

# City of Saint George, Alaska

## Economic and Fiscal Profile and Recent Trends

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### Contents

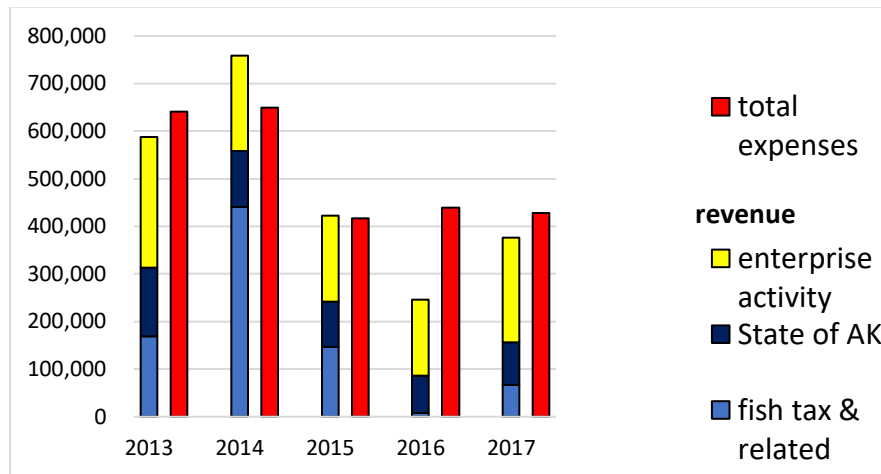
Executive Summary .....	1
Introduction .....	2
Population, employment, and wages .....	2
Age structure and school enrollment .....	5
Fiscal situation .....	6
Historical perspective .....	16
Findings and Recommendations.....	19
Data sources and references .....	21
Appendix A: Decomposition of consolidated accounts.....	24
Appendix B: Memorandum on Energy Costs from Alaska Energy Authority .....	41

The author is solely responsible for the content of this report.

## Executive Summary

- The City of Saint George faces serious fiscal challenges due to a major drop in fish-related revenues. That decline is compounded by declining population and by Alaska’s fiscal problems.

**Figure ES-1. Saint George general government revenues and expenses**



- The City could operate sustainably with modest amounts of fish-related revenue. If the combined total of local fish taxes, shared state fish taxes, dividends from the Aleutian Pribilof Island Community Development Association (APICDA), and fuel transfer taxes could be restored to even \$500,000 – an amount well below average levels in the late 1990s – the City government could probably operate sustainably, providing a basis for long-term development projects.
- Any attempts to revive onshore fish processing should be viewed with reference to the fact that, until the federal government ended fur seal harvesting in 1972, Saint George had historically generated more than \$7.5 million in annual fur seal harvest value.
- During subsequent decades there have been significant removals of crab and groundfish from the Bering Sea fisheries that surround Saint George, with little to no direct benefit to the community. A full evaluation of the economic impacts of these removals on St. George could help guide future economic decisions and might allow the community, the state, APICDA, and other agencies and stakeholders to move forward to ensure a resilient and sustainable community.

- APICDA could play an important role in efforts to rejuvenate fish processing on Saint George Island and in supporting Saint George’s overall goal of achieving a more stable economy. According to APICDA “there is, in fact, a sustainable and viable future for St. George if, and only if, a harbor is constructed and constructed soon”.<sup>1</sup> APICDA has the capability to finance, construct, and operate major processing facilities and to help St. George rebuild its economy.
- The burden of high fuel costs could be reduced if modest funding could be found to restart St. George’s wind turbine and/or secure bulk fuel deliveries directly to the City’s bulk fuel storage facility.
- Management of the City’s three or four major components (general government, enterprise activities, electric utility, and special projects) might be made easier if the accounts were formalized into funds (as they apparently were back in the late 1990s). Similarly, the balance sheet component of the City’s books might be made more comprehensive and inclusive. Maintaining an up-to-date balance sheet and conducting periodic audits of the financial statements might be helpful if the City were to seek outside funding for some sort of one-time debt relief.

## Introduction

This paper presents selected data on the fiscal and economic challenges facing the City of Saint George, Alaska. For more than 100 years Saint George produced fur seal skins, but that activity stopped more than 45 years ago. The data presented here provide both historical perspective and a foundation for thinking about the future. Some comparisons are made to the City of Saint Paul, located 40 miles to the north on Saint Paul Island.

## Population, employment, and wages

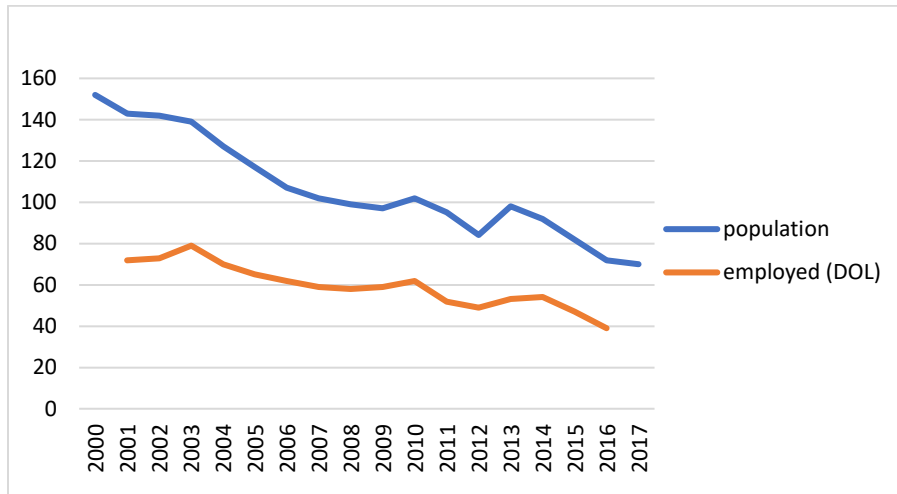
Saint George population declined 54% between 2000 and 2017, from 152 to 70. Employment, measured by the Alaska Department of Labor as the number of residents who worked at some point during the year,<sup>2</sup> declined 46%, from 72 in 2001 to 39 in 2016 (Figure 1).

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<sup>1</sup> APICDA white paper, “The Long-Term Viability Of St. George: To Be, Or Not To Be.” page 2.

<sup>2</sup> ADOL measures workers covered by unemployment insurance. Their count excludes federal workers and self-employed. <http://live.laborstats.alaska.gov/alari/faqs.cfm#q01>. Because the ADOL measure simply counts the number of people who worked at some point during the year, it cannot be used as an indicator of full-time employment, but it can be used to measure employment *trends*. In the case of Saint George, the 46% drop in ADOL employment agrees very well with the 47% drop in wages shown in Figure 3.

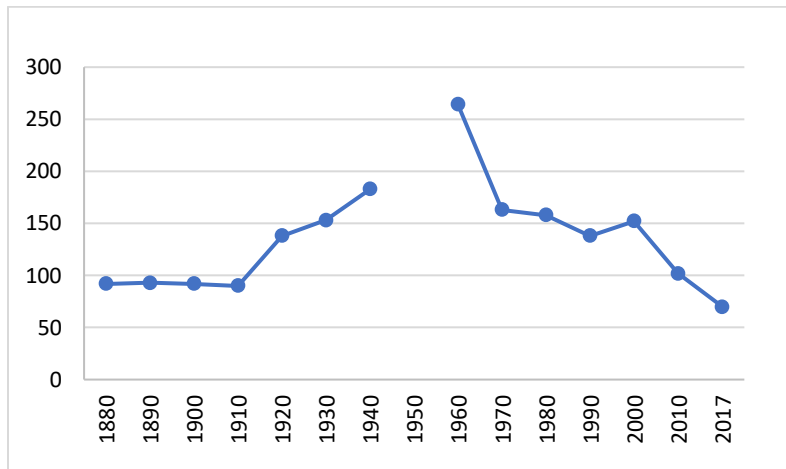
**Figure 1. Saint George Population and employment, 2000 - 2017**



[Alaska Department of Labor ; Alaska Local and Regional Information \(ALARI\)](#)

Figure 2 provides a longer-term perspective. The Saint George population could be deemed “stable” at about 150 people during most of the 20<sup>th</sup> century if the 1960 Census measurement is disregarded.

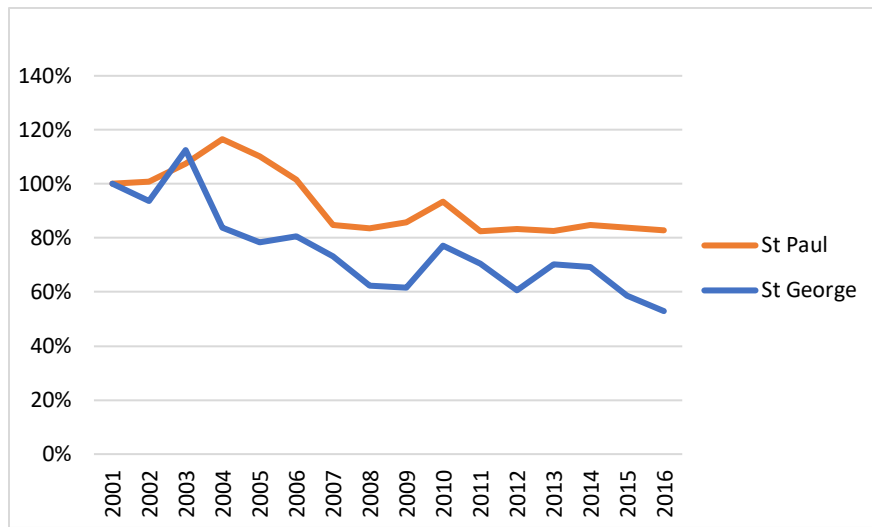
**Figure 2. Saint George decennial census population, 1880-2017**



[U.S. Census data via Alaska Community Database Online](#)  
(2017 is an estimate)

Wages from employment in private, state, and local jobs declined 47% from 2001 to 2016 after adjusting for inflation. By comparison, wages in Saint Paul declined 17% (Figure 3). The fact that Saint George population declined by 54% while wages declined by only 47% supports the idea that households with children and/or households without good jobs were more likely to leave the island during this period.

**Figure 3. Total wages earned by residents (in 2017 \$), relative to 2001 levels, Saint George and Saint Paul**



[Alaska Department of Labor](#)

There are currently zero business licenses held by Saint George residents.

In 2016, six Saint George residents fished for Halibut using their own limited entry permits, yielding 50,887 pounds caught and \$217,778 of estimated gross earnings. By comparison, from 2007 through 2010 the same number of permits yielded an annual average of about 120,000 pounds and \$420,000 (Figure 4). These data are for fish landed by Saint George residents, not fish landed in Saint George. Some halibut were landed on the Island from 2000 through 2003 and from 2014 through 2017.

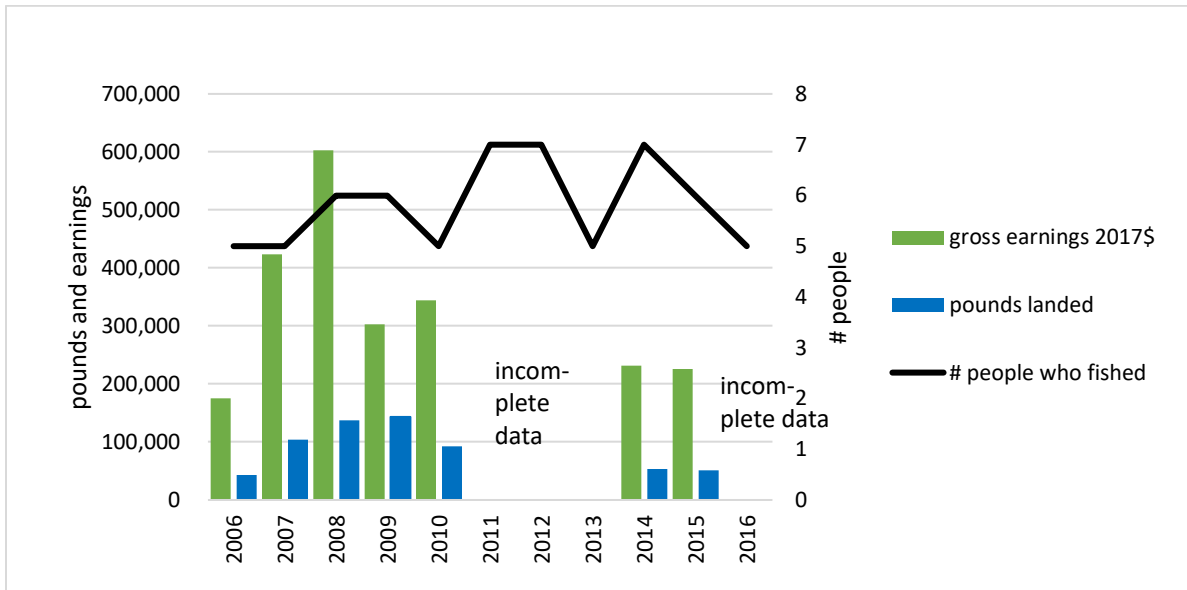
Electricity consumption is another indicator of overall economic activity and well-being. Total electricity consumption on the Island declined 28% from 2012 to 2016. Community facilities use dropped 43% (Table 1). Because the City operates the utility, declining sales have directly hurt City finances.

**Table 1. Electricity consumption indicators, 2012-2016**

	2012	2013	2014	2015	2016	% chg 2012-2016
Total kWh sold	621,992	578,355	492,945	503,868	450,216	-28%
Total kWh sold per capita	7,405	5,902	5,358	6,145	6,253	-16%
community facilities total kWh	133,002	120,044	91,043	85,245	76,188	-43%
residential kWh per customer	4,350	3,883	3,752	3,880	3,382	-22%

[Saint George filings with Regulatory Commission of Alaska](#)

**Figure 4. Halibut pounds landed and gross earnings generated by Saint George permit holders**

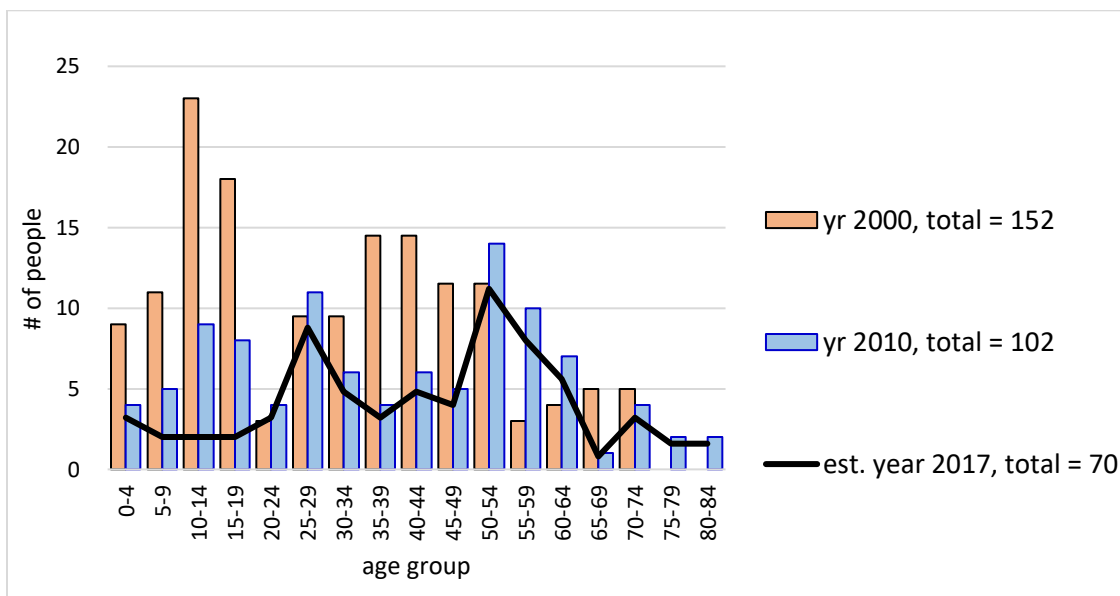


[Alaska Commercial Fisheries Entry Commission](#)

### Age structure and school enrollment

The Saint George age distribution shifted toward older people between 2000 and 2010, and that shift appears to have continued through 2017 (Figure 5).

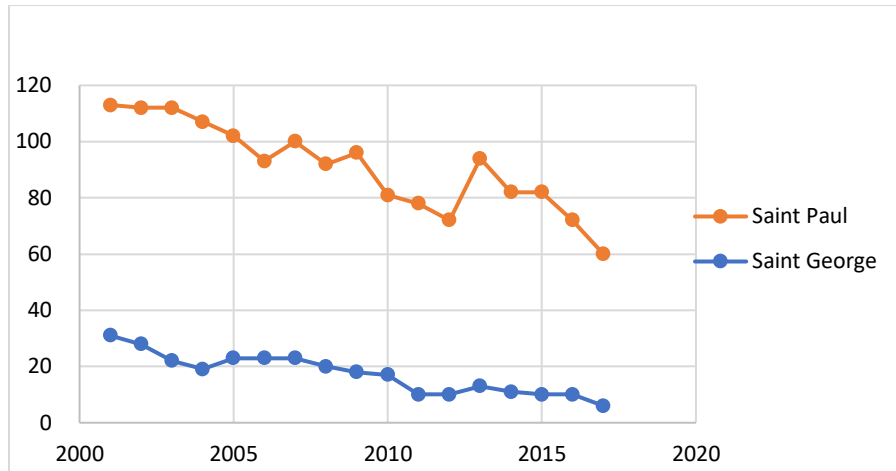
**Figure 5. Saint George age distribution in 2000 and 2010, with estimate for 2017**



[Alaska Department of Labor and Workforce Development](#). 2017 estimates are by author.

The Saint George school closed in fall 2017 after enrollment fell below the threshold of 10 students. (There were 6 students enrolled in Saint George school during 2016-2017.) School enrollment had declined from about 27 during 2000-2003 to about 9 during 2015-2017. This 68% decline can be compared to a 46% decline in Saint Paul (Figure 6).

**Figure 6. School enrollment in Saint George and Saint Paul**



[Alaska Department of Education](#)

## Fiscal situation

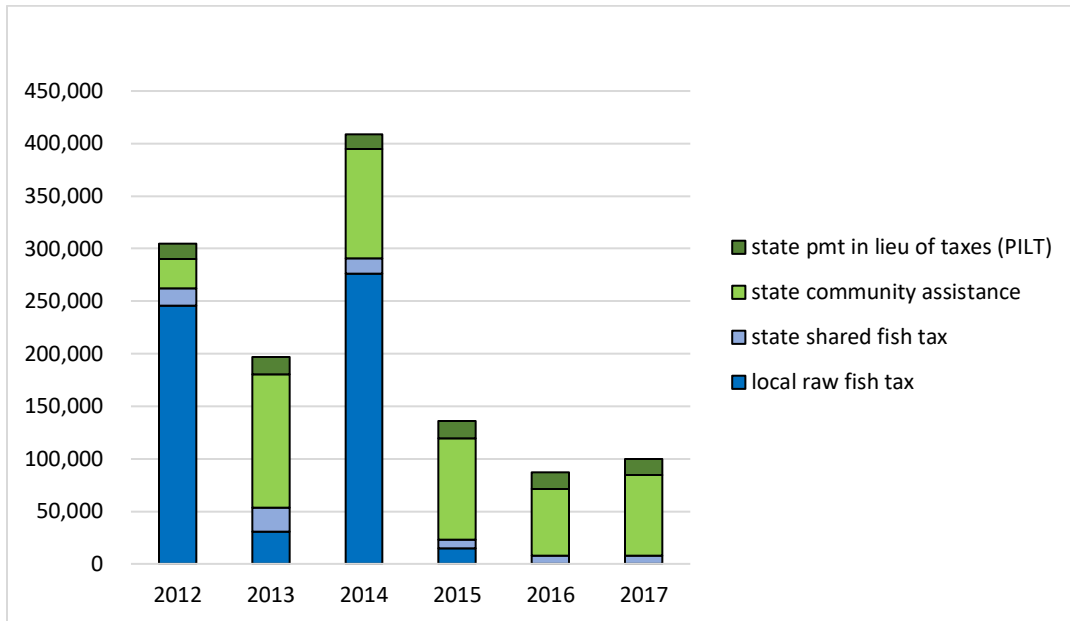
**Overview.** The City of Saint George is currently in a severe fiscal bind due to the decline of several revenue sources that are, or could be, classified as recurring revenues. These include fish taxes, sales tax, fuel transfer tax, State of Alaska revenue sharing (now called the “Community Assistance Program”) and payments in lieu of taxes (PILT) (Figure 7). On a per capita basis, these recurring revenues fell 60% between 2012 and 2017, from \$3,624 to \$1,461. By comparison, per capita recurring revenues in Saint Paul fell 10%, from \$8,803 to \$7,966 (Figure 8).

In addition to this decline in general government revenue, there are fewer major infrastructure projects now under way compared to the pattern of the past twenty years. Revenue to the City-owned electric utility is also down, putting further pressure on the City’s overall fiscal balance.

In response to these declining revenues, the City has cut expenses significantly, but these cuts are not likely to be sustainable and by themselves cannot solve the revenue shortfall.

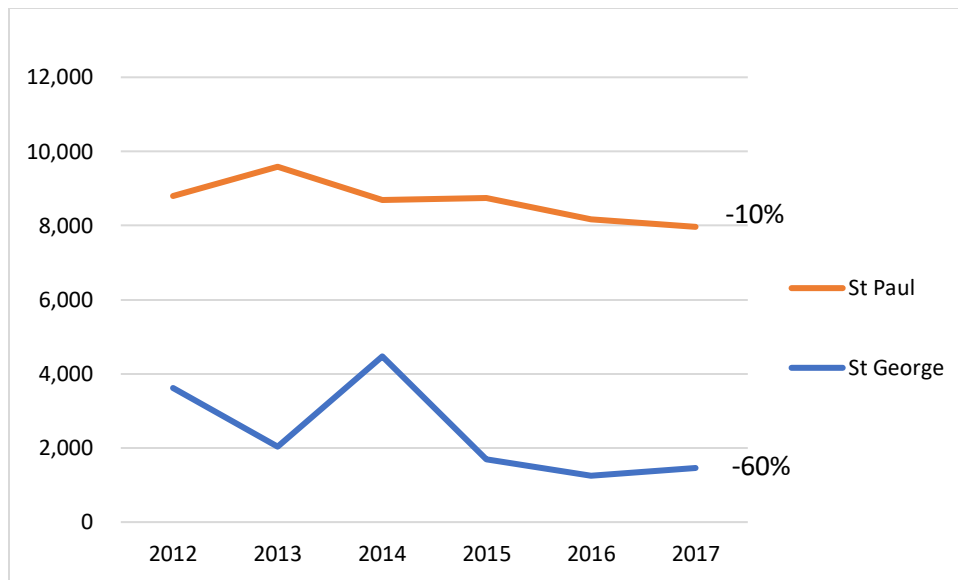
The remainder of this section explains and documents these trends. The main data source is the City’s profit and loss statements for 2013 through 2017. Further detail is provided in Appendix A.

**Figure 7. City recurring revenues, FY2012 – FY2017**



Author calculations using data from: City profit and loss statements; [Alaska Division of Community and Regional Affairs](#); [Alaska Department of Revenue](#)

**Figure 8. Per capita recurring revenues, 2012-2017**



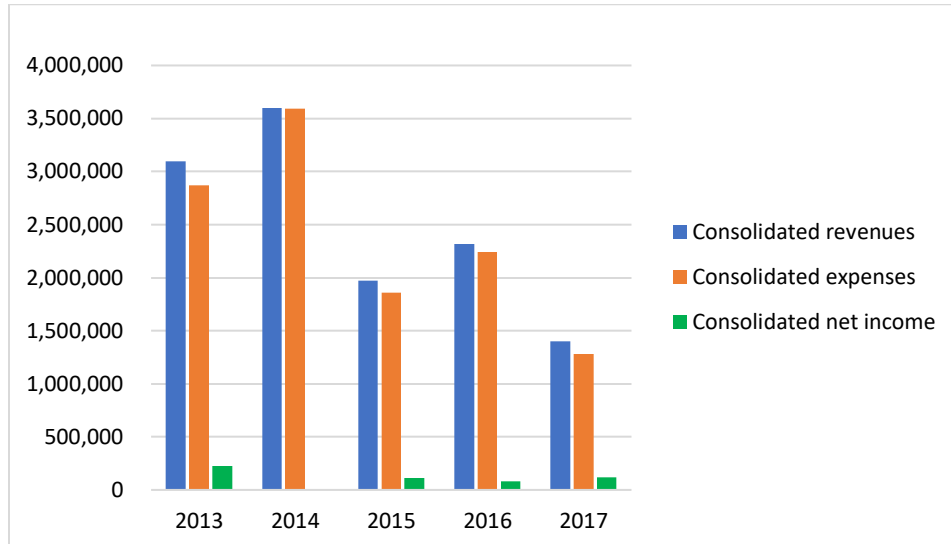
Author calculations

**Consolidated revenues and expenses.** The City of Saint George owns and operates the municipal electric utility, the water system, and the harbor. It also administers major grants for infrastructure projects that generate large flows of both revenues and expenses. Together, these activities generated



combined annual revenues and expenses of about \$1 million to \$2 million during the past three years (Figure 9).

**Figure 9. Consolidated revenues, expenses, and net income**



Author calculations from City financial statements

As Figure 9 shows, consolidated net income as reported on the City’s profit and loss statement is positive. However, this reported net income does not provide an accurate indicator of the true fiscal situation.<sup>3</sup> There is a lot going on “under the surface” of these totals.

To get a clearer picture, it is useful to decompose both revenues and expenses into these three components:<sup>4</sup>

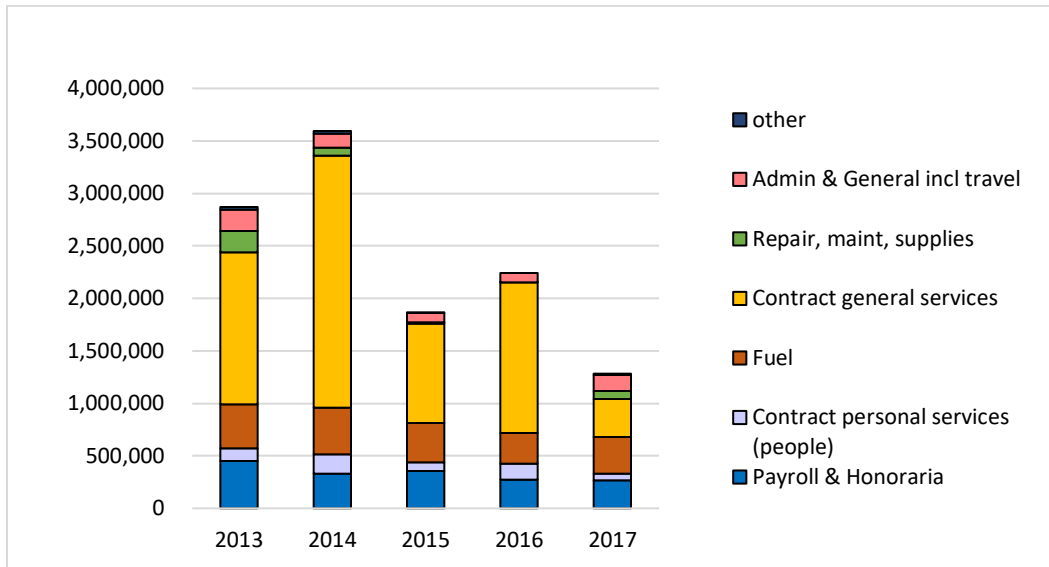
- Electric utility
- Special projects
- General government – including enterprises such as harbor, rentals, and retail (Small-Mart)

As a first step toward this decomposition, Figure 10 shows consolidated City expenses by function. Personnel are largely working for general government and the utility. Fuel, a major expense and economic burden at more than \$7.00 per gallon, is largely used to generate electricity. Contract general services refers to contracted services other than ongoing accounting and legal and is assumed to be entirely associated with special projects. Finally, Admin & general expenses and Repairs & maintenance expenses are incurred to manage all three components.

<sup>3</sup> From a technical accounting perspective, the basic reason is timing differences between special project cash inflows and outflows. The profit and loss statement shows special project cash inflows as “income” without encumbering the funds for the associated expenditures that will be required in the future; these expenditures appear on the books only when they are actually incurred.

<sup>4</sup> The details of this decomposition are shown in Appendix A.

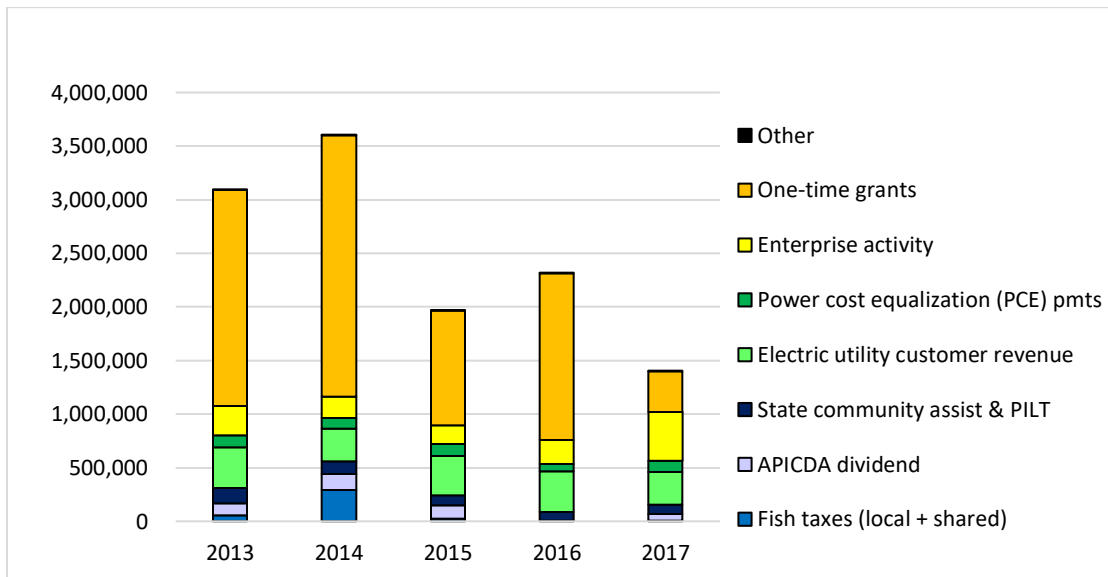
**Figure 10. Consolidated expenses by function**



Author calculations from City financial statements. Honoraria expense includes modest payments to City Council members for attending meetings.

On the revenue side, one-time grants for special projects loom large (Figure 11). The figure also shows the major role of electric utility revenues – both customer payments and State of Alaska Power Cost Equalization payments -- in the overall revenue picture. All of these revenue items are discussed further below.

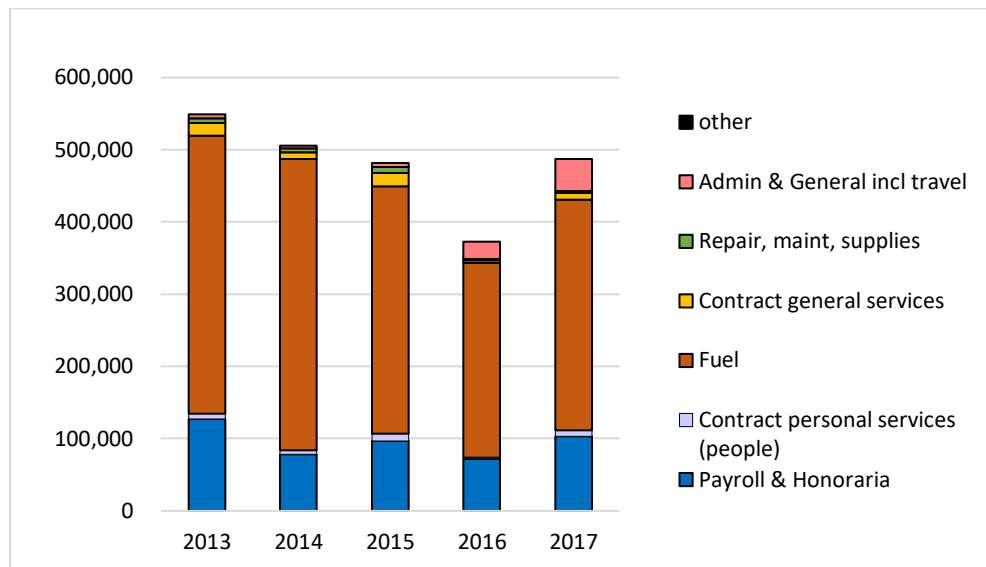
**Figure 11. Consolidated revenues by function**



Author calculations from City financial statements

**Electric utility revenues and expenses.** The electric utility has one overwhelming expense: about 50,000 gallons of diesel fuel costing more than \$7.00 per gallon. The power system itself was largely replaced in 2014-2015 with a \$3.8 million grant from the Rural Power System Upgrade program. Therefore, there is essentially zero depreciation and interest expense showing on the City books. Total annual payroll and contract personnel expense allocated to the utility is only about \$100,000, and other operating expenses are very low (Figure 12). The non-fuel expense per kilowatt-hour (kWh) sold actually declined 8% between 2011 and 2016, despite the sales quantity itself declining 26%. However, because of the high price of fuel and the low number of customers, the average cost to generate and deliver electricity – and hence the required rate -- is about \$1.00 (one dollar) per kWh.

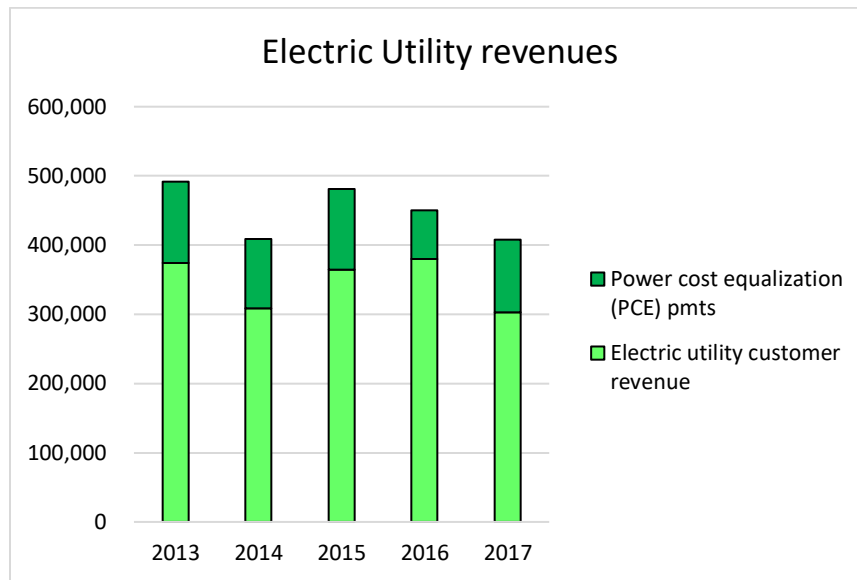
**Figure 12. Electric utility expenses**



Author calculations using data from [City annual PCE reports](#)

The State of Alaska Power Cost Equalization Program (PCE) offsets about 78 cents per kWh for about 80 percent of all residential kWh (which equates to one-third of total kWh) sold. The City has done a good job of allocating both personnel and general & admin expenses to the electric utility, thus maximizing the amount of PCE reimbursements. Figure 13 shows how important these payments are to the utility and its customers.

**Figure 13. Electric utility revenues**



Author calculations using data from [City annual PCE reports](#)

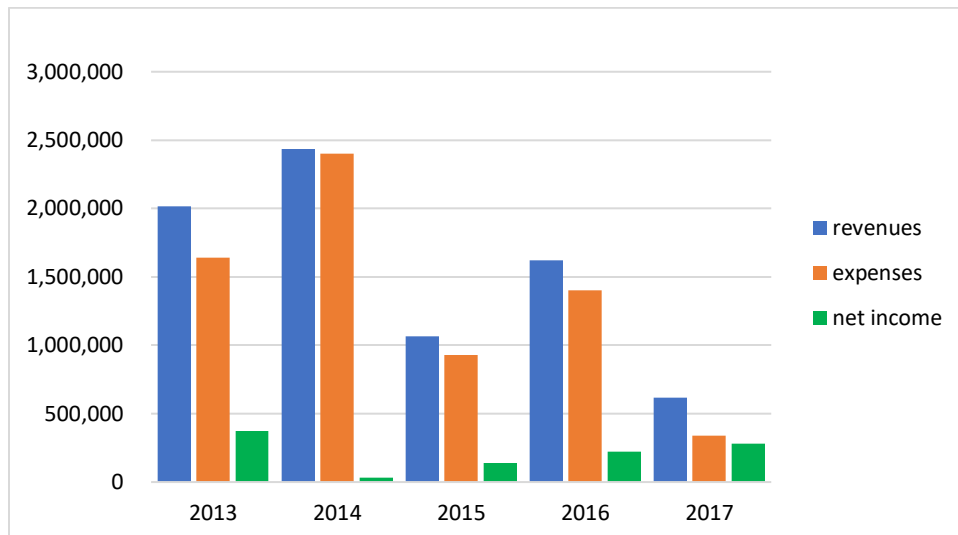
Overall, the electric utility has been able to more or less break even on a cash flow basis during the past five years. However, it has not been able to generate even a modest operating surplus that could be used, for example, to repair and return to service the wind turbine that was installed about three years ago. The City also is burdened by a \$300,000 debt to the State Bulk Fuel Loan Program for loans taken out several years ago. Loan payments are taken from State Community Assistance Program payments that would otherwise go to general government.<sup>5</sup> The utility and its customers would benefit greatly from any successful attempt to reduce the price of fuel. The comparable price of fuel in Saint Paul was about \$3.00 per gallon lower in 2016 – likely due to a combination of local markups and difficulties entering and exiting the harbor.<sup>6</sup> A thoughtful memorandum prepared in fall 2017 by Alaska Energy Authority Chief Economist Cady Lister addresses high fuel costs and other energy-related problems; it is included as Appendix B.

**Special projects revenues and expenses.** During the five-year period from 2013 through 2017, about \$7.8 million of special project funding was booked as revenue while a total of only about \$6.8 million was booked as direct contract expenses that are clearly related to these projects (Figure 14). The difference, a “net income” about \$1 million, represents a combination of timing differences, payments to the City for grant management and grant-related services, and other factors. It is beyond the scope of this paper to pin down a more exact accounting for special project revenues and expenses. The main point, however, is that these projects have historically provided a significant boost to City finances. Of course, they have also provided jobs and income to City residents and lifted the overall island economy.

<sup>5</sup> The memorandum prepared by Alaska Energy Authority Chief Economist Cady Lister in fall 2017 (see Appendix B) notes that both PCE payments and/or state community assistance may currently be assigned, in part, to repay old bulk fuel loans.

<sup>6</sup> The AEA memorandum states: “The difference in price is likely due in part to local mark-up though there are some issues related to the harbor being difficult to get in and out of.”

**Figure 14. Special project revenues, direct expenses, and net income**



Author calculations from City financial statements

**General government.** General government is what remains after removing revenues and expenses for both the electric utility and special projects from the consolidated amounts. General government is the “heart and soul” of the City as a community-serving entity. Finding the revenue to sustain general government functions is an ongoing challenge for many rural Alaska communities. For Saint George, the challenge has become much more difficult since the nearly complete loss of fish tax revenue beginning in 2001, as well as the declining population.

Looking back over the past 10 years<sup>7</sup>, the main sources of recurring general government revenue to Saint George have been the following:

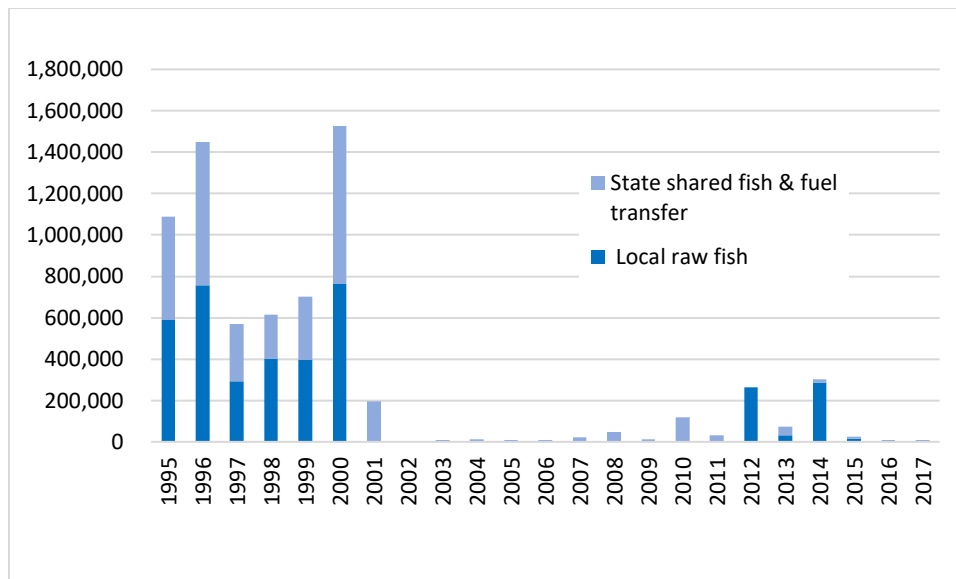
- Raw fish tax, both locally assessed and shared by the state
- Shared fish-related revenue in the form of dividends from the Aleutian Pribilof Island Community Development Association,<sup>8</sup> commonly known by its abbreviation APICDA
- State revenue sharing, both the “Community Assistance Program” and payments in lieu of taxes (PILT)
- Enterprise activities: maintaining the airport, serving as agent for Pen Air, rentals

<sup>7</sup> Based on a review of several data sources including: City budgets and financial statements filed by the City with the State of Alaska Financial Document Delivery System; Supplemental information provided by the accountant for the City; State of Alaska revenue sharing and shared fish tax amounts from the [Alaska Department of Revenue](#) and the [Alaska Local and Regional Information \(ALARI\)](#); [APICDA Annual Reports](#).

<sup>8</sup> APICDA -- the Aleutian Pribilof Island Community Development Association -- is one of six nonprofit corporations formed in the early 1990s under the rules of the North Pacific Fishery Management Council and recognized in statutes under the Magnuson-Stevens Fishery Conservation and Management Act of 1996. Each of these six groups receives fish harvesting rights known as “community development quota” or CDQ. For more information about the CDQ program, see: NOAA Fisheries. The Western Alaska Community Development Quota Program. <https://alaskafisheries.noaa.gov/sites/default/files/cdqprogsummary.pdf>

In general, with the exception of a few years, St. George’s fish tax revenues have declined dramatically since the pre-2000 period. As Figure 15 shows, raw fish tax, adjusted for inflation, reached more than \$1.5 million in 1996 and 2000 and then dropped to essentially zero (although these taxes did exceed \$200,000 in 2012 and 2014).<sup>9</sup> APICDA dividends have averaged about \$100,000 since 2007. State revenue sharing plus PILT, together, have declined from \$143,690 in 2013 to \$91,552 in 2017. Finally, enterprise activities have averaged about \$200,000 during this same period.

**Figure 15. Saint George fish tax revenues, 1995-2017**  
real 2017 dollars



[Alaska Department of Revenue](#) ; [Alaska Local and Regional Information \(ALARI\)](#)

The combined trend in general government revenues is shown in Figure 16.<sup>10</sup> The figure clearly shows how the lack of fish tax revenue has severely constrained overall general government revenues. Also contributing to the overall decline is the reduction in State of Alaska revenue sharing. Under current law, the so-called “basic amount” is \$75,000 for Saint George.<sup>11</sup> However, this level of sharing depends on an annual appropriation of \$30 million by the Alaska Legislature. The uncertain nature of these payments is shown by the fact that the \$30 million appropriation for FY18 was not included in the regular operating budget. (The appropriation was, however, included in the supplemental budget passed in March 2018 and the resulting payments to communities will still be made on schedule in Fall 2018.<sup>12</sup>)

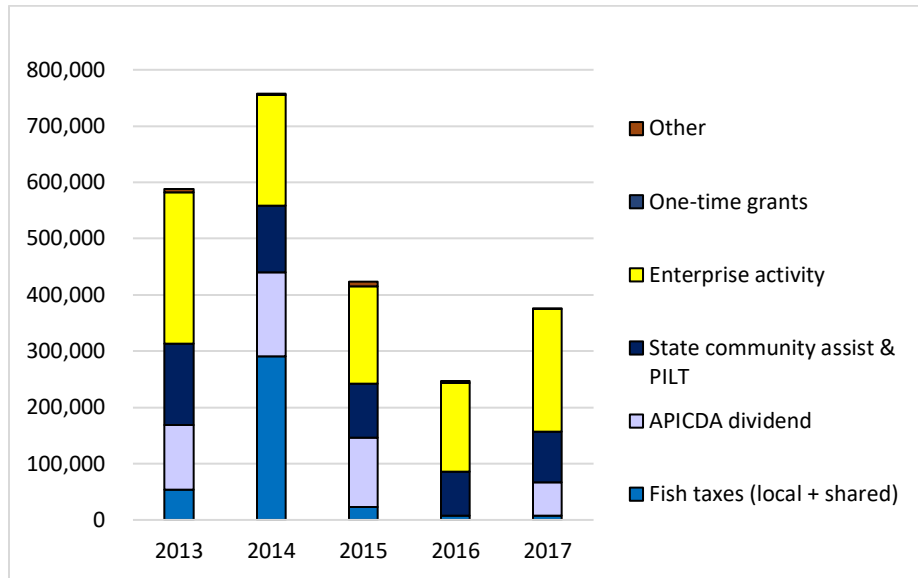
<sup>9</sup> Local raw fish tax data for 2012 and 2014 are from Saint George books. These amounts do not appear in tabulations maintained by the state in its *Alaska Taxable* publication.

<sup>10</sup> No APICDA dividend shows in this figure for 2016 because none appeared in the Saint George books, even though APICDA did allocate funds in and/or for 2016, according to its 2016 annual report.

<sup>11</sup> [AS 29.60.850](#) and [AS 29.60.855](#)

<sup>12</sup> Lacey Sanders, Alaska Legislative Finance, personal communication, 3/27/18.

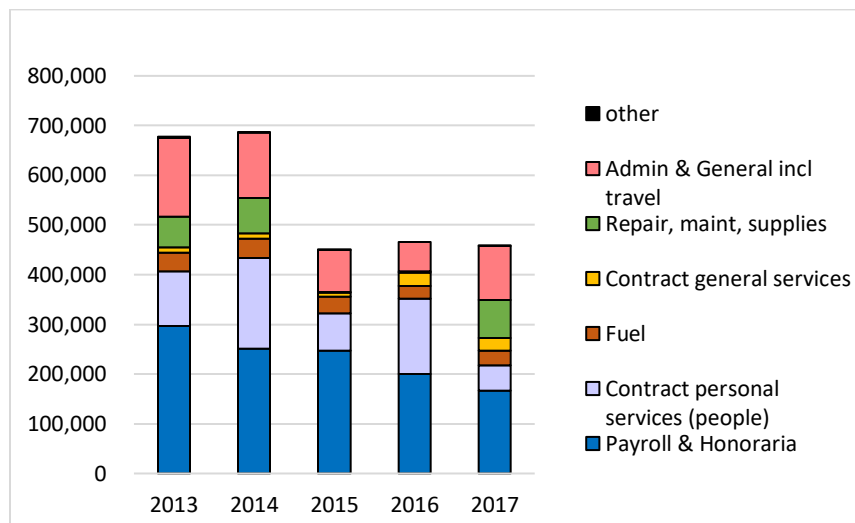
**Figure 16. General government revenues**



Author calculations from City financial statements

In response to the severe revenue shortfall, the City has repeatedly cut expenses. Between 2013 and 2017 payroll declined 44%, contract professional services dropped 47%, and general & admin expense (including travel) dropped 16%. Figure 17 shows these cuts.

**Figure 17. General government expenses**

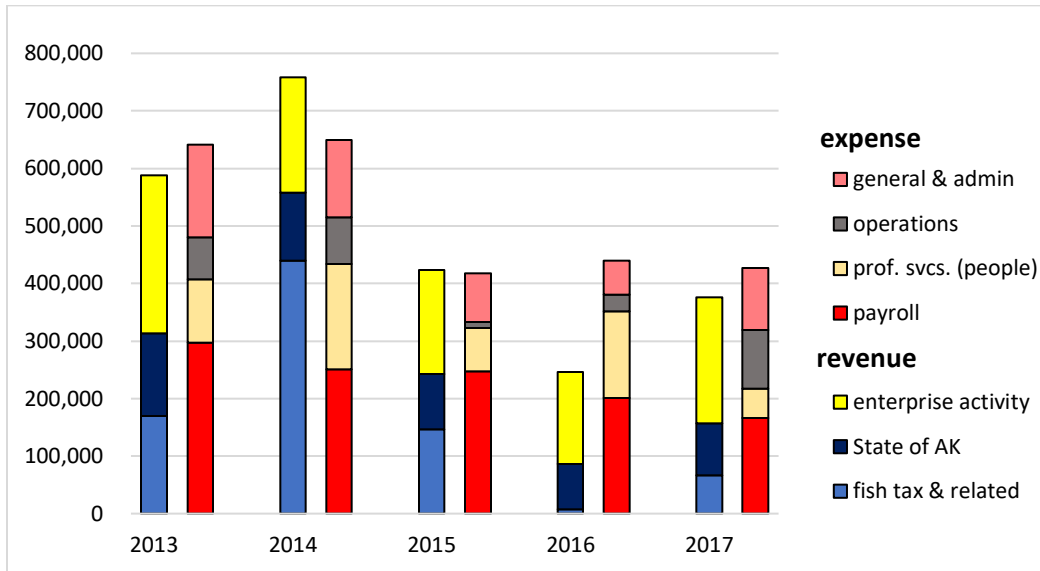


Author calculations from City financial statements. Honoraria includes payments to City Council members for attending meetings.

**General government bottom line.** It seems clear that the City of Saint George has cut expenses to the absolute bare minimum in response to a drastic reduction in fish tax revenues. Figure 18, with

accompanying values in Table 2, sums up the resulting situation: Despite the severe cuts to expenses, there simply is not enough recurring revenue currently flowing to the City to make ends meet for the core general government functions.

**Figure 18. General government revenues and expenses**



Author calculations from City financial statements

**Table 2. General government revenues and expenses**

Revenue	2013	2014	2015	2016	2017
Fish (tax+APICDA)	169,261	440,243	146,189	7,643	66,290
State AK (CAP+PILT)	143,690	117,727	96,058	78,430	90,444
Enterprise & Other	274,713	200,110	180,868	160,487	218,908
<b>Total revenue</b>	<b>587,664</b>	<b>758,079</b>	<b>423,114</b>	<b>246,559</b>	<b>375,641</b>
<b>Expenses</b>					
Payroll	297,222	250,957	247,077	200,775	166,479
Contract prof svcs (people)	109,952	183,064	75,717	150,983	50,682
Operations (contr gen svcs, R&M)	59,102	72,467	(9,224)	24,905	85,758
G&A & other	161,250	133,419	84,882	58,979	108,232
<b>Total expense</b>	<b>627,525</b>	<b>639,906</b>	<b>398,451</b>	<b>435,642</b>	<b>411,151</b>
<b>Surplus or (deficiency)</b>	<b>(39,862)</b>	<b>118,173</b>	<b>24,664</b>	<b>(189,082)</b>	<b>(35,510)</b>

**Balance sheet concerns.** The City apparently owes \$531,380 in unpaid employer contributions to the Public Employees Retirement System (PERS). It has not made payments to PERS since 2009. Also, as discussed above, there appears to be a loan liability of about \$300,000 to the state Bulk Fuel Loan



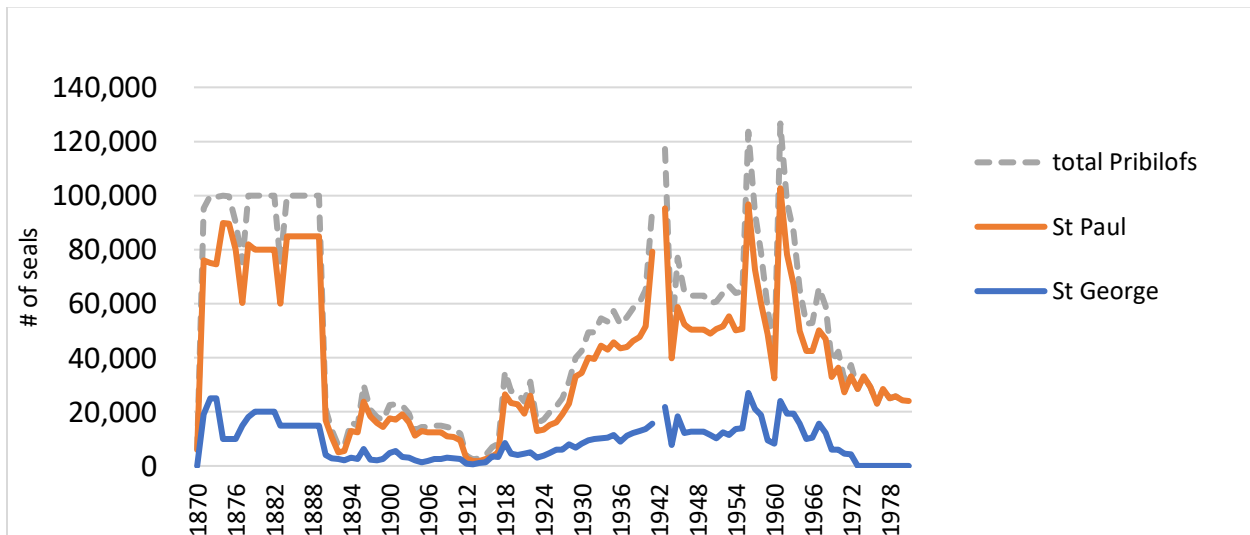
Program. This loan is being repaid by assignment of state monies that would otherwise come to the City as community assistance and/or PCE payments.

## Historical perspective

This section considers the fur seal harvest over its entire 100+ - year history and compares the value of fur seal harvests to the current value of major fisheries allocated under the Community Development Quota (CDQ) program. Under this program, Saint George is one of seven communities in the Aleutian Pribilof Island Community Development Association (APICDA), while Saint Paul is the sole community member of the Central Bering Sea Fisherman’s Association (CBSFA).<sup>13</sup>

The Saint George fur seal harvest averaged about 10,000 seals per year between 1871 and 1970. The Saint Paul harvest averaged about 42,000 seals per year. The commercial seal harvest ceased on Saint George after 1972 and it ceased on Saint Paul after 1984.<sup>14</sup>

**Figure 19. Saint George and Saint Paul commercial fur seal harvest, 1870-1981**



Author calculations using data from: Rogers (1976); Young (1981); National Marine Fisheries Service (1985)

After adjustment for inflation,<sup>15</sup> the average value of the Saint George fur seal harvest during the hundred years from 1871 to 1970 was \$5 million per year. During the 20-year postwar period of 1951-1970 the average harvest value was \$7.6 million per year. The cumulative harvest value generated by

<sup>13</sup> For more information about the CDQ program, see: NOAA Fisheries. The Western Alaska Community Development Quota Program. <https://alaskafisheries.noaa.gov/sites/default/files/cdqprogsummary.pdf>

<sup>14</sup> NOAA Fisheries. Alaska Regional Office. Northern Fur Seals in Alaska. <https://alaskafisheries.noaa.gov/pr/fur-seal>. Accessed 5/17/18.

<sup>15</sup> Adjustment for inflation is critical to any appraisal of the economics of fur seal harvest. For example, in 1904 the sales value per seal skin was \$37.02, but this equates to more than \$1,000.00 at 2017 price levels.

Saint George harvests is almost \$500 million in today’s dollars, and the cumulative value of the combined Pribilof Islands harvest is \$2.7 billion.

These values can be compared to the estimated ex-vessel value<sup>16</sup> of current (year 2017) CDQ fish allocations to APICDA and CBSFA. The ex-vessel value of APICDA’s allocation is \$15.8 million and the ex-vessel value of CBSFA’s allocation is \$8.8 million.<sup>17</sup>

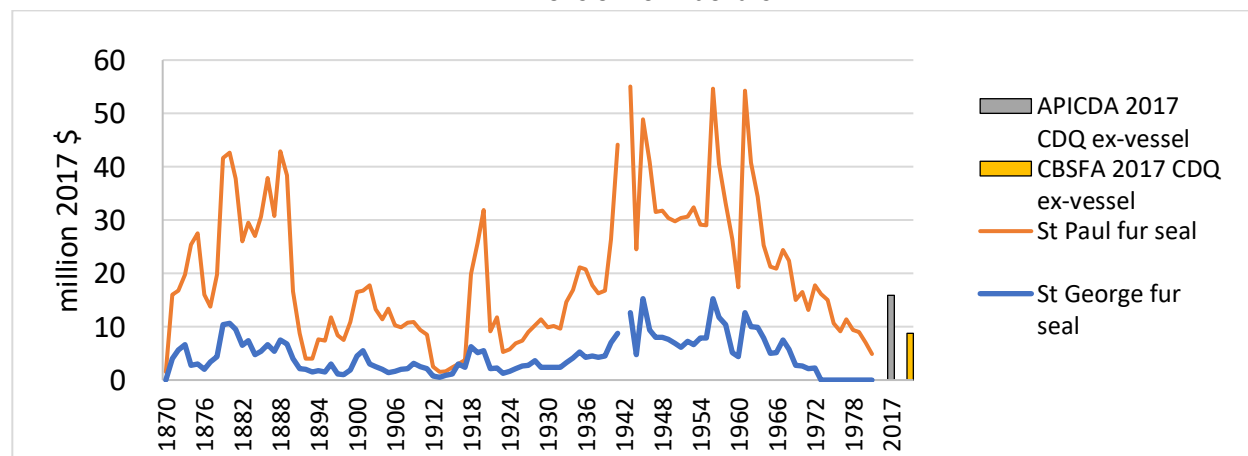
**Table 3. Fur seal harvest average annual values compared to CDQ allocation ex-vessel value**  
millions of 2017 dollars

	St George	St Paul	Pribilofs
Cumulative value of fur seal harvest 1871-1970	495.1	2,184.3	2,679.3
Average value of fur seal harvest 1871-1970	5.0	20.8	25.8
Average value of fur seal harvest 1951-1970	7.6	29.9	37.5
compare to:			
APICDA 2017 CDQ ex-vessel value	15.9		
St George APICDA "share" (7.9% based on 2017 population)	1.3		
CBSFA 2017 CDQ ex-vessel value		8.8	

Author calculations using data from: Rogers (1976); Young (1981); National Marine Fisheries Service (1985)

As an initial comparison, Figure 20 shows that the annual value of Saint Paul fur seal harvests frequently exceeded the CBSFA harvest value. Furthermore, the Saint George fur seal harvest value occasionally approached the *total* APICDA harvest value.

**Figure 20. Fur seal harvest value compared to CDQ allocation ex-vessel value**  
millions of 2017 dollars



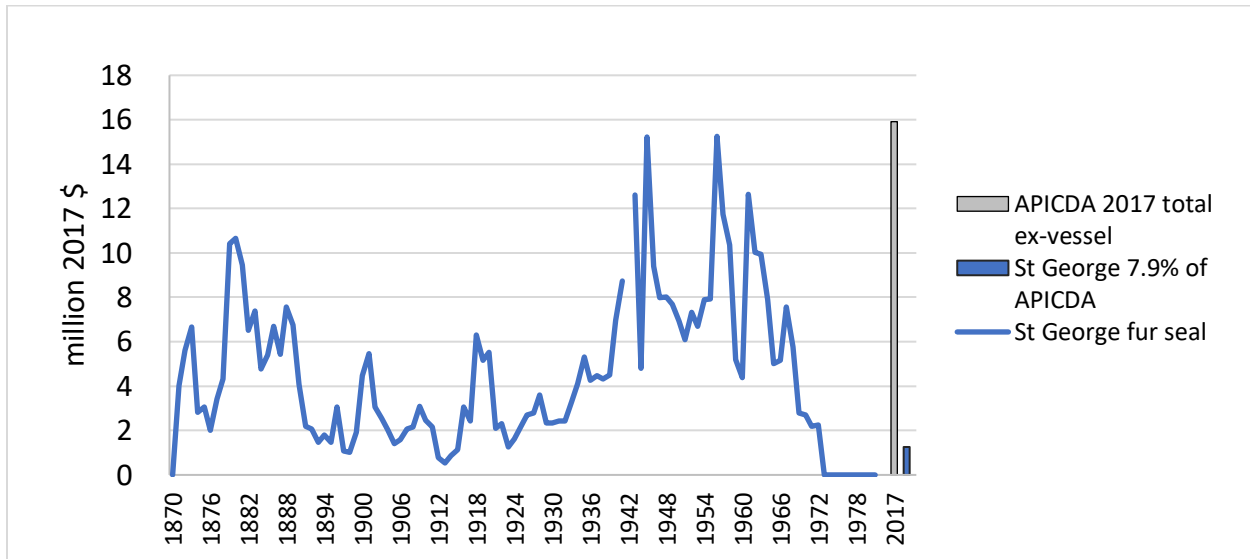
Author calculations using data from: Rogers (1976); Young (1981); National Marine Fisheries Service (1985); [NOAA Fisheries CDQ allocations](#) ; [NOAA Fisheries. Fisheries of the U.S. 2016](#).

<sup>16</sup> According to the NOAA *Fisheries Glossary*, the term “ex-vessel” refers to “activities that occur when a commercial fishing boat lands or unloads a catch. For example, the price received by a captain (at the point of landing) for the catch is an ex-vessel price. <https://www.st.nmfs.noaa.gov/st4/documents/FishGlossary.pdf>

<sup>17</sup> Estimated ex-vessel values were calculated by author using 2017 CDQ allocations and 2015 and 2016 average prices. Details are provided in a workbook available from the author.

Since Saint George comprises only 7.9 percent of the total population of the seven APICDA communities (as of 2017), it is appropriate to consider the “Saint George fraction” of the total APICDA ex-vessel value. This 7.9% fraction equals \$1.1 million. The Saint George fur seal harvest value generally far exceeded this amount (Figure 21.).

**Figure 21. Saint George fur seal harvest value compared to APICDA CDQ ex-vessel values**  
millions of 2017 dollars



Author calculations using data from: Rogers (1976); Young (1981); National Marine Fisheries Service (1985); [NOAA Fisheries CDQ allocations](#) ; [NOAA Fisheries. Fisheries of the U.S. 2016](#).

Overall, it is clear that the fur seal industry rivaled or exceeded the size of the CDQ portion of today’s CDQ fisheries. For Saint Paul, their sole ownership of CBSFA allocations, together with processing, appear to generate economic activity that roughly equals or exceeds fur sealing. For Saint George, however, a fractional stake of less than 10 percent in the APICDA CDQ harvest share, combined with a lack of processing activity, represents a significant reduction in economic activity compared to the levels associated with historical fur seal harvests.

A final perspective also underscores the Saint George community’s financial challenge and apparently inequitable position. The area around the Pribilof Islands, sometimes known as the Bering Sea Green Belt, supports some of the most important commercial fisheries in the United States, including Pacific halibut, mackerel, cod, snow crab, red king crab, and the Alaska walleye pollock fishery, which is the nation’s largest by tonnage and value. According to a recent analysis by APICDA, St. George is located right in the middle of an area with an annual harvest quota for groundfish of two million metric tons (the equivalent of 4.4 billion pounds), in addition to crab fisheries supporting harvests of tens of millions of pounds.<sup>18</sup> These nationally significant fisheries are generating many millions of dollars in revenues. Without processing facilities on St. George, the high-volume removal of these local and traditional

<sup>18</sup> APICDA white paper, “The Long-Term Viability Of St. George: To Be, Or Not To Be”. page 2. (Note: The paper contains a typographical error that inaccurately equates 2 million mt with 4.4 million pounds, when the correct amount is 4.4 billion pounds.)

resources yields little or no financial benefit to the community while potentially creating collateral impacts to the marine environment.

In 2008, APICDA purchased more than 3 million pounds of crab processor quota share (PQS).<sup>19</sup> This PQS is currently associated with more than \$4 million of ex-vessel crab resource value even at current reduced levels of total allowable catch.<sup>20</sup> (The \$4 million ex-vessel value figure is just one measure of the general magnitude of the PQS asset and is not a direct measure of the net income or economic activity to be derived from that asset. For example, the wholesale value of this crab might be close to \$6 million based on 2016 prices.) APICDA stated in 2008 that the crab receivable for processing due to this PQS asset was a “St. George community asset” that could serve as “a foundation upon which the City of St. George and its residents can begin to develop a stable and reliable economy based on resources located adjacent to the island.”<sup>21</sup> APICDA has recently stated, however, that the amount of PQS and the size of the total Snow Crab harvest are not, at present, large enough to justify a crab processing facility for Saint George. On the other hand, APICDA did state that “a processing plant that includes Pacific cod production appears to be viable,” along with other species potentially.<sup>22</sup>

## Findings and Recommendations

1. The City of Saint George faces serious fiscal challenges due to a major drop in fish-related revenues -- local fish taxes, shared state fish taxes, APICDA dividends, and fuel transfer taxes. This decline is compounded by declining population and by Alaska’s fiscal problems, which will put continuing pressure on state funding for community assistance, power cost equalization, shared fish taxes, and other forms of shared revenue. State-funded capital improvement projects, which have historically buoyed both City finances and the overall island economy, are likely to be drastically reduced in future years.
2. In response to these declining revenues, the City of Saint George has cut expenses to the absolute minimum. Despite these severe cuts, there simply is not enough recurring revenue currently flowing to the City to make ends meet for the core general government functions.
3. Because it has cut expenses, the City could operate sustainably -- at least for several years -- with modest amounts of fish-related revenue. For example, if the combined total of fish-related revenues could be restored to even \$500,000 -- an amount well below the average levels that prevailed in the late 1990s (see Figure 15) -- then the City general government could probably operate sustainably for several years, providing a basis for long-term development projects. Figure 22 illustrates this point by comparing hypothetical revenues -- assuming \$500,000 of combined fish-related revenues -- to actual general government expenses during recent years.

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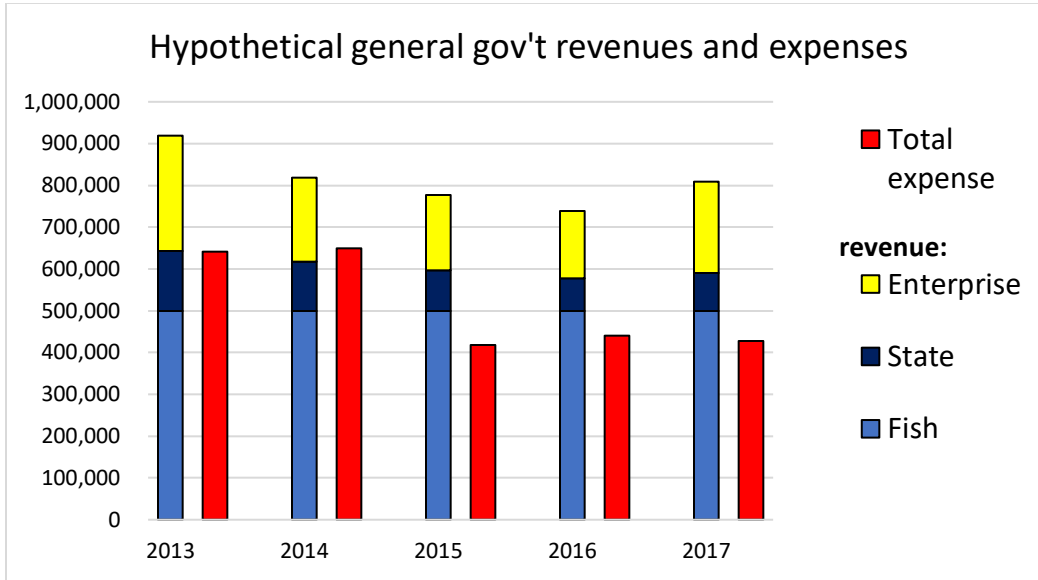
<sup>19</sup> APICDA press release of 10/7/2008

<sup>20</sup> Author calculations based on 2017 TAC levels, 2016 prices, and APICDA PQS percentages quoted in the 10/7/2008 press release.

<sup>21</sup> APICDA press release of 10/7/2008

<sup>22</sup> APICDA white paper, “The Long-Term Viability Of St. George: To Be, Or Not To Be”. page 7.

**Figure 22. Hypothetical general government recurring revenues and expenses assuming \$500,000 of fish-related revenue**



4. It is important to keep in mind that Saint George historically generated more than \$7.5 million per year in fur seal harvest value during the postwar years of 1951 – 1970. Any attempts to revive onshore fish processing via investments in harbor capacity or by other means should be viewed with reference to this basic historical fact about the size of the economy prior to the federal government’s shut-down of fur seal harvesting on Saint George in 1972. Furthermore, during the subsequent decades there have been significant removals of crab and groundfish from the Bering Sea fisheries that surround Saint George, with little to no direct benefit to the community. A full evaluation of the economic impacts of these removals on Saint George could help guide future decisions and might allow the community, the state, APICDA, and other agencies and stakeholders to move forward to ensure a resilient and sustainable community.

5. APICDA could play an important immediate and long-term role in the efforts to rejuvenate fish processing on Saint George Island and in supporting Saint George’s overall goal of achieving a sustainable economy. APICDA has prepared a useful white paper that considers the options for constructing fish processing infrastructure on the island. From APICDA’s perspective “there is, in fact, a sustainable and viable future for St. George if, and only if, a harbor is constructed and constructed soon”.<sup>23</sup> While APICDA obviously cannot rebuild the harbor, they have the demonstrated capability to finance, construct, and operate major processing facilities and to help St. George rebuild its economy.

6. In the short term, the burden of high fuel costs could be reduced if modest funding could be found to restart the wind turbine and/or secure bulk fuel deliveries directly to the City’s bulk fuel storage facility. Both of these measures were recommended by the Alaska Energy Authority chief economist.

<sup>23</sup> APICDA white paper, “The Long-Term Viability Of St. George: To Be, Or Not To Be”. page 2.

7. Management of the City's three or four major components (general government, enterprise activities, electric utility, and special projects) might be made easier if the accounts were formalized into funds (as they apparently were back in the late 1990s). There is a danger that things could become over-complicated by such a move, but it might make reporting to the PCE program and to other entities easier and help position the City to receive future funding from federal or other sources.

8. The balance sheet component of the City's books might be made more comprehensive and inclusive. For example, the City's debts to the Bulk Fuel Loan program and to the PERS system are currently difficult to discern. Maintaining an up-to-date balance sheet and conducting periodic audits of the financial statements might be helpful if the City were to seek outside funding for some sort of one-time debt relief.

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## Appendix A: Decomposition of consolidated accounts

This appendix shows how the revenues and expenses for 2013 through 2017 were decomposed into the components of:

- Electric utility
- Special projects
- General government

The raw data are the Certified Financial Statements form 2013 and 2014<sup>24</sup> and the profit and loss statements for 2015-2017 provided by the City of Saint George.

**Step 1.** create a combined P&L statement for all five years by merging the raw data, retaining every unique account label. The resulting P&L statement is the following:

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<sup>24</sup> Retrieved from the [Alaska Financial Documents Delivery System](#).

Ordinary Income/Expense

Income

*City Small Mart Income					61,104
AEA 7110012 Advances Received	791,800	718,200	202,000	120,000	
AEA 7110012 City Reimbursement	6,628	0	93,581	13,200	
Airport / State of Ak Contract	88,000	88,000	88,000	66,000	88,000
AMPY Commercial Income	305,225	250,036	297,359	312,755	244,025
AMPY Residence Income	69,250	59,075	67,135	67,558	58,726
APICDA Community Dividend	115,806	149,430	123,000	0	58,333
APICDA Grant	2,250	0	0	5,000	
AT&T Income		0	5,794	0	
Breakwater Grant 424	187,013	1,301,592	742,803	215,405	
Breakwater Reimbursement For City	10,880	14,806	17,220	11,103	
City Equipment Repair (Rental?)	23,289	125	0	0	
Community Raw Fish Tax			14,906	0	
Community Revenue (CAP)	143,690	117,727	96,058	63,662	76,784
Delta Fuel deliveries	46,721				
Delta Fuel Transfer Tax	2,748	1,908	0	2,466	23
FEMA		0	0	32,131	243,902
Harbor Grant 13-GO-016		0	0	1,158,781	125,324
Harbor Grant 13-GO-016 Reim Cit		0	0	4,944	9,790
Liheap Payments (& heating oil in 2013)	22,846	9,646	7,080	4,282	900
Marsh Creek Grant 711009	155,461				
Miscellaneous Revenue	3,160	1,000	1,670	225	
PCE Income	117,225	99,645	116,675	70,333	105,083
Pen Air	66,112	41,870	62,864	35,861	40,982
Pilt Income			0	14,768	13,660
Pit Work Soil			0	8,500	
Propane Sales	3,700		850	0	
Rebate income			0	0	152
Rental Income	15,888	57,561	14,610	38,152	27,746
Shared Business Fish Tax	53,454	290,814	8,282	7,643	7,956
Warfage and Storge on Dock		0	0	65,000	237,692
Wind Turbine 2195398 Advances	782,408	399,000	11,879	0	0
Wind Turbine City Reimbursement	80,808	0	0	0	0
<b>Total Income</b>	<b>3,094,362</b>	<b>3,600,433</b>	<b>1,971,767</b>	<b>2,317,768</b>	<b>1,400,182</b>
Cost of Goods Sold					54,383
<b>Gross Profit</b>	<b>3,094,362</b>	<b>3,600,433</b>	<b>1,971,767</b>	<b>2,317,768</b>	<b>1,345,799</b>

Expense	2013	2014	2015	2016	2017
<b>Advertising</b>	1,733	1,787	1,341	0	
<b>AEA Grant paid assets (RPSU)</b>	133,489				
<b>APICDA Science Camp</b>	2,250				
<b>Bad check Penalty</b>		0	0	620	
<b>Barge Charter</b>	566,438				
<b>Boat Rental</b>					2,750
<b>Business Licence and Registrat</b>					400
<b>Contract Services</b>					
<b>Accounting Fees</b>	48,000	59,000	49,000	46,000	47,415
<b>Legal Fees</b>	69,322	128,730	36,558	107,125	11,647
<b>Outside Contract Services</b>					
<b>Wind Turbine Foundation</b>		45,440	0	0	
<b>Outside Contract Services - Other</b>	713,261	2,343,461	940,038	1,404,856	343,500
<b>Total Outside Contract Services</b>	713,261	2,388,901	940,038	1,404,856	343,500
<b>Contract Services - Other</b>		120	0	0	500
<b>Total Contract Services</b>	830,584	2,576,751	1,025,596	1,557,982	403,062
<b>Donation</b>	1,216	2,170	250	0	200
<b>EPA SWPPP Planning</b>	18,532	21,846	0	0	
<b>FEMA Funds Paid back to Grant</b>					9,009
<b>Heavy Equipment Repair Expense</b>		30,000	0	0	
<b>Honorarium Fees</b>	13,600	17,547	0	0	
<b>Insurance Expense</b>					
<b>Airport Insurance</b>	6,457	6,457	6,457	20,146	6,618
<b>Auto Liability</b>		379	379	0	379
<b>Boiler Insurance</b>		0	0	50	0
<b>General Liability</b>	9,425	5,349	5,358	0	5,428
<b>Mobile Equipment</b>		917	917	0	917
<b>Wind Turbine Insurance (incl barge)</b>	40,500	0	0	1,257	274
<b>Workmens Comp</b>		6,259	6,643	0	6,943
<b>Total Insurance Expense</b>	56,382	19,361	19,754	21,453	20,559
<b>Interest Expense</b>	22				144
<b>Marsh Creek grant 711009 project</b>	155,461				
<b>Materials</b>	53,730	7,500	0	3,553	6,606
<b>Membership Dues</b>	834	584	881	734	0

[continues]

<b>Operations</b>					
Bank Charges	4,612	3,734	4,973	6,647	10,081
Fuel Expense	421,876	442,616	374,998	294,898	349,388
Office Expense	11,885	10,442	4,170	7,368	7,577
Postage and Frieght	5,538	6,186	2,562	200	8,123
Telephone & Internet	11,433	13,649	11,287	11,729	11,753
Xerox Copier Rental	1,665	3,319	1,974	3,277	3,326
<b>Total Operations</b>	<b>457,010</b>	<b>479,945</b>	<b>399,964</b>	<b>324,119</b>	<b>390,247</b>
Payroll Expenses	410,927	312,175	343,898	272,401	269,979
Refrigerator for Store					780
Registration Fee	459	231	45	773	95
<b>Rental Expense</b>					
Equipment Rental Expense		0	0	15,481	2,587
Rental Expense - Other	10,317	10,739	8,254	10,722	8,302
<b>Total Rental Expense</b>	<b>10,317</b>	<b>10,739</b>	<b>8,254</b>	<b>26,203</b>	<b>10,889</b>
Repair & Maintenance	14,986	38,693	9,359	1,066	15,675
RPSU Reim City for Admin Costs		0	0	0	
Storage Expense	2,445				4,500
Store Supplies					1,153
Taxes and Penalties		24	0	0	
Training Expense		1,850	0	0	
<b>Travel and Meetings</b>					
Airfare	61,201	38,923	11,343	11,239	15,937
Business Meals	6,801	8,545	11,674	1,833	12,056
Conference Registration Fees		515	0	0	
Hotel Expense	37,376	21,145	18,764	11,350	28,998
Per Diem Fees	3,690	4,420	758	7,140	34,076
Taxi Cab	471	663	1,050	164	
<b>Total Travel and Meetings</b>	<b>109,539</b>	<b>74,210</b>	<b>43,589</b>	<b>31,725</b>	<b>91,068</b>
Uncategorized Expenses	105	0	0	0	
Water Sample	845				990
Wind Turbine Reim For Pat's pay	27,841	0	8,992	(1,384)	
<b>Total Expense</b>	<b>2,868,742</b>	<b>3,595,414</b>	<b>1,861,924</b>	<b>2,239,244</b>	<b>1,228,105</b>
<b>Net Ordinary Income</b>	<b>225,620</b>	<b>5,020</b>	<b>109,843</b>	<b>78,525</b>	<b>117,694</b>
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
Ask My Accountant		0	0	0	0
Breawater Ran out of Funding		0	0	(1,095)	
Breawater Reim for Pat's Time K		0	7,951	1,311	
<b>Total Other Expense</b>	<b>0</b>	<b>0</b>	<b>7,951</b>	<b>216</b>	<b>0</b>
<b>Net Other Income</b>	<b>0</b>	<b>0</b>	<b>(7,951)</b>	<b>(216)</b>	<b>0</b>
<b>Net Income</b>	<b>225,620</b>	<b>5,020</b>	<b>101,892</b>	<b>78,309</b>	<b>117,694</b>

**Step 2: create a sortable list of individual items, no subtotals, pasted as values. (By direct copy from above)**

category	line	Revenue	2013	2014	2015	2016	2017
6	1	*City Small Mart Income	0	0	0	0	61,104
7	2	AEA 7110012 Advances Received	791,800	718,200	202,000	120,000	0
7	3	AEA 7110012 City Reimbursement	6,628	0	93,581	13,200	0
6	4	Airport / State of Ak Contract	88,000	88,000	88,000	66,000	88,000
4	5	AMPY Commercial Income	305,225	250,036	297,359	312,755	244,025
4	6	AMPY Residence Income	69,250	59,075	67,135	67,558	58,726
2	7	APICDA Community Dividend	115,806	149,430	123,000	0	58,333
6	8	APICDA Grant	2,250	0	0	5,000	0
9	9	AT&T Income	0	0	5,794	0	0
7	10	Breakwater Grant 424	187,013	1,301,592	742,803	215,405	0
7	11	Breakwater Reimbursement For City	10,880	14,806	17,220	11,103	0
6	12	City Equipment Repair	23,289	125	0	0	0
1	13	Community Raw Fish Tax	0	0	14,906	0	0
3	14	Comunity Revenue (CAP)	143,690	117,727	96,058	63,662	76,784
6	15	Delta Fuel deliveries	46,721				
9	16	Delta Fuel Transfer Tax	2,748	1,908	0	2,466	23
7	17	FEMA	0	0	0	32,131	243,902
7	18	Harbor Grant 13-GO-016	0	0	0	1,158,781	125,324
7	19	Harbor Grant 13-GO-016 Reim Cit	0	0	0	4,944	9,790
6	20	Liheap Payments	22,846	9,646	7,080	4,282	900
7	21	Marsh Creek Grant 711009	155,461	0	0	0	0
9	22	Miscellaneous Revenue	3,160	1,000	1,670	225	0
5	23	PCE Income	117,225	99,645	116,675	70,333	105,083
6	24	Pen Air	66,112	41,870	62,864	35,861	40,982
3	25	Pilt Income	0	0	0	14,768	13,660
6	26	Pit Work Soil	0	0	0	8,500	0
6	27	Propane Sales	3,700	0	850	0	0
9	28	Rebate income	0	0	0	0	152
6	29	Rental Income	15,888	57,561	14,610	38,152	27,746
1	30	Shared Business Fish Tax	53,454	290,814	8,282	7,643	7,956
6	31	Warfage and Storge on Dock	0	0	0	65,000	237,692
7	32	Wind Turbine 2195398 Advances	782,408	399,000	11,879	0	0
7	33	Wind Turbine City Reimbursement	80,808	0	0	0	0
<b>99 Total revenue</b>			<b>3,094,362</b>	<b>3,600,433</b>	<b>1,971,767</b>	<b>2,317,768</b>	<b>1,400,182</b>

category	line	Expense	2013	2014	2015	2016	2017
4	1	*City small mart cost of groceries	0	0	0	0	54,383
5	2	Advertising	1,733	1,787	1,341	0	0
4	3	AEA Grant paid assets (RPSU)	133,489	0	0	0	0
9	4	APICDA Science Camp	2,250	0	0	0	0
5	5	Bad check Penalty	0	0	0	620	0
3	6	Barge Charter	566,438	0	0	0	0
3	7	Boat Rental	0	0	0	0	2,750
5	8	Business Licence and Registrat	0	0	0	0	400
2	9	CoI Accounting Fees	48,000	59,000	49,000	46,000	47,415
2	10	CoI Legal Fees	69,322	128,730	36,558	107,125	11,647
3	11	CoI Ou Wind Turbine Foundation	0	45,440	0	0	0
3	12	CoI Ou Outside Contract Services - Other	713,261	2,343,461	940,038	1,404,856	343,500
3	13	CoI Contract Services - Other	0	120	0	0	500
9	14	Donation	1,216	2,170	250	0	200
9	15	EPA SWPPP Planning	18,532	21,846	0	0	0
9	16	FEMA Funds Paid back to Grant	0	0	0	0	9,009
4	17	Heavy Equipment Repair Expense	0	30,000	0	0	0
1	18	Honorarium Fees	13,600	17,547	0	0	0
5	19	Ins Airport Insurance	6,457	6,457	6,457	20,146	6,618
5	20	Ins Auto Liability	0	379	379	0	379
5	21	Ins Boiler Insurance	0	0	0	50	0
5	22	Ins General Liability	9,425	5,349	5,358	0	5,428
5	23	Ins Mobile Equipment	0	917	917	0	917
5	24	Ins Wind Turbine Insurance (incl marine)	40,500	0	0	1,257	274
5	25	Ins Workmens Comp	0	6,259	6,643	0	6,943
9	26	Interest Expense	22	0	0	0	144
3	27	Marsh Creek grant 711009 project	155,461	0	0	0	0
4	28	Materials	53,730	7,500	0	3,553	6,606
5	29	Membership Dues	834	584	881	734	0
5	30	Op Bank Charges	4,612	3,734	4,973	6,647	10,081
6	31	Op Fuel Expense	421,876	442,616	374,998	294,898	349,388
5	32	Op Office Expense	11,885	10,442	4,170	7,368	7,577
5	33	Op Postage and Frieght	5,538	6,186	2,562	200	8,123
5	34	Op Telephone & Internet	11,433	13,649	11,287	11,729	11,753
5	35	Op Xerox Copier Rental	1,665	3,319	1,974	3,277	3,326
1	36	Payroll Expenses	410,927	312,175	343,898	272,401	269,979
4	37	Refrigerator for Store	0	0	0	0	780
5	38	Registration Fee	459	231	45	773	95
3	39	ReI Equipment Rental Expense	0	0	0	15,481	2,587
3	40	ReI Rental Expense - Other	10,317	10,739	8,254	10,722	8,302
4	41	Repair & Maintenance	14,986	38,693	9,359	1,066	15,675
9	42	RPSU Reim City for Admin Costs	0	0	0	0	0
3	43	Storage Expense	2,445	0	0	0	4,500
4	44	Store Supplies	0	0	0	0	1,153
5	45	Taxes and Penalties	0	24	0	0	0
5	46	Training Expense	0	1,850	0	0	0
5	47	Tra Airfare	61,201	38,923	11,343	11,239	15,937
5	48	Tra Business Meals	6,801	8,545	11,674	1,833	12,056
5	49	Tra Conference Registration Fees	0	515	0	0	0
5	50	Tra Hotel Expense	37,376	21,145	18,764	11,350	28,998
5	51	Tra Per Diem Fees	3,690	4,420	758	7,140	34,076
5	52	Tra Taxi Cab	471	663	1,050	164	0
9	53	Uncategorized Expenses	105	0	0	0	0
3	54	Water Sample	845	0	0	0	990
1	55	Wind Turbine Reim For Pat's pay	27,841	0	8,992	(1,384)	0
99	99	<b>Total expense</b>	<b>2,868,742</b>	<b>3,595,414</b>	<b>1,861,924</b>	<b>2,239,244</b>	<b>1,282,488</b>

**Step 3 determine electric utility items to remove**

<b>Electric utility revenues included on P&amp;L</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>AMPY Commercial Income</b>	305,225	250,036	297,359	312,755	244,025
<b>AMPY Residence Income</b>	69,250	59,075	67,135	67,558	58,726
<b>PCE Income</b>	117,225	99,645	116,675	70,333	105,083
Total electric revenues on P&L	491,701	408,756	481,170	450,646	407,834

<b>Electric utility expenses included on P&amp;L</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Fuel - 91.3% of total on P&L	385,099	404,031	342,308	269,191	318,930
Other operating - from PCE report	9,524	5,406	7,734	1,758	8,768
Personnel - from PCE report	127,305	78,765	96,821	71,626	103,500
General & Admin - from PCE repor	27,600	17,852	34,890	30,620	69,466
Total electric expenses on P&L	549,528	506,054	481,753	373,195	500,664

[continues on next page]

**Step 4: cast the removals into the chart of accounts, paving the way for simple removal**

category	line	Income - Electric Utility	2013	2014	2015	2016	2017
6	1	*City Small Mart Income					
7	2	AEA 7110012 Advances Received					
7	3	AEA 7110012 City Reimbursement					
6	4	Airport / State of Ak Contract					
4	5	AMPY Commercial Income	305,225	250,036	297,359	312,755	244,025
4	6	AMPY Residence Income	69,250	59,075	67,135	67,558	58,726
2	7	APICDA Community Dividend					
6	8	APICDA Grant					
9	9	AT&T Income					
7	10	Breakwater Grant 424					
7	11	Breakwater Reimbusment For City					
6	12	City Equipment Repair					
1	13	Community Raw Fish Tax					
3	14	Comunity Revenue (CAP)					
6	15	Delta Fuel deliveries					
9	16	Delta Fuel Transfer Tax					
7	17	FEMA					
7	18	Harbor Grant 13-GO-016					
7	19	Harbor Grant 13-GO-016 Reim Cit					
6	20	Liheap Payments					
7	21	Marsh Creek Grant 711009					
9	22	Miscellaneous Revenue					
5	23	PCE Income	117,225	99,645	116,675	70,333	105,083
6	24	Pen Air					
3	25	Pilt Income					
6	26	Pit Work Soil					
6	27	Propane Sales					
9	28	Rebate income					
6	29	Rental Income					
1	30	Shared Business Fish Tax					
6	31	Warfage and Storge on Dock					
7	32	Wind Turbine 2195398 Advances					
7	33	Wind Turbine City Reimbursment					
99	99	Total Income - Electric Utility	491,701	408,756	481,170	450,646	407,834



category	line	Expense - Electric Utility	2013	2014	2015	2016	2017
	4 1	*City small mart cost of groceries					
	5 2	Advertising					
	4 3	AEA Grant paid assets (RPSU)					
	9 4	APICDA Science Camp					
	5 5	Bad check Penalty					
	3 6	Barge Charter					
	3 7	Boat Rental					
	5 8	Business Licence and Registrat					
	2 9	CoI Accounting Fees	7,371	4,667	9,841	2,142	8,380
	2 10	CoI Legal Fees					
	3 11	CoI Ou Wind Turbine Foundation					
	3 12	CoI Ou Outside Contract Services - Other					
	3 13	CoI Contract Services - Other	14,307	9,059	19,104	4,158	16,267
	9 14	Donation					
	9 15	EPA SWPPP Planning					
	9 16	FEMA Funds Paid back to Grant					
	4 17	Heavy Equipment Repair Expense					
	1 18	Honorarium Fees					
	5 19	Ins Airport Insurance					
	5 20	Ins Auto Liability	0	0	0	0	379
	5 21	Ins Boiler Insurance					
	5 22	Ins General Liability	0	0	0	0	5,428
	5 23	Ins Mobile Equipment					
	5 24	Ins Wind Turbine Insurance (incl marine)	0	0	0	0	274
	5 25	Ins Workmens Comp	0	0	0	0	6,943
	9 26	Interest Expense					
	3 27	Marsh Creek grant 711009 project					
	4 28	Materials	4,383	972	0	627	0
	5 29	Membership Dues					
	5 30	Op Bank Charges	0	0	0	0	10,089
	6 31	Op Fuel Expense	385,099	404,031	342,308	269,191	318,930
	5 32	Op Office Expense	1,468	1,977	3,238	12,145	15,307
	5 33	Op Postage and Frieght	86	0	845	0	523
	5 34	Op Telephone & Internet	1,468	402	1,862	12,145	5,877
	5 35	Op Xerox Copier Rental					
	1 36	Payroll Expenses	127,305	78,765	96,821	71,626	103,500
	4 37	Refrigerator for Store					
	5 38	Registration Fee					
	3 39	ReI Equipment Rental Expense					
	3 40	ReI Rental Expense - Other	3,027	0	0	9	(6,534)
	4 41	Repair & Maintenance	2,114	4,434	7,734	1,122	2,234
	9 42	RPSU Reim City for Admin Costs					
	3 43	Storage Expense					
	4 44	Store Supplies					
	5 45	Taxes and Penalties					
	5 46	Training Expense	0	1,750	0	0	0
	5 47	Tra Airfare	2,901	0	0	0	0
	5 48	Tra Business Meals					
	5 49	Tra Conference Registration Fees					
	5 50	Tra Hotel Expense					
	5 51	Tra Per Diem Fees					
	5 52	Tra Taxi Cab					
	9 53	Uncategorized Expenses					
	3 54	Water Sample					
	1 55	Wind Turbine Reim For Pat's pay					
	99 99	Total Expense - Electric utility	549,529	506,055	481,753	373,165	487,596

**Step 5: cast the major project removals into chart of accounts - retaining**

category	line	Revenue - Special Projects	2013	2014	2015	2016	2017
6	1	*City Small Mart Income					
7	2	AEA 7110012 Advances Received	791,800	718,200	202,000	120,000	0
7	3	AEA 7110012 City Reimbursement	6,628	0	93,581	13,200	0
6	4	Airport / State of Ak Contract					
4	5	AMPY Commercial Income					
4	6	AMPY Residence Income					
2	7	APICDA Community Dividend					
6	8	APICDA Grant					
9	9	AT&T Income					
7	10	Breakwater Grant 424	187,013	1,301,592	742,803	215,405	0
7	11	Breakwater Reimbursement For City	10,880	14,806	17,220	11,103	0
6	12	City Equipment Repair					
1	13	Community Raw Fish Tax					
3	14	Comunity Revenue (CAP)					
6	15	Delta Fuel deliveries					
9	16	Delta Fuel Transfer Tax					
7	17	FEMA	0	0	0	32,131	243,902
7	18	Harbor Grant 13-GO-016	0	0	0	1,158,781	125,324
7	19	Harbor Grant 13-GO-016 Reim Cit	0	0	0	4,944	9,790
6	20	Liheap Payments					
7	21	Marsh Creek Grant 711009	155,461	0	0	0	0
9	22	Miscellaneous Revenue					
5	23	PCE Income					
6	24	Pen Air					
3	25	Pilt Income					
6	26	Pit Work Soil					
6	27	Propane Sales					
9	28	Rebate income					
6	29	Rental Income					
1	30	Shared Business Fish Tax					
6	31	Warfage and Storge on Dock	0	0	0	65,000	237,692
7	32	Wind Turbine 2195398 Advances	782,408	399,000	11,879	0	0
7	33	Wind Turbine City Reimbursment	80,808	0	0	0	0
<b>99</b>	<b>99</b>	<b>Total Revenue - Special Projects</b>	<b>2,014,998</b>	<b>2,433,598</b>	<b>1,067,483</b>	<b>1,620,563</b>	<b>616,707</b>

category	line	Expense - Special Projects	2013	2014	2015	2016	2017
4	1	*City small mart cost of groceries					
5	2	Advertising					
4	3	AEA Grant paid assets (RPSU)	133,489	0	0	0	0
9	4	APICDA Science Camp					
5	5	Bad check Penalty					
3	6	Barge Charter	566,438	0	0	0	0
3	7	Boat Rental					
5	8	Business Licence and Registrat					
2	9	CoI Accounting Fees					
2	10	CoI Legal Fees					
3	11	CoI Ou Wind Turbine Foundation	0	45,440	0	0	0
3	12	CoI Ou Outside Contract Services - Other	713,261	2,343,461	940,038	1,404,856	343,500
3	13	CoI Contract Services - Other	0	120	0	0	500
9	14	Donation					
9	15	EPA SWPPP Planning	18,532	21,846	0	0	0
9	16	FEMA Funds Paid back to Grant	0	0	0	0	9,009
4	17	Heavy Equipment Repair Expense					
1	18	Honorarium Fees					
5	19	Ins Airport Insurance					
5	20	Ins Auto Liability					
5	21	Ins Boiler Insurance					
5	22	Ins General Liability					
5	23	Ins Mobile Equipment					
5	24	Ins Wind Turbine Insurance (incl marine)	40,500	0	0	1,257	274
5	25	Ins Workmens Comp					
9	26	Interest Expense					
3	27	Marsh Creek grant 711009 project	155,461	0	0	0	0
4	28	Materials					
5	29	Membership Dues					
5	30	Op Bank Charges					
6	31	Op Fuel Expense					
5	32	Op Office Expense					
5	33	Op Postage and Frieght					
5	34	Op Telephone & Internet					
5	35	Op Xerox Copier Rental					
1	36	Payroll Expenses					
4	37	Refrigerator for Store					
5	38	Registration Fee					
3	39	ReI Equipment Rental Expense					
3	40	ReI Rental Expense - Other					
4	41	Repair & Maintenance					
9	42	RPSU Reim City for Admin Costs	0	0	0	0	0
3	43	Storage Expense					
4	44	Store Supplies					
5	45	Taxes and Penalties					
5	46	Training Expense					
5	47	Tra Airfare					
5	48	Tra Business Meals					
5	49	Tra Conference Registration Fees					
5	50	Tra Hotel Expense					
5	51	Tra Per Diem Fees					
5	52	Tra Taxi Cab					
9	53	Uncategorized Expenses					
3	54	Water Sample					
1	55	Wind Turbine Reim For Pat's pay	27,841	0	8,992	(1,384)	0
99	99	<b>Total Expense - Special Projects</b>	<b>1,655,522</b>	<b>2,410,867</b>	<b>949,030</b>	<b>1,404,730</b>	<b>353,283</b>

**Step 6: Calculate the General Government amounts as a remainder (includes Harbor revenues and expenses)**

category	line	Revenue - General Government	2013	2014	2015	2016	2017
6	1	*City Small Mart Income	0	0	0	0	61,104
7	2	AEA 7110012 Advances Received	0	0	0	0	0
7	3	AEA 7110012 City Reimbursement	0	0	0	0	0
6	4	Airport / State of Ak Contract	88,000	88,000	88,000	66,000	88,000
4	5	AMPY Commercial Income	0	0	0	0	0
4	6	AMPY Residence Income	0	0	0	0	0
2	7	APICDA Community Dividend	115,806	149,430	123,000	0	58,333
6	8	APICDA Grant	2,250	0	0	5,000	0
9	9	AT&T Income	0	0	5,794	0	0
7	10	Breakwater Grant 424	0	0	0	0	0
7	11	Breakwater Reimbursement For City	0	0	0	0	0
6	12	City Equipment Repair	23,289	125	0	0	0
1	13	Community Raw Fish Tax	0	0	14,906	0	0
3	14	Comunity Revenue (CAP)	143,690	117,727	96,058	63,662	76,784
6	15	Delta Fuel deliveries	46,721	0	0	0	0
9	16	Delta Fuel Transfer Tax	2,748	1,908	0	2,466	23
7	17	FEMA	0	0	0	0	0
7	18	Harbor Grant 13-GO-016	0	0	0	0	0
7	19	Harbor Grant 13-GO-016 Reim Cit	0	0	0	0	0
6	20	Liheap Payments	22,846	9,646	7,080	4,282	900
7	21	Marsh Creek Grant 711009	0	0	0	0	0
9	22	Miscellaneous Revenue	3,160	1,000	1,670	225	0
5	23	PCE Income	0	0	0	0	0
6	24	Pen Air	66,112	41,870	62,864	35,861	40,982
3	25	Pilt Income	0	0	0	14,768	13,660
6	26	Pit Work Soil	0	0	0	8,500	0
6	27	Propane Sales	3,700	0	850	0	0
9	28	Rebate income	0	0	0	0	152
6	29	Rental Income	15,888	57,561	14,610	38,152	27,746
1	30	Shared Business Fish Tax	53,454	290,814	8,282	7,643	7,956
6	31	Warfage and Storge on Dock	0	0	0	0	0
7	32	Wind Turbine 2195398 Advances	0	0	0	0	0
7	33	Wind Turbine City Reimbursment	0	0	0	0	0
<b>99 Total revenue - General Government</b>			<b>587,664</b>	<b>758,079</b>	<b>423,114</b>	<b>246,559</b>	<b>375,641</b>

category	line	Expense - General Government	2013	2014	2015	2016	2017
4	1	*City small mart cost of groceries	0	0	0	0	54,383
5	2	Advertising	1,733	1,787	1,341	0	0
4	3	AEA Grant paid assets (RPSU)	0	0	0	0	0
9	4	APICDA Science Camp	2,250	0	0	0	0
5	5	Bad check Penalty	0	0	0	620	0
3	6	Barge Charter	0	0	0	0	0
3	7	Boat Rental	0	0	0	0	2,750
5	8	Business Licence and Registrat	0	0	0	0	400
2	9	CoI Accounting Fees	40,629	54,334	39,159	43,858	39,035
2	10	CoI Legal Fees	69,322	128,730	36,558	107,125	11,647
3	11	CoI Ou Wind Turbine Foundation	0	0	0	0	0
3	12	CoI Ou Outside Contract Services - Other	0	0	0	0	0
3	13	CoI Contract Services - Other	(14,307)	(9,059)	(19,104)	(4,158)	(16,267)
9	14	Donation	1,216	2,170	250	0	200
9	15	EPA SWPPP Planning	0	0	0	0	0
9	16	FEMA Funds Paid back to Grant	0	0	0	0	0
4	17	Heavy Equipment Repair Expense	0	30,000	0	0	0
1	18	Honorarium Fees	13,600	17,547	0	0	0
5	19	Ins Airport Insurance	6,457	6,457	6,457	20,146	6,618
5	20	Ins Auto Liability	0	379	379	0	0
5	21	Ins Boiler Insurance	0	0	0	50	0
5	22	Ins General Liability	9,425	5,349	5,358	0	0
5	23	Ins Mobile Equipment	0	917	917	0	917
5	24	Ins Wind Turbine Insurance (incl marine)	0	0	0	0	(274)
5	25	Ins Workmens Comp	0	6,259	6,643	0	0
9	26	Interest Expense	22	0	0	0	144
3	27	Marsh Creek grant 711009 project	0	0	0	0	0
4	28	Materials	49,347	6,528	0	2,926	6,606
5	29	Membership Dues	834	584	881	734	0
5	30	Op Bank Charges	4,612	3,734	4,973	6,647	(8)
6	31	Op Fuel Expense	36,777	38,585	32,690	25,708	30,458
5	32	Op Office Expense	10,417	8,465	932	(4,777)	(7,730)
5	33	Op Postage and Frieght	5,452	6,186	1,717	200	7,600
5	34	Op Telephone & Internet	9,965	13,248	9,425	(416)	5,876
5	35	Op Xerox Copier Rental	1,665	3,319	1,974	3,277	3,326
1	36	Payroll Expenses	283,622	233,410	247,077	200,775	166,479
4	37	Refrigerator for Store	0	0	0	0	780
5	38	Registration Fee	459	231	45	773	95
3	39	ReI Equipment Rental Expense	0	0	0	15,481	2,587
3	40	ReI Rental Expense - Other	7,290	10,739	8,254	10,713	14,836
4	41	Repair & Maintenance	12,872	34,259	1,625	(56)	13,441
9	42	RPSU Reim City for Admin Costs	0	0	0	0	0
3	43	Storage Expense	2,445	0	0	0	4,500
4	44	Store Supplies	0	0	0	0	1,153
5	45	Taxes and Penalties	0	24	0	0	0
5	46	Training Expense	0	100	0	0	0
5	47	Tra Airfare	58,300	38,923	11,343	11,239	15,937
5	48	Tra Business Meals	6,801	8,545	11,674	1,833	12,056
5	49	Tra Conference Registration Fees	0	515	0	0	0
5	50	Tra Hotel Expense	37,376	21,145	18,764	11,350	28,998
5	51	Tra Per Diem Fees	3,690	4,420	758	7,140	34,076
5	52	Tra Taxi Cab	471	663	1,050	164	0
9	53	Uncategorized Expenses	105	0	0	0	0
3	54	Water Sample	845	0	0	0	990
1	55	Wind Turbine Reim For Pat's pay	0	0	0	0	0
99	99	<b>Total Expense - General Government</b>	<b>663,692</b>	<b>678,491</b>	<b>431,141</b>	<b>461,350</b>	<b>441,609</b>

### Step 7: Create flexible reclassification (= crosswalk) scheme

#### expense codes

- 1 Payroll & Honoraria
- 2 Contract personal services (people)
- 3 Contract general services
- 4 Repair, maint, supplies
- 5 Admin & General incl travel
- 6 Fuel
- 9 other

#### revenue codes

- 1 Fish taxes (local + shared)
- 2 APICDA dividend
- 3 State community assist & PILT
- 4 Electric utility customer revenue
- 5 Power cost equalization (PCE) pmts
- 6 Enterprise activity
- 7 One-time grants
- 9 Other

### Step 8: Apply the classification scheme using dsum and data table

		2013	2014	2015	2016	2017
		6	7	8	9	10
<b>Consolidated expenses</b>						
	Payroll & Honoraria	452,368	329,722	352,890	271,017	269,979
<b>category</b>	1 Payroll & Honoraria	452,368	329,722	352,890	271,017	269,979
<b>1</b>	2 Contract personal services (people)	117,322	187,730	85,558	153,125	59,062
	3 Contract general services	1,448,767	2,399,760	948,292	1,431,059	363,129
	4 Repair, maint, supplies	202,204	76,193	9,359	4,618	78,596
	5 Admin & General incl travel	204,080	135,377	90,577	84,526	152,980
	6 Fuel	421,876	442,616	374,998	294,898	349,388
	9 other	22,125	24,017	250	0	9,353
<b>Graph: totals:</b>	Consolidated revenues	3,094,362	3,600,433	1,971,767	2,317,768	1,400,182
	Consolidated expenses	2,868,742	3,595,414	1,861,924	2,239,244	1,282,488
	Consolidated net income	225,620	5,020	109,843	78,525	117,694

		6	7	8	9	10
<b>Electric Utility expenses</b>						
	Payroll & Honoraria	127,305	78,765	96,821	71,626	103,500
<b>category</b>	1 Payroll & Honoraria	127,305	78,765	96,821	71,626	103,500
<b>1</b>	2 Contract personal services (people)	7,371	4,667	9,841	2,142	8,380
	3 Contract general services	17,334	9,059	19,104	4,167	9,733
	4 Repair, maint, supplies	6,497	5,406	7,734	1,749	2,234
	5 Admin & General incl travel	5,923	4,128	5,945	24,290	44,819
	6 Fuel	385,099	404,031	342,308	269,191	318,930
	9 other	0	0	0	0	0
<b>Graph: totals:</b>	revenues	491,701	408,756	481,170	450,646	407,834
	expenses	549,529	506,055	481,753	373,165	487,596
	net income	(57,829)	(97,299)	(583)	77,481	(79,762)

<b>Special Project expenses</b>		6	7	8	9	10
	Payroll & Honoraria	27,841	0	8,992	(1,384)	0
category	1 Payroll & Honoraria	27,841	0	8,992	(1,384)	0
1	2 Contract personal services (people	0	0	0	0	0
	3 Contract general services	1,435,160	2,389,021	940,038	1,404,856	344,000
	4 Repair, maint, supplies	133,489	0	0	0	0
	5 Admin & General incl travel	40,500	0	0	1,257	274
	6 Fuel	0	0	0	0	0
	9 other	18,532	21,846	0	0	9,009

<b>Graph: totals:</b>	revenues	2,014,998	2,433,598	1,067,483	1,620,563	616,707
	expenses	1,655,522	2,410,867	949,030	1,404,730	353,283
	net income	359,476	22,731	118,453	215,833	263,424
		7,753,349				
		6,773,432				
		979,917				

<b>General Government expenses</b>		6	7	8	9	10
	Payroll & Honoraria	297,222	250,957	247,077	200,775	166,479
category	1 Payroll & Honoraria	297,222	250,957	247,077	200,775	166,479
1	2 Contract personal services (people	109,952	183,064	75,717	150,983	50,682
	3 Contract general services	(3,727)	1,680	(10,850)	22,036	9,396
	4 Repair, maint, supplies	62,218	70,787	1,625	2,869	76,362
	5 Admin & General incl travel	157,657	131,249	84,632	58,979	107,887
	6 Fuel	36,777	38,585	32,690	25,708	30,458
	9 other	3,593	2,170	250	0	344

<b>Graph: totals:</b>	revenues	587,664	758,079	423,114	246,559	375,641
	expenses	663,692	678,491	431,141	461,350	441,609
	net income	(76,028)	79,588	(8,027)	(214,790)	(65,968)

		2013	2014	2015	2016	2017
		6	7	8	9	10
<b>Consolidated total revenues</b>						
	Fish taxes (local + shared)	53,454	290,814	23,189	7,643	7,956
category	1 Fish taxes (local + shared)	53,454	290,814	23,189	7,643	7,956
1	2 APICDA dividend	115,806	149,430	123,000	0	58,333
	3 State community assist & PILT	143,690	117,727	96,058	78,430	90,444
	4 Electric utility customer revenue	374,475	309,111	364,495	380,313	302,751
	5 Power cost equalization (PCE) pmt	117,225	99,645	116,675	70,333	105,083
	6 Enterprise activity	268,805	197,201	173,404	222,796	456,424
	7 One-time grants	2,014,998	2,433,598	1,067,483	1,555,563	379,015
	9 Other	5,908	2,908	7,464	2,691	176

		2013	2014	2015	2016	2017
		6	7	8	9	10
<b>Electric Utility revenues</b>						
	Fish taxes (local + shared)	0	0	0	0	0
category	1 Fish taxes (local + shared)	0	0	0	0	0
1	2 APICDA dividend	0	0	0	0	0
	3 State community assist & PILT	0	0	0	0	0
	4 Electric utility customer revenue	374,475	309,111	364,495	380,313	302,751
	5 Power cost equalization (PCE) pmt	117,225	99,645	116,675	70,333	105,083
	6 Enterprise activity	0	0	0	0	0
	7 One-time grants	0	0	0	0	0
	9 Other	0	0	0	0	0



	2013	2014	2015	2016	2017	
<b>Special Project revenues</b>	6	7	8	9	10	
	Fish taxes (local + shared)	0	0	0	0	
category	1 Fish taxes (local + shared)	0	0	0	0	
1	2 APICDA dividend	0	0	0	0	
	3 State community assist & PILT	0	0	0	0	
	4 Electric utility customer revenue	0	0	0	0	
	5 Power cost equalization (PCE) pmt	0	0	0	0	
	6 Enterprise activity	0	0	0	65,000	237,692
	7 One-time grants	2,014,998	2,433,598	1,067,483	1,555,563	379,015
	9 Other	0	0	0	0	0

	2013	2014	2015	2016	2017	
<b>General government revenues</b>	6	7	8	9	10	
	Fish taxes (local + shared)	53,454	290,814	23,189	7,643	7,956
category	1 Fish taxes (local + shared)	53,454	290,814	23,189	7,643	7,956
1	2 APICDA dividend	115,806	149,430	123,000	0	58,333
	3 State community assist & PILT	143,690	117,727	96,058	78,430	90,444
	4 Electric utility customer revenue	0	0	0	0	0
	5 Power cost equalization (PCE) pmt	0	0	0	0	0
203,188	6 Enterprise activity	268,805	197,201	173,404	157,796	218,732
	7 One-time grants	0	0	0	0	0
	9 Other	5,908	2,908	7,464	2,691	176

## Appendix B: Memorandum on Energy Costs from Alaska Energy Authority

Beginning on the following page is a five-page memorandum prepared in November 2017 by Alaska Energy Authority Chief Economist Cady Lister for the City of Saint George. It addresses high fuel costs and associated issues such as how to restart the wind turbine that was installed on the Island in 2015.