



Pacific States Marine Fisheries Commission



2012 ANNUAL REPORT

PUBLISHED FOR THE CONGRESS OF THE UNITED STATES AND THE GOVERNORS AND LEGISLATURES OF
WASHINGTON, OREGON, CALIFORNIA, ALASKA AND IDAHO



Golden Gate Bridge, California

65TH ANNUAL REPORT OF THE PACIFIC STATES MARINE FISHERIES COMMISSION

To the Congress of the United States,
and to the Governors and Legislatures
of the Five Compacting States

— Washington, Oregon, California, Alaska and Idaho —

2012

Presented by the Commissioners of the Pacific States Marine Fisheries Commission
in compliance with the State enabling acts creating the Commission
and Public Laws 232; 766; and 315
of the 80th; 87th; and 91st Congresses
of the United States
assenting thereto.

Respectfully submitted,
PACIFIC STATES MARINE FISHERIES COMMISSION
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Idaho	Virgil Moore Eric Anderson Fred Trevey	Sharon Kiefer Ed Schriever Joe Stegner	Pete Hassemer (IDFG)
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Washington	Phil Anderson Brian Blake Harriet A. Spanel	Robert Alverson Mark Cedergreen Robert Jones Marion Larkin Irene Martin Bill Robinson	Heather Reed (WDFW)

MESSAGE FROM THE EXECUTIVE DIRECTOR

Randy Fisher, Executive Director

It is a pleasure to provide the 2012 Annual Report of the Pacific States Marine Fisheries Commission. In this report, you will find detailed summaries of our major activities for the year and indications of our continuing progress with our member states in developing, managing and conserving the fishery resources of the region.

During 2012, we continued our frequent communication efforts in Washington, D.C., meeting with the Marine Fisheries Advisory Committee and sharing important information with members of Congress and the Administration on issues of concern to the states and the Commission members.

In recent testimony before the United States House of Representatives Committee on Natural Resources, I highlighted our large data collection activities and their importance to high quality fisheries management for the West Coast and Alaska.



Bay Bridge, San Francisco

Recreational Fisheries Information Network (RecFIN)

RecFIN is a cooperative effort between the states of Washington, Oregon and California, the Pacific States Marine Fisheries Commission and the National Marine Fisheries Service. This important program provides for the coordinated collection, management and distribution of recreational fisheries data, housing it in a central location to provide timely support for Pacific marine recreational fisheries activities. The program covers hundreds of fishing sites coastwide. In 2012, RecFIN surveyed over 800 fishing sites, sampling a substantial percentage of all ocean boat trips. This level of coverage provides valuable information for recreational fisheries managers. For perspective, there are about 1.4 million marine anglers in Washington, Oregon, and California. Total cost of this program is \$4.7 million, with NMFS contributing \$2 million, or 36% of the cost. The average annual cost of a marine license in the region is about \$44 and the daily cost averages \$14.

Pacific Fisheries Information Network (PacFIN)

This program was the first regional fisheries data network. It is a joint federal and state project focused on fisheries data collection and information management. Data from ocean fisheries off Washington, Oregon, California, Alaska and British Columbia are entered in a central database. The information in the system covers fish tickets, species composition, catch by area, limited entry permits, groundfish catch and much more. The annual cost of this program is around \$6 million. Historically, NMFS has invested close to \$3 million, or 50% of the cost. However, this contribution is slated to drop to \$2.4 million this year. The program continues to provide timely and accurate data to support effective fisheries management along the West Coast.

Alaska Fisheries Information Network (AKFIN)

AKFIN was established in 1997 with the goal to acquire and consolidate the vast amount of data generated by the Alaska fisheries, to permit quantitative analyses and interpretations of these data and disseminate the information to analysts, scientists, economists and administrative agencies. The data are consolidated from a wide variety of fisheries agencies and are made available in reports and through various forms of direct access. This network provides data which are used to inform and evaluate North Pacific fisheries management.

Other Commission programs discussed in this annual report include:

Aquatic Nuisance Species Program

The Commission and the U.S. Fish and Wildlife Service continue to lead this important effort to restrict zebra and quagga mussel transport and introduction. The Commission has helped raise awareness that these invasive species present an imminent threat to the waters and facilities of the region. The Commission has facilitated training, implementation of safeguards and protocols and other means to minimize the risks of infestation on the West Coast. The training courses have now reached over 3,000 individuals in the West. The next exercise to test the recently updated response plan is scheduled for Prineville

Reservoir this year. Educational materials, including informative videos on the impacts of the species and decontamination information, are being distributed to any interested parties. These activities should help the region prevent introduction of an aquatic nuisance species, or if necessary, respond as quickly and effectively as possible to a detected infestation.

Economic Fisheries Information Network

The Commission continues to collect economic data and conduct surveys on a variety of fishery issues. The Commission is the data collection agent for the Bering Sea and Aleutian Islands Crab Rationalization Program, collecting information in 2012 from crab processing plants and vessels. The Commission is also the data collection agent for the Amendment 80 Economic Data Report on non-pollock trawl groundfish species. PSMFC also conducted the survey of the economic impact of the Catch Share Plan for sport and commercial halibut fisheries in International Pacific Halibut Commission waters.

In 2012, the Commission conducted a successful Alaska Community Survey, an effort to better understand community involvement in fisheries and to improve the quality of socio-economic analyses of community issues and impacts. The final response rate for the survey was over 40%. The Commission also prepared for a major effort in 2013 to collect economic data on Chinook salmon bycatch in the Bering Sea pollock fishery.

PIT Tag Information System (PTAGIS)

This program collects and distributes critical information on the release, migration and return of tagged salmonids throughout the Columbia Basin. In 2012, over 2.9 million salmonids were marked with PIT tags. Some 14 million tag detections were reported during the year, providing data that help improve all aspects of Columbia River Basin fisheries management.

Regional Mark Processing Center

The Center continues to provide federal, state, tribal and private fisheries agencies with coded wire tag release, recovery and associated sampling information to guide a wide range of fishery management decisions. Each year, over 60 million coded wire tagged fish are released coastwide, with some 1,100 different codes. The information gleaned from these tags is critical to West Coast fisheries management. Commission staff participated in a regional forum to consider future tagging strategies and funding issues, with a report planned for 2013.

StreamNet

The program continued to provide important fishery management data in a standardized and georeferenced format to Pacific Northwest fishery managers. The program was reviewed closely and implemented a number of adjustments and absorbed budget reductions that delayed some work and resulted in staff reductions. During the year, data sets were updated; regional coordination continued; data were provided for the Status of the Resource Report; a new data access interface was implemented; and data development work was focused on BPA-identified priorities.

California/Idaho Fisheries Support Projects

The Commission staff continued to provide assistance for numerous fisheries projects in California and Idaho. A few examples include: extensive monitoring of coho and steelhead is being conducted in California coastal watersheds; the effectiveness of Fisheries Restoration Grant projects is being evaluated along the California coast; migrating juvenile and adult steelhead and salmon are being monitored and evaluated at Lower Granite Dam on the Snake River; and genetic tagging of Snake River sockeye is being implemented as a key part of the restoration effort on this endangered species. Over 13,000 sockeye have been tagged under this program and, recently, more than 1,000 adult sockeye have been returning to the Snake annually.

Fish Habitat Program

The Commission continued to support fish habitat evaluation, protection and restoration activities throughout the year. The Commission worked closely with the Pacific Marine Estuarine Fish Habitat Partnership on estuarine and nearshore connectivity and water quality and flows into these environments. The program works closely with a number of Oregon coastal watershed organizations to implement a variety of passage improvements, large wood placement projects and other habitat restoration actions. The program also focused on a number of key issues, including coastal coho restoration, and a variety of educational outreach efforts, including tsunami marine debris awareness.

Northern Pikeminnow Predator Control Program

Now in its 21st year, this sports-reward program continues to control predation on migrating salmonids. Over 150,000 pikeminnow were harvested in 2012, significantly reducing predation on key runs of anadromous fish in the Columbia Basin.

West Coast Groundfish Observer Program (WCGOP)

The program's trained observers spent nearly 9,000 days at sea, conducting interviews, observing fishing operations, and sampling and measuring selected portions of the catch. Observations were also made on protected species and species of concern.

During the year, the Commission staff helped to organize and coordinate a number of important fisheries related meetings, including the Pacific Ballast Water Group Meeting in Seattle; the Pacific Coast Steelhead Management Meeting in Port Townsend; the 100th Meridian Initiative, Columbia River Basin Team in Boise, on aquatic invasive species issues; and a Fish Habitat Meeting in Portland.

Given the reality of tight budgets, the Commission continues to pursue ways to make its programs more cost-effective in pursuit of our mission. I look forward to another successful year and to working with all who participate in and contribute to our continuing efforts.



ANNUAL BUSINESS MEETING SUMMARY

August 22, 2012

Chairman Tom Harman, California State Senate, called the meeting to order at 7:00 a.m. Commission members in attendance were:

Eric Olson, Alaska, public member and Chair of the North Pacific Fishery Management Council
Sue Aspelund, Alaska, Deputy Director, Commercial Fisheries, Alaska Department of Fish and Game
Bryce Edgmon, Alaska House of Representatives
Sharon Kiefer, Idaho, Deputy Director, Programs and Policy, Idaho Department of Fish and Game, representing Virgil Moore
Eric Anderson, Idaho House of Representatives
Barbara Emley, California, public member
Charles Bonham, California, Director, California Department of Fish and Wildlife
Harriet Spanel, Washington, public member
Phil Anderson, Washington, Director, Washington Department of Fish and Wildlife
Brian Blake, Washington House of Representatives
Ed Bowles, Oregon, Fish Division Administrator, Oregon Department of Fish and Wildlife
Jeff Feldner, Oregon, public member

Executive Committee Recommendations: The Commission voted as a block on three recommendations and one resolution from the Executive Committee. These included:

- Executive Committee review of PSMFC's 2011 annual business meeting summary.
- Executive Committee review of PSMFC's budget.
- Executive Committee review of PSMFC's charter and goals and objectives (including rules and regulations).
- Executive Committee resolution on National Marine Fisheries Service (NMFS) budget.

All were adopted by unanimous vote.

The Commission also acted on issues that were raised by the member states in their state meetings.

NPDES (National Pollutant Discharge Elimination System) Discharge (from Oregon): PSMFC supports continuing the moratorium on the requirement that sport, commercial and charter vessels obtain an EPA permit for incidental discharges in the course of normal operations. The resolution was adopted unanimously.

Aquaculture (from Alaska): PSMFC reaffirms its support for states' abilities to "opt-in" to aquaculture by time, area, species, and/or gear, and extending it to the full exclusive economic zone (EEZ). Further, any federal framework for EEZ aquaculture should:

1. Ensure that funding for any aquaculture initiative comes from new sources, not existing federal fisheries research and management funds;
2. Recognize that aquaculture is not a "commercial fishery" under the Magnuson-Stevens Act (MSA) and requires its own distinct statutory and regulatory structures;
3. Recognize that salmonid hatchery programs are not aquaculture and are adequately regulated by other means;
4. Disallow farming of major wild-capture finfish fisheries species;
5. Require meaningful consultation with regional fisheries management councils and affected states; and
6. Require NEPA (or equivalent) analysis of socio-economic and environmental impacts.

The Commission divided the aquaculture issue into separate actions to provide enough time for full consideration of each.

The introduction and items 1, 2, 3, 5 and 6 were adopted unanimously. Item 4 was also adopted: Alaska and Oregon voted aye; Washington voted no; and Idaho and California abstained.

Marine Debris (from Alaska): PSMFC supports legislation and initiatives to fund a comprehensive tsunami marine debris clean-up/removal program along the Pacific and North Pacific coasts in order to protect important marine resources, with the funding to come from new sources, not existing federal fisheries research and management funds. The resolution was adopted unanimously.

AKFIN/PacFIN/RecFIN Funding (from Alaska): PSMFC recognizes the critical importance of data gathered, synthesized, analyzed, and provided to management entities and the public by the AKFIN, PacFIN, and RecFIN programs. Given that recent funding levels have not kept pace with inflation and that the programs are unable to continue to meet program objectives, PSMFC supports exploration with NMFS, its lobbyists, and others, as appropriate, as to the advisability of seeking an increase in funding from new sources – not existing federal fisheries and management funds – to assure the continued ability to meet program objectives. The resolution was adopted unanimously.

Quagga Mussels (from Idaho): PSMFC supports legislatively adding quagga mussels to the injurious species list. The resolution was adopted unanimously.

California Coastal Chinook Abundance-based Management (from California): PSMFC supports the collaborative efforts between NMFS and the State of California to move away from using Klamath River Fall Chinook age-4 ocean harvest rate as a surrogate for California coastal Chinook by accessing and applying data that move the Fall Chinook fishery to abundance-based management.

A friendly amendment offered by California read: PSMFC would, in the form of a letter, write to the Pacific Fishery Management Council, the State of California, the Department of Fish and Game, and the National Marine Fisheries Service, encouraging those entities to use the Council forum to create a workshop on this topic. The resolution, as amended, was adopted 3-2 with California, Oregon, and Idaho voting aye; Alaska and Washington voting no.

Report on Resolutions (from California): PSMFC shall report on the status of the prior year's adopted resolutions during the annual business meeting. The resolution was adopted unanimously.

Immediate Lake Mead Quagga Mussel Control (from Idaho): PSMFC directs staff to send a strong communication to the Secretary of Interior to direct the National Park Service to utilize all existing authorities on-site at Lake Mead to immediately inspect and decontaminate all watercraft of quagga mussels leaving the lake. The resolution was adopted unanimously.

Support for GSI (from California): PSMFC recognizes the potential importance of the data coming from the genetic stock identification (GSI) programs on the West Coast and supports further efforts to fund necessary work to make these data available for salmon management, as long as such funds don't come at the expense of current federal fisheries research and management programs. The resolution was adopted unanimously.

Restoration of Klamath River Basin Fisheries (from California): PSMFC encourages Congress to enact S. 185 (Sen. Merkley,

D-OR) to restore the Klamath River Basin fisheries. The resolution was adopted with three ayes and two abstentions: California, Washington, and Oregon voted aye, and Idaho and Alaska abstained.

Three Commission Alliance (from Alaska): PSMFC will coordinate with the NPFMC and PFMC and recommend that the Three Commission Alliance coordinate with the Council Coordination Committee, when addressing issues of mutual concern.

After discussion, Alaska withdrew its motion for adoption and California offered a substitute motion: The PSMFC supports the Three Commission Alliance and recommends close coordination with the regional fishery management councils on issues of mutual concern. The resolution was adopted 4-1 with Washington voting no.

Dungeness Crab MSC Certification (from Oregon): PSMFC will complete and submit the Dungeness crab report to Congress in order to satisfy conditions of the MSC certification and federal law. The resolution was adopted unanimously.

Funding for Prevention of Invasive Species (from California): PSMFC requests that additional funding that doesn't come at the expense of existing West Coast and Alaska funding priorities be provided from the departments of Interior and Agriculture for management and prevention of quagga and zebra mussel movement to Alaska and West Coast water bodies. Furthermore, PSMFC will facilitate coordination with Canada on these issues.

Alaska offered a friendly amendment to strike "management and" and insert "for point-source prevention and decontamination" to reflect the discussion that the primary concern was prevention rather than management. The resolution, as amended, was adopted unanimously.

Reaffirm Support for Marine Mammal Protection Act Amendment (from Oregon): PSMFC reaffirms its support for amendment of the Marine Mammal Protection Act to provide states additional management authority to address marine mammal conflicts, including lethal removal. The resolution was adopted unanimously.

Reaffirming Federal Funding Priorities (from Alaska): In an era of reduced federal and state spending, PSMFC strongly supports the prioritization of funding for basic fisheries management over new initiatives that may compete for funding. Items such as stock surveys, research, in-season management, fisheries dependent data, and observer programs should be fully funded first. Furthermore, NMFS regions', states' and RMFCs' funding should be given priority when developing federal budgets. Lastly, if and when states are delegated with the management of federal fisheries and/or implementing federal initiatives, adequate federal funding must be provided to those states. The resolution was adopted unanimously.

International Pacific Halibut Commission (from Alaska): PSMFC will initiate discussions with IPHC on opportunities for cooperative research and explore potential synergies that may reduce costs. The resolution failed with a vote of 2-2 and one abstention, with Alaska and Idaho voting aye; Washington and Oregon voting no; and California abstaining.

Process Improvements for 2013 (from California): Considering the difficult financial future facing the States and NOAA, the Executive Committee of the PSMFC shall make recommendations for how the PSMFC can improve its process for:

1. Prioritizing issues across states;
2. Encouraging discussion across states; and
3. Advocating for federal funding.

Recommendations should be completed by January 31, 2013 and be used to design the 2013 annual meeting.

During the discussion, it was brought out that the actions called for were already within the purview and responsibility of the Executive Committee, and California withdrew the resolution.

2013 PSMFC Annual Meeting: Chairman Tom Harman announced that the Commission's 2013 meeting will be held on September 22-25 in Coeur d'Alene, Idaho.

Other Business: Commissioner Charles Bonham noted that this was Chairman Tom Harman's last Commission meeting. He thanked the Senator for his service on the Commission and his commitment to wildlife conservation in California.

ANNUAL AWARD RECIPIENT

The Pacific States Marine Fisheries Commission presents an annual award that honors an individual, agency, or organization from the host state for outstanding contributions in support of Pacific Coast marine fisheries resources.

The Pacific States Marine Fisheries Commission is pleased to present the 2012 Award to:

Michael McHenry



Michael (Mike) McHenry has been a top producing commercial fisherman along the California and Oregon coasts for over fifty years. He started out fishing for salmon and crab, and began fishing for squid, sardine and anchovy some twenty five years ago. He operates the Merva-W, a vessel he built in the 1970s. He has consistently worked with key organizations and individuals in the fishing community and has been a leading advocate for the resource.

He was active in the fight to protect prime fishing grounds from the Port of Oakland's attempt to place dredge spoils on one of the most highly productive areas off California. He and his wife Kim have a long and active partnership on fish and wildlife matters, putting together, for example, the second largest Ducks Unlimited benefit dinner in the country.

Mike was an early champion of salmon restoration and the successful California salmon stamp program. He recently volunteered his time and boat for an experimental transport of salmon smolts down the Sacramento to San Francisco Bay, testing whether bringing fish by boat to the bay would improve survival and reduce straying. He was an early leader in the effort to protect the White Shark and establish a strong program to develop, manage and conserve the state's important squid fishery.

He frequently steps up to help other fishermen, including obtaining a needed part and providing towing services for a boat that was broken down a hundred miles offshore. He got out of bed to tow another disabled vessel to shore during the night of the same day he conducted the Sacramento transport experiment. He has worked with, mentored and assisted many of the top producers in the business and is highly respected throughout the industry.

He has received the Highliner of the Year award, the highest honor given to an American commercial fisherman for his work on behalf of the fleet, fishing communities and conservation. He has contributed tirelessly to the West Coast fishery and fishing communities and is a worthy recipient of the PSMFC Annual Award for 2012.



RECREATIONAL FISHERIES INFORMATION NETWORK

The Recreational Fisheries Information Network (RecFIN) continued in 2012 as a cooperative effort between the state fishery agencies in Washington, Oregon, and California, the PSMFC, and NMFS. The four goals of RecFIN are as follows:

- Develop and implement a State/Federal cooperative program for a coastwide marine recreational fisheries data system;
- Coordinate collection, management, and dissemination of Pacific coast marine recreational fisheries data;
- Provide the data in a central location on a timely basis in the format needed to support state and federal work on Pacific marine recreational fisheries; and
- Reduce and avoid duplication of data collection efforts between RecFIN members.

The database contains recreational fisheries data for the years 1980-89 and 1993 to the present. The primary source of data in the RecFIN database comes from the following five state sampling programs: Oregon Recreational Boat Survey (ORBS) and the Oregon Shore and Estuary Boats Survey (SEB); Washington Ocean Sampling Program (OSP); the Washington Puget Sound Boat Survey; and the California Recreational Fisheries Survey (CRFS). These programs are funded by NMFS with state agency funding in all three states. The survey is spread out over about 800 fishing sites coastwide in the three states. Of these sites, about 57% are in California, 10% in Oregon and 33% in Washington.



WDFW recreational fishery sampler.

In 2012:

- The state of California conducted the CRFS which sampled over 90,000 angler trips during the 12 month sampling program.
- PSMFC provided partial funding for sampling in Oregon and Washington through RecFIN. Sampling was conducted by the states. A total of about 40% of all ocean boat angler trips were sampled in Oregon in 2012, where sampling occurred from March through October. A pilot survey funded by NMFS through the Marine Recreational Information Program (MRIP) allowed for sampling of minor ports that has not occurred in a few years. As a result, sampling was expanded to these sites in 2012 in Oregon. These estimates were posted to the RecFIN database. The Oregon Shore and Estuary Boat Survey (SEB) was not conducted in 2012 because of insufficient funding.
- The state of Washington conducted their Ocean Boat Survey and the Puget Sound Boat Survey in 2012. Sampling occurred

throughout the year in Puget Sound and also year round on the coast as a result of an MRIP project that allowed for winter sampling similar to what was done in Oregon in 2011. Sampling rates were about 40% of all ocean boat trips.

- Two states utilized their angler license frame for estimation of fishing effort in certain modes of fishing. These include Puget Sound boat trips in Washington and shore and private access and night boat effort in California. All other modes of fishing in the three states are estimated from direct field counts of boats exiting the harbors each day.
- All catch and effort information for each sampling month from the various surveys is loaded into the RecFIN database maintained at PSMFC with a one-month lag time. Access is available to the catch and effort information for all three states on the PSMFC website or at: www.recfn.org. Detailed explanations of the sampling conducted, sampling methodology and estimation statistics of the various sampling programs along with catch and effort estimates by month are also available on the RecFIN website.
- Beginning in late 2010, the RecFIN website completed a revision with a new look to provide easier access to catch and effort data and include updates to match recent management changes by the states and the Pacific Fishery Management Council. The redesign of the RecFIN database was completed in 2011 and further fine-tuning of the options on the database continued in 2012 based on user input and evolving uses of RecFIN data.



The Pacific Fisheries Information Network (PacFIN) is the nation's first regional fisheries data network. Funded by a grant from NOAA's National Marine Fisheries Service (NMFS), PacFIN is a joint federal and state project focused on fisheries data collection and information management. PacFIN provides timely and accurate data to aid effective management of fisheries and fishery resources.

In 2012, the PacFIN office updated the central database with regular data feeds from eleven data sources and responded to at least 93 requests for information. Various selections of standard PacFIN reports were generated weekly or monthly and uploaded to the PSMFC and PacFIN website.

Following are highlights of PacFIN central office activities in 2012:

Internal System Upgrades

Internal system upgrades related to maintaining the success of current production applications were performed. These activities are supportive in nature and included database performance improvements, new production automation and retrieval scripts, new documentation and metadata.

Oracle Database Support

Contracted services were employed to provide database administration (DBA) support, including: Oracle software maintenance services to apply critical patches and database upgrades when necessary; database monitoring to include regularly scheduled checks of logs; backup procedures; and statistics and consultation regarding performance, upgrades and database tools and functionality.

Software Development Support

A new contract with Resource Data Inc. (RDI) for software development and varied programming support was implemented. Initial projects included orientation and analysis of the PacFIN production environment and database table and retrieval software enhancements to incorporate a new phase of reporting in support of West Coast Individual Fishing Quota (IFQ) management. To that end, IFQ record matching was incorporated in production fish ticket and vessel summary tables. Web query tools were also enhanced to enable access to IFQ flagged fish ticket data. An Export/Import process to capture source eticket data from a SQL Server database and populate Oracle tables on the prowlfish production server was modified for the current Oracle 11g database environment and a review of current source data acquisition processes was documented in a new dataflow diagram.

PacFIN User Support

PacFIN staff worked with clients to establish accounts, grant table access and assist with data retrievals from the PacFIN prowlfish server environment.

New PacFIN Production server installation

A new PacFIN production server was installed with upgrades to the Linux OS and migration from an Oracle 10g to 11g database environment. All PacFIN production and PacFIN user files and objects were imported from the former production server. This task required coordination with Zirous, Inc., under contract for Oracle DBA support and PSMFC Systems staff. PacFIN staff performed extensive testing of all PacFIN systems and software prior to final implementation.

PACFINDEV Oracle Development Server installation

A new Development Server database dubbed "pacfindev" was added for testing and software development outside of the production server. A copy of the production server "pacfin" instance was imported into pacfindev for this purpose.

PacFIN Web query tool development

Development of Oracle Business Intelligence (BI) software to query the PacFIN database was initiated during this period. The Oracle Answers tool was used to develop various user specific queries and build customized user dashboards. This is a pilot

project that is expected to lead development of user specific query tools, allowing principal PacFIN users direct access to the database with easy to use, customized, next generation web-based tools.

Groundfish “sectors” reporting application development

Enhancement to the “dahl_sector” field in the vdrfd table continued in 2012. The dahl_sector field contains numeric codes identifying groundfish “sectors.” These sectors are meant to identify landings according to fishery components, or sectors, used in management. Sectors are defined through a combination of species composition of landings, gear type and permit status, among other factors. It should be noted that the results of this coding may differ from other categorizations of landings, such as those developed by the West Coast Groundfish Observer Program in their total mortality reports, because of differences in the underlying data structure (e.g., use of fish ticket data versus vessel summary data) and the procedures used to code the data. Sector codes are assigned at the vessel-day-gear level and species composition criteria used in sector coding are calculated on a vessel-day-gear basis (agid+drvid+tdate+grgroup). Maintaining the dahl_sector field in the vdrfd table also allows for web based retrievals with the PacFIN Explorer tool. Current development will enhance sector definitions to isolate IFQ landings by sector.

New At-Sea Whiting table development

Extensive development of new software to enhance the At-Sea Whiting fishery data summary tables in PacFIN was initiated. In addition to enhanced data summaries, the addition of debriefed source data when available will improve existing summaries, currently derived exclusively from raw observer data.

New procedure manual development

A comprehensive revision of the PacFIN procedure manual was completed, bringing all current production procedures up to date in a new format. The new manual will be maintained with documentation of daily, weekly, monthly and annual procedures.

Data Access Policy and Procedure review

PacFIN staff conducted a review of user data access policies and new-user documentation. The goal was to streamline the process for granting and maintaining on-line user accounts and to improve support documentation for users with direct database access. New-user data access policies, procedures and documentation were subsequently demonstrated at the annual Pacific Coast Fisheries Data Committee (PCFDC) meeting in December. The new system was well received and has subsequently been implemented in the PacFIN production environment.

PacFIN statement of Non-Disclosure of confidential data policy review

In keeping with recent draft revisions of federal regulations governing confidential data access and non-disclosure rules, PacFIN staff completed an internal review of PacFIN non-disclosure policy and procedures and presented to the PCFDC.

Meetings and Seminars

Internal weekly meetings with PacFIN Seattle staff and the AKFIN/PacFIN Program Manager were initiated during the reporting period. As mentioned, PacFIN staff attended and presented at the annual PCFDC meeting, held December 4-5 in Portland, Oregon.



ALASKA FISHERIES INFORMATION NETWORK

The Alaska Fisheries Information Network (AKFIN) is one of five regional co-operative state-federal programs that provide a framework to consolidate and support the collection, analysis, and reporting of a variety of information important for management of U.S. fisheries. Funding for AKFIN is provided by an annual grant award from National Marine Fisheries Service (NMFS) to the Pacific States Marine Fisheries Commission. These funds support an AKFIN Support Center (AKFIN-SC) and an annual subcontract with the Alaska Department of Fish and Game (ADFG) for related tasks.

The AKFIN-SC supports the data needs of fisheries analysts and economists by consolidating commercial fisheries data and dispensing those data upon request using custom programming services and on-line tools. Information is aggregated from the ADFG Division of Commercial Fisheries, Commercial Fisheries Entry Commission (CFEC), NMFS Alaska Region, Alaska Fisheries Science Center, North Pacific Fishery Management Council (NPFMC), and PSMFC.

More specifically, AKFIN-SC reports catch data, harvest and value from commercial fisheries in Alaska using the best available data from data source agencies. Once these data are incorporated into its system, AKFIN reports information from several critical perspectives, which are used to identify and quantify impacts related to changes in fisheries management. These include species, area, gear, vessel, processor, community, and fishery participants by season.

Highlights of work completed by the AKFIN-SC in 2012 were:

AKFIN Answers Development: AKFIN Answers is an online reporting tool that provides authorized stock assessors, social scientists, and economists with direct access to AKFIN's analytical database and metadata resources. This tool allows users to access prepared reports and to formulate ad-hoc queries that can be saved and shared with other analysts. Development in 2012 has focused on the following areas:

- **AKFSC Community Profiles:** AKFIN continued work on the second phase of the community profiles data request for the Economic and Social Sciences Research Program of the Alaska Fisheries Science Center. This second phase was to include the building of an online data repository made available for routine and ad hoc query to facilitate reporting of commercial, recreational, subsistence, and census demographics on Alaska aggregated by community from 2000 to the most recent year (generally 2010).

These data will be used to revise and improve a NOAA Technical Memorandum, the *Community Profiles for North Pacific Fisheries – Alaska*, which profiles the social and economic characteristics of some 200 fishing communities in Alaska. The following were completed by AKFIN:

- o Added fields to support extended IFQ analysis to include conversion of IFQ quota share to pounds and counts of quota share holders.
 - o Added freshwater recreational data from the Alaska Statewide Harvest Survey to the BI repository and dependent reports.
 - o Reprogrammed subsistence datamart load to include data based on report year, most representative year, and last year reported.
 - o Supported analysts by researching anomalies and acted as a liaison with agency representatives to resolve anomalies and obtain other sources as needed.
- **Stock Assessment Dashboard Development:** AKFIN continued work with the Stock Assessment team of the NMFS Alaska Fisheries Science Center to support their assessments and fisheries evaluations. Several types of data are provided on a series of Oracle Answers dashboards and report pages. New features added this year include:
 - o Longline Survey Data
 - Completed implementation of the Longline Survey – Depth Summary View Subject Area and associated reporting dashboard.
 - Completed and formalized the data load process.

- o Large Data Download Reports
 - Began implementation of a new reporting process in the AKFIN Answers tool to allow users to run large data downloads.
- **Alaska Region Policy Analysis Dashboard:** Began work with the Sustainable Fisheries Division of NMFS Alaska Region to scope out a new policy analysis dashboard in the AKFIN Answers tool. In support of their reporting needs, we began a proof-of-concept subject area in the BI repository that would support analysis and reporting of vessels and fleets. It was developed to include several existing AKFIN processes such as:
 - o AKFIN Vessel Table
 - o Fleet Identifiers
 - o Regulatory Flexibility Analysis
 - o AK WOC Revenues
 - o Groundfish/Non-groundfish Catch and Revenue

Fleet Profiles: In collaboration with the North Pacific Fishery Management Council, AKFIN completed the database development necessary to identify all of the vessel fleets that collectively comprise the Alaska fisheries. The primary objective of this cooperative project was to classify specific groups of vessels by their respective fisheries. For example, the project identified the vessels by length, home port, year of construction and gear, as well as by the vessels' target species, and possibly by their licenses and the entitlements associated with the individual vessels. Along with the database development, AKFIN staff was also responsible for writing the economic impact section for each fleet as well as the creation of GIS maps used in the publication. The project resulted in the creation of a 66-page publication available through the NPFMC office.

Marine Stewardship Council (MSC) Analysis: AKFIN provided summary data to NMFS Alaska Fisheries Science Center for use in the Fisheries Economics of the United States report. This data request was for all the Alaska and West Coast fisheries that have been MSC certified since 2000. This was a comprehensive request for twelve fisheries in total, with nine from Alaska, and the data included both harvesting and processing sectors.

Catch Share Performance Indicators Request: AKFIN provided summary data to NMFS Alaska Fisheries Science Center and Office of Science and Technology for use in tracking the performance of Alaska catch share programs through time. NMFS' request was for a series of data points that summarize catch, allocations, and effort data on three catch share fisheries, which were: (1) Amendment 80 Bering Sea and Aleutian Island fishing fleet; (2) American Fisheries Act (AFA) fishing fleet; and (3) the new Gulf of Alaska Rockfish Program fishing fleet. The request encompassed all the years since implementation, and baseline data on the fisheries before rationalization.

Groundfish Economic Stock Assessment and Fishery Evaluation (SAFE) Reprogramming: AKFIN provided programming and project management support to the Economic and Social Sciences Research Program of the Alaska Fisheries Science Center in coordinating and assisting with a reprogram of the Economic SAFE data tables. The project requires reprogramming in PL/SQL on the AKFIN Oracle database, a series of legacy programs written in SPSS. When completed, this effort will result in a suite of database objects and PL/SQL procedures. The program will include the sourcing of 51 tables in the final document that reports on:

- Landings and Discards
- Prohibited Species Catch
- Ex-vessel Pricing and Value
- Wholesale Production, Pricing and Value
- Vessel Counts and Revenue
- Effort
- Observer Coverage and Costs

Whiting Vessel Participation Analysis: AKFIN provided Alaska data to the Pacific Fishery Management Council. The objective of this non-confidential data request was to match West Coast whiting catcher vessels to their Alaska at-sea and/or shoreside landings and to identify vessel participation in Alaska fisheries for the years 1991 through 2012. The data provided were vessel flags to indicate if a particular vessel fished in Alaska (Y/N) and the types of fish targeted (pollock – midwater trawl, Pacific halibut, etc.).

Cooperative Marketing Analysis: AKFIN provided Alaska data to NMFS Alaska Fisheries Science Center for a marketing cooperative fisheries investigation. This project and data request was in two parts: (1) data to investigate salmon prices and quality related to the creation of the Copper River Fishermen’s Cooperative in 1981; and (2) data to investigate the Seafood Producer’s Cooperative in Sitka and whether the member fishermen’s decisions to sell their salmon to the cooperative were strategic or dynamic. The data were provided for the second part of this request, which included all Alaska fish ticket landings from 2000 through 2011 for vessels that had at least one commercial salmon landing in the Port of Sitka during that time period.

Revised Alaska/West Coast (AK-WOC) Vessel Table: AKFIN developed a new database object for use by NMFS Alaska Fisheries Science Center and other AKFIN users. This new database table includes both Alaska and West Coast landings and revenues by species, gear, area, and week for all vessels that have fished (at least once) in Alaska and along the West Coast at any time since 1999.

NPFMC Data Requests: Below are subjects for which AKFIN-SC supplied data management, programming, and data analytical support to NPFMC staff and agency analysts:

- Halibut Catch Sharing Plan (CSP) Analysis and Final Action
- Initial Review for AFA Vessel Replacement Gulf of Alaska (GOA) Sideboards
- Chinook Prohibited Species Catch Pollock Targets
- Trawl Modifications
- Central Gulf of Alaska Rockfish Program
- Bristol Bay Red King Crab Essential Fish Habitat (EFH)
- Limits for Other Gear on Jig Vessels
- Gulf King Crab Pricing Analysis
- Discussion Paper on Revising Freezer Long-line GOA Cod Sideboards
- Discussion Paper on BSAI Halibut PSC Limit
- Stellar Sea Lion Environmental Impact Statement
- Final Action on Pribilof Blue King Crab (BKC) Rebuilding Plan
- Initial Review of Freezer Long-Line Vessel Replacement (MLOA adjustment)
- Initial Review of GOA Chinook Bycatch Measures for all Trawl Fisheries
- Initial Review of Halibut Landings in Sablefish Pots
- VMS Participation Review
- Community Development Quota Cost Recovery Analysis
- Chum Salmon Bycatch Review



AQUATIC NUISANCE SPECIES PROGRAM

Aquatic nuisance (or invasive) species (ANS) are non-indigenous species that threaten the diversity or abundance of native species, the ecological stability of infested waters, or commercial, agricultural, aquacultural or recreational activities dependent on such waters. ANS include non-indigenous species that may occur in inland, estuarine and marine waters and that presently or potentially threaten ecological processes and natural resources. In addition to adversely affecting activities dependent on waters of the United States,

ANS adversely affect individuals, including health effects. One important criterion that the Commission uses to judge a species as a “nuisance” is its ability to harm commercial and recreationally important fisheries.

Highlights in 2012, for the Pacific States Marine Fisheries Commission’s **Aquatic Nuisance Species (ANS) Program** include:

- The PSMFC and U.S. Fish and Wildlife Service (USFWS) continue to lead the effort for zebra and quagga mussel rapid response planning in the Columbia River Basin. In 2008, *The Columbia River Basin Interagency Invasive Species Response Plan: Zebra Mussels and Other Dreissenid Species*” was completed with the goal of coordinating a rapid, effective, and efficient interagency response in order to delineate, contain, and when feasible, eradicate zebra, quagga, and other dreissenid mussel populations if they are introduced in basin waters. The Plan recognizes that a dreissenid invasion is an environmental emergency and any hope of containment necessitates fast action. The provisions of this Plan are intended to enhance agency coordination by implementing containment and control efforts as soon as an infestation is discovered. The Plan has now been endorsed by the Province of British Columbia, the states of Oregon, Washington, Idaho and Montana, the USFWS, NOAA, and Columbia River Inter-Tribal Fish Commission. Every 18 months, the PSMFC holds exercises to evaluate and test the Plan, including its Incident Command System Planning process. Planning began in 2012 for the next exercise to be held in Oregon (Prineville Reservoir) in 2013. The plan and after- action reports on past exercises can be seen at http://www.100thmeridian.org/Columbia_RBT.asp.
- Zebra and quagga mussels are spread on trailered watercraft moving from infested to uninfested waterways. For the past four years, the PSMFC has been providing training for boating law enforcement personnel and others so that they can successfully intercept, inspect, identify, contain and decontaminate trailered watercraft suspected of carrying zebra mussels. In 2012, PSMFC continued training sessions that were conducted throughout the Western United States. To date, over 65 Level One watercraft inspection training (WIT) courses have been delivered in 19 western states to a total of over 3,000 individuals representing over 80 different state, federal, local and tribal agencies and organizations. PSMFC also sponsors Level Two training delivered over two days at Lake Mead. This course focuses on actual field inspection and the decontamination of various types of mussel-infested watercraft leaving the lake. We have conducted 35 Level Two training sessions since 2007 and course graduates have trained thousands more of their own agency staff (including watercraft inspectors in Idaho, California, Washington and Oregon). In 2012, the Commission also received funding to conduct targeted training for the Lake Mead National Recreation Area marina concession staff. One session was conducted in Fall 2012, with more scheduled in 2013.
- Uniform Watercraft Decontamination Protocols: The need for better coordination and consistency of protocols and standards related to preventing overland transport of zebra and quagga mussels on trailered watercraft is widely recognized, and one of the highest priority action items in the Western Region. To address this need, in 2009, the PSMFC completed the document *Recommended Uniform Minimum Protocols (UMPs) and Standards for Watercraft Interception Programs for Dreissenid Mussels in the Western United States*. This document, adopted by the Western Regional Panel on Aquatic Nuisance Species, now serves as a regionally accepted manual for watercraft decontamination. In 2012, we completed a project to produce an updated version of this document. For further information go to: <http://www.aquaticnuisance.org/wit>
- The Commission provided administrative support, staffing and participation in numerous ANS interjurisdictional efforts, including the Columbia and Missouri River Basin 100th Meridian Initiative Groups; the Pacific Ballast Water Group; Invasive Species Advisory Committee; Western Regional Panel on Aquatic Nuisance Species; and the Green Crab Technical Group. The Green Crab Technical Group held a conference call in Fall 2012 when green crabs were discovered in the Strait of Juan De Fuca (Sooke Basin, Canada). This is significant as for the first time a population was found on the inside waters of Puget Sound. Follow-up actions on this infestation are planned for 2013, including cooperation with Fisheries and Oceans Canada.

- Recreational watercraft are the most likely vector by which zebra/quagga mussels will be spread into other western watersheds. The Commission and cooperating agencies used the AIS information and education campaign to target recreational anglers, boaters, marinas, enforcement personnel and others on the zebra/quagga mussel threat. For the past 12 years, PSMFC has attended sport and commercial fishing shows throughout the region (e.g., Boise, Portland, Seattle, Sacramento) exhibiting its ANS booth and distributing information to those most likely to come into contact with ANS. A highly popular zebra mussel education and watercraft inspection and decontamination training video “Don’t Move a Mussel” was produced in 2008, followed by “Don’t Move a Mussel, Seaplanes” in 2010. In 2012, the Commission re-released the initial video with new information on the impacts of these mussels, as well as updated watercraft decontamination information. The video can be found at <http://www.aquaticnuisance.org/video>
- For the past 10 years, PSMFC has partnered with Portland State University in a zebra mussel monitoring program. Beginning in 2010, with funding from the Bonneville Power Administration, PSMFC and PSU began partnering with the US Army Corps of Engineers to expand monitoring at Corps projects in the Columbia River Basin. In 2010, PSMFC also began to host a dreissenid monitoring database and map for the Columbia River Basin states of Idaho, Washington, Oregon and Montana. For further information, see: <http://crbais.psmfc.org/monitoring/monitoring-for-aquatic-animals>
- The PSMFC ANS website continued to add new features, including a new section on economic impacts of ANS that can be found at <http://www.aquaticnuisance.org/resources/ais-economic-impacts> and a bi-weekly AIS newsletter that can be found at <http://www.aquaticnuisance.org/>



ECONOMIC FISHERIES INFORMATION NETWORK (EFIN)

The **Economic Fisheries Information Network** is a cooperative data collection effort to address the needs of fisheries managers and industry for economic data and information for the West Coast and Alaska. This project is being conducted by the Pacific States Marine Fisheries Commission as part of a cooperative agreement with the National Marine Fisheries Service and with the help of the Pacific and North Pacific Fishery Management Councils. The goal is to provide reliable and timely data to assist with monitoring and measuring the economic performance of the harvesting and processing components of West Coast and Alaska fisheries.

In 2012, EFIN worked on:

- 2011 Fuel Report: Continued collection and maintenance of the West Coast and Alaska monthly fuel price survey. An annual summary was sent out to survey participants and other interested parties.
- Web page maintenance: Continued to collect data and update the EFIN web page. Updates include Gross Domestic Product (GDP), Consumer Price Index (CPI), Producer Price Index (PPI), and State Labor Data and Employment Cost Index (ECI).
- Tri-State Crab Website maintenance: Archived previous year's website and created a new website for the 2012-2013 season that was updated with reports from California, Washington and Oregon.
- Web page maintenance for: "Bycatch characterization in the Pacific halibut fishery: A field test of electronic monitoring technology" project and a new page added for "Alternative Observer Sampling within the Kodiak Trawl Fishery", North Pacific Research Board Project 1017.

EFIN's major focus is economic data collection in Alaska and the West Coast, and includes the following economic analyses and surveys:

Alaska Crab Rationalization Program 2012

PSMFC functions as the Independent Third Party Data Collection Agent for the Bering Sea and Aleutian Islands (BSAI) Crab Rationalization Program. The purpose of the economic data collection is to aid the North Pacific Fishery Management Council (NPFMC) and National Marine Fisheries Service (NMFS) in assessing the success of this Program and provide data to aid in developing amendments necessary to mitigate any unintended consequences. Specifically, the data will be used to examine two aspects of the program: (1) the distribution of benefits between harvesters and processors arising under the harvest share/processor share allocations and arbitration system; and (2) the distribution of landings of different harvest share types.

The NPFMC is interested in ensuring that it will be able to assess adequately the impact of the program on affected parties, which include harvesters, processors and communities. Existing data collection programs have not provided the information required to understand the economic performance of crab fishermen, let alone to determine how this performance has changed after rationalization or what aspects of these changes are specifically attributable to crab rationalization. This data collection program will substantially reduce the types of analytical difficulties that were encountered in the past when attempting to examine the effects of the halibut/sablefish Individual Fishing Quota (IFQ) program and the American Fisheries Act.

At the beginning of this program in 2005, historical Economic Data Reports (EDRs) were collected for the years 1998, 2001 and 2004. In each subsequent year, we have collected data using an annual EDR. Historical EDRs captured pre-Program implementation data for comparison to the economics of harvesting and processing before and after Program implementation. The annual EDR captures economic data at the conclusion of each calendar year's crab fisheries. The 2011 data were collected in June and July 2012. Participation in the data collection program is mandatory for all participants in the BSAI crab fisheries. Any owner or leaseholder of a vessel or plant that harvested or processed crab in any of the Bering Sea and Aleutian Islands crab fisheries during 2011 was required to submit an annual report.

EDRs were mailed to crab processing plants and vessels; collected, tracked, reported to Restricted Access Management (RAM)

for permit and quota issuance; and reviewed for completeness. The EDR data were entered, archived and submitted to NMFS for analysis. PSMFC hired AKT, LLC to conduct random and outlier audits on the 2011 annual EDRs. These audits are being conducted to verify the quality of data collected in the EDRs as well as to provide guidance on improving future EDRs. This process is repeated every year for the previous year's fishery.

AKFIN built a relational database to house data, standardized variables and conducted metric analysis to help describe data. Reports and forms are being built to allow permitted researchers access to the data.

Amendment 80 Economic Data Reports

Amendment 80 was adopted by the NPFMC in June 2006. The final rule implementing Amendment 80 was published in the Federal Register on September 14, 2007. This action allocates several BSAI non-pollock trawl groundfish species among trawl fishery sectors, and facilitates the formation of harvesting cooperatives in the non-American Fisheries Act (non-AFA) trawl catcher/processor sector.

The NPFMC adopted Amendment 80 to meet the broad goals of: (1) improving retention and utilization of fishery resources by the non-AFA trawl catcher/processor fleet by extending the groundfish retention standard (GRS) to non-AFA trawl catcher/processor vessels of all lengths; (2) allocating fishery resources among BSAI trawl harvesters in consideration of historic and present harvest patterns and future harvest needs; (3) authorizing the allocation of groundfish species to harvesting cooperatives and establishing a limited access privilege program (LAPP) for the non-AFA trawl catcher/processors to reduce potential GRS compliance costs, encourage fishing practices with lower discard rates, and improve the opportunity for increasing the value of harvested species; and (4) limiting the ability of non-AFA trawl catcher/processors to expand their harvesting capacity into other fisheries not managed under a LAPP.

The groundfish species in the BSAI directly affected by Amendment 80 include:

- Atka mackerel
- Aleutian Islands Pacific ocean perch
- Flathead sole
- Pacific cod
- Rock sole
- Yellowfin sole

In addition, Amendment 80 would modify the management of halibut and crab prohibited species catch limits.

PSMFC has been designated by NMFS to be the Data Collection Agent for the Amendment 80 EDR program. The first annual Amendment 80 EDRs were collected in June 2010 for the 2009 calendar year.

In 2012, the 2011 annual EDRs were mailed to catcher processors, collected, tracked, reported to RAM for permit and quota issuance, and reviewed for completeness. The EDR data were entered, archived and submitted to NMFS for analysis. PSMFC hired RSM McGladrey, Inc. to conduct audits on the 2011 annual EDRs. These audits are being conducted to verify the quality of data collected in the EDRs as well as to provide guidance on improving future EDRs. This process is repeated every year for the previous year's fishery.

AKFIN built a relational database to house data, standardized variables and conducted metric analysis to help describe data. Reports and forms are being built to allow permitted researchers access to the data.

Alaska Saltwater Sport Fishing Charter Business Survey

In 2011, a Catch Share Plan (CSP) was enacted for the guided sport and commercial fisheries for Pacific halibut in waters of International Pacific Halibut Commission (IPHC) Regulatory Areas 2C (Southeast Alaska) and 3A (Central Gulf of Alaska). This catch sharing plan changed the annual process of allocating halibut between the guided sport and commercial fisheries in those areas, established allocations for each sector, and specified harvest restrictions for guided sport anglers that are intended to limit harvest to the annual guided sport fishery catch limit. In order to provide flexibility for individual commercial and guided sport fishery participants, the CSP authorized annual transfers of commercial halibut quota to charter halibut permit

holders for harvest in the guided sport fishery.

This action was necessary to achieve the halibut fishery management goals of the North Pacific Fishery Management Council. (76 FR 141, July 22, 2011)

To look at the economic impact of this plan, the Alaska Fisheries Science Center, Economics and Social Sciences Research Program (AFSC/ESSRP) developed a survey research project that collected voluntary economic information from Alaska sport fishing charter boat operators about their costs, earnings, and employment during 2011. The AFSC/ESSRP designated the PSMFC to administer the survey.

PSMFC's role:

- Develop a .NET web application based on the AFSC questionnaire and relational database design and integration.
- Administer full implementation of the mixed-mode survey with web-based and paper booklet forms. This included all re-production and distribution of respondent mailings, phone support with calls made to non-respondent contacts, and data entry with data integrity protocol design and implementation.
- Prepare a summary report documenting survey implementation milestones, paradata, and problems and recommendations identified by PSMFC staff and survey respondents during the course of the survey administration process.

With over 1,300 phone calls logged and over 2,100 individual mailings, the survey had a final response rate of 27% with 187 completed survey submissions out of the 682 recipients. Recipients were those found with 2011 Alaska Charter Business Licenses.

The 2011 season survey was deemed successful enough by AFSC to warrant a repeat survey to collect information on the 2012 sport fishing charter season. PSMFC will be administering the survey covering the 2012 charter fishing season in 2013.

2012 Alaska Community Survey

In 2012, PSMFC conducted the Alaska Community Survey on behalf of the Alaska Fisheries Science Center (AFSC). The Alaska Community Survey gathered information about each community's involvement in fishing, including revenues derived from fisheries and related support sector businesses, population fluctuations, fisheries infrastructure available in the community, community participation in fisheries management, and effects of fisheries management decisions on the community.

As part of the process of revising the *Community Profiles for North Pacific Fisheries – Alaska* document (Sepez, et al 2005), community input was sought on how the profiles can be revised to better represent communities and their ties to North Pacific fisheries. Much of the input received at the community meetings comprised suggestions for new types of socio-economic data that should be collected to better represent the interests of communities in the fisheries management process and to be used in socio-economic impact analyses. However, a large amount of the data requested by communities for inclusion is not obtainable from other sources and is, therefore, being requested directly from communities through the implementation of this survey.

PSMFC's role in survey implementation:

- Reproduction and distribution of respondent mailings.
- Perform data entry with data integrity protocol design and implementation.
- Provide phone support with calls made to non-respondent contacts.
- Prepare a summary report documenting survey implementation milestones, paradata, and problems and recommendations identified by PSMFC staff and survey respondents during the course of the survey administration process.

The survey had a total population of 353 with working contact information and was made up of community contacts gathered by AFSC. 146 of the total population completed the survey, giving a final response rate of 42%. PSMFC mailed over 1,300 records and made over 680 phone calls in administering the survey.

Chinook Salmon Economic Data Report Program for the Bering Sea and Aleutian Islands (BSAI) Fishery Management Plan (FMP)

NMFS implemented Amendment 91 (75 FR 53026, August 30, 2010) to balance the need to minimize bycatch of Chinook

salmon in the Bering Sea pollock fishery with the potential costs of bycatch restrictions on the pollock fishery. In addition to limiting the amount of Chinook salmon that may be caught by the pollock fishery, Amendment 91 includes innovative industry-designed incentives, such as the use of penalties for vessels that exceed a sector-established Chinook salmon PSC limit. These industry-enforced incentives are intended to minimize Chinook salmon bycatch to the extent practicable in all years, and to prevent bycatch from reaching the established limit in most years. Amendment 91 also allows NMFS to allocate transferrable Chinook salmon prohibited species catch to an entity representing the catcher/processor sector, mothership sector, inshore cooperatives, and Community Development Quota groups participating in the Bering Sea pollock fishery.

The Chinook Salmon Economic Data Report (EDR) Program will provide NMFS with additional data to assess the effectiveness of the Chinook salmon bycatch management measures implemented under Amendment 91 to the FMP. The EDR consists of one new data collection and two revised data collections. The Chinook Salmon EDR program applies to owners and operators of catcher vessels, catcher/processors, motherships, and the six Western Alaska Community Development Quota Program groups qualified to participate in the pollock fishery in the Bering Sea subarea of the BSAI.

The EDR project prepared in 2012 for the first data collection in 2013. A project web page was created at <http://www.psmfc.org/chinookedr/> to provide information to participants and a new .NET online form is scheduled to go live by the end of March 2013.



PIT Tag Information System
Columbia Basin | ptagis.org

The **Columbia Basin PIT Tag Information System (PTAGIS)** is a data collection, distribution and coordination project. This program does not perform any analysis or interpretation of the data we collect, other than the coarse aggregations noted here and for purposes of internal validation of the data, systems and equipment. PTAGIS is the centralized database for fish marked

with Passive Integrated Transponder (PIT) tags in the Columbia River Basin. PTAGIS provides custom software to contributors for collecting and submitting data; receives, validates and publishes mark, recapture, mortality and automated detection data collected by approximately 40 different fisheries management organizations; collects automated detection data; and designs, installs, and maintains the equipment that collects those detection data. All data contributed to and collected by PTAGIS are freely available on the PTAGIS website (www.ptagis.org)

Over 2.9 million PIT-tagged salmonids and other fish species were released into the Columbia and Snake rivers during 2012 (Figure 1). The proportions of species released in 2012 were similar to those released during the 2010 and 2011 migration years (Figure 2). In 2012, more than one million unique tagged fish were detected by at least one detection site; many were detected at more than one location, generating 1.6 million unique tag-site detection records (Figure 3). One fish can generate many interrogation records as it passes through multiple PIT tag antennas at one or more detection sites. In 2012, there were over 14 million detections reported to PTAGIS (Figure 4) with a total of over 149 million cumulative detections since 1987.

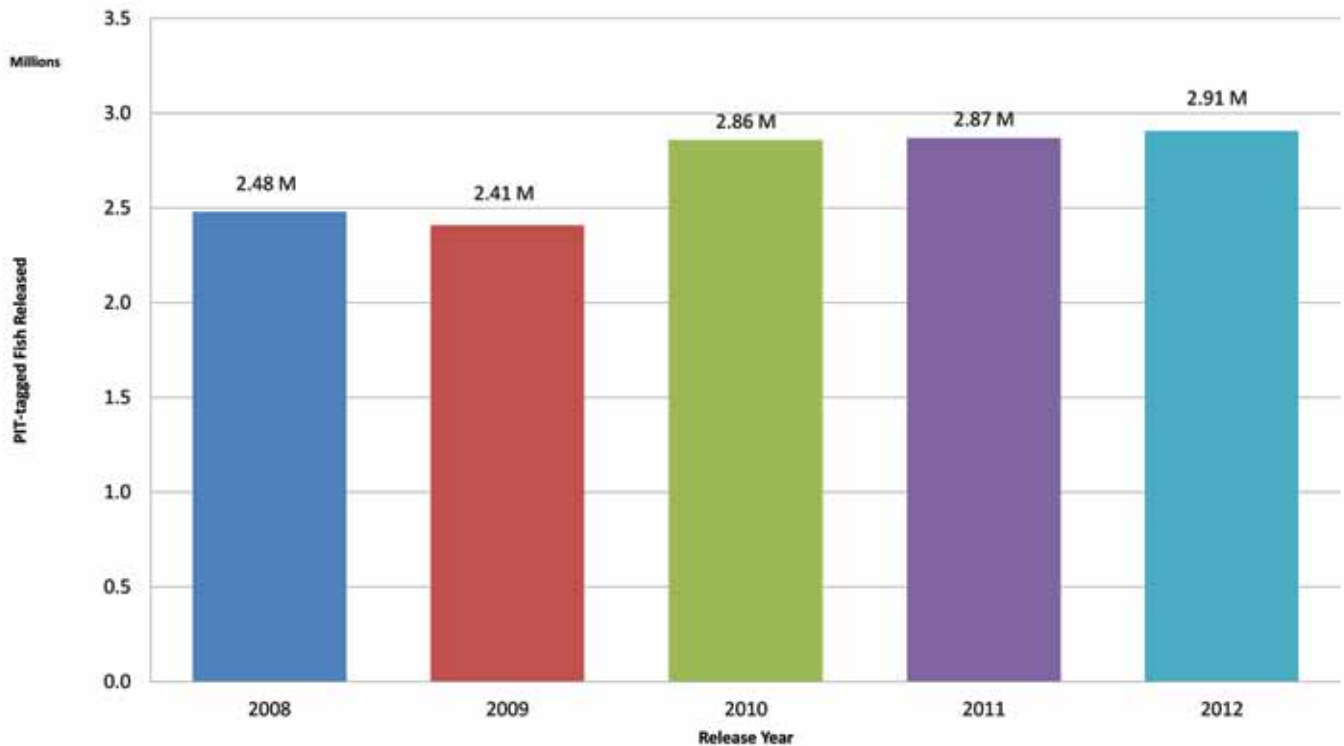


Figure 1. Number of PIT-tagged fish released in the Columbia Basin, 2008-2012.

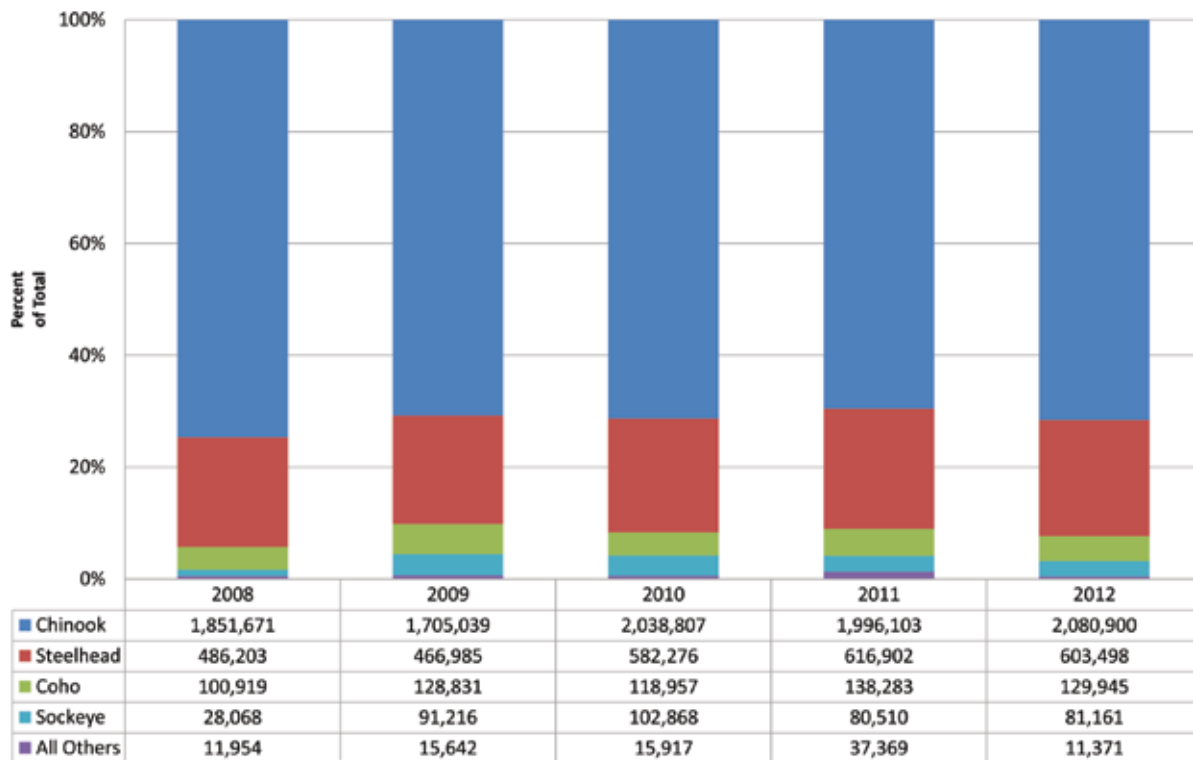


Figure 2. Species composition of PIT-tagged fish released in the Columbia Basin, 2008-2012

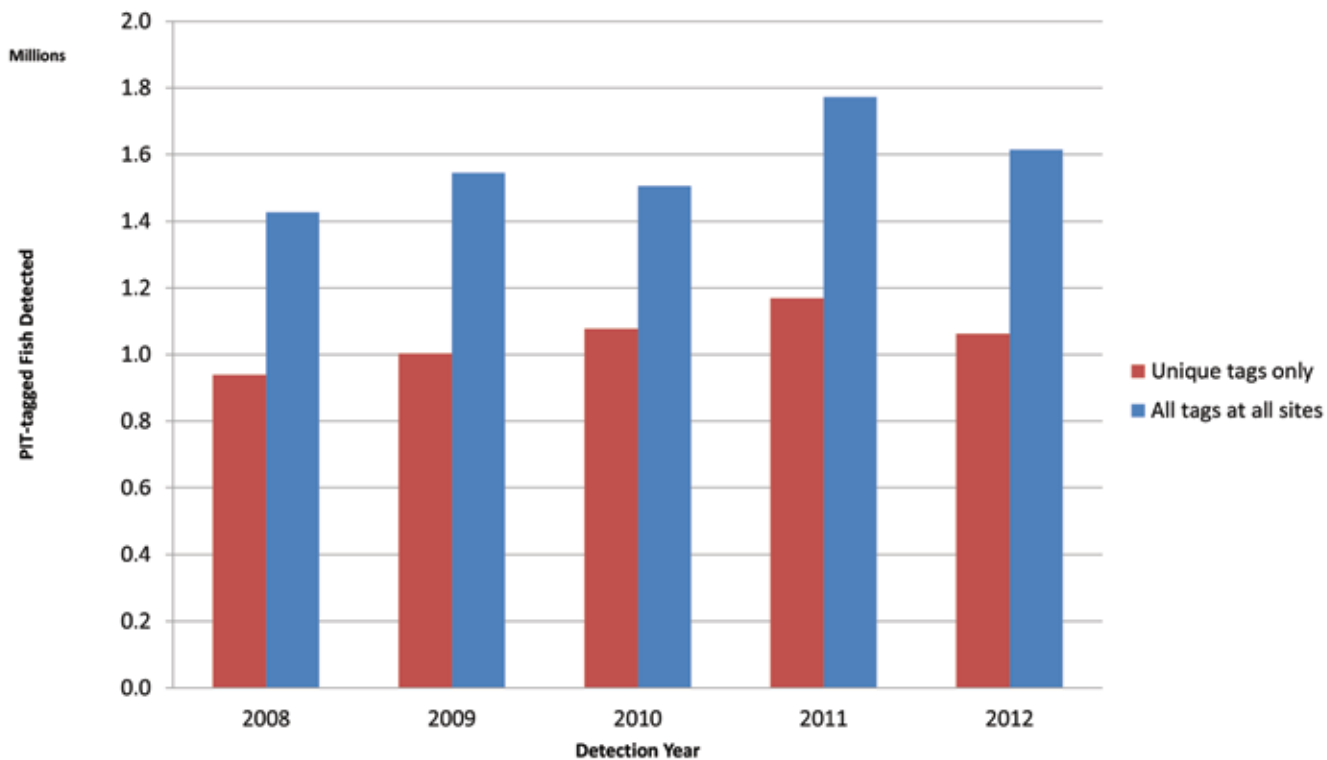


Figure 3. Number of PIT-tagged fish detected by at least one interrogation site reporting data to PTAGIS, 2008-2012.

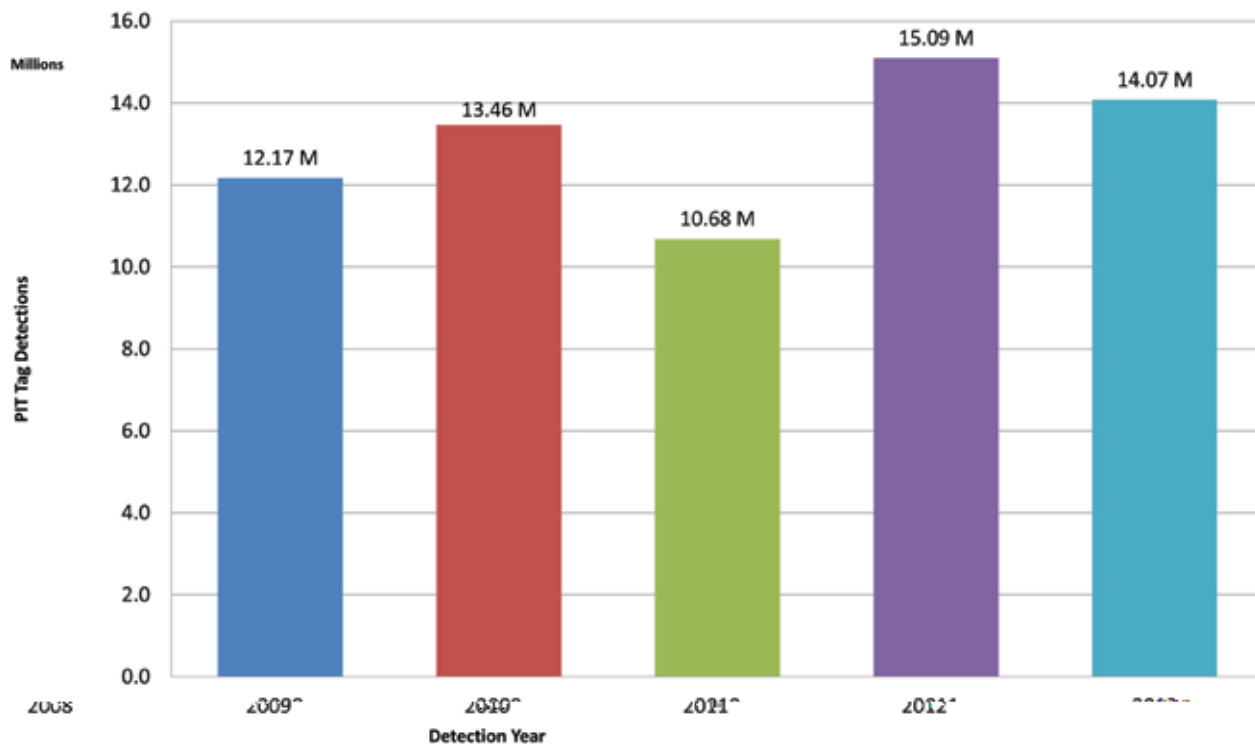


Figure 4. Number of detection records generated, 2008-2012.

Visit the Summary Graphs page on the PTAGIS website to see the most current figures: <http://www.ptagis.org/data/quick-reports/summary-graphs>.

PTAGIS has continued to develop and maintain the software and systems used to collect and distribute PIT tag data. The project has made substantial progress in a complete system infrastructure upgrade despite unplanned funding cuts. By 2012, PTAGIS operated and maintained 23 interrogation sites and received interrogation data from another 157 sites (Figure 5), which include juvenile fish bypass facilities, in-stream juvenile fish traps, in-stream remote detection systems, monitored fish release sites, combined dam locations (separate detections of upstream and downstream migrants), trawl net, adult fishways and hatchery returns. Combined, these various sites contain more than 1,190 unique detection points (or antennas). In 2011 and 2012, the PTAGIS project implemented 35 Separation by Code projects for 13 agencies and distributed over 3.17 million tags to 83 unique BPA-funded fish and wildlife projects throughout the Pacific Northwest and Canada.

In 2011 and 2012, PTAGIS operated computer systems to collect and distribute PIT tag information related to various projects in the Columbia River Basin as shown in Figure 5. In addition, we operated and maintained equipment to assist various entities in efforts to monitor, manage and study the migration of juvenile salmonids at seven Federal Columbia River Power System (FCRPS) projects on the Columbia and Snake rivers. These O&M locations are Bonneville Dam, John Day Dam, McNary Dam, Ice Harbor Dam, Lower Monumental Dam, Little Goose Dam and Lower Granite Dam. In addition, we monitor fish migration at the Bureau of Reclamation facilities at Prosser and Yakama Nation acclimation ponds on Yakima River tributaries. We also operate the PIT tag volitional release system located at Rapid River Hatchery.

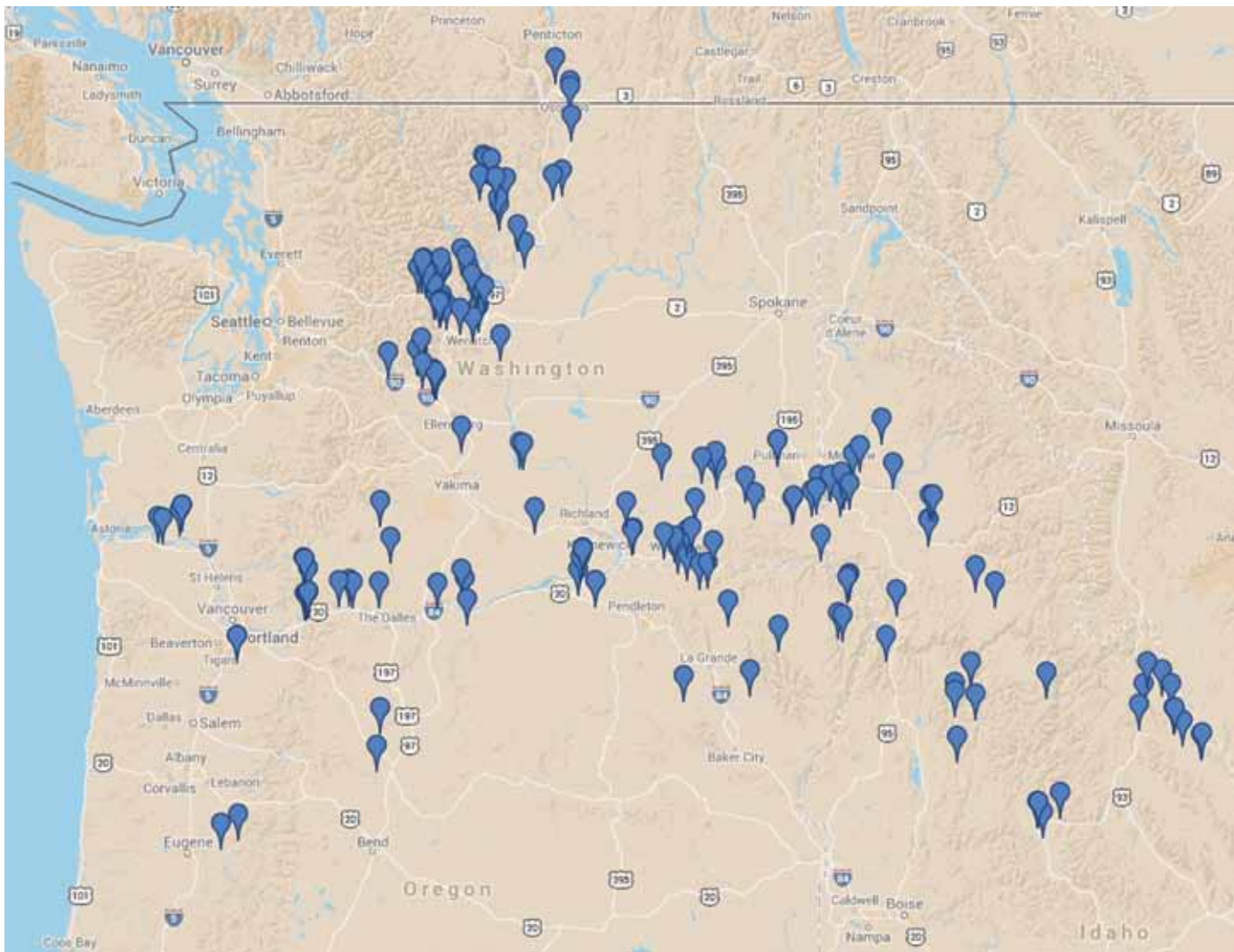


Figure 5. Map of interrogation sites that reported detection data to PTAGIS in 2012.



REGIONAL MARK PROCESSING CENTER

The **Regional Mark Processing Center** (RMPC) serves federal, state, tribal and private fisheries agencies on the entire Pacific Coast by processing and exchanging coded wire tag (CWT) release, recovery and associated catch sample information. The RMPC adopts new data formats and implements software, hardware and personnel enhancements, in order to meet evolving CWT informational needs by the Pacific Salmon Commission (PSC) and other agencies, in support of the Pacific Salmon Treaty. In addition, the RMPC has the responsibility of serving as the single United States database to exchange CWT information with Canada in PSC format on a regular basis. The RMPC maintains the Regional Mark Information System (RMIS) database and coordinates the acquisition and validation of these data from the various agencies. Funding is provided by the U.S. Fish and Wildlife Service and the Bonneville Power Administration (BPA). Over 60 million coded wire tagged fish are now released coastwide every year.

Data Validation

The CWT data load programs were again upgraded to perform more rigorous cross-table checks of tag releases in format version 4.1 when validating newly submitted tag recovery datasets. This is an ongoing project as data uploading errors are identified and corrected. The staff continues to work closely with several agencies to implement improved validation of new data before it is merged with RMIS and to correct historical data already in the database.

Data Integrity

Maintaining data integrity is an important aspect of maintaining large databases and considerable time was spent working with the various data reporting agencies to resolve various inconsistencies found in the CWT data sets. While the number of errors was relatively small, it took considerable effort to resolve the reasons for the errors and to then correct them. Also, significant effort was put into adding GPS coordinates (latitudes and longitudes) for land based release and recovery locations. This provides for more accurate mapping of the data.

RMPC Web Site

New updated information has been added to the RMPC website. Fifty-seven years of the proceedings of the Northwest Fish Culture Conference are now available, scientific papers related to the use of coded wire tags have been added and other relevant material is added as requested or the need arises. See: <http://www.rmpec.org>

Missing Recovery Data

Missing freshwater CWT recovery data for certain areas have been identified. The RMPC continues to work closely with the responsible agencies to coordinate the filling of those data gaps.

Fish Tagging Forum

Staff participated in the Northwest Power and Conservation Council's Fish Tagging Forum which was formed to study the efficacy of the various tagging strategies being used in the Columbia River Basin. The forum was tasked to make recommendations to the Council for future tagging strategies and funding. The report should be completed in 2013.

Annual Meeting of the Regional Committee on Marking and Tagging

The 2012 Mark Meeting was held April 10 and 11, 2012, in Olympia, WA and was hosted by the Washington Department of Fish and Wildlife. The meeting minutes and presentations are available at: <http://www.rmpec.org/annual-mark-meeting-minutes.html>. Agenda items included updates of the RMPC activities, the California hatchery review, status of coded wire tag data, updated RMPC publications, a report on the Selective Fishery Evaluation Committee (SFEC) and the associated Analytical Working Group (AWG) and the Regional Coordination Working Group (RCWG), analyses of tagging levels for coho and Chinook indicator stocks, agency updates on marking and tagging programs, an update of tribal marking and reporting for the Puget Sound area tribes, location code mapping, and a discussion of the CWT Implementation Team program status and project funding. Northwest Marine Technology gave a presentation on their new tag detection handheld "T" wands (70 had been delivered worldwide) and a redesign of tags by adding a ¼ turn on every 4th row to maintain readability when or if the wire is scratched.

Regional Coordination

RMPC staff participated in Pacific Salmon Commission committees and regional science and management teams to assist with coordinating tagging activities and providing CWT data. The RMPC continues working closely with Idaho Fish and Game by providing PSMFC staff to work on hatchery data under a contract with the Lower Snake River Compensation Plan. Staff also works with Oregon and Washington Departments of Fish and Wildlife to implement the tag recovery program in sampling sport, commercial and tribal fisheries for salmon and steelhead carrying CWTs under a Bonneville Power Administration-funded contract. The recovered tags are read and decoded and the information is added to the RMIS database for use by fish management agencies to make science-based decisions regarding populations of salmon and steelhead in the region. Staff also assisted research biologists in the region in acquiring the CWT data they need for various projects.

Coded Wire Tag Data

New data recorded in the RMIS database in 2012 included over 1,100 differentially tagged groups of salmon released, comprising over 63 million tagged fish. Over 231,000 fish were recovered with tags that were decoded and added to the database over the year.

Number of data rows in RMIS database tables added during calendar year 2012:

- Releases: 3,394 rows
- Recoveries: 231,363 rows
- Catch/Sample: 10,715 rows
- Locations: 468 rows

These data were received from multiple agencies from the member states of the Commission, were processed and validated to ensure accuracy, uploaded to the RMIS server and also shared with Canada. All the data are available to fisheries scientists and the public via the RMPC web site within 24 hours of receipt.



Commercially harvested Chinook salmon being sampled for coded wire tags.



The **StreamNet Project** continued to provide fish-related data from the region's fish and wildlife agencies in a standardized and georeferenced format to data users in the Pacific Northwest. The project is funded by Bonneville Power Administration (BPA) through the Northwest Power and Conservation Council's Fish and Wildlife Program. Separate portions of the project are now administered by PSMFC and the Columbia River Inter-Tribal Fish Commission, but the project continues to function as a single project.

2012 proved to be a pivotal year for the StreamNet regional fish data dissemination project. During the normal 12-month fiscal year, the project continued to update the traditional data types and participate in a number of regional scale programs and forums to support data sharing. During the year, the project also underwent two external reviews by the Northwest Power and Conservation Council, the Data Management Category Review and the Project Evaluation and Review Committee. Both reviews recommended continuation of the project but with a few adjustments.

The project also received significant input from BPA, including budget changes and revised data priorities. All projects under the BPA Fish and Wildlife Program were asked to reduce spending to the greatest degree possible in the current contract and to reduce next year's FY-13 budget by 10-15%. These budget reductions in the FY-12 contract led to staff reductions and delay in some data delivery and postponement of some work, such as a planned contract to assist one of the Columbia Basin tribes with a database system needs assessment. BPA used a quarter of the reduced FY-13 funding to extend the FY-12 StreamNet contract for three months, during which time we revised data priorities and significantly adjusted the work plan for a shortened FY-13 contract period.

Key accomplishments in the extended 15 month FY-12 contract period included:

- All traditional StreamNet data sets were updated, most through 2011. Some data delivery was slightly delayed into the extension period due to reduced staffing in some partner agencies.
- Regional coordination to support regional scale data sharing continued. StreamNet partnered with the Pacific Northwest Aquatic Monitoring Partnership and Columbia Basin Fish and Wildlife Foundation (CBFWF) to co-lead the Coordinated Assessments project. This Columbia Basin-wide effort is developing the means for state and tribal fish management agencies to organize and share four Viable Salmonid Population indicators (natural spawner abundance, smolt to adult return, and adult and juvenile recruits per spawner) in consistent format and to feed the estimates directly to the National Marine Fisheries Service's Salmon Population Status database. StreamNet led the technical aspects of the project, including creation of the regionally standardized Data Exchange Standard and development of a database to house and disseminate the data until an exchange network can be built.
- StreamNet continued to serve as the source of the majority of abundance data used by the Columbia Basin Fish and Wildlife Authority to publish the Status of the Resource Report in 2012.
- A new data access interface was implemented on the website at www.streamnet.org referred to as the Integrated Query System. This approach to locating and downloading data is based on a combination of tabular filters and map based filtering. The interface is fully customizable and includes new features such as automatic depictions of location of the data source and graphic representation of the selected data; the ability to specify multiple values of query criteria at one time; and the ability to designate customized lists of specific data that can be rapidly revisited on subsequent visits to the system to see updated data. The existing Online Query System and the Interactive Mapper remain available and active as well.
- At the end of the contract period, we transitioned data development work from the traditional data updates to the new BPA priorities, which are data created by BPA-funded projects and key ESA listed populations of anadromous fish. We began work on an inventory of data collected by BPA-funded projects to determine the security and accessibility of those data, and initiated efforts to locate and obtain the four Coordinated Assessment indicators and supporting metrics from our partner agencies. Most of these efforts will be addressed in FY-13, and will be accomplished before conducting efforts to update the traditional data sets.



CALIFORNIA/IDAHO FISHERIES SUPPORT PROJECTS

The California Cooperative Fish and Aquatic Habitat Data Program (CalFish) website (www.calfish.org), a multi-agency cooperative fisheries information site, is designed to gather, maintain, and disseminate fish and aquatic habitat data and data standards, and provides access to a growing number of fish and aquatic habitat datasets, through both geographical and tabular queries. Many of the following projects have data/ information available through the CalFish site.

The California Habitat Restoration Project Database (HRPD) effort continued to maintain and add data for projects funded through the California Anadromous Fish Restoration Grants Program. Work also continued with CALFED, a state/federal partnership conducting restoration efforts in the Central Valley. HRPD data are made available via the CalFish web site.

PSMFC continues to assist the California **Coastal Watershed Planning and Assessment Program** by providing field and technical staff and assistance to conduct stream habitat surveys and prepare watershed assessment plans for the Northern and Southern coasts.

PSMFC continues work with the California Department of Fish and Wildlife (CDFW) to assist them with the administrative aspects of conducting the **Adaptive Watershed Program**, which facilitates the completion of watershed, riparian, and stream habitat improvement projects to benefit salmon and steelhead streams of coastal California.

Continuing assistance was provided to the California **Ocean Salmon Program** by employing fisheries technicians at various coastal ports to sample commercial salmon fisheries, collect biological data and coded wire tag information. Data collected are incorporated into the management and season setting for salmon fisheries coastwide.

The **California Passage Assessment Database (PAD)** locates and documents anadromous fish passage “sites” in all California coastal watersheds. This multi-agency cooperative effort has led to better information on known and suspected fish passage issues, and ultimately addresses them through prioritized restoration projects and funding.

PSMFC continues to provide technical assistance and field staff for collecting and compiling data on the movement and timing of juvenile Chinook and Coho salmon and other species in the **Humboldt Bay Tributary Estuary Sampling Program**.

With funding provided by the California Department of Water Resources (CDWR), PSMFC is assisting CDWR and CDFW with the **Feather River Monitoring** project. Work includes data collection and analysis for the Feather River and Central Valley.

PSMFC Fisheries Technicians on the **Upper Sacramento Technical Assistance** projects continue to assist CDFW with running video monitoring stations, fish traps, conducting salmon carcass surveys, and collecting biological data.

PSMFC provides technical assistance and field staff for the **Coastal Restoration Monitoring and Evaluation** project. Staff monitors pending and completed coastal watershed restoration projects in California, collects habitat information, and compiles data. This information is used by managers to assess the success of restoration activities.

PSMFC's **Southern California Habitat Assistant** identifies habitat restoration projects such as erosion control, removal of fish barriers, and removal of non-native vegetation, in order to improve fish habitat and establish funding for the projects.

PSMFC continues to provide fisheries technicians in Mendocino County to assist in conducting a project designed to develop, test, and implement the sampling scheme and field surveys described in the **CA Coastal Salmonid Monitoring Plan**.

PSMFC assists in escapement surveys on the **Lower American River** to generate an estimate of spawners and their distribution, and conduct coded wire tag surveys to accurately estimate occurrence of tagged fish in river and to obtain detailed information on sex and spawning status.

In the **San Joaquin River Basin**, PSMFC assists in collecting water temperature data, conducting Stanislaus River Chinook

salmon carcass surveys, spawning Merced River Hatchery Fall-run Chinook salmon, reading coded wire tags, data entry, fish screening, and monitoring entrainment of salmon into water diversions.

PSMFC is working with the CDFW coded wire tag and scale ageing lab to determine the **Age Structure of Central Valley Chinook Salmon Populations** by conducting scale analysis, assisting in the field collection of scales in Chinook escapement surveys, and using the ageing data in combination with coded wire tag recovery data to reconstruct the size of each returning brood year.

PSMFC's assistance contributed to the successful completion of the fifth year of the **Central Valley Constant Fractional Marking Program**. The program is responsible for annual coded wire tagging/adipose fin clipping 25% of the Fall Chinook salmon production in the Central Valley hatcheries.

At the **Coleman National Fish Hatchery**, PSMFC provides seasonal personnel and services to help the U.S. Fish and Wildlife Service mark and coded wire tag juvenile Winter-run and Late-Fall Chinook salmon and steelhead.

PSMFC assists in the implementation of the **Heritage and Wild Trout Program** by providing technical staff, expertise, supplies, and support services to assist with conducting high priority native trout resource assessment and monitoring projects.

PSMFC administrative support helps the **Americorps Watershed Stewards Project** accomplish habitat restoration projects.

PSMFC is working with the **Yuba County Water Agency, CDFW**, and other partners to implement field studies, monitoring, and other projects on the Lower Yuba River, including Rotary Screw Traps, Escapement Surveys, and the operation of the VAKI Riverwatcher Installation.

PSMFC works with the US Army Corps of Engineers to survey, monitor, and map **Yuba River Redds** to evaluate the success of their gravel augmentation program.

PSMFC assists with **Constant Fractional Marking (CFM) at Iron Gate Hatchery and Trinity River Hatchery** and provides staff and equipment to clip and tag 25% of all Chinook salmon released from the facility, which will provide critical harvest information to coastal Chinook life cycle monitoring programs.

PSMFC staff assists the **USFWS Comprehensive Assessment and Monitoring Program** by providing statistical analysis and database development, and support of California Central Valley monitoring efforts.

PSMFC helped the **USFWS National Fish Passage Program** inventory and prioritize barriers to anadromous fish migration on the state highway system in Shasta and Tehama counties.

PSMFC provides staff assistance to conduct monitoring studies for **South Fork Eel River Coho**.

PSMFC personnel are assisting CDFW with the **migration of their web mapping technologies** from ArcIMS to an ArcGIS environment.

PSMFC provides support to the Heritage and Wild Trout Program's **acoustic surveys on the Yuba River**.

PSMFC assists with the **Santa Ynez Watershed Assessment** as it documents the presence/ absence of steelhead, the habitat suitability, and restoration activities needed to facilitate the recovery of southern steelhead.

PSMFC provides assistance to complete the **Big Basin/ San Mateo Regional Area Spawning Ground Surveys** in order to estimate salmonid escapement in coastal streams.

PSMFC is assisting with the installation and implementation of **DIDSON Monitoring Stations** on Southern California streams.

PSMFC provides assistance to the **Battle Creek Fish and Ladder Monitoring Program**.

PSMFC provides staff and expertise to implement the **Sacramento Steelhead Monitoring Plan**.

PSMFC provides coordination and support to the **California Fish Passage Forum Fish Habitat Partnership**.

PSMFC helps the USFWS and CDFW collect data and monitor **Salmon Redd Dewatering** on the mainstem Sacramento River.

PSMFC provides technical expert assistance for the development of monitoring and evaluation strategies to support the **NMFS Salmon Recovery Plan** implementation.

PSMFC provides data stewardship services for the **NMFS Habitat Restoration Project Tracking Database**.

PSMFC provides personnel to assist the **IDFG Nampa Research Lab** with their fisheries research, field activities, and data management needs.

PSMFC provides technical and administrative support to implement the **IDFG Marking Program**.

PSMFC provides personnel and technical support to assist the **Lower Snake River Fish and Wildlife Compensation Plan** in managing hatchery data, and monitoring and evaluating hatchery efforts.

PSMFC provides personnel to assist with the implementation of fisheries management and research activities in the **IDFG Natural Production Section, Fisheries Management Section, and Eagle Fish Genetics Lab**.

PSMFC provides personnel to assist with collecting **DNA Genetic Samples in the Lower Columbia** for IDFG.

COOPERATIVE AGEING PROJECT

The **Newport Ageing Lab** was established to production-age marine groundfish structures and is a collaboration between NMFS and PSMFC. The lab is located in Newport, Oregon, at the Northwest Fisheries Science Center (NWFSC), Barry Fisher Building. Otoliths collected from federal surveys, observer programs and commercial catch are the primary structures aged by this lab and are used to directly support U.S. West Coast stock assessments. Age-specific estimates of biomass, mortality and population trends are required to rigorously estimate the status of a fish stock. While this lab is primarily a production age-reading lab, there are opportunities on an annual basis to conduct age-related research and assist in NMFS directed at-sea surveys.

In 2012, Newport Ageing Lab personnel:

- Continued ageing to support five U.S. West Coast groundfish stock assessments.
- Aged 21,841 otoliths from nine species of U.S. West Coast groundfish including the rockfish - aurora, darkblotched, Pacific Ocean perch, roughey, sunset and vermillion; the flatfish (sole) - petrale; and the roundfish - Pacific hake and sablefish. This includes the following types of ageing: production and double reads.
- Released 14,715 ages from seven different species.
- Continued to populate the database that was put into place in 2010. This database allows the lab to track all data associated with a single specimen. The lab went 14 years without having this type of data management in place and we continue to add historical records to the database.
- Added 23,196 specimen records from 62 different species collected from NWFSC programs that include the At-Sea Hake Observer Program (ASHOP), West Coast Groundfish Bottom Trawl Survey (WCGBTS), Pot Survey, Acoustic Survey and the Hook and Line Survey. This archive now encompasses 84 species and 288,769 structures collected from 1998 to 2012.
- Received the following number of age structures from the states: 3,210 otoliths from California (2 species), 18,586 otoliths and 93 dogfish spines from Oregon (8 species) and 3,125 otoliths from Washington (4 species). These structures will ultimately be sent back to the originating state agency after they are aged.
- Continued to age vermillion and sunset rockfish as part of a collaborative project to determine the life history of these two rockfish. The age and growth data will be included in a larger research project that is planned for future submission to a peer-reviewed journal.
- Continued our efforts at weighing otoliths. Since our last report, we have added approximately 18,000 new otolith weights to our database, and we now have a total of 23,393 otolith weight records. These weights might be used to develop mathematical relationships to allow weight to be used as a proxy for age. We also began collecting the otolith length, width and depth measurements on select species. We have 1,205 records. These data can possibly be used in conjunction with otolith weight to develop a more refined model to estimate age.
- Hired one new age reader who started in October of 2012 to backfill a senior age reader who left the Ageing Lab, maintaining the lab staffing at seven personnel.

FISH HABITAT PROGRAM



The **PSMFC Fish Habitat Program** works to protect habitat for salmon and other marine fish species. It supports conservation and restoration activities by promoting and supporting cooperative, non-regulatory working groups such as non-profit watershed councils and land trusts and federal stewardship groups. It conducts tours of restoration and conservation projects for decision makers, the media, and others to increase awareness of on-the-ground work. It helps update and further essential fish habitat designation, ecosystem-based fishery management policies, water use and salmon habitat protection and other issues through the Habitat Committee of the Pacific Fishery Management Council. The program also advances habitat conservation through participation in other regional groups such as the Pacific Marine Estuarine Fish Habitat Partnership and the marine debris action coordination team of the West Coast Governor's Alliance on Ocean Health.

Funding for these programs in 2012 came primarily from two sources: the Wallop-Breaux Sport Fish Restoration program managed by USFWS and NOAA's Interjurisdictional funds.

Watershed Restoration Support

- PSMFC is an active member of the steering committee of the Pacific Marine Estuarine Fish Habitat Partnership (PMEP). Additionally, Commission staff serve on the National Fish Habitat Board.

The PMEP steering committee includes federal, tribal, state, and non-governmental members and is focusing its initial work on juvenile fish habitat in estuarine and nearshore areas, assuring tidal wetland to intertidal to subtidal nearshore connectivity, and maintaining water quality and fresh water inflow into these estuarine and nearshore environments. <http://www.pacificfishhabitat.org/>

In 2012, the committee helped organize two meetings and worked through conference calls and electronic communications to finalize the strategic framework for the group, helped advance funding requests to meet goals for habitat assessment and prioritization by its science and data committee, and endorsed the efforts of restoration practitioners in the region.



Working to improve connectivity between tidal marshes, intertidal habitats and the nearshore environment is one of the priority focus areas of the PMEP (photo by Fran Recht).

- The habitat program also provides administrative and technical assistance and support for on-the-ground restoration and conservation projects of the Mid-Coast Watersheds Council, the Salmon Drift Creek Watershed Council, and other watershed councils and soil and water conservation districts from the Siuslaw to the Salmon rivers through management of Oregon Watershed Enhancement Board's North Coast small grant team. It also assists the Alsea Stewardship Group, a

multi-party group that works cooperatively with the U.S. Forest Service. Under federal stewardship contracting authority, a portion of timber sale receipts (e.g., from commercial cuts or thinning sales) can be re-invested in habitat restoration projects within the Siuslaw National Forest and on surrounding private lands (pursuant to the Wyden Authority) if there is a direct benefit to the forest watershed, fish and other species.

Typical priority projects pursued by these groups include large wood placement, fish passage improvements (culvert repairs or replacement with bridges), beaver habitat enhancements, wetland or estuary conservation or restoration, riparian planting and invasive weed control.



The habitat program supports work to improve watershed conditions for salmon and steelhead and other fish species. (ODFW photo).

Tsunami Marine Debris Awareness

PSMFC drafted a tsunami awareness poster with the help of a marketing person from Intel and initiated a project with Oregon State Parks and Oregon members of the West Coast Governors Alliance on Ocean Health (WCGAOH) Marine Debris action coordination team. This team revised and printed these posters on outdoor poster stock for posting at city, county and private beach access points (complementing those already at State Park sites) in anticipation of the debris from the March 2011 tsunami which is due to arrive in force this spring.

Education

The habitat program supports educational outreach and watershed tours aimed at furthering awareness of restoration activities and the ecological processes that these restoration activities are designed to support. The challenge is reaching out beyond existing practitioners and the program emphasizes invitations and outreach to encourage state, county, and city decision makers, the media, and funding entities to join with restoration advocates in touring sites and participating in discussions. Tours designed by the Salmonid Restoration Federation were sponsored. Tours were in the vicinity of Davis, California. Four tours were available, two on each day. These included: "Creating and Managing Seasonal Flood Plain for Native Fish Habitat and Passage - A Tour of Northern Yolo Bypass"; "Suisan Marsh Habitat Restoration"; Putah Creek-Water for People"; and "Water for Fish, Cosumnes River and McCormack Williamson Floodplain Tour."



NORTHERN PIKEMINNOW PREDATOR CONTROL PROGRAM

The Northern Pikeminnow Predator Control Program is a joint effort between the fishery agencies of the states of Washington and Oregon, and PSMFC.

This 2012 season marked the 21st consecutive year of the Sport Reward Fishery component of the program. The Washington Department of Fish and Wildlife operated the sport-reward registration/creel check stations throughout the river and handled all fish checked into the program. Oregon Department of Fish and Wildlife provided fish tagging services, population studies, food habit and reproductive studies, as well as exploitation rate estimates. The PSMFC provided fiscal and contractual oversight for all segments of the program and processed all reward vouchers for sport-reward anglers.

Highlights of the 2012 Season:

A program total of 157,846 fish were harvested in the sport-reward fishery.

Vouchers for 156,837 fish of the 157,846 total catch were submitted for payment with rewards totaling \$1,016,672 including \$6,830 paid as incentive coupons.

Rewards were paid at \$4 for the first 100 fish caught during the season, \$5 for fish caught in the 101-400 range, and \$8 for all fish caught by an angler above 400 fish during the month of May. Tagged fish rewards were \$500.

A total of 1,012 anglers who registered were successful in catching one or more fish in 2012. The 2012 season ran from May 1, 2012 through September 30, 2012.

A total of 188 tagged fish were caught. Anglers were issued a special tagged fish voucher for all tagged fish brought to the registration station. The tag voucher was then sent in with the tag for verification and payment of \$500 was made for each tagged fish. This resulted in tag reward payments of \$94,000.

In 2012, system-wide exploitation of Northern Pikeminnow 250 mm or greater in fork length was 15.9%, which incorporated a tag loss of 8.4%. The 2012 estimated reduction in potential predation was 35% below pre-program levels based on the 2012 exploitation rate.



The **West Coast Groundfish Observer Program (WCGOP)** provides coastwide estimates of discards across groundfish fisheries throughout the year. The data used for these estimates are derived from data collected by observers at sea. These estimates are an important component to stock assessments and the management of groundfish stocks on the West Coast

The WCGOP continued its efforts to collect discard data in the West Coast groundfish fisheries during 2012. 2012 was the eleventh year the WCGOP actively deployed observers in a variety of West Coast groundfish fisheries. The program remains flexible to the data needs to support the management and science of West Coast groundfish and with help from stock assessment authors and the Pacific Fishery Management Council focuses data collection efforts to support these data needs. Observers collect scientific, management, and other data through on-board interviews with vessel captains and crew, observations of fishing operations, measurements of selected portions of the catch and fishing gear and collection of biological samples. In addition, a variety of other information is collected by observers with regards to protected species and species of concern including seabirds, marine mammals, and sea turtles.

In 2012, PSMFC worked with NMFS to administer three 3-week training sessions and six 4-day briefings to prepare observers to collect data in the field. A total of 123 observers were trained or briefed in 2012, 89 of which were for the catch share fisheries, not including the at-sea hake fisheries and 34 for the non-catch share fisheries. Non-catch share fisheries are all other groundfish fisheries not included in the catch share fishery. Observer training is coordinated with the catch monitor program as nearly every observer is also trained to serve as a catch monitor by PSMFC's catch monitor program, which provides dock-side monitoring of catch share trip offloads. In addition, observer discard data for the catch share fishery are combined with landing data from the catch monitoring program in the NOAA Fisheries Vessel Account System which tracks quota utilization for the catch share fishery.

In addition, PSMFC staff worked to procure and manage observer gear to supply to the observers. This gear includes safety and sampling gear. The computers and software used by the observers to access the NOAA observer database and enter their data into the system are managed by PSMFC.

In 2012, WCGOP observers spent 8,896 days at sea -- 6,917 in the catch share fisheries (excluding at sea hake) and 1,979 in the non-catch share fisheries. In 2012, PSMFC had 12 staff working for the program which included debriefers, a coordinator, a gear technician, a training coordinator, a data analyst and a program manager.

**PACIFIC STATES MARINE
FISHERIES COMMISSION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2012

**PACIFIC STATES MARINE FISHERIES COMMISSION
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JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Pacific States Marine Fisheries Commission
Portland, Oregon

We have audited the financial statements of the commission-wide governmental activities, each major governmental fund, and the aggregate remaining fund information of Pacific States Marine Fisheries Commission (the Commission) as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Pacific States Marine Fisheries Commission as of June 30, 2012, and the change in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10, a prior period adjustment was recorded to correct an error in the previously issued financial statements. In addition, as discussed in Note 1, the Commission implemented the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2012, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2012, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(2)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Bellevue, Washington
November 8, 2012

**PACIFIC STATES MARINE FISHERIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

This discussion and analysis of the Pacific States Marine Fisheries Commission's (the Commission) financial performance provides an overview of the Commission's financial activities for the year ended June 30, 2012. Please read it in conjunction with the accompanying basic financial statements and notes to the financial statements.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Commission's basic financial statements, which comprise three components: 1) Commission-wide financial statements, 2) governmental fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Commission-Wide Financial Statements (Reporting the Commission as a Whole)

The commission-wide financial statements are designed to be similar to private sector businesses in that all commission activities are consolidated. These statements combine fund financial resources with capital assets and long-term obligations.

The statement of net assets presents information on all the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

The statement of activities and change in net assets presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of when cash is received or paid.

This report also includes two schedules that reconcile the amounts reported in the governmental fund financial statements (modified accrual accounting) with activities on the commission-wide statements (accrual accounting).

The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in Commission activities are not reported on governmental fund statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, notes payable, and others only appear as liabilities in the Commission-wide statements.
- Capital outlay spending results in capital assets on the Commission-wide statements and are depreciated over their estimated useful lives, but are reported as expenditures on the governmental fund statements.
- Repayment of debt principal decreases liabilities on the Commission-wide statements, but is reported as an expenditure on the governmental fund statements.
- Gains and losses from disposal of capital assets are reported on the Commission-wide statements, but the total proceeds from such disposals are reported as other financing sources on the governmental fund statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

Fund Financial Statements (Reporting the Commission's Major Funds)

The fund financial statements provide information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Commission uses to keep track of specific sources of funding and spending for a particular purpose.

The Commission's basic services are reported in the funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The fund financial statements provide a short-term view of the Commission's general operations and the basic services it provides. Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Commission's funds include the General and Special Revenue funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Commission-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

Commission-Wide Condensed Financial Information

The following table reflects the condensed statement of net assets at June 30:

	2012	2011
ASSETS		
Other Assets	\$ 19,133,818	\$ 19,199,697
Capital Assets	1,084,129	913,257
Total Assets	\$ 20,217,947	\$ 20,112,954
LIABILITIES		
Current Liabilities	\$ 8,131,653	\$ 7,895,955
Long-Term Liabilities	2,609,859	2,445,434
Total Liabilities	10,741,512	10,341,389
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	937,860	791,643
Unrestricted	8,538,575	8,979,922
Total Net Assets	9,476,435	9,771,565
Total Liabilities and Net Assets	\$ 20,217,947	\$ 20,112,954

The Commission's net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the Commission. The remaining net assets reflect investment in capital assets used to provide services to programs; consequently, these assets are not available for future spending.

**PACIFIC STATES MARINE FISHERIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

Commission-Wide Condensed Financial Information (Continued)

The following condensed financial information was derived from the Commission-wide statement of activities and change in net assets and reflects how the Commission's net assets changed during the fiscal year.

	<u>2012</u>	<u>2011</u>
REVENUE		
Grants and Contracts	\$ 55,776,158	\$ 57,191,926
General Revenue	175,894	364,695
Total Revenue	<u>55,952,052</u>	<u>57,556,621</u>
EXPENSES		
Fisheries Related Programs	56,240,225	56,694,375
Other Expenses	<u>6,957</u>	<u>74,603</u>
Total Expenses	<u>56,247,182</u>	<u>56,768,978</u>
INCREASE (DECREASE) IN NET ASSETS	(295,130)	787,643
Net Assets - Beginning of Year	<u>9,771,565</u>	<u>8,983,922</u>
NET ASSETS - END OF YEAR	<u>\$ 9,476,435</u>	<u>\$ 9,771,565</u>

The net assets decreased by \$295,130 during the current fiscal year as opposed to an increase in the prior year of \$787,643. The primary factor contributing to the difference between years was a decrease in the 2012 indirect cost rate applied to grants and contracts administered to compensate for an over-recovery of indirect fee income collected in 2011, coupled with a corresponding greater decrease in fisheries related program expenses.

Financial Analysis of the Commission's Funds

General Fund and Grants and Contracts Fund

The focus of the Commission's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the fiscal year.

As the Commission completed the year, its general fund reported a fund balance of \$8,538,575 as of June 30, 2012. This amount constitutes the unreserved fund balance, which is available for appropriation for the general purposes of the fund. The excess revenues of the special revenue fund (grants and contracts) are transferred to the general fund at the end of the year resulting in a zero fund balance at the end of the year. The Commission has no legal requirement for a budget, though budget estimates are prepared for the general fund. Certain contracts and grants have budget requirements, which must be monitored; however, these budgets are not program wide. Accordingly, budgetary information has not been included in the basic financial statements.

**PACIFIC STATES MARINE FISHERIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

Capital Assets and Long-Term Debt

Capital Assets

The Commission's investment in capital assets, net of accumulated depreciation, amounted to \$1,084,129 and includes a broad range of assets (see the table below). Depreciation charges for this fiscal year totaled \$405,411.

Computers	\$ 244,182
Furniture and Office Equipment	49,720
Leasehold Improvements	150,424
Field and Scientific Equipment	423,599
Truck/Boat	216,204
Total	<u>\$ 1,084,129</u>

The additions to capital assets for the year ended June 30, 2012 total \$679,513. There are no planned future acquisitions of any significance.

Long-Term Debt

During the current fiscal year, the Commission acquired outstanding debt of \$128,209, related to a capital lease for vehicles acquired during the 2012 fiscal year. The Commission has encountered no problems in obtaining financing as needed.

Economic Expectations

The Commission receives the majority of its revenue from the administration of contracts and grants related to fisheries resources management. The Commission expects continued growth in these services. Most costs associated with administering these agreements have been reasonably stable (allowing for inflation). The Commission has been working diligently to moderate these costs where possible. The Commission's prudent use of resources continues to position it well in providing services to its customers and member states of Alaska, California, Idaho, Oregon, and Washington.

Response to Office of Inspector General Audit

The Commission cooperated fully with the Office of the Inspector General (OIG) during the conduct of the field work for both audits.

The Commission has complied with the instructions in OMB Circular A-87 (2 CFR 230, Appendix E, Section D(1)(b)) concerning submission of indirect cost plans.

In accordance with generally accepted government auditing standards, OMB Circular A-50, and Department of Commerce audit follow-up procedures, the Commission has submitted detailed responses to the two audit reports and large amounts of additional documentation that strongly disputes the validity of the findings in the audit reports concerning its indirect cost rates.

**PACIFIC STATES MARINE FISHERIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

Requests for Information

This financial report is designed to provide a general overview of the Pacific States Marine Fisheries Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, Accounting Division, 205 SE Spokane Street, Suite 100, Portland, Oregon 97202-6413.

**PACIFIC STATES MARINE FISHERIES COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2012**

ASSETS	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash and Investments	\$ 8,269,022
Receivables:	
Grants and Contracts	6,272,647
Other	4,346,319
Notes Receivable, Current Portion	63,000
Prepaid Expenses	<u>161,330</u>
Total Current Assets	19,112,318
NONCURRENT ASSETS	
Capital Assets, Net of Accumulated Depreciation	1,084,129
Notes Receivable, Noncurrent Portion	<u>21,500</u>
Total Noncurrent Assets	<u>1,105,629</u>
 Total Assets	 <u>20,217,947</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	6,457,447
Payroll Liabilities	812,729
Capital Lease Obligation, Current Portion	51,883
Deferred Revenues	<u>809,594</u>
Total Current Liabilities	8,131,653
 LONG-TERM LIABILITIES - Due in More than One Year	 <u>2,609,859</u>
Total Liabilities	<u>10,741,512</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	937,860
Unrestricted	<u>8,538,575</u>
 Total Net Assets	 <u>\$ 9,476,435</u>

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>Governmental Activities</u>
PROGRAM REVENUES	
Grants and Contracts	\$ 55,776,158
PROGRAM EXPENSES	
Fisheries Management:	
Materials and Services	31,480,301
Personal Services	22,975,023
Salmon Disaster Relief	2,140
Sport Rewards	1,139,762
Capital Outlay not Capitalized	237,588
Payments on Unemployment Claims	4,119
Interest Expense	2,838
Depreciation	405,411
Total Program Expenses	<u>56,247,182</u>
NET PROGRAM REVENUES (EXPENSES)	(471,024)
GENERAL REVENUES	
State Dues	106,000
Interest and Other Income	103,124
Loss on Disposal of Assets	<u>(33,230)</u>
Total General Revenues	<u>175,894</u>
CHANGE IN NET ASSETS	(295,130)
Net Assets - Beginning of Year	<u>9,771,565</u>
NET ASSETS - END OF YEAR	<u><u>\$ 9,476,435</u></u>

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General	Grants and Contracts	Total
ASSETS			
Cash and Investments	\$ 5,753,549	\$ -	\$ 5,753,549
Due from Other Funds	6,272,647	799,549	7,072,196
Receivables:			
Grants and Contracts	-	6,272,647	6,272,647
Other	4,430,819	-	4,430,819
Prepaid Expenses	161,330	-	161,330
 Total Assets	 \$ 16,618,345	 \$ 7,072,196	 \$ 23,690,541
 LIABILITIES AND FUND BALANCE			
Due to Other Funds	\$ 799,549	\$ 6,272,647	\$ 7,072,196
Accounts Payable	6,457,447	-	6,457,447
Payroll Liabilities	812,729	-	812,729
Deferred Revenues	10,045	799,549	809,594
Total Liabilities	8,079,770	7,072,196	15,151,966
 Nonspendable Fund Balance	 182,830	 -	 182,830
Fund Balance, Unassigned	8,355,745	-	8,355,745
Total Fund Balance	8,538,575	-	8,538,575
 Total Liabilities and Fund Balance	 \$ 16,618,345	 \$ 7,072,196	 \$ 23,690,541

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund Balance - Governmental Funds	\$	8,538,575
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds:

Capital Assets		3,378,964
Less: Accumulated Depreciation		<u>(2,294,835)</u>
Total		<u>1,084,129</u>

Long-term debt obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds

		<u>(146,269)</u>
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Net Assets	\$	<u><u>9,476,435</u></u>
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See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Grants and Contracts</u>	<u>Total</u>
REVENUES			
Grants and Contracts	\$ -	\$ 55,776,158	\$ 55,776,158
State Dues	106,000	-	106,000
Interest and Other Income	103,124	-	103,124
Total Revenues	<u>209,124</u>	<u>55,776,158</u>	<u>55,985,282</u>
EXPENDITURES			
Current:			
Personal Services	2,728,928	20,246,095	22,975,023
Salmon Disaster Relief	-	2,140	2,140
Materials and Services	1,148,351	30,331,950	31,480,301
Sport Rewards	-	1,139,762	1,139,762
Capital Outlay	132,848	784,253	917,101
Debt Service:			
Principal	-	33,554	33,554
Interest	-	2,838	2,838
Total Expenditures	<u>4,010,127</u>	<u>52,540,592</u>	<u>56,550,719</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,801,003)	3,235,566	(565,437)
OTHER FINANCING SOURCES (USES)			
Proceeds from Capital Leases	-	128,209	128,209
Payments on Unemployment Claims	(4,119)	-	(4,119)
Indirect Cost/Administration Transfers In	3,363,775	-	3,363,775
Indirect Cost/Administration Transfers Out	-	(3,363,775)	(3,363,775)
Total Other Financing Sources (Uses)	<u>3,359,656</u>	<u>(3,235,566)</u>	<u>124,090</u>
EXCESS OF REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES AND OTHER SOURCES (USES)	(441,347)	-	(441,347)
Fund Balance - Beginning of Year - See Note 10	<u>8,979,922</u>	<u>-</u>	<u>8,979,922</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,538,575</u>	<u>\$ -</u>	<u>\$ 8,538,575</u>

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balance - Total Governmental Funds	\$ (441,347)
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Amounts reported for governmental activities in the statement of revenues, expenditures, and change in fund balances are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of revenues, expenditures, and change in fund balances, the cost of those assets is capitalized and depreciated over their estimated useful lives.

Capital Outlay	917,101
Less: Capital Outlay Not Capitalized	(237,588)
Less: Current Year Depreciation	(405,411)
Total	274,102

The loss on the sale of assets is reported in the Commission-wide statements but not in the fund statements	(33,230)
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Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment of principal reduces long-term liabilities in the statement of net assets and the amount representing interest is included as an expense in the statement of revenues, expenditures, and change in fund balances:

Change in Capital Lease Obligations	(128,209)
Capital Lease Payments	33,554
Total	(94,655)

Change in Net Assets	\$ (295,130)
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See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2012**

	Governmental Activities- Internal Service Fund Type <hr/> Compensated Absences <hr/>
ASSETS	
Cash and Cash Equivalents	\$ 2,515,473
LIABILITIES	
Accrued Compensated Absences	<hr/> 2,515,473 <hr/>
NET ASSETS	
Unrestricted	<hr/> <hr/> \$ -

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	Governmental Activities- Internal Service Fund Type
	Compensated Absences
OPERATING REVENUES	
Charges for Services	\$ 1,199,461
OPERATING EXPENSES	
Compensated Absences Expense	1,199,461
OPERATING INCOME	-
Net Assets - July 1, 2011	-
NET ASSETS - JUNE 30, 2012	\$ -

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	Governmental Activities- Internal Service Fund Type <u>Compensated Absences</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for Services	\$ 1,199,461
Cash Paid to Employees for Services	<u>(1,093,513)</u>
Net Cash Provided by Operating Activities	105,948
NET CHANGE IN CASH AND CASH EQUIVALENTS	105,948
Cash and Cash Equivalents - Beginning of Year	<u>2,409,525</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,515,473</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Compensated Absences	<u>105,948</u>
Net Cash Provided by Operating Activities	<u><u>\$ 105,948</u></u>

See accompanying Notes to Financial Statements.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Pacific States Marine Fisheries Commission (the Commission) was authorized in 1947 by an Act of the Congress of the United States of America granting consent and approval to an interstate compact. The Commission is composed of five member states: Alaska, California, Idaho, Oregon, and Washington. While the Commission has no regulatory or management authority, it was created to provide collective participation by states to work on mutual problems of fisheries resource management. The Commission's principal offices are located in Portland, Oregon.

Financial Reporting Entity

The Commission is a quasi-governmental corporation governed by a 15 member board. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the Commission (the primary government) and any component units. Component units, as established by Governmental Accounting Standards Board (GASB) Statement No. 14, are separate organizations that are included in the Commission's reporting entity because of the significance of their operational or financial relationships with the Commission. The Commission has no reportable component units.

Use of Estimates

The 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting and Measurement Focus

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Commission-Wide Financial Statements

The Commission-wide financial statements include the statement of net assets and statement of activities and change in net assets. These statements present summaries of governmental activities for the Commission.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Commission-Wide Financial Statements (Continued)

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets and liabilities, including capital assets and long-term liabilities are included in the accompanying statement of net assets. The statement of activities and change in net assets presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Grants and contract revenue are considered program revenues by the Commission.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All interfund balances in the statement of net assets have been eliminated.

The Commission applies all applicable GASB pronouncements, including National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedures.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and change in fund balances for the following governmental funds:

General Fund – This fund accounts for all financial resources and uses, which are not included in the special revenue fund. Resources of the general fund are typically not restricted for use within specific projects. The fund's principal revenue sources are indirect costs charged to the special revenue fund and state contributions.

Special Revenue Fund (Grants and Contracts) – This fund accounts for revenue and expenditures restricted for specific projects or programs. The fund's principal revenue sources are grants and contracts from various federal and member state agencies.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the fund balance sheet. The statements of revenues, expenditures, and change in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements (Continued)

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Most revenue sources have been treated as susceptible to accrual by the Commission as the amounts due are known at year-end. Interest revenue and some other miscellaneous revenues are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the Commission receives resources before it has a legal claim to them as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Reconciliation of the governmental fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund

Proprietary funds account for the operations that are financed and operated in a manner similar to private business, where the determination of operating income, change in net assets, financial position, and cash flows is necessary. These funds utilize the accrual basis of accounting.

Internal Service Fund

Internal service funds are used to account for goods and services provided by one department or agency to other departments or agencies of the Commission on a cost reimbursement basis. The internal service fund includes the compensated absences balance of the Commission.

Fund Equity

At June 30, 2012, the Commission adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54). GASB No. 54 is effective for reporting periods after June 15, 2010. This standard changed fund balance classifications within the fund level statements. The intention of the pronouncement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Commission’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

GASB No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted – fund balances that are constrained by external parties, constitutional provisions enabling legislation.
- Committed – fund balances that contain self-imposed constraints of the Commission from its highest level of decision making authority.
- Assigned – fund balances that contain self-imposed restraints of the Commission to be used for a particular purpose.
- Unassigned – fund balances of the Commission that are not constrained for any particular purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Commission's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the Commission's policy to use committed first, then assigned, and finally unassigned amounts.

Budgets

The Commission has no legal requirement for a budget, though budget estimates are prepared for the general fund. Certain contracts and grants have budget requirements which must be monitored; however, these budgets are not program-wide. Accordingly, budgetary information has not been included in the basic financial statements.

Grants

Unreimbursed grant expenditures due from grantor agencies are recorded in the Commission-wide financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability, deferred revenue, in the statement of net assets.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets, Including Equipment Leased Under Capital Leases

Capital assets are recorded at original cost or estimated original cost in the statement of net assets. Acquisitions of general capital assets are recorded as expenditures at the major program levels in governmental fund types at the time of purchase. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Upon disposal of capital assets, the related cost or estimated cost and any proceeds from such disposal are accounted for as another financing source. At their inception, capitalized leases are recorded as capital assets at the net present value of future minimum lease payments to be made.

The portion of the payment applicable to principal, determined by using interest rates implicit in the lease, is reported as a reduction of the capitalized lease obligation.

Depreciation is recorded in the statement of activities and change in net assets. The statement of net assets reflects the cost of capital assets net of depreciation and is computed on the straight-line basis over the following estimated useful lives. Assets acquired by capital lease are amortized over their estimated useful lives using the straight-line basis. Amortization is included in depreciation expense in these financial statements.

Buildings and Improvements	30 Years
Computers, Furniture, Office, and Field Equipment	3 - 10 Years

Capital assets include assets which were purchased with funds from various federal and state agencies. Those funding agencies retain residual interests in certain assets, which are exercised upon disposal.

Cash and Investments

The Commission maintains its cash either in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or in certain noninterest bearing accounts that are fully insured by the FDIC. The Commission had \$5,635,813 in cash that was exposed to uninsured deposit risk at June 30, 2012. To reduce its overall exposure, the Commission holds its funds in banks that participate in the Oregon Public Funds Collateralization Program. This program provides additional protection for public funds in Oregon, but does not guarantee the funds fully. The Commission has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Certificates of deposit are recorded at cost.

Grants and Contracts Receivable

The majority of receivables are comprised of claims for reimbursement of costs under various federal and state grant programs. The Commission considers all receivables to be substantially collectible. Accordingly, no allowance for doubtful accounts has been established.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Compensated Absences

Vacation pay is vested when earned. Employees earn annual leave based on length of service to the Commission. Unpaid vested vacation and 50 percent of vested sick pay that is expected to be paid with current resources is shown as accrued compensated absences payable on the balance sheet and recorded as expenditures when earned.

Retirement Plans

Commission employees meeting eligibility requirements are participants in a defined contribution pension plan. Contributions to this plan are made on a current basis as required by the plan and are charged to expenditures as the related liabilities are incurred.

Employees of the Commission are also allowed to participate in the Nationwide Retirement Solution's IRC 457 Plan. The plan permits employees to voluntarily defer a portion of their compensation. The Commission makes no contributions to this plan. Nationwide Retirement Solutions, as the plan administrator, retains custody and fiduciary responsibility for all funds deposited into the plan.

Interfund Transactions

Activity between funds represent short-term receivables or payables in the normal course of the Commission's operations or are reimbursements for administrative expenses that are outstanding at the end of the fiscal year. All outstanding balances are reported as either due to or due from other funds in the fund financial statements.

Subsequent Events

Subsequent events have been evaluated through November 8, 2012, which is the date the financial statements were available to be issued.

NOTE 2 CASH AND INVESTMENTS

The Commission maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the statement of net assets as cash and investments.

Cash and investments (recorded at cost) at June 30, 2012, consisted of:

Petty Cash	\$	350
Deposits with Financial Institutions:		
Demand Deposits		1,320,223
Money Market		231,832
Savings		6,716,617
Total Cash and Investments		<u>\$ 8,269,022</u>

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$5,635,813 of the Commission's bank balance of \$6,023,848 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 5,635,813
Uninsured and Collateral Held by Pledging Bank's Trust Department not in the Commission's Name	-
Total	\$ 5,635,813

NOTE 3 CAPITAL ASSETS

Capital asset activity was as follows at June 30:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital Assets:				
Computers	\$ 1,439,227	\$ 131,959	\$ 476,682	\$ 1,094,504
Furniture and Office				
Equipment	185,688	36,113	50,338	171,463
Leasehold Improvements	406,369	-	6,705	399,664
Field and Scientific Equipment	1,367,985	295,305	300,368	1,362,922
Truck/Boat	154,778	216,136	20,503	350,411
Total Capital Assets	3,554,047	679,513	854,596	3,378,964
Accumulated Depreciation:				
Computers	1,236,116	90,888	476,682	850,322
Furniture and Office				
Equipment	160,342	11,739	50,338	121,743
Leasehold Improvements	231,664	21,152	3,576	249,240
Field and Scientific Equipment	995,147	214,443	270,267	939,323
Truck/Boat	87,521	67,189	20,503	134,207
Total Accumulated Depreciation	2,710,790	405,411	821,366	2,294,835
Total Assets	\$ 843,257	\$ 274,102	\$ 33,230	\$ 1,084,129

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 CAPITAL LEASE OBLIGATION

In 2012, the Commission entered into a lease agreement for financing the acquisition of three vehicles, expiring in 2015 and 2016. Minimum monthly lease payments total \$17,585 including interest at 9 percent. At June 30, 2012, the fair value of the assets under lease, net of accumulated amortization was \$134,824. The following is a schedule of the capital lease obligation as of June 30, 2012:

Balance - June 30, 2011	\$	51,614
Additions		128,209
Payments		(33,554)
Balance - June 30, 2012	<u>\$</u>	<u>146,269</u>

The total interest incurred for the year ended June 30, 2012 was \$2,838.

Minimum future lease payments are as follows:

Year Ending June 30,	Amount
2013	\$ 57,557
2014	54,501
2015	41,109
2016	3,130
Total Minimum Lease Payments	156,297
Less: Amounts Representing Interest	10,028
Present Value of Minimum Lease Payments	146,269
Less: Current Portion	51,883
Total Long-Term Portion	\$ 94,386

NOTE 5 PENSION PLAN

The Commission sponsors the Pacific States Marine Fisheries Commission Employees Pension Plan (the Plan), which is a defined contribution pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

Employees must meet eligibility requirements based upon hours and length of service to participate in the Plan. The Commission is required to contribute an amount equal to 14 percent of the eligible employee's gross earnings. Vesting is based on a schedule that provides 100 percent vesting at the end of five years of qualified employment. An employee who leaves the employment of the Commission is entitled to his or her vested interest in the Plan.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 PENSION PLAN (CONTINUED)

Forfeitures are used to reduce future contributions. For the year ended June 30, 2012, the Commission contributed \$1,589,254 to the Plan, net of forfeitures. There were 325 participants in the Plan at June 30, 2012.

NOTE 6 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

NOTE 7 OPERATING LEASES

The Commission, as lessee, leases office space, vehicles, and equipment under various operating leases. The total amount expended under such leases was \$569,738 for the year ended June 30, 2012.

Future minimum lease payments for the noncancellable leases with initial or remaining lease terms of one year or more are as follows:

Year Ending June 30,	Amount
2013	\$ 108,568
2014	290,165
2015	325,216
2016	334,999
2017	345,117
Thereafter	2,737,182
Total	\$ 4,141,247

NOTE 8 NOTES RECEIVABLE

The Commission has two notes receivable with companies who were overpaid federal grant funds. One note in the amount of \$42,000 is payable in yearly installments of \$21,000, and is to be paid in full by June 30, 2013, at zero percent interest.

The other note (note 2) in the amount of \$42,500 is payable in monthly installments of \$500, increasing to \$1,000 in the year ended June 30, 2012. If the payer adheres to the payment plan, no interest is charged on the note. However, if the payer does not adhere to the payment plan the note is charged 9 percent interest.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8 NOTES RECEIVABLE (CONTINUED)

Subsequent to year-end, the payer of note 2 did not adhere to the terms of the payment plan. The Commission has filed a security interest in the debtor's assets pursuant to the settlement agreement and is preparing a confession of judgment and modified settlement agreement. The Commission and its legal counsel are unable to provide an evaluation as to the outcome of the matter as of the date of the audit report.

NOTE 9 COMMITMENTS AND CONTINGENCIES

As discussed in Note 1, the Commission holds capital assets for which granting agencies, principally federal agencies, have residual interests. The granting agencies, at their discretion upon disposition of these assets, are entitled to possession of the assets or the proceeds from their sale.

Substantially all amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Commission's management expects such amounts, if any, to be immaterial.

NOTE 10 PRIOR-PERIOD ADJUSTMENT

The accompanying financial statements reflect an adjustment which resulted in a restatement of beginning assets and liabilities for the General Fund to reclassify compensated absences that were recorded in the fund financial statements. As required by GASB No. 16, paragraph 13, as amended by GASB Interpretation No. 6, compensated absences that have not matured should be reported as a general long-term liability in the governmental activities column in the government-wide statement of net assets. As a result, cash and investments and compensated absences payable in the General Fund statements were reduced by \$2,409,525. There was no change in fund balance or impact on the Commission-wide financial statements. An internal service fund was also created as a result of the misstatement. Internal service fund cash and cash equivalents and compensated absences payable were increased by \$2,409,525 at the beginning of the year.

NOTE 11 OFFICE OF THE INSPECTOR GENERAL'S AUDIT

During 2009, the Office of Inspector General (OIG) began an audit of the Commission's indirect cost plans and rates and administrative rates for the fiscal years ended June 30, 2002 through 2008, as well as two cooperative agreements between the Commission and the National Oceanic and Atmospheric Association (NOAA). Both audits concluded in 2011 and two reports were issued, dated May 19, 2011 and June 10, 2011. The Commission has cooperated fully with the OIG during their audits of governmental awards.

**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 11 OFFICE OF THE INSPECTOR GENERAL'S AUDIT (CONTINUED)

In the audit of NOAA Cooperative Agreements to the Commission, dated June 10, 2011, the OIG has recommended that NOAA's Director, Acquisition and Grants disallow and recover \$2,420,489 in questioned project costs. In the audit of Indirect Cost Plans and Rates of the Commission, dated May 19, 2011, the OIG has recommended that the Department of Commerce disallow and recover \$15.6 million in indirect costs and \$2.9 million in administrative fees charged by the Commission during the years 2002 through 2008.

The Commission has vigorously pursued these audits and believes that they have operated in compliance with all applicable requirements. As a result of their efforts, the Commission is not able to reasonably estimate an associated liability with the audits, therefore no accrual as been made as of June 30, 2012 for any potential adverse outcome.

The Commission has submitted detailed responses to the audit reports strongly disputing the validity of the findings. The Commission engaged a consultant to assist in developing responses to the audit reports in accordance with generally accepted government auditing standards, OMB Circular A-50, and Department of Commerce audit follow-up procedures. In addition, a consultant was engaged to perform an indirect cost rate study and prepare an updated indirect cost rate plan in accordance with OMB Circular A-87 (2 CFR 230, Appendix E, Section D(1)(b)). As of the date of the basic financial statement report, the Commission had submitted their indirect cost rate plan for approval to the Department of Commerce Grants Management Division, and it was reviewed and approved on April 17, 2012.

**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**

Board of Commissioners
Pacific States Marine Fisheries Commission
Portland, Oregon

We have audited the basic financial statements of Pacific States Marine Fisheries Commission (the Commission) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See Finding 2012-01.

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 accompany schedule of findings and questioned costs to be significant deficiencies. See Finding 2012-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Commission’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Commission’s responses and, accordingly, we express no opinion on them.

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

CliftonLarsonAllen LLP

Bellevue, Washington
November 8, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Commissioners
Pacific States Marine Fisheries Commission
Portland, Oregon

Compliance

We have audited Pacific States Marine Fisheries Commission's (the Commission) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2012. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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

In our opinion, the Commission complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

CliftonLarsonAllen LLP

Bellevue, Washington
November 8, 2012

**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor Direct Awards:	<u>CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy:			
Bonneville Power Administration			
ANS Prevention Plan	n/a	3373	\$ (7,854)
PTAGIS 2009	n/a	41401	1,956,309
Northern Pikeminnow Management Prgm	n/a	46941	(772)
Streamnet FY11	n/a	49053	719,998
Zebra and Quagga Mussel Prevention	n/a	49365	385,044
Chum Spawning Below the Dams	n/a	49534	1,875
Cowlitz Falls Fish Facility	n/a	50217	299,628
Comparative Survival Study	n/a	50554	150,578
2011 Coded Wire Tag	n/a	50555	1,134,067
Fish Passage Center	n/a	50744	571,799
Cap Lyle Falls Equipment	n/a	51863	103,606
Smolt Monitoring Program 2011	n/a	52114	1,242,777
Northern Pikeminnow Program 2011	n/a	52617	2,299,860
Chum Spawning Below the Dams	n/a	54644	10,569
Streamnet FY12	n/a	54765	1,272,166
Comparative Survival Study	n/a	55164	152,326
BPA Coded Wire Tags	n/a	55291	716,891
Fish Passage Center 2012	n/a	55453	802,268
Smolt Monitoring Program 2012	n/a	56408	727,111
Northern Pikeminnow Management Prgm	n/a	56795	1,106,116
PTAGIS	n/a	57188	812,534
BPA Coded Wire Tags	n/a	57563	25,779
TOTAL U.S. DEPARTMENT OF ENERGY			14,482,673
Bring Back the Natives - Coastal Cutthroat Trout	10.652	PNW11CA11261953023	10,505
	10.652 Total		10,505
Regional Mark Processing Center	11.405	NA06NMF4050065	(1,739)
	11.405 Total		(1,739)
IJFA	11.407	NA06NMF4070275	(66)
IJFA	11.407	NA10NMF4070441	104,622
	11.407 Total		104,556
Atlantic Salmon & Aquatic Invasive Species Support	11.417	NA07OAR4170501	41,962
PSMFC Salmon and Aquatic Invasive Species	11.417	NA08OAR4170927	73,295
	11.417 Total		115,256
Coop Economic Collection & Management	11.434	NA10NMF4340183	461,596
	11.434 Total		461,596
Columbia River Restoration Monitoring	11.436	NA06NMF4360290	507,273
Salmon Habitat Restoration	11.436	NA10NMF4360439	958,373
	11.436 Total		1,465,646

See accompanying Note to Schedule of Expenditures of Federal Awards.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012 (CONTINUED)**

Federal Grantor Direct Awards (Continued):	CFDA Number	Entity Identifying Number	Federal Expenditures
RecFin	11.437	NA06NMF4370241	\$ 57,787
Cost Earnings Data (EFIN)	11.437	NA06NMF4370274	99,829
PacFIN	11.437	NA06NMF4370280	(131)
Fishing Industry GF Data Collection	11.437	NA07NMF4370213	134,615
BSAI Crab Fisheries	11.437	NA08NMF4370485	214,622
National VMS Data Collection	11.437	NA08NMF4370657	756,110
2008-2013 Groundfish Age Reader Program	11.437	NA08NMF4370660	427,864
West Coast Groundfish TIQ	11.437	NA09NMF4370398	134,636
Fishset Spatial Economic Toolbox	11.437	NA10NMF4370286	47,273
Cost Earnings Data (EFIN)	11.437	NA10NMF4370440	14,442
West Coast GF Observer Program	11.437	NA10NMF4370448	1,058,750
RECFIN	11.437	NA10NMF4370449	2,953,919
AKFIN	11.437	NA10NMF4370459	3,378,493
PACFIN	11.437	NA10NMF4370460	3,476,635
GF Trawl Observer Compliance Monitoring	11.437	NA10NMF4370469	3,533,527
EDR Collection for BSAI Rationalized Crab	11.437	NA11NMF4370169	29,292
West Coast GF Fishing Industry	11.437	NA11NMF4370198	179,926
Pacific Coast Fisheries Management Support	11.437	NA11NMF4370212	555,929
West Coast GF Observer Program	11.437	NA11NMF4370255	2,123,221
West Coast Groundfish Catch Shares Pgm	11.437	NA11NMF4370257	694,910
AKFED	11.437	NA17FN2946	(3,153)
	11.437 Total		19,868,495
Pinniped Populations Studies	11.439	NA09NMF4390335	154,648
Pinniped Populations Studies	11.439	NA11NMF4390206	176,837
	11.439 Total		331,485
Energy Symposium	11.441	NA10NMF4410466	(69,338)
	11.441 Total		(69,338)
NWHI Bottomfish and Lobster Closure	11.452	NA08NMF4520532	(112)
Yukon River Commercial Fishery Disaster Relief	11.452	NA10NMF4520479	413,028
Upper Santa Ynez Habitat Assessment	11.452	NA11NMF4000175	46,158
	11.452 Total		459,074
Klamath Salmon Disaster Relief	11.454	NA07NMF4540337	1,646,937
Sacramento River Disaster Relief Program	11.454	NA08NMF4540682	633
	11.454 Total		1,647,570
South Fork Eel River Coho Population Monitoring	11.472	NA10NMF4000296	(9,264)
	11.472 Total		(9,264)
Oregon Coastal Cutthroat Trout	15.231	L10AC20376	4,965
	15.231 Total		4,965

See accompanying Note to Schedule of Expenditures of Federal Awards.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Federal Grantor Direct Awards (Continued):	CFDA Number	Entity Identifying Number	Federal Expenditures
FWS Camp Data (814209J520)	15.512	F09AC00459	\$ 4,308
FWS Camp Data (814209J520)	15.512	F09AC00463	124,017
FWS Camp Data (814209J520)	15.512	F09AC00464	99,189
COLEMAN/NIMBUS Constant Fractional Marking	15.512	09FG200017/R10AP20714	589,693
CFM at Trinity River Fish Hatchery	15.512	R11AC20083	225,671
Upper Sacramento River Chinook	15.512	R11AC20089	394,630
	15.512 Total		1,437,507
RECFISH (10152110085)	15.605	F11AP00680	126,729
RECFISH	15.605	F12AP00238	73,837
	15.605 Total		200,566
Watercraft Interception Dreissenid	15.608	98210AG026	2,964
Fish Passage Decision Support System (813327G013)	15.608	F07AC00133	46,266
Watercraft Inspection Training (601817G288)	15.608	F07AP00035	1,674
Delayed Mortality Workshop (13310AJ126)	15.608	F10AC00020	10,623
Watercraft Drossenid Mussel Elimination (60181AG561A)	15.608	F10AP00301	28,522
	15.608 Total		90,049
Pilot Redd Dewatering Study (81330AJ366A)	15.648	F10AC00779	8,668
	15.648 Total		8,668
Rapid Response 100th Meridian Initiative (101407J102)	15.649	F07AC00004	88,435
	15.649 Total		88,435
FWS Mark Support (101407J100)	15.650	F07AC00002	443,007
CA Hatchery Reform (80270AG001)	15.650	F10AP00316	762,955
	15.650 Total		1,205,962
Idaho Hatchery Evaluation 14110BJ016	15.661	F11AC00164	188,573
Idaho Data Management	15.661	F12AC00086	350,355
Idaho Hatchery Evaluation	15.661	F12AC00087	264,012
	15.661 Total		802,940
DIRECT FEDERAL SOURCES			42,705,609
		Grand Total	

See accompanying Note to Schedule of Expenditures of Federal Awards.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Federal Grantor Direct Awards (Continued):	CFDA Number	Entity Identifying Number	Federal Expenditures
Pass Through Awards from State of California			
Mendocino Salmonid Life Cycle	11.438	P0810312	\$ 7,502
08/09 ADAPTIVE PROJECTS	11.438	P0810503	301,918
08-09 Coastal Restoration Monitoring Evaluation	11.438	P0810526	61,246
Canarillo Fish Habitat Specialist	11.438	P0850015	9,941
CA Habitat Restoration Database 09-11	11.438	P0881016	329,166
PAD Anadromous Passage Restoration 09-11	11.438	P0881017	60,867
2010 Mendocino County Salmonid Monitoring	11.438	P0910305	392,961
N Coast Restoration Monitoring 2010-2013	11.438	P0910534	132,025
Coastal Watershed Planning Assessment	11.438	P0910535	47,769
Big Basin/San Mateo Spawning Ground Surveys	11.438	P0930411	110,838
Streamflow Monitoring Lower Big Sur River	11.438	P0940402	56,290
09/10 Adaptive Watershed Projects	11.438	P0981300	67,010
South Fork Eel River Coho Population Monitoring	11.438	P1010503	36,095
Humboldt Bay Juvenile Trends	11.438	P1010516	59,466
Camarillo Fish Habitat Specialist	11.438	P1050012	51,374
Public Outreach South Coast Watersheds	11.438	P1081009	59,822
CA Habitat Restoration Database 12-13	11.438	P1181009	861
	11.438 Total		1,785,150
San Joaquin Data Collection	15.517	P1040002	227,594
	15.517 Total		227,594
CRFS & Salmon Project	15.605	P0970005	273,326
	15.605 Total		273,326
Biographic Data Branch- Data Conservation	15.634	P1084003	136,442
	15.634 Total		136,442
Response to Humboldt Habitat Restoration	TBD	P0810517	39,800
	TBD Total		39,800
TOTAL STATE OF CALIFORNIA PASS-THROUGH	Grand Total		2,462,314
Pass-Through Awards from State of Idaho			
IDFG Fish Marking	15.661	IDFG-857.11	530,477
IDFG Fish Marking	15.661	IDFG-857.12	411,803
IDFG Research & Management	15.661	IDFG-907.11	622,880
IDFG Research & Management	15.661	IDFG-907.12	655,072
	15.661 Total		2,220,233
TOTAL STATE OF IDAHO PASS-THROUGH	Grand Total		2,220,233
Pass-Through Awards from State of Oregon			
Oregon RECFIN Supplemental	15.605	02010277GAFISH	50,331
Oregon RECFIN Supplemental	15.605	02011265IGAFISH	143,794
	15.605 Total		194,125
TOTAL STATE OF OREGON PASS-THROUGH	Grand Total		194,125

See accompanying Note to Schedule of Expenditures of Federal Awards.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Federal Grantor Direct Awards (Continued):	<u>CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-Through Awards from State of Washington			
FY 11 CHUM BIOP PROJECT	81.999	10-1648	\$ 157,865
	81.999 Total		157,865
TOTAL STATE OF WASHINGTON PASS-THROUGH			157,865
Pass-Through Awards from Other Sources			
CA WC-GSI OCEAN CHINOOK AGE DETERMINATION	11.427	CSC-954	335
	11.427 Total		335
PFMC Liasion	11.441	05-11	25,762
PFMC Liasion	11.441	05-12	15,472
North Pacific Fishery Management Council	11.441	2010-4	30,029
North Pacific Fishery Management Council	11.441	2011-4	25,536
	11.441 Total		96,799
W Coast Net Recycling Program	11.463	20070088004	33,606
	11.463 Total		33,606
Alternative Catch Monitoring Alaska Groundfish	11.472	1017	28,389
	11.472 Total		28,389
West Coast Governors Agreement on Ocean Health	11.473	PS09022	209,911
	11.473 Total		209,911
Fish Passage Inspection Coordination Program	15.608	13310AJ124	7,005
	15.608 Total		7,005
Genetic Assessment of Columbia River Stock	BPA FUNDED	C11-11	56,557
Genetic Assessment of Columbia River Stock	BPA FUNDED	C1208	15,770
	BPA FUNDED Total		72,327
TOTAL OTHER SOURCES			448,371
TOTAL PASS-THROUGH AWARDS			5,482,908
TOTAL FEDERAL AWARDS			\$ 48,188,518

See accompanying Note to Schedule of Expenditures of Federal Awards.

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**PACIFIC STATES MARINE FISHERIES COMMISSION
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

The schedule of expenditures of federal awards presents the activity of all grant programs of Pacific States Marine Fisheries Commission. The reporting entity is defined in Note 1 of the Commission's financial statements. The schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as described in Note 2 of the Commission's financial statements.

**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs?	<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> </u> yes	<u> X </u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.434	Coop Economic Collection & Management
11.437	Pacific Fisheries Data Program
11.439	Pinniped Populations Studies
11.454	Klamath Salmon Disaster Relief
15.661	Lower Snake River Compensation

Dollar threshold used to distinguish between type A and type B programs:	<u> \$300,000 </u>	
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no

**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings

Finding 2012-01: Restatement

Condition:

The Commission's controls over financial statement preparation are inadequate to ensure accurate accounting and financial reporting. The fund statements of the financial statements of the Commission incurred a material restatement of fund balance.

Criteria:

Internal controls should have been in place to provide reasonable assurance that the financial statements were prepared in accordance with Governmental Accounting Standards Board Statement No. 16 .

Effect:

Inaccurate financial reports limit access to financial information used by the Commission, state, and federal agencies. This error results in an adjustment to fund balance on the fund financial statements, and is reported as a correction of an error in the financial statements.

Cause:

A contributing factor was a misunderstanding of the treatment of compensated absences in the fund statements of the accompanying financial statements.

Recommendation:

The Commission should establish and maintain financial reporting processes to ensure that accurate data is presented in the Commission's financial statements.

View of Responsible Official:

The Commission had been following a methodology developed and subsequently audited by several different certified public accounting firms. As a result of the current audit, we are now aware of the correct reporting requirements and will prepare future financial statements accordingly.

Finding 2012-02: Material Adjustments

Condition:

As part of the audit, we proposed audit adjustments to revise the Commission's books at year-end. These adjustments involved the recording of accruals.

Criteria:

The Commission is responsible for establishing and maintaining internal controls for the proper recording of all the Commission's receipts and disbursements, including year-end accruals.

**PACIFIC STATES MARINE FISHERIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Finding 2012-02: Material Adjustments (Continued)

Effect:

The design of the internal controls over recording receipts and disbursements, including accruals, could affect the ability of the Commission to detect or prevent a misappropriation of assets or fraudulent activity.

Cause:

The financial reporting processes of the Commission were not adequate to ensure the financial statements were in conformity with generally accepted accounting principles.

Recommendation:

We recommend the Commission be consistently aware of all procedures and processes involved in recording receipts, disbursements, and accruals, and develop internal control policies to ensure proper recording of these items.

View of Responsible Official:

We do not agree there is a weakness in our process. It is not unusual for State agencies to invoice us for their work after our year-end books are closed. Our staff is instructed to use a posting date of July 1 so these invoices are easily identifiable for possible accrual during the audit fieldwork. The invoices included in this year-end audit adjustment followed that policy and were dated July 1, 2012. In discussions during the audit, we agreed that State agency invoices over \$25,000 received after closing our books but prior to the end of fieldwork should be accrued for financial statement purposes. This process will require similar year-end audit accruals in future years.

Section III – Federal Award Findings and Questioned Costs

None.

HEADQUARTERS STAFF 2012

Randy Fisher, *Executive Director*

Pam Kahut, *Fiscal Manager*

Shannon Quinn, *Human Resources Manager*

Sharon Perkins, *Executive Assistant*

Program Managers

Russell Porter, *Senior Program Manager*
Recreational Fisheries Information Network
Northern Pikeminnow Management Program

Stan Allen, *Senior Program Manager*
California/Idaho Fisheries Support Projects

Dave Colpo, *Senior Program Manager*
Commercial Fisheries Programs

Stephen Phillips, *Senior Program Manager*
Aquatic Nuisance Species Program

George Nandor, *Program Manager*
Regional Mark Information System

Robert Ryznar, *Program Manager*
Alaska Fisheries Information Network (AKFIN)
Pacific Fisheries Information Network (PacFIN)

Bruce Schmidt, *Program Manager*
StreamNet

John Tenney and Don Warf
PIT Tag Information System (PTAGIS)

Chris Matthews, *Administrator*
IT Systems

Richard Masters, *Manager*
Accounting Program

Matthew Robertson, *Administrator*
Software Systems

