determine appropriate levels of contingency to carry forward in the contractor's GMP estimate.

#### Phase 6 – 100% (Final) Design

This phase will progress the design to final design and prepare construction documents that can be used for construction bidding. The project intent is to award a construction contract to the CM-GC selected during prior phases of this project if construction terms and costs can be negotiated. Typically, if a construction contract cannot be negotiated, these design documents could be used for competitive bidding via a separate construction contractor solicitation. Due to the condensed schedule and funding constraints of this project, a separate bidding solicitation process may not be realistic in the remaining available time. If a construction contract cannot be negotiated, our team will need to evaluate other alternatives to complete the project.

#### Phase 7 – Construction Contractor Negotiations

As the project nears final completion and construction estimates are compared and reconciled between Estimations and the construction contractor, DOWL will lead the negotiations and construction cost reconciliation process. The intent is to negotiate an agreeable construction contract between the AEB and the CM-GC using the 65% GMP estimate and risk register development and mitigation as the basis of the final GMP. Once there is a final agreed upon GMP between AEB and the CM-GC, DOWL will assist with the drafting and execution of a lump sum construction contract.

### **ASSUMPTIONS**

The following assumptions were used to develop this scope of services and fee proposal:

- No site survey is needed.
- Scope and fee for Phase 8 and 9 not included in this proposal and will be negotiated at a later date.
- Hazardous materials assessments/coordination is not included. The terminal building was built recently enough that it is not likely that hazardous materials are present. Provisions will be included in the construction specifications where if a contractor encounters hazardous materials that they'd alert the AEB, which then would trigger DOWL and the AEB to negotiate assistance for these services.
- There is variability in the future cost of the Fire Marshal permit and is estimated around \$10,000. Due to the unknown cost of the permit, the permit cost is not included in this proposal and is the responsibility of the AEB.

### **DELIVERABLES**

The following deliverables will be prepared and submitted to the AEB.

- Phase 5 – 65% Design
  - 65% Design Plans
  - Project specifications
  - Cost estimate to be used as part of CM-GC pricing reconciliation
  - State of Alaska and Fire Marshal Permit documents
- Phase 6 – 100% Design
  - 100% Design Plans
  - Project specifications
  - Cost estimate to be used as part of CM-GC pricing reconciliation

- State of Alaska and Fire Marshal Permit documents
- Phase 7 – Construction Contractor Negotiations
  - Construction Contract to be used with the AIA A-201 General Conditions Documentation and likely use the AIA A-101 form for Owner/Contractor fixed price agreements.

## SCHEDULE

The timeline for this project is aggressive and is heavily dependent on factors for which the AEB and DOWL are not in full control. These factors include:

- Respondents to the CM-GC solicitation (currently being advertised)
- Level of effort and duration to reconcile the independent cost estimate and CM-GC cost estimates
- Permit processing times (State of Alaska Building Permit, Fire Marshal review)
- Material sourcing/availability

In addition to the scheduling factors listed above, this project timeline is also heavily dependent on AEB Assembly meeting approvals. If a task deadline is not met whose successor task is dependent on Assembly meeting approval, the entire project could potentially be delayed until the next Assembly meeting - approximately one month. Although DOWL understands that the AEB's intent is to use CARES Act Funds to fund this project, DOWL recommends that the AEB cautiously consider the risks associated with the schedule (un)certainly that is out of our combined control, and possible completion beyond CARES Act funding deadlines.

Based on DOWL's understanding of this project, a possible project timeline is shown below. Note that **bolded** tasks have increased uncertainty and are not in the AEB or DOWL's direct control.

- May 27, 2021 AEB Assembly Meeting
  - *NTP for DOWL proposal for 65% and 100% signed construction drawings.*
- Late May 2021 35% Design Complete
- June 2021 65% Design Complete
- **June/July (possibly August) 2021 State of Alaska Building Permit and Fire Marshal Permitting**
- July 8, 2021 AEB Assembly Meeting
  - *Preconstruction services NTP to CM-GC*
- **July 2021 65% Cost Estimate Reconciliation**
- August 2021 100% design complete  
**100% cost reconciliations**
- August 12, 2021 AEB Assembly Meeting
  - **Limited NTP to contractor for long lead time items**
  - NTP to DOWL for construction administration
- September 9, 2021 AEB Assembly Meeting
  - Full NTP to contractor for construction
- September 2021 Contractor mobilizes to Cold Bay
- October 1, 2021 All concrete work complete
- October 14, 2021 AEB Assembly Meeting

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- November 11, 2021
  - December 9, 2021
  - December 31, 2021 deadline
- AEB Assembly Meeting  
AEB Assembly Meeting  
Project Complete/ CARES Act funding

**FEES**

DOWL proposes to complete the services described in this letter and summarized below for the lump sum cost listed.

Phase 5 - 65% Design and GMP	\$75,496
Phase 6 - 100% Design	\$65,981
Phase 7 - Construction Contractor Negotiations	\$5,860
<b>Total</b>	<b>\$147,337</b>

Thank you again for the opportunity to propose on this work. Please contact me at 907-562-2000 or [evorhees@dowl.com](mailto:evorhees@dowl.com) with any questions or comments.

Regards,  
DOWL



Eric Voorhees, PE  
Project Manager

Unless noted here otherwise, by signing below this proposal is accepted, and DOWL is authorized to proceed with the work described in this letter.

\_\_\_\_\_  
Anne Bailey  
Aleutians East Borough

\_\_\_\_\_  
Date

Attachment(s): None

# Date & Location of Next Meeting

# Adjournment



# Adjournment