

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011

PURPOSE AND SCOPE OF THE REPORT

This report summarizes our review of the State of Alaska's basic financial statements and the State's compliance with federal laws and regulations in the administration of approximately \$3.5 billion of federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. It also complies with the federal *Single Audit Act Amendments of 1996* and the related *United States Office of Management and Budget Circular A-133*.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 11, recommendations on financial and compliance matters, auditor's reports on internal controls and compliance, the Schedule of Expenditures of Federal Awards, and the Summary of Prior Audit Findings.

REPORT CONCLUSIONS

The basic financial statements for the State of Alaska are fairly presented in accordance with accounting principles generally accepted in the United States of America without qualification. Additionally, the State's FY 11 *Comprehensive Annual Financial Report* includes a Certificate of Achievement for Excellence in Financial Reporting which is presented by the Government Finance Officers Association.

All borrowing from the Constitutional Budget Reserve Fund (CBRF) was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11.

The State has substantially complied with the applicable laws and regulations in the administration of its major federal financial assistance programs. The report does contain recommendations regarding significant deficiencies in the State's internal control over financial statements and federal programs; none of the recommendations are considered material weaknesses.

FINDINGS AND RECOMMENDATIONS

This report contains 35 recommendations, of which eleven are unresolved issues from last year. One of the 35 recommendations is made to Alaska Housing Finance Corporation whose audit was performed by other auditors. Some of the recommendations made in this report require significant changes in procedures or a shifting of priorities and, therefore, may take more than one year to implement. The Summary Schedule of Prior Audit Findings in Section III identifies the current status of most prior audit recommendations not resolved by the release of the FY 11 statewide single audit.

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February 27, 2012

Honorable Members of the
Alaska State Legislature

The Honorable Sean Parnell
Governor
State of Alaska

The Honorable Daniel R. Levinson
Inspector General
Office of the Inspector General
U.S. Department of Health and Human Services

We are pleased to transmit the Single Audit of the State of Alaska for the fiscal year ended June 30, 2011. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and complies with the federal Single Audit Act Amendments of 1996 and the related *OMB Circular A-133* issued by the U.S. Office of Management and Budget.

The report includes an opinion on the basic financial statements of the State of Alaska for FY 11, recommendations on financial and compliance matters, required auditor's reports on internal controls and compliance, and the Schedule of Expenditures of Federal Awards.

The findings and recommendations included in this report are organized by department and include prior financial/compliance findings not fully corrected by the departments. Our FY 10 Single Audit contained 30 recommendations; this report presents a total of 35 recommendations, eleven of which were presented, at least in part, last year. Included in this year's recommendations is one recommendation made to Alaska Housing Finance Corporation whose audit was performed by other auditors. With your active support and encouragement, we hope to continue seeing improvement in the implementation of these recommendations by the state agencies.

We would again like to acknowledge the professional assistance and cooperation of the Department of Administration's Division of Finance. The division has a strong professional commitment to excellence in financial accounting and reporting for the State of Alaska. Its continued efforts toward resolving statewide accounting and reporting concerns are commendable.

We would also like to acknowledge the cooperation of all other state agencies involved during the conduct of this audit.

The dedicated staff of the Division of Legislative Audit remains committed to improving the financial accountability of the State of Alaska. Your active involvement is critical to improving that accountability. We are available to assist you in that effort.



Kris Curtis, CPA, CISA
Legislative Auditor

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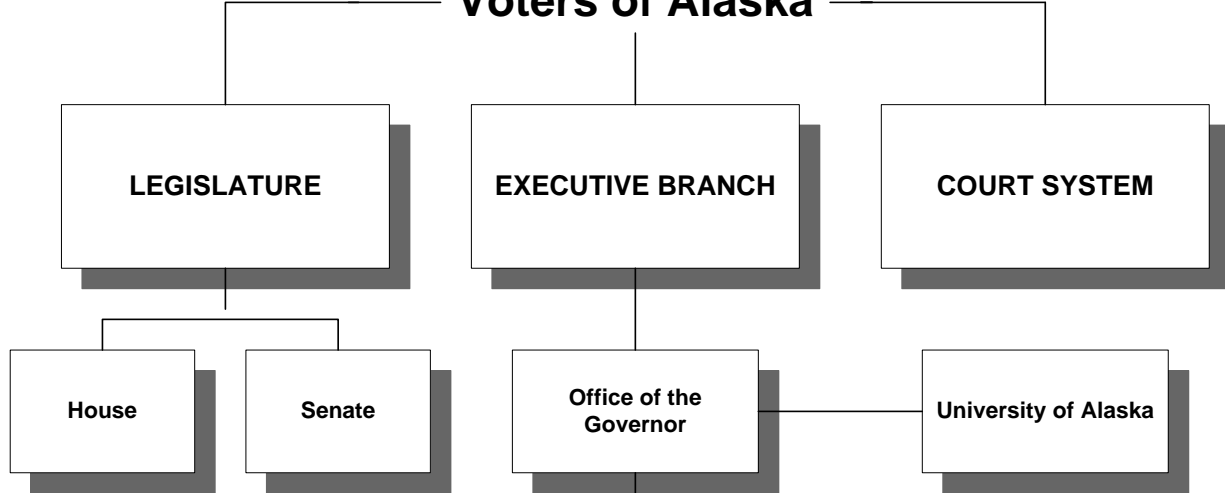
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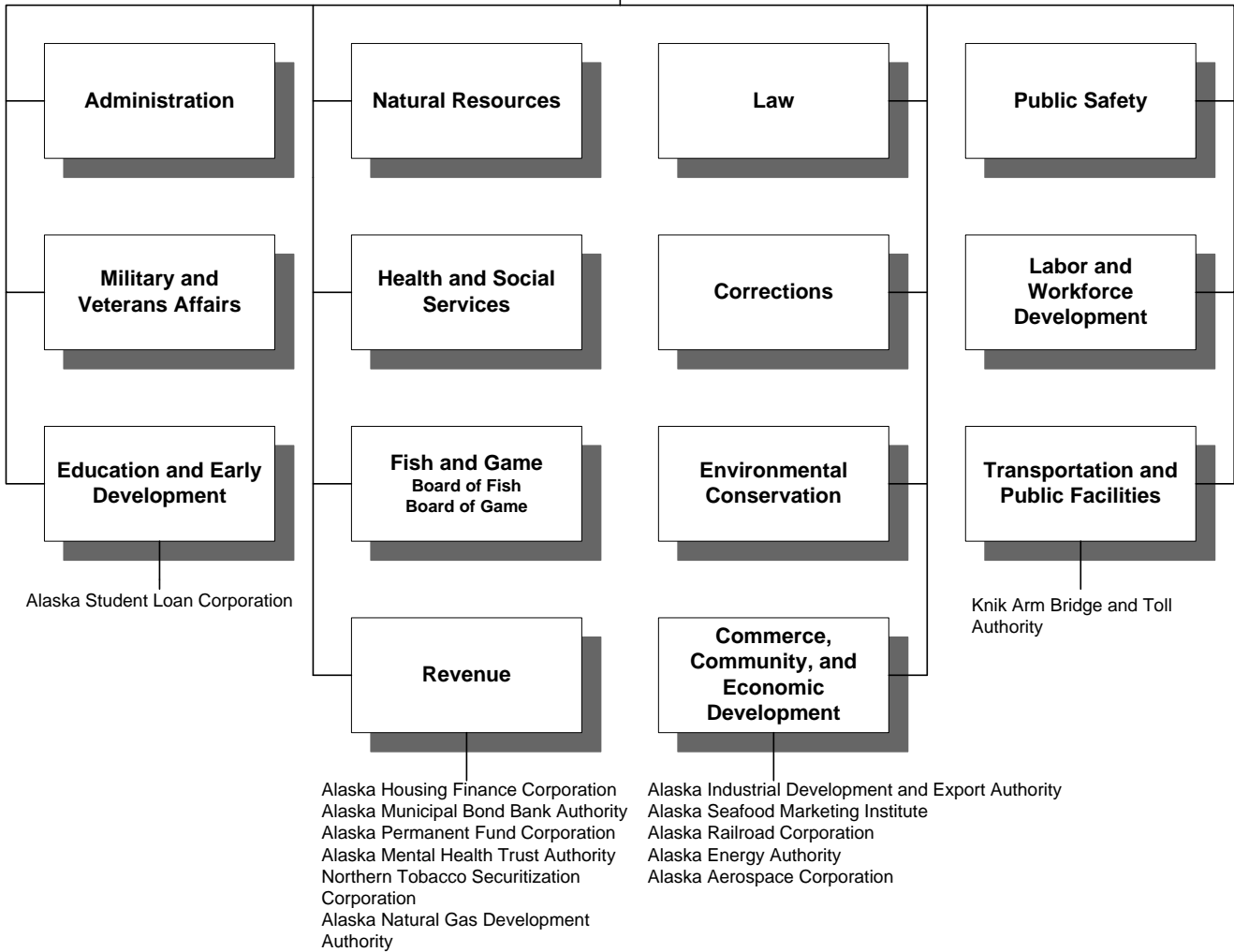
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SECTION I – AUDITOR’S REPORT AND FINANCIAL STATEMENT

ALASKA STATE LEGISLATURE

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Division of Legislative Audit



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Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the fiscal year ended June 30, 2011, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Alaska's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one discretely presented component unit: the Alaska Mental Health Trust Authority. Those financial statements reflect total assets, net assets and revenues of the indicated opinion units:

| <u>Opinion Unit</u> | <u>Percent of Assets</u> | <u>Percent of Net Assets/ Fund Balance</u> | <u>Percent of Revenues</u> |
|--|------------------------------|--|--------------------------------|
| Governmental Activities | 63% | 62% | 40% |
| Aggregate Discretely Presented Component Units | 5% | 8% | 7% |
| Major Funds: | | | |
| Alaska Permanent Fund | 100% | 100% | 100% |
| Aggregate Remaining Fund Information: | | | |
| Fiduciary Funds | 86% | 87% | 83% |

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and funds, is based on the reports of other auditors.

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. Certain entities of

the State of Alaska were not audited in accordance with *Government Auditing Standards*. These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit), and the Supplemental Benefit System, Public Employees Retirement System and Teachers Retirement System (fiduciary funds). 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 the significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of June 30, 2011, and the respective changes in 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, on our consideration of the State of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

The Management's Discussion and Analysis, Budgetary Comparison Schedule, and the corresponding notes as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, express no opinion on it.



Kris Curtis, CPA, CISA
Legislative Auditor

December 9, 2011

STATE OF ALASKA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the State of Alaska, we offer readers of the State's financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding pages of this report, and the financial statements that follow.

Financial Highlights

Government-wide

- The assets of the State exceeded its liabilities at the close of FY 11 by \$66.3 billion (net assets). Of this amount, \$6.4 billion is invested in capital assets, \$39.5 billion is restricted for various purposes, and unrestricted net assets are \$20.4 billion. Unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net assets increased by \$9.8 billion as a result of this year's operations. This increase is primarily attributable to petroleum related income and interest and investment gains compared to the previous year.

Fund level

- Beginning in FY 10 the State implemented GASB Statement 54, which provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted, and unrestricted balances. Additional information on the State's fund balances can be found in Note 1 in the notes to the basic financial statements.
- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$59.6 billion, with \$20.7 billion unrestricted (includes committed, assigned, and unassigned), \$38.4 billion nonspendable, and \$540 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes \$37.8 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, compensating balances, advances and prepaid items, and the principal of other nonmajor permanent funds.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was a surplus of \$17.5 billion. This is an increase of \$2.2 billion from FY 10. The increase is mainly attributable to petroleum related income.

Long-term debt

- As a result of this year's activity, the State's total long-term debt increased by \$241 million (10 percent). The increase in debt is primarily due to the sale of general obligation bonds. Pollution Remediation long term liability also increased based on new sites and the valuation of existing sites.

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) 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 themselves.

Government-wide Financial Statements (reporting on the State as a whole)

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. It includes all of the State's funds and component units except for fiduciary funds. However, the primary focus of the statements is clearly on the State and the presentation allows the user to address the relative relationship with the discretely presented component units.

The statement of net assets presents information on all of the State's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets should serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

- **Governmental Activities** – Most of the State's basic services are reported in this category. Governmental activities are principally supported by interest and investment income, taxes, rents and royalties, and intergovernmental revenues. The Legislature, the Judiciary, and the general operations of the Executive departments fall within the governmental activities.
- **Business-type Activities** – The State charges fees to customers to help it cover all or most of the cost of certain services it provides. The State's International Airports Fund, the various loan funds, and the Unemployment Compensation fund are examples of business-type activities.
- **Discretely Presented Component Units** – Component units are legally separate organizations for which the State is financially accountable. The State has one university and ten corporations and authorities that are reported as discretely presented component units of the State.

The government-wide financial statements are statement numbers 1.01 and 1.02.

This report includes two statements (statement numbers 1.12 and 1.14) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting.

- Capital assets (land, buildings, equipment, infrastructure, intangibles, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Certain revenues, unavailable to pay for current period expenditures, are not reported in the governmental fund statements.
- Unless due and payable in the current period, certain long-term liabilities such as capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets in the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities in the government-wide statements, but are recorded as other financing sources in the governmental fund statements.

Fund Financial Statements (reporting on the State's major funds)

The fund financial statements are statement numbers 1.11 through 1.42 and provide detailed information about the major individual funds. The State has three major funds, the General Fund, the Alaska Permanent Fund, which are included in the governmental fund statements, and the International Airports Fund, which is included in the proprietary fund statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Alaska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. We have also included the discretely presented component units in the fund financial statements and include detailed information on the three major component units, the University of Alaska, Alaska Housing Finance Corporation, and Alaska Industrial Development and Export Authority.

Governmental funds – Most of the State's basic services are reported in the governmental funds. Governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Governmental fund financial statement focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund financial statements are statement numbers 1.11 through 1.14.

As mentioned earlier, the State has only two major governmental funds, the Alaska Permanent Fund and the General Fund. Together these two funds represent 96.8 percent of total government-wide cash and investments and 87.4 percent of total government-wide net assets (excluding component units). The governmental funds financial statements present detail on each of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

The State's main operating fund is the General Fund. However, the State maintains many accounts and subfunds within the General Fund, including the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each of these subfunds is provided in the combining statement for the General Fund elsewhere in this report.

Proprietary funds – When the State charges customers for the services it provides, whether to outside customers or to other State agencies, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds are used to report activities that provide supplies and services to the general public. The State uses enterprise funds to account for activities such as international airports operations, various loan funds, and the unemployment compensation fund. These activities are reported within business-type activities on the government-wide financial statements.

Internal service funds account for activities that provide supplies and services for other State programs. These include, among others, the State's equipment fleet and data processing/telecommunications. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 8 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail on this fund with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. In addition, it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets. These funds, which include pension (and other employee benefit) and agency funds, are reported using accrual accounting. Since fiduciary assets are restricted in purpose and are not available to support the State's own programs, these fiduciary assets are not presented as part of the government-wide financial statements.

The fiduciary fund financial statements are statement numbers 1.31 and 1.32.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the component unit statement of activities (statement number 1.42).

Additional Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the General Fund reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01).

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds, as well as nonmajor discretely presented component units. These nonmajor funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually on the fund financial statements. Only the major funds, the General Fund, the Alaska Permanent Fund, and the International Airports Fund are presented individually on the primary government fund financial statements. Schedules of revenues, expenditures, and changes in fund balances – budget and actual are also presented for all governmental funds with annually adopted budgets.

Government-wide Financial Analysis

As noted earlier, net assets should serve over time as a useful indicator of a government's financial position. State assets exceeded liabilities by \$66.3 billion at the close of the most recent fiscal year (see table below). By far the largest portion of

the State's net assets (61 percent) reflects its investments held in the Alaska Permanent Fund. However, the majority of these assets are not available for future spending since the principal of the fund (\$37.8 billion) may not be spent.

The remainder of the State's net assets (39 percent) represents amounts invested in capital assets net of related debt (\$6.4 billion), resources that are subject to external restrictions of how they may be used (\$1.7 billion), and unrestricted net assets of \$20.4 billion, of which \$2.3 billion is within the Alaska Permanent Fund.

| Net Assets | | | | | | |
|-------------------------------------|------------------|------------------|-----------------|-----------------|--------------------|------------------|
| (Stated in millions) | | | | | | |
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | Primary Government | |
| | FY 11 | FY 10 | FY 11 | FY 10 | FY 11 | FY 10 |
| Current and Other Noncurrent Assets | \$ 65,939 | \$ 54,280 | \$ 1,105 | \$ 1,109 | \$ 67,044 | \$ 55,389 |
| Capital Assets | 6,403 | 6,237 | 1,266 | 1,244 | 7,669 | 7,481 |
| Total Assets | <u>72,342</u> | <u>60,517</u> | <u>2,371</u> | <u>2,353</u> | <u>74,713</u> | <u>62,870</u> |
| Long-term Liabilities | 2,168 | 1,958 | 604 | 573 | 2,772 | 2,531 |
| Other Liabilities | 5,648 | 3,887 | 20 | 18 | 5,668 | 3,905 |
| Total Liabilities | <u>7,816</u> | <u>5,845</u> | <u>624</u> | <u>591</u> | <u>8,440</u> | <u>6,436</u> |
| Net Assets: | | | | | | |
| Invested in Capital Assets, | | | | | | |
| Net of Related Debt | 5,619 | 5,430 | 783 | 766 | 6,402 | 6,196 |
| Restricted | 38,808 | 32,819 | 671 | 679 | 39,479 | 33,498 |
| Unrestricted | 20,099 | 16,423 | 293 | 317 | 20,392 | 16,740 |
| Total Net Assets | <u>\$ 64,526</u> | <u>\$ 54,672</u> | <u>\$ 1,747</u> | <u>\$ 1,762</u> | <u>\$ 66,273</u> | <u>\$ 56,434</u> |

The net assets of governmental activities increased \$9,854 million and business-type activities decreased \$15 million as a result of this year's operations. The increase for governmental activities is primarily due to petroleum related income and interest and investment gains compared to the previous year. The decreases in business-type activities is primarily due to interest and investment losses.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during FY 11.

| | Changes in Net Assets | | | | | |
|---------------------------------------|------------------------------|------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | (Stated in millions) | | | | | |
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | FY 11 | FY 10 | FY 11 | FY 10 | FY 11 | FY 10 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 3,091 | \$ 2,563 | \$ 311 | \$ 291 | \$ 3,402 | \$ 2,854 |
| Operating Grants | 2,029 | 1,913 | 107 | 100 | 2,136 | 2,013 |
| Capital Grants | 659 | 591 | 48 | 84 | 707 | 675 |
| General Revenues | | | | | | |
| Taxes | 5,382 | 3,601 | - | - | 5,382 | 3,601 |
| Interest and Investment Income/(Loss) | 8,075 | 4,529 | (16) | (13) | 8,059 | 4,516 |
| Payments In from Component Units | 43 | 40 | - | - | 43 | 40 |
| Other Revenues | 78 | 70 | - | 11 | 78 | 81 |
| Total Revenues | 19,357 | 13,307 | 450 | 473 | 19,807 | 13,780 |
| Expenses | | | | | | |
| General Government | 466 | 423 | - | - | 466 | 423 |
| Alaska Permanent Fund Dividend | 818 | 817 | - | - | 818 | 817 |
| Education and University | 2,315 | 2,093 | - | - | 2,315 | 2,093 |
| Health and Human Services | 2,420 | 2,262 | - | - | 2,420 | 2,262 |
| Law and Justice | 188 | 241 | - | - | 188 | 241 |
| Public Protection | 740 | 697 | - | - | 740 | 697 |
| Natural Resources | 394 | 343 | - | - | 394 | 343 |
| Development | 893 | 319 | 3 | 2 | 896 | 321 |
| Transportation | 1,027 | 1,135 | - | - | 1,027 | 1,135 |
| Intergovernmental | 190 | 178 | - | - | 190 | 178 |
| Debt Service | 51 | 48 | - | - | 51 | 48 |
| Loans | - | - | 5 | 5 | 5 | 5 |
| Unemployment Compensation | - | - | 325 | 340 | 325 | 340 |
| Airports | - | - | 134 | 115 | 134 | 115 |
| Total Expenses | 9,502 | 8,556 | 467 | 462 | 9,969 | 9,018 |
| Excess (Deficiency) of Revenues | | | | | | |
| Over Expenditures | 9,855 | 4,751 | (17) | 11 | 9,838 | 4,762 |
| Transfers | (1) | (5) | 1 | 5 | - | - |
| Change in Net Assets | 9,854 | 4,746 | (16) | 16 | 9,838 | 4,762 |
| Net Assets - Beginning of Year | 54,672 | 49,926 | 1,762 | 1,746 | 56,434 | 51,672 |
| Net Assets - End of Year | \$ 64,526 | \$ 54,672 | \$ 1,746 | \$ 1,762 | \$ 66,272 | \$ 56,434 |

Financial Analysis of the State's Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$59.6 billion, an increase of \$9.8 billion in comparison with the prior year. This increase is from petroleum related income and the Alaska Permanent Fund investment gains.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of \$13.1 billion, and \$4.4 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of \$2.3 billion, and the remaining nonmajor governmental funds had committed fund balances of \$817 million. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending such as the principal of the Alaska Permanent Fund (\$37.8 billion), and other items that are nonspendable, such as inventory, compensating balances, advances and prepaid items, and principal (\$576 million), and amounts restricted for a variety of other purposes (\$540 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unrestricted fund balance (includes committed, assigned, and unassigned) of the General Fund was \$17.5 billion, while total fund balance reached \$17.8 billion. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 188 percent of total General Fund expenditures, while total fund balance represents 191 percent of that same amount.

The fund balance of the State's General Fund increased by \$2.2 billion during the current fiscal year. The key factor in this increase is petroleum related income.

There was no appropriated borrowing from the Constitutional Budget Reserve Fund during the fiscal year and the fund remains paid in full.

General Fund revenues for FY 11 were \$11.2 billion, an increase of \$2.4 billion compared to revenues of \$8.8 billion for FY 10. Revenues by source for FY 11 are compared to FY 10 in the following schedule (in millions):

| Revenue Source | FY 11 | Percent | FY 10 | Percent |
|---------------------------------------|-------------|---------|------------|---------|
| Taxes | \$ 5,358.3 | 47.9% | \$ 3,578.9 | 40.7% |
| Rents and Royalties | 1,875.8 | 16.8% | 1,548.0 | 17.6% |
| Interest and Investment Income/(Loss) | 1,159.0 | 10.3% | 925.1 | 10.5% |
| Federal | 2,407.9 | 21.5% | 2,394.1 | 27.2% |
| Miscellaneous | 385.6 | 3.5% | 356.6 | 4.0% |
| Total Revenue | \$ 11,186.6 | 100.0% | \$ 8,802.7 | 100.0% |

The primary component of this revenue increase is petroleum related income compared to the previous year. These petroleum revenues include corporate income tax, severance tax, and rents and royalties.

Alaska Permanent Fund

The Alaska Permanent Fund (fund) is an asset of the State of Alaska that is managed by the Alaska Permanent Fund Corporation, an instrumentality of the State of Alaska.

In 1976 the Alaska constitution was amended to provide that: *At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.*

The fund is made up of two parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. At June 30, 2011, this amounted to \$33.0 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: \$12.8 billion in dedicated mineral revenues; \$13.2 billion of fund realized earnings transferred to principal for inflation proofing; \$6.9 billion in additional deposits approved by special legislative appropriation, and \$153 million in settlement earnings (*State v. Amerada Hess, et al.*).

A portion of accumulated unrealized appreciation on invested assets is also part of the nonspendable fund balances. The unrealized amounts allocated to contributions and appropriations are nonspendable, unless and until they become realized, at which point they will be transferred to the assigned fund balance. The portion of the unrealized appreciation at the end of the fiscal year allocated to principal amounted to \$4.8 billion.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2011, realized earnings (both gains and losses) have amounted to \$39.2 billion. Of this amount \$19.2 billion has been paid out for dividends, \$13.3 billion has been transferred to principal for inflation proofing, \$4.3 billion has been added to principal by special appropriation, \$400 million has been paid out to the General Fund, and \$2.0 billion remains in the fund at June 30, 2011 in the realized earnings account. The portion of the unrealized appreciation at the end of the fiscal year allocated to the assigned fund balance amounted to \$292.1 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a \$1.9 billion increase in appropriations (or 12 percent) and can be briefly summarized as follows:

- \$1,150.8 million allocated to education
- \$210.8 million allocated to transportation
- \$210.6 million allocated to development
- The balance is allocated across several expenditure functions.

Of this overall increase in appropriated expenditures, \$295.5 million was funded out of an increase in interagency receipts, which represent purchases between departments, and \$111.1 million was funded out of an increase in federal grants in aid, which is predominantly related to revenues received under the American Recovery and Reinvestment Act of 2009. The remaining increase was funded with money available within the General Fund.

Budgets for these program areas are difficult to predict. It is not unusual for additional budget authority to be granted when new funding sources become available. However, the increase in the final budget for education is easily identifiable. The increase in budgetary authority for the education function is mainly attributable to additional funding necessary to support the education formula-driven programs within the Public Education Fund, a subfund of the General Fund. Expenditures for public education and pupil transportation are not included in the original budget.

Capital Assets and Debt Administration

Capital assets. The State's investment (net of related debt) in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$6.4 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 11 totaled \$357 million for governmental activities and \$59 million for business-type activities.

Capital Assets

(net of depreciation, in millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-----------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|
| | FY 11 | FY 10 | FY 11 | FY 10 | FY 11 | FY 10 |
| Land | \$ 844 | \$ 823 | \$ 30 | \$ 30 | \$ 874 | \$ 853 |
| Buildings | 1,128 | 1,115 | 738 | 746 | 1,866 | 1,861 |
| Equipment | 439 | 440 | 31 | 29 | 470 | 469 |
| Infrastructure | 2,476 | 2,499 | 407 | 362 | 2,883 | 2,861 |
| Construction in Progress | 1,516 | 1,359 | 60 | 77 | 1,576 | 1,436 |
| Total Capital Assets | \$ 6,403 | \$ 6,236 | \$ 1,266 | \$ 1,244 | \$ 7,669 | \$ 7,480 |

In FY 11, increases were primarily in construction in progress with an increase of \$140 million. This increase is attributable to large capital budgets in recent years. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of \$1,672 million. Of this amount, \$656 million was general obligation bonds, and \$1,016 million of revenue bonds payable comprised of \$370 million issued by the Northern Tobacco Securitization Corporation (NTSC), \$52 million of sport fishing revenue bonds, and \$594 million issued by the International Airport Fund. The general obligation bonds are secured by the full faith, credit, and resources of the State, whereas the NTSC bonds are secured by and payable solely from Tobacco Settlement Revenues (TSRs). Neither the State of Alaska, nor the Alaska Housing Finance Corporation (of which NTSC is a subsidiary) is liable for any debt issued by NTSC. The sport fishing revenue bonds are secured by the sport fishing facilities surcharge imposed under AS 16.05.340 and related federal revenues. The remaining \$594 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation, NTSC, and sport fishing bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt

(Stated in millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------------|----------------------------|-----------------|-----------------------------|---------------|-----------------------------|-----------------|
| | FY 11 | FY 10 | FY 11 | FY 10 | FY 11 | FY 10 |
| Revenue Bonds Payable | \$ 422 | \$ 426 | \$ 594 | \$ 562 | \$ 1,016 | \$ 988 |
| General Obligation Debt | 656 | 490 | - | - | 656 | 490 |
| Capital Leases Payable | 393 | 410 | - | - | 393 | 410 |
| Deferred Revenues and Advances | 344 | 302 | 4 | 4 | 348 | 306 |
| Certificates of Participation | 40 | 46 | - | - | 40 | 46 |
| Compensated Absences | 161 | 154 | 5 | 4 | 166 | 158 |
| Claims and Judgments | 75 | 75 | - | 1 | 75 | 76 |
| Pollution Remediation | 74 | 53 | 1 | 2 | 75 | 55 |
| Other Noncurrent Liabilities | 1 | 1 | - | - | 1 | 1 |
| Net Pension Obligation | 2 | 1 | - | - | 2 | 1 |
| Total | \$ 2,168 | \$ 1,958 | \$ 604 | \$ 573 | \$ 2,772 | \$ 2,531 |

The State's total debt increased by \$241 million (10 percent) as a result of this year's operations. The increase in debt is primarily due to the sale of general obligation bonds. Pollution Remediation long term liability also increased based on new sites and the valuation of existing sites.

Additional information of the State's long-term debt can be found in Note 6 in the notes to the basic financial statements.

Significant Facts

State petroleum revenues increased materially from FY 10 to FY 11. The weighted average production tax rate was higher and was applied to a wellhead value of \$86.69 per barrel. In FY 10 \$68.89 per barrel average was realized. This resulted in an increase of General Fund tax revenue of \$2 billion from FY 10.

Another significant factor affecting revenues was an increase of \$3.5 billion in interest and investment income between FY 10 and FY 11. The majority of this amount is from investment gains in the Alaska Permanent Fund. The fund experienced a total fund return of 20.6% for FY 11. This was the third highest return in the history of the fund. The fund has recovered the losses of FY 08 and FY 09 and is again at its pre-2008 global financial crisis value of \$40 billion.

On December 7, 2010 the State sold \$200.0 million of general obligation bonds. The majority were structured under Build America bonds under ARRA.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 11 was 7.7 percent, which is lower than the average unemployment rate for FY 10 of 8.1 percent. Alaska's five year average (2007 to 2011) was 7 percent. The United States unemployment rate for FY 11 was 9.3 percent.
- The State's major source of unrestricted revenue for the General Fund is petroleum related, which accounted for 61 percent of total revenue, with federal revenue making up another 22 percent, and the balance coming from other sources. As a result, the State's budget is structured around these two revenue sources. During the fiscal year the price per barrel increased, resulting in higher tax rate and an increase of \$2 billion in petroleum revenues. Federal funds are generally restricted for use in federal programs and therefore do not provide resources for balancing the State budget.
- FY 11 crude oil and natural gas liquids production for the Alaska North Slope and Cook Inlet averaged 596 thousand barrels per day. This is 52 thousand barrels per day less than in the prior year. FY 11 production, compared to peak production of 2.049 million barrels per day in FY 88, has declined by 71 percent.
- The State of Alaska FY 11 budgeted expenditures include certain items that are unique to Alaska, such as the Alaska Permanent Fund Dividend and State-operated Pioneer Homes. The Alaska Permanent Fund Dividend (\$1,281/resident) was paid to each qualifying Alaskan for a total of \$818 million.

Requests for Information

This financial report is designed to provide a general overview of the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Alaska, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204.

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BASIC FINANCIAL STATEMENTS

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STATE OF ALASKA
Statement of Net Assets
Government-wide
June 30, 2011
(Stated in Thousands)

STATEMENT 1.01

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and Investments | \$ 60,050,797 | \$ 562,679 | \$ 60,613,476 | \$ 2,324,973 |
| Accounts Receivable - Net | 1,182,366 | 29,425 | 1,211,791 | 47,424 |
| Interest and Dividends Receivable | 255,912 | 22,443 | 278,355 | 37,329 |
| Internal Balances | 67,305 | (67,305) | - | - |
| Due from Primary Government | - | - | - | 429,357 |
| Due from Component Units | 90,848 | - | 90,848 | 2,790 |
| Due from Other Governments | 595,896 | 4,955 | 600,851 | 56,121 |
| Loans, Notes, and Bonds Receivable | 20,439 | 394,967 | 415,406 | 4,018,899 |
| Inventories | 19,295 | - | 19,295 | 16,666 |
| Repossessed Property | - | 637 | 637 | 200 |
| Net Investment in Direct Financing Leases | - | - | - | 273,739 |
| Investments in Projects, Partnerships, or Corporations | - | 3,777 | 3,777 | - |
| Securities Lending Collateral | 3,617,520 | - | 3,617,520 | 36,477 |
| Restricted Assets | 2,287 | 140,173 | 142,460 | 1,890,361 |
| Deferred Outflows | - | - | - | 100,936 |
| Other Assets | 35,897 | 13,142 | 49,039 | 131,953 |
| Capital Assets: | | | | |
| Equipment, Net of Depreciation | 439,271 | 30,702 | 469,973 | 330,254 |
| Buildings, Net of Depreciation | 1,127,662 | 738,472 | 1,866,134 | 786,893 |
| Infrastructure, Net of Depreciation | 2,476,048 | 406,890 | 2,882,938 | 854,290 |
| Land / Right-of-Way | 844,162 | 29,738 | 873,900 | 97,188 |
| Construction in Progress | 1,516,242 | 60,595 | 1,576,837 | 189,188 |
| Total Assets | <u>72,341,947</u> | <u>2,371,290</u> | <u>74,713,237</u> | <u>11,625,038</u> |
| LIABILITIES | | | | |
| Accounts Payable and Accrued Liabilities | 1,607,045 | 6,443 | 1,613,488 | 146,712 |
| Obligations Under Securities Lending | 3,617,520 | - | 3,617,520 | 36,477 |
| Due to Primary Government | - | - | - | 94,060 |
| Due to Component Units | 406,126 | - | 406,126 | 1,759 |
| Due to Other Governments | 34 | 6,585 | 6,619 | 1,285 |
| Interest Payable | 16,836 | 7,012 | 23,848 | 34,248 |
| Derivative Instruments | - | - | - | 102,895 |
| Other Current Liabilities | - | 377 | 377 | 102,051 |
| Long-term Liabilities: | | | | |
| Portion Due or Payable Within One Year: | | | | |
| Claims, Judgments, Compensated Absences and Pollution Remediation | 175,233 | 3,777 | 179,010 | 16,479 |
| Unearned and Deferred Revenue | 37,826 | 4,249 | 42,075 | 31,760 |
| Notes, Bonds, and Leases Payable | 85,520 | 13,150 | 98,670 | 318,488 |
| Other Long-term Debt | - | - | - | 3,497 |
| Other Noncurrent Liabilities | 726 | - | 726 | 793 |
| Portion Due or Payable After One Year: | | | | |
| Claims, Judgments, Compensated Absences and Pollution Remediation | 134,787 | 2,295 | 137,082 | 4,280 |
| Unearned and Deferred Revenue | 306,660 | - | 306,660 | 467,172 |
| Notes, Bonds, and Leases Payable | 1,424,885 | 580,447 | 2,005,332 | 4,107,627 |
| Other Long-term Debt | - | - | - | 7,283 |
| Other Noncurrent Liabilities | 2,539 | 327 | 2,866 | 22,763 |
| Total Liabilities | <u>7,815,737</u> | <u>624,662</u> | <u>8,440,399</u> | <u>5,499,629</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 5,618,713 | 783,353 | 6,402,066 | 1,444,722 |
| Restricted for: | | | | |
| Permanent Funds | | | | |
| Nonexpendable | 38,261,469 | - | 38,261,469 | 390,747 |
| Expendable | 11,249 | - | 11,249 | 97,443 |
| Education | 204,046 | - | 204,046 | 441,206 |
| Development | 266,001 | - | 266,001 | 66,213 |
| Unemployment Compensation | - | 229,579 | 229,579 | - |
| Health and Human Services | 17,373 | 393,812 | 411,185 | - |
| Debt Service | 42,232 | 21,472 | 63,704 | 618,725 |
| Other Purposes | 5,714 | 25,629 | 31,343 | 47,461 |
| Unrestricted | 20,099,413 | 292,783 | 20,392,196 | 3,018,892 |
| Total Net Assets | <u>\$ 64,526,210</u> | <u>\$ 1,746,628</u> | <u>\$ 66,272,838</u> | <u>\$ 6,125,409</u> |

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

STATE OF ALASKA
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.02

| FUNCTIONS/PROGRAMS | Program Revenues | | | |
|--|---------------------|--|------------------------------------|----------------------------------|
| | Expenses | Charges for Services, Royalties and Other Fees | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 466,540 | \$ 10,940 | \$ 19,538 | \$ 4,686 |
| Alaska Permanent Fund Dividend | 817,894 | - | - | - |
| Education | 1,864,934 | 3,195 | 341,528 | 4,709 |
| University | 449,650 | - | 1,056 | - |
| Health and Human Services | 2,420,412 | 43,166 | 1,312,387 | 71,184 |
| Law and Justice | 187,722 | 17,294 | 20,470 | 179 |
| Public Protection | 740,113 | 157,898 | 87,179 | 28,896 |
| Natural Resources | 394,500 | 2,798,551 | 95,113 | 18,588 |
| Development | 892,847 | 994 | 53,604 | 8,104 |
| Transportation | 1,026,604 | 59,215 | 72,644 | 510,606 |
| Intergovernmental Revenue Sharing | 189,741 | - | 25,793 | - |
| Debt Service | 50,864 | - | 63 | 12,353 |
| Total Governmental Activities | <u>9,501,821</u> | <u>3,091,253</u> | <u>2,029,375</u> | <u>659,305</u> |
| Business-type Activities: | | | | |
| Loans | 5,095 | 12,652 | 647 | 9,478 |
| Unemployment Compensation | 325,040 | 190,321 | 100,197 | 145 |
| Airports | 134,020 | 106,604 | 4,450 | 34,515 |
| Development | 2,633 | 1,212 | 1,507 | 4,281 |
| Total Business-type Activities | <u>466,788</u> | <u>310,789</u> | <u>106,801</u> | <u>48,419</u> |
| Total Primary Government | <u>\$ 9,968,609</u> | <u>\$ 3,402,042</u> | <u>\$ 2,136,176</u> | <u>\$ 707,724</u> |
| Component Units: | | | | |
| University of Alaska | \$ 805,706 | \$ 182,439 | \$ 238,810 | \$ 40,901 |
| Alaska Housing Finance Corporation | 418,955 | 172,238 | 55,684 | 138,727 |
| Alaska Industrial Development and Export Authority | 50,981 | 43,425 | 294 | 9,707 |
| Nonmajor Component Units | 389,078 | 209,794 | 125,310 | 37,316 |
| Total Component Units | <u>\$ 1,664,720</u> | <u>\$ 607,896</u> | <u>\$ 420,098</u> | <u>\$ 226,651</u> |

General Revenues:

Taxes:

Severance Taxes
 Selective Sales/Use
 Income Taxes
 Property Taxes
 Other Taxes

Interest and Investment Income (Loss)

Tobacco Settlement

Payments In from Component Units

Payments In from Primary Government

Loss on Sale of Loans to Component Units

Other Revenues

Transfers - Internal Activity

Special Items:

Impairment of Capital Asset
 Gain on Cancellation of Bonds
 Gain on Sale of Asset

Total General Revenues, Transfers, and Special Items

Change in Net Assets

Net Assets - Beginning of Year

Prior Period Adjustment

Net Assets - End of Year

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

| Net (Expense) Revenue and Changes in Net Assets | | | |
|--|-----------------------------|----------------------|---------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| \$ (431,376) | \$ | \$ (431,376) | \$ |
| (817,894) | | (817,894) | |
| (1,515,502) | | (1,515,502) | |
| (448,594) | | (448,594) | |
| (993,675) | | (993,675) | |
| (149,779) | | (149,779) | |
| (466,140) | | (466,140) | |
| 2,517,752 | | 2,517,752 | |
| (830,145) | | (830,145) | |
| (384,139) | | (384,139) | |
| (163,948) | | (163,948) | |
| (38,448) | | (38,448) | |
| <u>(3,721,888)</u> | | <u>(3,721,888)</u> | |
| | 17,682 | 17,682 | |
| | (34,377) | (34,377) | |
| | 11,549 | 11,549 | |
| | 4,367 | 4,367 | |
| | (779) | (779) | |
| <u>(3,721,888)</u> | <u>(779)</u> | <u>(3,722,667)</u> | |
| | | | (343,556) |
| | | | (52,306) |
| | | | 2,445 |
| | | | (16,658) |
| | | | <u>(410,075)</u> |
| 4,217,074 | - | 4,217,074 | 7,513 |
| 249,705 | - | 249,705 | - |
| 720,734 | - | 720,734 | - |
| 184,254 | - | 184,254 | - |
| 9,712 | - | 9,712 | - |
| 8,075,366 | (16,374) | 8,058,992 | 180,305 |
| 29,574 | - | 29,574 | - |
| 42,866 | - | 42,866 | 9,743 |
| - | - | - | 895,756 |
| - | - | - | (3,850) |
| 48,106 | - | 48,106 | 7,337 |
| (1,310) | 1,310 | - | - |
| | | | (810) |
| | | | 4,734 |
| | | | 3,088 |
| <u>13,576,081</u> | <u>(15,064)</u> | <u>13,561,017</u> | <u>1,103,816</u> |
| 9,854,193 | (15,843) | 9,838,350 | 693,741 |
| 54,672,017 | 1,762,471 | 56,434,488 | 5,430,396 |
| - | - | - | 1,272 |
| <u>\$ 64,526,210</u> | <u>\$ 1,746,628</u> | <u>\$ 66,272,838</u> | <u>\$ 6,125,409</u> |

STATE OF ALASKA
Balance Sheet
Governmental Funds
June 30, 2011
(Stated in Thousands)

STATEMENT 1.11

| | General Fund | Alaska Permanent Fund | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-----------------------------|---------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 17,650,862 | \$ 41,047,898 | \$ 1,247,163 | \$ 59,945,923 |
| Accounts Receivable - Net | 706,510 | 456,151 | 3,478 | 1,166,139 |
| Interest and Dividends Receivable | 126,272 | 118,564 | 11,076 | 255,912 |
| Due from Other Funds | 930,289 | - | 405,458 | 1,335,747 |
| Due from Component Units | 87,038 | - | 3,810 | 90,848 |
| Due from Other Governments | 588,980 | - | 6,766 | 595,746 |
| Loans, Notes, and Bonds Receivable | 20,356 | - | 83 | 20,439 |
| Inventories | 15,877 | - | - | 15,877 |
| Securities Lending Collateral | - | 3,617,520 | - | 3,617,520 |
| Other Assets | 26,594 | - | 250 | 26,844 |
| Total Assets | \$ 20,152,778 | \$ 45,240,133 | \$ 1,678,084 | \$ 67,070,995 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | \$ 907,253 | \$ 668,995 | \$ 10,668 | \$ 1,586,916 |
| Obligations Under Securities Lending | - | 3,617,520 | - | 3,617,520 |
| Due to Other Funds | 431,201 | 813,404 | 11,329 | 1,255,934 |
| Due to Component Units | 404,859 | - | 1,267 | 406,126 |
| Due to Other Governments | 34 | - | - | 34 |
| Unearned and Deferred Revenue | 626,633 | - | 1,971 | 628,604 |
| Other Liabilities | 726 | - | 359 | 1,085 |
| Total Liabilities | 2,370,706 | 5,099,919 | 25,594 | 7,496,219 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Compensating Balances | 100,000 | - | - | 100,000 |
| Inventory | 15,877 | - | - | 15,877 |
| Principal | - | 37,832,394 | 429,075 | 38,261,469 |
| Advances and Prepaid Items | 30,648 | - | - | 30,648 |
| Restricted for: | | | | |
| Debt Service | 1,994 | - | 45,798 | 47,792 |
| Education | 11,793 | - | 192,253 | 204,046 |
| Health and Human Services | 532 | - | 16,841 | 17,373 |
| Development | 114,982 | - | 151,019 | 266,001 |
| Other Purposes | 5,562 | - | 152 | 5,714 |
| Committed to: | | | | |
| Debt Service | 11,659 | - | - | 11,659 |
| Education | 1,405,688 | - | 11,249 | 1,416,937 |
| Health and Human Services | 151,654 | - | - | 151,654 |
| Public Protection | 150,496 | - | - | 150,496 |
| Permanent Fund | 808,295 | - | - | 808,295 |
| Development | 1,788,501 | - | 806,103 | 2,594,604 |
| Other Purposes | 132,680 | - | - | 132,680 |
| Assigned to: | | | | |
| Permanent Fund | - | 2,307,820 | - | 2,307,820 |
| Unassigned | 13,051,711 | - | - | 13,051,711 |
| Total Fund Balances | 17,782,072 | 40,140,214 | 1,652,490 | 59,574,776 |
| Total Liabilities and Fund Balances | \$ 20,152,778 | \$ 45,240,133 | \$ 1,678,084 | \$ 67,070,995 |

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

STATE OF ALASKA
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2011
(Stated in Thousands)

STATEMENT 1.12

Total Fund Balances - Governmental Funds \$ 59,574,776

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 the funds. (Note 5)

These assets consist of:

| | | |
|-------------------------------------|-----------|-----------|
| Equipment, net of depreciation | 276,820 | |
| Buildings, net of depreciation | 1,015,826 | |
| Infrastructure, net of depreciation | 2,476,048 | |
| Land / right-of-way | 844,162 | |
| Construction in progress | 1,508,946 | |
| | | 6,121,802 |

Some of the state's assets are not current available resources and are not reported in the funds.

| | | |
|---|-------|-------|
| Net pension Asset (Note 7) | 364 | |
| Other post employment benefits asset (Note 7) | 150 | |
| Unamortized bond issuance cost | 6,115 | |
| | | 6,629 |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (See Statement 1.21)

374,931

Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.

284,120

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 6)

| | | |
|--|-----------|-----------|
| Claims and judgments, net of federal reimbursement | (74,790) | |
| Compensated absences | (157,803) | |
| Pollution remediation | (74,032) | |
| Capital lease obligations | (392,636) | |
| Pension benefit obligation | (1,541) | |
| Other post employment benefits | (641) | |
| | | (701,443) |

Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. (Note 6)

| | | |
|--------------------------|-------------|-------------|
| Notes and bonds payable | (1,117,769) | |
| Accrued interest payable | (16,836) | |
| | | (1,134,605) |

Net Assets of Governmental Activities \$ 64,526,210

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

STATE OF ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.13

| | General Fund | Alaska Permanent Fund | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-----------------------------|---------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 5,358,324 | \$ - | \$ 23,155 | \$ 5,381,479 |
| Licenses and Permits | 117,310 | - | 30,021 | 147,331 |
| Charges for Services | 179,309 | - | 245 | 179,554 |
| Fines and Forfeitures | 11,574 | - | 293 | 11,867 |
| Rents and Royalties | 1,875,836 | 886,989 | 16,739 | 2,779,564 |
| Premiums and Contributions | 17,787 | - | 11,003 | 28,790 |
| Interest and Investment Income | 1,158,989 | 6,910,263 | 70,051 | 8,139,303 |
| Federal Grants in Aid | 2,407,903 | - | 35,054 | 2,442,957 |
| Payments In from Component Units | 42,866 | - | - | 42,866 |
| Other Revenues | 16,674 | - | 37,246 | 53,920 |
| Total Revenues | <u>11,186,572</u> | <u>7,797,252</u> | <u>223,807</u> | <u>19,207,631</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 388,109 | 91,670 | 1,655 | 481,434 |
| Alaska Permanent Fund Dividend | 817,894 | - | - | 817,894 |
| Education | 1,798,577 | - | 36,848 | 1,835,425 |
| University | 436,112 | - | 13,136 | 449,248 |
| Health and Human Services | 2,423,401 | - | 4,573 | 2,427,974 |
| Law and Justice | 236,605 | 1,478 | - | 238,083 |
| Public Protection | 783,971 | - | 297 | 784,268 |
| Natural Resources | 267,631 | 5,297 | 106,223 | 379,151 |
| Development | 869,912 | - | 23,505 | 893,417 |
| Transportation | 1,086,107 | - | 17,548 | 1,103,655 |
| Intergovernmental Revenue Sharing | 189,796 | - | - | 189,796 |
| Debt Service: | | | | |
| Principal | 7,174 | - | 40,055 | 47,229 |
| Interest and Other Charges | 1,811 | - | 42,390 | 44,201 |
| Total Expenditures | <u>9,307,100</u> | <u>98,445</u> | <u>286,230</u> | <u>9,691,775</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,879,472</u> | <u>7,698,807</u> | <u>(62,423)</u> | <u>9,515,856</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds Issued | - | - | 200,000 | 200,000 |
| Bonds Issued Premium | - | - | 1,837 | 1,837 |
| Capital Leases | 8,212 | - | - | 8,212 |
| Transfers In from Other Funds | 818,077 | - | 459,364 | 1,277,441 |
| Transfers (Out to) Other Funds | (459,825) | (813,404) | (14,873) | (1,288,102) |
| Total Other Financing Sources and Uses | <u>366,464</u> | <u>(813,404)</u> | <u>646,328</u> | <u>199,388</u> |
| Net Change in Fund Balances | <u>2,245,936</u> | <u>6,885,403</u> | <u>583,905</u> | <u>9,715,244</u> |
| Fund Balances - Beginning of Year | 15,536,136 | 33,254,811 | 1,068,585 | 49,859,532 |
| Fund Balances - End of Year | <u>\$ 17,782,072</u> | <u>\$ 40,140,214</u> | <u>\$ 1,652,490</u> | <u>\$ 59,574,776</u> |

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

STATE OF ALASKA
Reconciliation of the Change in Fund Balances to the Statement of Activities
Governmental Funds
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.14

| | | |
|---|----|-----------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 9,715,244 |
|---|----|-----------|

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Primarily this is the amount by which capital outlays exceeded depreciation in the current period (Note 5).

| | | |
|----------------------|-----------|---------|
| Capital outlay | 479,941 | |
| Depreciation expense | (319,260) | |
| | | 160,681 |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement 1.22).

| | | |
|--------------------------|--|--------|
| Net current year revenue | | 13,023 |
|--------------------------|--|--------|

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.

137,861

Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

| | | |
|----------------------------------|-----------|-----------|
| Bond proceeds | (201,837) | |
| Accrued interest | (1,521) | |
| Repayment of bond principal | 41,306 | |
| Amortization of bond issue costs | 504 | |
| | | (161,548) |

Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.

(8,212)

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.

| | | |
|--------------------------------|----------|---------|
| Claims and judgments | 447 | |
| Compensated absences | (6,909) | |
| Pollution remediation | (20,716) | |
| Capital lease payments | 25,661 | |
| Pension obligation | (616) | |
| Other post employment benefits | (723) | |
| | | (2,856) |

| | | |
|--|-----------|------------------|
| Change in Net Assets of Governmental Activities | \$ | 9,854,193 |
|--|-----------|------------------|

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

STATE OF ALASKA
Statement of Net Assets
Proprietary Funds
June 30, 2011
(Stated in Thousands)

STATEMENT 1.21

| | Business-type Activities | | | Governmental |
|---|---------------------------|---------------------------------|------------------------------|---------------------------|
| | Enterprise Funds | | | Activities |
| | International Airports | Nonmajor Enterprise Funds | Enterprise Funds Total | Internal Service Funds |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 121,098 | \$ 441,581 | \$ 562,679 | \$ 107,161 |
| Accounts Receivable - Net | 12,271 | 17,154 | 29,425 | 616 |
| Interest and Dividends Receivable | - | 6,161 | 6,161 | - |
| Due from Other Funds | - | 93 | 93 | 4,669 |
| Due from Other Governments | 2,181 | 2,774 | 4,955 | - |
| Loans, Notes, and Bonds Receivable | - | 26,927 | 26,927 | - |
| Inventories | - | - | - | 3,418 |
| Other Current Assets | - | 57 | 57 | 2,574 |
| Total Current Assets | <u>135,550</u> | <u>494,747</u> | <u>630,297</u> | <u>118,438</u> |
| Noncurrent Assets: | | | | |
| Interest and Dividends Receivable | - | 16,282 | 16,282 | - |
| Loans, Notes, and Bonds Receivable | - | 368,040 | 368,040 | - |
| Repossessed Property | - | 637 | 637 | - |
| Investment in Projects, Partnerships, or Corporations | - | 3,777 | 3,777 | - |
| Restricted Assets | 140,173 | - | 140,173 | - |
| Other Noncurrent Assets | 10,197 | 2,888 | 13,085 | - |
| Capital Assets: | | | | |
| Equipment, Net of Depreciation | 30,702 | - | 30,702 | 162,451 |
| Buildings, Net of Depreciation | 738,472 | - | 738,472 | 111,836 |
| Infrastructure, Net of Depreciation | 406,890 | - | 406,890 | - |
| Land / Right-of-Way | 29,738 | - | 29,738 | - |
| Construction in Progress | 15,404 | 45,191 | 60,595 | 7,296 |
| Total Noncurrent Assets | <u>1,371,576</u> | <u>436,815</u> | <u>1,808,391</u> | <u>281,583</u> |
| Total Assets | <u>1,507,126</u> | <u>931,562</u> | <u>2,438,688</u> | <u>400,021</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 1,492 | 4,951 | 6,443 | 20,129 |
| Due to Other Funds | 64,566 | 2,832 | 67,398 | 1,566 |
| Due to Other Governments | - | 6,585 | 6,585 | - |
| Interest Payable | 7,012 | - | 7,012 | - |
| Claims, Judgments, Compensated Absences, and Pollution Remediation | 3,486 | 291 | 3,777 | 2,433 |
| Unearned and Deferred Revenue | 4,249 | - | 4,249 | - |
| Notes, Bonds, and Leases Payable | 13,150 | - | 13,150 | - |
| Other Current Liabilities | - | 377 | 377 | - |
| Total Current Liabilities | <u>93,955</u> | <u>15,036</u> | <u>108,991</u> | <u>24,128</u> |
| Noncurrent Liabilities: | | | | |
| Claims, Judgments, Compensated Absences, and Pollution Remediation | 2,143 | 152 | 2,295 | 962 |
| Notes, Bonds, and Leases Payable | 580,447 | - | 580,447 | - |
| Other Noncurrent Liabilities | 327 | - | 327 | - |
| Total Noncurrent Liabilities | <u>582,917</u> | <u>152</u> | <u>583,069</u> | <u>962</u> |
| Total Liabilities | <u>676,872</u> | <u>15,188</u> | <u>692,060</u> | <u>25,090</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 738,162 | 45,191 | 783,353 | 281,583 |
| Restricted for: | | | | |
| Unemployment Compensation | - | 229,579 | 229,579 | - |
| Health and Human Services | - | 393,812 | 393,812 | - |
| Debt Service | 21,472 | - | 21,472 | - |
| Other Purposes | 25,412 | 217 | 25,629 | - |
| Unrestricted | 45,208 | 247,575 | 292,783 | 93,348 |
| Total Net Assets | <u>\$ 830,254</u> | <u>\$ 916,374</u> | <u>\$ 1,746,628</u> | <u>\$ 374,931</u> |

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

STATE OF ALASKA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.22

| | Business-type Activities | | | Governmental |
|---|---------------------------|---------------------------------|------------------------------|---------------------------|
| | Enterprise Funds | | | Activities |
| | International Airports | Nonmajor Enterprise Funds | Enterprise Funds Total | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Premiums and Contributions | \$ - | \$ 190,321 | \$ 190,321 | \$ 97,664 |
| Charges for Goods and Services | 105,466 | 1,531 | 106,997 | 101,934 |
| Interest and Investment Income | - | 10,283 | 10,283 | - |
| Allowance for Uncollectible Interest | - | 1,426 | 1,426 | - |
| Fines and Forfeitures | - | 59 | 59 | - |
| Federal Reimbursements | - | 90,287 | 90,287 | - |
| Other Operating Revenues | 1,138 | - | 1,138 | 1,852 |
| Total Operating Revenues | <u>106,604</u> | <u>293,907</u> | <u>400,511</u> | <u>201,450</u> |
| OPERATING EXPENSES | | | | |
| Benefits | - | 325,040 | 325,040 | 90,753 |
| Operating | 72,203 | 5,811 | 78,014 | 93,652 |
| Depreciation | 58,894 | 36 | 58,930 | 24,874 |
| Provision for Loan Losses and Forgiveness | - | 1,152 | 1,152 | - |
| Total Operating Expenses | <u>131,097</u> | <u>332,039</u> | <u>463,136</u> | <u>209,279</u> |
| Operating Income (Loss) | <u>(24,493)</u> | <u>(38,132)</u> | <u>(62,625)</u> | <u>(7,829)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest and Investment Income | 2,609 | 12,198 | 14,807 | 631 |
| Interest and Investment Expense | (21,269) | (7) | (21,276) | (3) |
| Gain (Loss) on Disposal of Capital Assets | (95) | - | (95) | 101 |
| Other Nonoperating Revenues (Expenses) | 1,622 | 2,162 | 3,784 | 296 |
| Total Nonoperating Revenues (Expenses) | <u>(17,133)</u> | <u>14,353</u> | <u>(2,780)</u> | <u>1,025</u> |
| Income Before Capital Contributions and Transfers | <u>(41,626)</u> | <u>(23,779)</u> | <u>(65,405)</u> | <u>(6,804)</u> |
| Capital Contributions | 34,515 | 13,737 | 48,252 | 6,852 |
| Transfers In from Other Funds | 2,243 | 39 | 2,282 | 12,975 |
| Transfers (Out to) Other Funds | - | (972) | (972) | - |
| Change in Net Assets | <u>(4,868)</u> | <u>(10,975)</u> | <u>(15,843)</u> | <u>13,023</u> |
| Total Net Assets - Beginning of Year | 835,122 | 927,349 | 1,762,471 | 361,908 |
| Total Net Assets - End of Year | <u>\$ 830,254</u> | <u>\$ 916,374</u> | <u>\$ 1,746,628</u> | <u>\$ 374,931</u> |

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

STATE OF ALASKA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.23

| | Business-type Activities | | | Governmental |
|--|---------------------------|---------------------------------|------------------------------|---------------------------|
| | Enterprise Funds | | | Activities |
| | International Airports | Nonmajor Enterprise Funds | Enterprise Funds Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Other Governments | \$ - | \$ 90,601 | \$ 90,601 | \$ 111 |
| Receipts from Customers | 107,930 | 381 | 108,311 | 358 |
| Receipts for Interfund Services Provided | - | 201 | 201 | 107,544 |
| Receipt of Principal from Loan Recipients | - | 45,508 | 45,508 | - |
| Receipt of Interest and Fees from Loan Recipients | - | 15,992 | 15,992 | - |
| Receipts from Insured | - | 188,017 | 188,017 | 97,668 |
| Payments to Employees | (41,982) | (4,725) | (46,707) | (32,634) |
| Payments to Suppliers | (30,127) | (476) | (30,603) | (61,399) |
| Payments to Loan Recipients | - | (58,197) | (58,197) | - |
| Claims Paid | - | (327,638) | (327,638) | (91,558) |
| Payments for Interfund Services Used | (2,740) | (396) | (3,136) | - |
| Other Receipts | 25,145 | 271 | 25,416 | 2,086 |
| Other Payments | - | (122) | (122) | (722) |
| Net Cash Provided (Used) by Operating Activities | <u>58,226</u> | <u>(50,583)</u> | <u>7,643</u> | <u>21,454</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Operating Subsidies and Transfers (Out to) Other Funds | - | (1,179) | (1,179) | (389) |
| Operating Subsidies and Transfers In from Other Funds | 2,243 | 206 | 2,449 | 12,139 |
| Federal Grants | 2,463 | 14,272 | 16,735 | - |
| Proceeds from Issuance of Short-term Debt | - | 5,193 | 5,193 | - |
| Payments on Short-term Debt | - | (5,154) | (5,154) | - |
| Interest and Fees Paid on Borrowing | - | (5) | (5) | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>4,706</u> | <u>13,333</u> | <u>18,039</u> | <u>11,750</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital Contributions | - | 532 | 532 | - |
| Proceeds from Sale of Capital Assets | - | - | - | 1,194 |
| Acquisition and Construction of Capital Assets | (76,965) | (3,303) | (80,268) | (24,330) |
| Proceeds from Capital Debt | 181,681 | - | 181,681 | - |
| Principal Paid on Capital Debt | (158,701) | - | (158,701) | (325) |
| Interest and Fees Paid on Capital Debt | (23,414) | (427) | (23,841) | (3) |
| Federal Grants | 42,364 | 3,343 | 45,707 | - |
| Other Receipts (Payments) | - | - | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(35,035)</u> | <u>145</u> | <u>(34,890)</u> | <u>(23,464)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from Sales/Maturities of Investments | 27,496 | 21 | 27,517 | - |
| Purchase of Investments | (24,887) | - | (24,887) | - |
| Interest and Dividends on Investments | 3 | 12,177 | 12,180 | 631 |
| Change in Restricted Cash and Investments | (26,026) | - | (26,026) | - |
| Net Cash Provided (Used) by Investing Activities | <u>(23,414)</u> | <u>12,198</u> | <u>(11,216)</u> | <u>631</u> |
| Net Increase (Decrease) in Cash | 4,483 | (24,907) | (20,424) | 10,371 |
| Cash and Cash Equivalents - Beginning of Year | 14,401 | 466,488 | 480,889 | 96,790 |
| Cash and Cash Equivalents - End of Year | <u>\$ 18,884</u> | <u>\$ 441,581</u> | <u>\$ 460,465</u> | <u>\$ 107,161</u> |

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

This statement continued on next page.

STATE OF ALASKA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.23

| | Business-type Activities | | | Governmental |
|---|---------------------------|---------------------------------|------------------------------|---------------------------|
| | Enterprise Funds | | | Activities |
| | International Airports | Nonmajor Enterprise Funds | Enterprise Funds Total | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating Income (Loss) | \$ (24,493) | \$ (38,132) | \$ (62,625) | \$ (7,829) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation and Amortization | 58,894 | 36 | 58,930 | 24,874 |
| Other Reconciling Items | - | (143) | (143) | 296 |
| Net Changes in Assets and Liabilities: | | | | |
| Accounts Receivable - Net | 1,198 | (2,841) | (1,643) | (488) |
| Due from Other Funds | - | 753 | 753 | 6,094 |
| Due from Other Governments | - | 421 | 421 | - |
| Loans, Notes, and Bonds Receivable - Net | - | (11,566) | (11,566) | - |
| Repossessed Property | - | 36 | 36 | - |
| Investment in Projects, Partnerships, or Corporations | - | 2 | 2 | - |
| Interest and Dividends Receivable - Net | - | 3,120 | 3,120 | - |
| Inventories | - | - | - | (72) |
| Other Assets | - | (209) | (209) | (680) |
| Due to Other Funds | 22,404 | 23 | 22,427 | 780 |
| Due to Other Governments | - | (1,561) | (1,561) | - |
| Accounts Payable and Accrued Liabilities | (174) | (313) | (487) | (1,757) |
| Other Liabilities | 397 | (209) | 188 | 236 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 58,226</u> | <u>\$ (50,583)</u> | <u>\$ 7,643</u> | <u>\$ 21,454</u> |
| Reconciliation of Cash to the Statement of Net Assets: | | | | |
| Total Cash and Investments per the Statement of Net Assets | \$ 121,098 | \$ 441,581 | \$ 562,679 | \$ 107,161 |
| Less: Investments not Meeting the Definition of Cash or Cash Equivalents | (102,214) | - | (102,214) | - |
| Cash, End of Year | <u>\$ 18,884</u> | <u>\$ 441,581</u> | <u>\$ 460,465</u> | <u>\$ 107,161</u> |
| Noncash Investing, Capital, and Financing Activities: | | | | |
| Contributed Capital Assets | - | 811 | 811 | 6,930 |
| Net Income (Loss) on Investment | - | 183 | 183 | - |
| Transfers (Out to) Other Funds (Accrual) | - | (175) | (175) | - |
| Transfers In from Other Funds (Accrual) | - | 5 | 5 | - |

STATE OF ALASKA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011
(Stated in Thousands)

STATEMENT 1.31

| | Pension and Other Employee Benefit Trust Funds | Agency Funds |
|---|--|-----------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 226,739 | \$ 174,371 |
| Investments: | | 184,994 |
| Short-Term Investments | 51,889 | |
| Commercial Paper | 15,732 | |
| U.S. Treasury | 1,987,039 | |
| U.S. Government Agency | 56,913 | |
| Foreign Corporate Bonds | 79,536 | |
| Foreign Government Bonds | 275,635 | |
| Mortgage-Backed | 294,613 | |
| Other Asset-Backed | 8,181 | |
| Corporate Bonds | 506,264 | |
| Yankees | 89,175 | |
| Mutual Funds | 200,580 | |
| Fixed Income Pool | 500 | |
| Domestic Equity Pool | 4,816,388 | |
| International Equity Pool | 2,733,287 | |
| Emerging Markets Pool | 1,108,617 | |
| Private Equity Pool | 1,497,378 | |
| Absolute Return Pool | 719,706 | |
| Real Assets | 1,470,871 | |
| Energy Pool | 87,445 | |
| Farmland Pool | 559,409 | |
| Timber Pool | 190,849 | |
| Participant-Directed | 2,846,767 | |
| Other Net Investments | 184,475 | |
| Investment Loss Trust Fund Assets | 1,913 | - |
| Accounts Receivable - Net | 11,744 | 5 |
| Contributions Receivable | 44,126 | - |
| Interest and Dividends Receivable | 6 | - |
| Due from Other Funds | 22,686 | 1,858 |
| Other Assets | 4,209 | - |
| Total Assets | <u>20,092,672</u> | <u>361,228</u> |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities | 86,704 | 3,400 |
| Trust Deposits Payable | - | 354,112 |
| Due to Other Funds | 12,711 | 3,716 |
| Total Liabilities | <u>99,415</u> | <u>361,228</u> |
| NET ASSETS | | |
| Held in Trust for: | | |
| Pension Benefits | 9,812,225 | - |
| Postemployment Healthcare Benefits | 7,092,899 | - |
| Individuals, Organizations, and Other Governments | 3,088,133 | - |
| Total Net Assets | <u>\$ 19,993,257</u> | <u>\$ -</u> |

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

STATE OF ALASKA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.32

| | <u>Pension and Other Employee Benefit Trust Funds</u> |
|---|---|
| ADDITIONS | |
| Premiums and Contributions: | |
| Employer | \$ 621,859 |
| Member | 394,737 |
| Other | 359,822 |
| Total Premiums and Contributions | <u>1,376,418</u> |
| Investment Income: | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 2,936,873 |
| Interest | 107,576 |
| Dividends | 263,149 |
| Total Investment Income | <u>3,307,598</u> |
| Less Investment Expense | 32,979 |
| Net Investment Income | <u>3,274,619</u> |
| Other Additions | 17,910 |
| Total Additions | <u>4,668,947</u> |
| DEDUCTIONS | |
| Benefits Paid | 1,475,358 |
| Insurance Premiums | 3,736 |
| Refunds of Premiums and Contributions | 22,682 |
| Administrative Expenses | 37,254 |
| Total Deductions | <u>1,539,030</u> |
| Net Increase (Decrease) in Net Assets Held in Trust for: | |
| Pension Benefits | 1,422,118 |
| Postemployment Healthcare Benefits | 1,338,311 |
| Individuals, Organizations, and Other Governments | 369,488 |
| Net Assets - Beginning of the Year | 16,863,340 |
| Net Assets - End of the Year | <u>\$ 19,993,257</u> |

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

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STATE OF ALASKA
Statement of Net Assets
Component Units
June 30, 2011
(Stated in Thousands)

STATEMENT 1.41

| | University of Alaska | Alaska Housing Finance Corporation | Alaska Industrial Development and Export Authority | Nonmajor Component Units | Total |
|--|-------------------------|---|---|--------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 107,300 | \$ 647,209 | \$ 339,699 | \$ 1,230,765 | \$ 2,324,973 |
| Accounts Receivable - Net | 23,895 | - | - | 23,529 | 47,424 |
| Interest and Dividends Receivable | 307 | 13,305 | 5,053 | 18,664 | 37,329 |
| Due from Primary Government | 12,288 | 13,015 | - | 404,054 | 429,357 |
| Due from Component Units | 27 | - | 1,671 | 1,092 | 2,790 |
| Due from Other Governments | 37,696 | - | 2,849 | 15,576 | 56,121 |
| Loans, Notes, and Bonds Receivable | 15,569 | 2,759,511 | 479,526 | 764,293 | 4,018,899 |
| Inventories | 6,932 | - | - | 9,734 | 16,666 |
| Repossessed Property | - | - | 200 | - | 200 |
| Net Investment in Direct Financing Leases | - | 57,476 | 216,263 | - | 273,739 |
| Securities Lending Collateral | - | - | - | 36,477 | 36,477 |
| Restricted Assets | 307,776 | 788,309 | 109,642 | 684,634 | 1,890,361 |
| Deferred Outflows | - | 100,936 | - | - | 100,936 |
| Other Assets | 85,062 | 40,311 | 4,579 | 2,001 | 131,953 |
| Capital Assets: | | | | | |
| Equipment, Net of Depreciation | 104,705 | 615 | 35,827 | 189,107 | 330,254 |
| Buildings, Net of Depreciation | 628,374 | 105,461 | 12,313 | 40,745 | 786,893 |
| Infrastructure, Net of Depreciation | 34,843 | - | 29,193 | 790,254 | 854,290 |
| Land / Right-of-Way | 37,981 | 13,753 | 2,273 | 43,181 | 97,188 |
| Construction in Progress | 146,995 | 2,139 | 10,017 | 30,037 | 189,188 |
| Total Assets | 1,549,750 | 4,542,040 | 1,249,105 | 4,284,143 | 11,625,038 |
| LIABILITIES | | | | | |
| Accounts Payable and Accrued Liabilities | 63,437 | 14,204 | 5,033 | 64,038 | 146,712 |
| Obligations Under Securities Lending | - | - | - | 36,477 | 36,477 |
| Due to Primary Government | - | 4,393 | 495 | 89,172 | 94,060 |
| Due to Component Units | - | - | - | 1,759 | 1,759 |
| Due to Other Governments | - | - | - | 1,285 | 1,285 |
| Interest Payable | - | 12,688 | 3,355 | 18,205 | 34,248 |
| Derivative Instruments | - | 102,895 | - | - | 102,895 |
| Other Current Liabilities | 13,842 | 86,976 | 234 | 999 | 102,051 |
| Long-term Liabilities: | | | | | |
| Portion Due or Payable Within One Year: | | | | | |
| Claims, Judgments, Compensated Absences and Pollution Remediation | 11,876 | 2,011 | - | 2,592 | 16,479 |
| Unearned and Deferred Revenue | 19,103 | - | - | 12,657 | 31,760 |
| Notes, Bonds, and Leases Payable | 6,958 | 183,095 | 10,720 | 117,715 | 318,488 |
| Other Long-term Debt | - | - | - | 3,497 | 3,497 |
| Other Noncurrent Liabilities | - | 793 | - | - | 793 |
| Portion Due or Payable After One Year: | | | | | |
| Claims, Judgments, Compensated Absences and Pollution Remediation | - | 2,802 | - | 1,478 | 4,280 |
| Unearned and Deferred Revenue | 7,920 | - | 8,046 | 451,206 | 467,172 |
| Notes, Bonds, and Leases Payable | 107,579 | 2,538,018 | 168,695 | 1,293,335 | 4,107,627 |
| Other Long-term Debt | - | - | - | 7,283 | 7,283 |
| Other Noncurrent Liabilities | 6,415 | 346 | 13,000 | 3,002 | 22,763 |
| Total Liabilities | 237,130 | 2,948,221 | 209,578 | 2,104,700 | 5,499,629 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 835,564 | 121,968 | 89,623 | 397,567 | 1,444,722 |
| Restricted for: | | | | | |
| Permanent Funds | | | | | |
| Nonexpendable | - | - | - | 390,747 | 390,747 |
| Expendable | - | - | - | 97,443 | 97,443 |
| Education | 322,052 | - | - | 119,154 | 441,206 |
| Development | - | - | - | 66,213 | 66,213 |
| Debt Service | 4,665 | 562,157 | - | 51,903 | 618,725 |
| Other Purposes | - | 21,982 | 1,340 | 24,139 | 47,461 |
| Unrestricted | 150,339 | 887,712 | 948,564 | 1,032,277 | 3,018,892 |
| Total Net Assets | \$ 1,312,620 | \$ 1,593,819 | \$ 1,039,527 | \$ 2,179,443 | \$ 6,125,409 |

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

STATE OF ALASKA
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 1.42

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | |
|--|---------------------|--|------------------------------------|----------------------------------|
| | | Charges for Services, Royalties and Other Fees | Operating Grants and Contributions | Capital Grants and Contributions |
| Component Units: | | | | |
| University of Alaska | \$ 805,706 | \$ 182,439 | \$ 238,810 | \$ 40,901 |
| Alaska Housing Finance Corporation | 418,955 | 172,238 | 55,684 | 138,727 |
| Alaska Industrial Development and Export Authority | 50,981 | 43,425 | 294 | 9,707 |
| Nonmajor Component Units | 389,078 | 209,794 | 125,310 | 37,316 |
| Total Component Units | \$ 1,664,720 | \$ 607,896 | \$ 420,098 | \$ 226,651 |

General Revenues:

Interest and Investment Income (Loss)
Taxes
Payments In from Component Units
Payments In from Primary Government
Loss on Sale of Loans to Component Units
Other Revenues

Special Items:

Impairment of Capital Asset
Gain on Cancellation of Bonds
Gain on Sale of Asset
Total General Revenues and Special Items

Change in Net Assets

Net Assets - Beginning of Year

Prior Period Adjustment

Net Assets - End of Year

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

| Net (Expense) Revenue and Changes in Net Assets | | | | |
|---|--|---|--------------------------------|-----------------------------|
| University of Alaska | Alaska Housing Finance Corporation | Alaska Industrial Development and Export Authority | Nonmajor Component Units | Total Component Units |
| \$ (343,556) | \$ | \$ | \$ | \$ (343,556) |
| | (52,306) | | | (52,306) |
| | | 2,445 | | 2,445 |
| | | | (16,658) | (16,658) |
| <u>(343,556)</u> | <u>(52,306)</u> | <u>2,445</u> | <u>(16,658)</u> | <u>(410,075)</u> |
| 47,385 | 16,630 | 14,671 | 101,619 | 180,305 |
| - | - | - | 7,513 | 7,513 |
| - | - | 9,743 | - | 9,743 |
| 445,156 | - | 486 | 450,114 | 895,756 |
| - | - | - | (3,850) | (3,850) |
| 4,899 | 2,416 | - | 22 | 7,337 |
| - | - | - | (810) | (810) |
| - | - | - | 4,734 | 4,734 |
| - | 3,088 | - | - | 3,088 |
| <u>497,440</u> | <u>22,134</u> | <u>24,900</u> | <u>559,342</u> | <u>1,103,816</u> |
| 153,884 | (30,172) | 27,345 | 542,684 | 693,741 |
| 1,158,736 | 1,623,991 | 1,012,182 | 1,635,487 | 5,430,396 |
| - | - | - | 1,272 | 1,272 |
| <u>\$ 1,312,620</u> | <u>\$ 1,593,819</u> | <u>\$ 1,039,527</u> | <u>\$ 2,179,443</u> | <u>\$ 6,125,409</u> |

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**STATE OF ALASKA
INDEX
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011**

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Alaska have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards.

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska (State) was admitted to the Union in 1959 and is governed by an elected governor and a sixty-member elected legislature. As required by GAAP, these financial statements present all the fund types of the State which includes all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the State (primary government) and its component units discussed below. Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

The following component units are included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the State's operations and provide services entirely or almost entirely to the State. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the State. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

The **Alaska Gasline Development Corporation** (AGDC) is a public corporation and governmental instrumentality of, but having a legal existence independent and separate from, the State. AGDC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Commerce, Community, and Economic Development; Health and Social Services; and four independent public members appointed by the Governor comprise the AGDC board of directors. The Legislature appropriates the budget for AGDC for the purpose of funding future in-state natural gas pipeline projects for the State. The corporation has the power to borrow money and issue bonds on its own behalf. AGDC is reported within the governmental funds as a special revenue fund. AGDC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Housing Capital Corporation** (AHCC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. AHCC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Commerce, Community, and Economic Development; Health and Social Services; and four independent public members appointed by the Governor comprise the AHCC board of directors. The Legislature appropriates the budget for AHCC for the purpose of funding future capital projects for the State. The corporation has the power to borrow money and issue bonds on its own behalf. AHCC is reported within the governmental funds as a special revenue fund. AHCC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue (AS 37.13.040). A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 68 percent of the total cash and investments and 61 percent of total government-wide net assets excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

The **Knik Arm Bridge and Toll Authority** (KABTA) is a public corporation and government instrumentality in the Department of Transportation and Public Facilities (AS 19.75.021). The authority has a separate and independent legal existence from the State. It is governed by a board of directors, including the commissioner of the Department of Transportation and Public Facilities, the commissioner of the Department of Revenue, three public members appointed by the

Governor, and two non-voting members: a member of the House of Representatives appointed by the Speaker; and a member of the Senate appointed by the President. The purpose of the authority is to develop public transportation systems in the vicinity of Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. KABTA financial statements are included in the Combining Fund section of this Comprehensive Annual Financial Report (CAFR) with the Nonmajor Enterprise Funds. Separately issued financial statements may be obtained from Knik Arm Bridge and Toll Authority, 550 W. 7th Avenue, Suite 1850, Anchorage, AK 99501.

The **Northern Tobacco Securitization Corporation** (NTSC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. NTSC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Health and Social Services; and Commerce, Community and Economic Development; and two independent public members appointed by the Governor comprise the NTSC board of directors.

The purpose of NTSC is to purchase future rights, title, and interest in Tobacco Settlement Revenues (TSRs) from the State under the Master Settlement Agreement and Final Judgment (MSA). The MSA resolved cigarette smoking-related litigation between the settling states and the participating manufacturers, released the manufacturers from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions among other things.

NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. When NTSC's obligations with the bonds have been fulfilled, the TSRs revert back to the State under the residual certificate. Consideration paid by NTSC through AHFC to the State for TSRs consisted of a cash amount sent to the State's custodial trust accounts and a residual certificate assigned to the State.

The bonds of NTSC are asset-backed instruments secured solely by the TSRs and NTSC's right to receive TSRs is expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, some of which are: the financial capability of the participating manufacturers to pay TSRs; future cigarette consumption that impacts the TSR payment; and future legal and legislative challenges against the tobacco manufacturers and the MSA providing for the TSRs. Pursuant to bond indentures, these adjustments could affect the amount of funds available to pay scheduled debt service payments.

NTSC is reported in the governmental fund types as special revenue and debt service funds. The revenue bond debt is reported in the government-wide statement of net assets in the governmental fund activities column. NTSC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Public Employees' Retirement System** (PERS) was established by Alaska Statute (AS) 39.35.095 (defined benefit) and AS 39.35.700 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of PERS. The administrator is responsible for the administration of PERS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the PERS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the Office of Administrative Hearings (OAH). The Alaska Retirement Management Board (ARMB) approves employers' rates. PERS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. PERS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of PERS. The Governor appoints the majority of the ARMB.

The **Teachers' Retirement System** (TRS) was established by AS 14.25.009 (defined benefit) and AS 14.25.310 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of the system. The administrator is responsible for the administration of TRS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the TRS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the OAH. The ARMB approves employers' rates. TRS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. TRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of TRS. The Governor appoints the majority of the ARMB.

The **Judicial Retirement System** (JRS) was established by AS 22.25.048. The Commissioner of the Department of Administration is responsible for the administration of JRS. JRS costs, based upon actuarial valuations, are funded by the

State and participants. JRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of JRS. The Governor appoints the majority of the ARMB.

The **Alaska National Guard and Alaska Naval Militia Retirement System** (NGNMRS) was established by AS 26.05.222. The Commissioner of the Department of Administration is responsible for the administration of NGNMRS. NGNMRS costs, based upon actuarial valuations, are funded by the State. NGNMRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of NGNMRS. The Governor appoints the majority of the ARMB.

The **Supplemental Benefits System** (SBS) was established by AS 39.30.150. The Commissioner of the Department of Administration is responsible for the administration of SBS. SBS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of SBS. The Governor appoints the majority of the ARMB.

The **Deferred Compensation Plan** (DCP) was established by AS 39.45.010. The Commissioner of the Department of Administration is responsible for the administration of DCP. DCP is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of the DCP. The Governor appoints the majority of the ARMB.

Copies of the audited financial statements for the retirement systems, and for SBS and DCP, may be obtained from the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Corporation** (AAC) is a public corporation of the State located for administrative purposes within the Department of Commerce, Community and Economic Development (AS 14.40.821). The Governor appoints the voting members of the AAC board of directors and the Legislature approves AAC's budget. AAC is also affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, to provide a unified direction for space-related economic growth, education and research development, and tourism related activities. AAC is also to promote the continued utilization of the Poker Flat Research Range as a launch site for launch vehicles and for scientific research. Additionally, AAC is to promote and encourage the continued utilization of Poker Flat Research Range for the University of Alaska's polar research efforts. AAC financial statements may be obtained from the Alaska Aerospace Corporation, 4300 B Street, Suite 101, Anchorage, AK 99503.

The **Alaska Energy Authority** (AEA) is a public corporation of the State in the Department of Commerce, Community and Economic Development but with a separate and independent legal existence (AS 44.83.020). The purpose of AEA was to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.

However, Chapters 18 and 19, Session Laws of Alaska (SLA) 1993, which became effective August 11, 1993, eliminated the ability of AEA to construct, own, and acquire energy projects, and the programs operated by AEA were transferred to the Department of Community and Regional Affairs. The corporate structure of AEA was retained but the board of directors of the Alaska Industrial Development and Export Authority (AIDEA) is now the board of directors of AEA and the Executive Director of AIDEA is also the Executive Director of AEA. It is the intent of the legislation that ongoing operation of the operating assets be assumed by the electric utility companies that use or purchase power from AEA with oversight responsibility retained by AEA. The Governor appoints all members of the AEA board of directors and the Legislature approves AEA's budget.

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs were transferred to AEA for administration as part of a larger reorganization of State agencies. Rural energy programs were originally part of AEA prior to the reorganization that occurred in 1993. AEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020). The Governor appoints the board of directors of AHFC. The Legislature approves AHFC's budget. AHFC assists in providing decent, safe, and sanitary housing by financing mortgage loans. AHFC acts as the principal source of residential financing in

the State and functions as a secondary mortgage market. AHFC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Industrial Development and Export Authority** (AIDEA) is a public corporation of the State and a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020). The Governor appoints all members of the AIDEA board of directors and the Legislature approves AIDEA's budget. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the State. AIDEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Mental Health Trust Authority** (AMHTA) is established as a public corporation of the State within the Department of Revenue (AS 47.30.011). The Governor appoints the AMHTA board of trustees. The Legislature approves AMHTA's budget. The purpose of AMHTA is to ensure an integrated comprehensive mental health program. As provided in AS 37.14.009, AMHTA is to administer the trust established under the Alaska Mental Health Enabling Act of 1956. AMHTA financial statements may be obtained from the Alaska Mental Health Trust Authority, 3745 Community Park Loop, Suite 200, Anchorage, AK 99508.

The **Alaska Municipal Bond Bank Authority** (AMBBA) is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State (AS 44.85.020). The Governor appoints members of the AMBBA board of directors. The Legislature approves AMBBA's budget. AMBBA was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. AMBBA commenced operations in August 1975. AMBBA financial statements may be obtained from the Alaska Municipal Bond Bank Authority, P.O. Box 110405, Juneau, AK 99811-0405.

The **Alaska Natural Gas Development Authority** (ANGDA) is a public corporation and government instrumentality in the Department of Revenue (AS 41.41.010). The authority has a legal existence independent of and separate from the State. The authority is governed by a seven member board of directors appointed by the Governor and confirmed by the Legislature. The budget is submitted and approved by the Governor and Legislature. The purpose of the authority is to bring natural gas from the North Slope to market. ANGDA financial statements may be obtained from the Alaska Gas Development Authority, 411 West 4th Avenue, 1st Floor, Anchorage, AK 99501.

The **Alaska Railroad Corporation** (ARRC) is a public corporation and instrumentality of the State within the Department of Commerce, Community and Economic Development (AS 42.40.010). ARRC has a legal existence independent of and separate from the State. The powers of ARRC are vested in the board of directors. All members of the board of directors of ARRC are appointed by and serve at the pleasure of the Governor. ARRC was created by the State Legislature to own and operate the railroad and manage its rail, industrial, port, and other properties. The ARRC commenced operations on January 6, 1985. ARRC financial statements may be obtained from the Alaska Railroad Corporation, P.O. Box 107500, Anchorage, AK 99510-7500.

The **Alaska Student Loan Corporation** (ASLC) is a public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the State (AS 14.42.100). ASLC is governed by a board of directors appointed by the Governor. The Legislature approves ASLC's budget. The purpose of ASLC is to improve higher educational opportunities for residents of the State. ASLC financial statements may be obtained from the Alaska Commission on Postsecondary Education, 3030 Vintage Blvd., Juneau, AK 99801-7100.

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040). A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the university's budget. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution. The financial statements of the university include the assets, liabilities, and related activity of the University of Alaska Foundation, a legally separate nonprofit component unit. The university is not accountable for, nor has ownership of, the foundation's resources. The university's financial statements may

be obtained from the University of Alaska, Statewide Fund Accounting, 209 Butrovich Building, P.O. Box 756540, Fairbanks, AK 99775-6540.

The **Alaska Seafood Marketing Institute** (ASMI) is a public corporation of the State (AS 16.51.010). It is an instrumentality of the State with a legal existence independent of and separate from the State. ASMI is governed by a board of directors appointed by the Governor, and its budget is approved by the Legislature. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and to develop market-oriented quality specifications. Exercise of the powers conferred by statute to ASMI is an essential governmental function. ASMI financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units. In addition, fund financial statements are included as other supplementary information, since there are no separately issued financial statements for ASMI.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements (as well as these notes to the financial statements). The previous financial reporting model emphasized fund types (the total of all funds of a particular type), while the new financial reporting model focus is on either the State as a whole (government-wide statements), or on major individual funds (fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information of all nonfiduciary activities of the State and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the component units for which the primary government is financially accountable.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them available for general operations (see note 1.F.). Unrestricted net assets often have constraints on resources that are imposed by management, but can be modified or removed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. The fund financial statements focus on major funds, of which the State has three: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund, which is an enterprise fund. All nonmajor funds are summarized into a single column on the respective fund statements: governmental; proprietary, which includes enterprise and internal service fund types; and fiduciary, which includes pension (and other employee benefit) trust funds, and agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource management focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements; however, agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collectible within 60 days of fiscal year end). Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

Expenditures are recognized when a liability is incurred. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

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

D. FINANCIAL STATEMENT PRESENTATION

The State reports three major funds, the General Fund, and the Alaska Permanent Fund, both of which are governmental funds, and the International Airports Fund, which is a proprietary enterprise fund. The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The Alaska Permanent Fund was created in 1976 to save a portion of the State's one-time oil wealth to produce income to benefit current and future generations. The International Airports Fund was created in 1961 to equip, finance, maintain, and operate two international airports located in Anchorage and Fairbanks. In addition, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

Special revenue funds are used to account for the proceeds of specific revenue sources that are generally legally restricted to expenditure for specified purposes.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital project funds account for the acquisition or construction of major capital facilities financed by bond proceeds.

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. In addition to the Alaska Permanent Fund (major fund), the State has two other permanent funds, the Public School Trust Fund and the Alaska Mental Health Trust Authority (a discretely presented component unit).

PROPRIETARY FUND TYPES

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services.

Internal service funds are used to report any activity that provides goods or services primarily to other funds or agencies of the State, rather than to the general public. Internal service fund activities of the State include facilities management of State-owned buildings, self-insurance health care for State employees, vehicle and equipment maintenance and supplies, and computing and telecommunication services.

FIDUCIARY FUND TYPES

Pension (and other employee benefits) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other postemployment benefit plans. These funds account for the Alaska National Guard and Alaska Naval Militia Retirement System, Deferred Compensation, Judicial Retirement System, Public Employees' Retirement System, Retiree Health, Supplemental Benefits System, and Teachers' Retirement System.

Agency funds are used to report resources held by the State purely in a custodial capacity (assets equal liabilities). These funds include resources from unclaimed property, wage and hour, deposits/bonds held, offender trust accounts, advocacy/guardianship trusts, and damage recoveries arising out of the Exxon Valdez oil spill.

E. FISCAL YEAR ENDS

All funds and discretely presented component units of the State are reported using fiscal years, which end on June 30, except the Alaska Railroad Corporation and Deferred Compensation Fund fiscal years end on December 31, and the Alaska Supplemental Benefits System fiscal year ends on January 31.

F. ASSETS, LIABILITIES, AND NET ASSETS / FUND BALANCE

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

The amounts shown on the statements of net assets and the balance sheets as Cash and Investments represent cash on deposit in banks, petty cash, cash invested in various short-term instruments, and other investments of the State and its component units. Investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investment purchases and sales are recorded on a trade-date basis.

Marketable debt securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. The noninterest bearing deposits are reported at cost, which approximates fair value.

Domestic and international equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers.

Emerging markets securities are valued at their current market or fair values on the last business day of each month by the Trustee.

Private equity securities are valued periodically by the general partners. Underlying private equity investments that are listed on a national exchange are valued using quoted market prices. Securities for which there are not market quotations available are initially carried at original cost and subsequently valued at fair value as determined by the general partners. In determining fair value, the financial condition, operating results and projected operating cash flow of the underlying portfolio companies, prices paid in private sales of such securities, the nature and duration of restrictions on disposition of the securities, the expenses and delay that would be involved in registration, the price and extent of public trading in similar securities, the existence of merger proposals or tender offers affecting securities, reports prepared by analysts are considered as appropriate. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

Absolute return investments are carried at fair value as determined by the pro-rata interest in the net assets of the underlying investment funds. These investment funds are valued periodically by the general partners and the managers of the underlying

investments. The net asset value represents the amount that would be expected to be received if it were to liquidate its interests subject to liquidity or redemption restrictions. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

The energy related investments consist primarily of loans and preferred stock that are valued at fair value.

Real estate, farmland, farmland waterway, and timber investments are valued quarterly by investment managers and are appraised annually by independent appraisers.

Real estate investment trust holdings are valued each business day using prices obtained from a pricing service.

Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid-point of representative quoted bid and asked prices.

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the State's General Fund and Other Non-segregated Investment (GeFONSI) pool and the Short-term Fixed Income Pool operates as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2011, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool and shares in the Intermediate-term Fixed Income Pool.

RECEIVABLES

Receivables have been established and offset with proper provisions for estimated uncollectible accounts where applicable. The amount of noncurrent receivables is included in the fund balance reserve, which indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

Practically all accounts receivable of governmental funds are due from oil companies and governmental entities, primarily the federal government, and are considered collectible. Accounts receivable in other funds have arisen in the ordinary course of business.

INTER/INTRAFUND TRANSACTIONS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES

Inventories reported for the internal service funds and the General Fund consist mainly of consumable materials and supplies. Inventories are carried at cost (average cost for Highway Equipment Working Capital; first in first out (FIFO) for the General Fund), and are accounted for on the consumption method. However, the majority of materials and supplies for State agencies are accounted for as expenditures at the time of purchase. Inventory of the Alaska Aerospace Corporation and the University of Alaska are carried at the lower of cost or market. The Alaska Railroad Corporation carries their inventories at the lower of average cost or market.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Assets at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time of donation including Statehood entitlement land that is carried at an estimated value of \$1 per acre.

Capital assets are depreciated on the straight-line method over the estimated useful lives of the related assets. All public domain infrastructure acquired by the State, such as highways, bridges, harbors, and rural airports, is capitalized.

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include the State's art collections, library

reserve collections, and museum and historical collections. These assets are: held for public exhibition, education, or research rather than financial gain; protected, kept unencumbered, cared for, and preserved; and proceeds from the sale of collection items are used to acquire other items for collections.

Additional disclosures related to capital assets are provided in Note 5.

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. As of June 30, 2011, this liability is recognized and reported in the government-wide and proprietary fund financial statements. The State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Assets, is \$161.2 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from state service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

The cost of compensated absences (annual/personal leave and sick leave) for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except for the payment of the accumulated annual/personal leave balance for an employee terminating from state service. That amount is charged to a terminal leave liability account rather than the individual agency appropriation. This liability account is funded by a charge to each agency's operating budget.

NET ASSETS / FUND BALANCE

The difference between fund assets and liabilities is "net assets" on the government-wide, proprietary, and fiduciary fund statements, and is "fund balance" on the governmental fund statements.

FUND BALANCE COMPONENTS

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balance have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved.

The appropriated balance in the General Fund (fund 11100) is committed, and the remaining balance is unassigned. All other governmental funds, including subfunds of the General Fund are presented as restricted or committed, with the exception of the three subfunds of the General Fund, which are unassigned. The spendable portion of the Alaska Permanent Fund is classified as assigned.

The State of Alaska Constitution, Article 9, Section 13, states that “No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.”

Appropriations formally approved by the Legislature are then forwarded to the Governor for action which either become law or vetoed.

Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

Article 9, Section 17(d) of the Alaska Constitution, requires annual repayment from the General Fund and the subfunds of the General Fund for amounts borrowed from the Constitutional Budget Reserve Fund. To implement this provision, unassigned balances are used first, then committed balances. There are no assigned balances within the General Fund or subfunds.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2011 (in thousands):

| | General | Permanent | Special Revenue | Debt Service | Capital Projects |
|----------------------------|----------------------|----------------------|--------------------|------------------|---------------------|
| Nonspendable: | | | | | |
| Compensating Balances | \$ 100,000 | \$ - | \$ - | \$ - | \$ - |
| Inventory | 15,877 | - | - | - | - |
| Principal | - | 38,261,469 | - | - | - |
| Advances and Prepaid Items | 30,648 | - | - | - | - |
| Total Nonspendable | <u>146,525</u> | <u>38,261,469</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Restricted: | | | | | |
| Debt Service | 1,994 | - | - | 45,798 | - |
| Education | 11,793 | - | 8,208 | - | 184,045 |
| Health & Human Services | 532 | - | 16,841 | - | - |
| Development | 114,982 | - | 37,049 | - | 113,970 |
| Other Purposes | 5,562 | - | 152 | - | - |
| Total Restricted | <u>134,863</u> | <u>-</u> | <u>62,250</u> | <u>45,798</u> | <u>298,015</u> |
| Committed | | | | | |
| Debt Service | 11,659 | - | - | - | - |
| Education | 1,405,688 | 11,249 | - | - | - |
| Health & Human Services | 151,654 | - | - | - | - |
| Public Protection | 150,496 | - | - | - | - |
| Permanent Fund | 808,295 | - | - | - | - |
| Development | 1,788,501 | - | 806,103 | - | - |
| Other Purposes | 132,680 | - | - | - | - |
| Total Committed | <u>4,448,973</u> | <u>11,249</u> | <u>806,103</u> | <u>-</u> | <u>-</u> |
| Assigned | | | | | |
| Permanent Fund | - | 2,307,820 | - | - | - |
| Total Assigned | <u>-</u> | <u>2,307,820</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Unassigned | | | | | |
| | <u>13,051,711</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balance | <u>\$ 17,782,072</u> | <u>\$ 40,580,538</u> | <u>\$ 868,353</u> | <u>\$ 45,798</u> | <u>\$ 298,015</u> |

RESTRICTED NET ASSETS

Permanent Funds

Restricted net assets for permanent funds are required to be identified as expendable or nonexpendable. All of the Alaska Permanent Fund restricted net assets (\$37,832 million), \$429 million of the Public School Trust Fund restricted net assets, and \$391 million of the Alaska Mental Health Trust Authority (a discretely presented component unit) restricted net assets are nonexpendable. The remaining \$11 million (three percent) of the Public School Trust Fund restricted net assets, and \$97 million (20 percent) of the Alaska Mental Health Trust Authority restricted net assets are expendable.

Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets reports \$39.5 billion of restricted net assets for the primary government, of which \$23.3 million is restricted by enabling legislation.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Once money received is deposited in the state treasury, it may not be withdrawn from the treasury except in accordance with an appropriation made by law. Those amounts received by component units are disbursed in accordance with their particular statutory authority.

The budgetary process is used to establish a balancing of estimated revenues coming into a fund with requested appropriations for that fund. Except for capital project funds, which prepare only project-length budgets, annual operating (and project-length) budgets are prepared for practically every fund and are submitted to the legislature for the enactment of appropriations. An appropriation is an authorization to spend money and to incur obligations. Each appropriation is limited as to purpose, time, and amount, and each of these limitations is legally binding. The legal level of budgetary control is maintained at the appropriation level as specified in the enabling legislation, which is generally at the program level within a department.

Appropriations, as enacted by the legislature and signed by the governor, are entered into the accounting records. The balance of an appropriation is reduced when funds are expended or encumbered. Appropriations are encumbered for anticipated expenditures in the form of purchase orders, contracts, and other obligations. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Transfers between appropriations are not authorized. Agencies faced with potential over expenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 11, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 11 operating budget of \$179.0 million were enacted, of which \$88.8 was appropriated from the General Fund, \$19.0 million was appropriated from other funds, and \$71.2 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 11 capital budget of \$115.3 million were enacted, of which \$63.8 million was appropriated from the General Fund, \$51.5 million was appropriated from federal funds.

Governmental funds with annually approved budgets include the General Fund, Special Revenue Funds (with the exception of the Alaska Housing Capital Corporation, Northern Tobacco Securitization Corporation, and Reclamation Bonding Pool), and all Permanent Funds.

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of \$2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 11, the Office of Management and Budget estimated the limit to be approximately \$9.0 billion. The FY 11 budget passed by the legislature

and after vetoes was \$7.6 billion (unrestricted General Fund revenues only), or \$1.4 billion less than the constitutional spending limit.

CONSTITUTIONAL BUDGET RESERVE FUND

In 1990, the voters of Alaska approved an amendment to the Alaska Constitution to establish a budget reserve fund (CBRF). Article IX, section 17, states, in part, "...Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. ..."

The fund was established to enhance budget stability by depositing certain monies into the CBRF (where they could not be easily spent) rather than into the General Fund (where they would be readily available for appropriation for expenditure). Money may be appropriated from the fund in accordance with the provisions of section 17(b) and (c).

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states "If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law." All borrowing from the CBRF was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

During FY 11 Alaska Natural Gas Development Authority (ANGDA) consulted with an outside party in order to develop criteria to determine which expenditures should be capitalized as well as determining their useful lives. Using the established criteria, ANGDA reevaluated the capital expenditures from FY 04 through FY 10 and capitalized an additional \$1,272 thousand. Below is the result of the right-of-way asset restatement:

| | Beginning Balance | Prior Year Adjustment | Restated Beginning Balance | Additions | Deletions | Ending Balance |
|-------------------|----------------------|--------------------------|----------------------------------|-----------|-----------|-------------------|
| Land/Right-of-Way | \$ 6,514 | \$ 1,272 | \$ 7,786 | \$ 688 | \$ 810 | \$ 7,664 |

NOTE 4 – DEPOSIT AND INVESTMENT RISK

Deposits and investments may be exposed to various types of risks. These risks are interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

A. DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE

By law, all deposits and investments are under the fiduciary responsibility of the Commissioner of the Department of Revenue (Commissioner) except where the legislature has delegated that responsibility to other entities or boards responsible for separate subdivisions or component units of the State. Those agencies and component units that manage their own cash and investments are: Alaska Permanent Fund Corporation, Alaska Energy Authority, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation,

Alaska Mental Health Trust Authority, Alaska Student Loan Corporation, Alaska Retirement Management Board, Exxon Valdez Oil Spill Trustee Council, and the University of Alaska

Invested assets under the fiduciary responsibility of the Commissioner are comprised of the General Fund and Other Non-segregated Investments, Constitutional Budget Reserve Fund, International Airports Fund, Retiree Health Insurance Fund, Power Cost Equalization Endowment Fund, General Obligation Bond Fund, Mine Reclamation Trust Fund, Alaska Sport Fish Construction Fund as well as the Public School, Alaska Children's, and Investment Loss trust funds (all collectively, Funds).

As the fiduciary, the Commissioner has the statutory authority (AS 37.10.070 - 37.10.071) to invest the assets under the Prudent Investor Rule which requires that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. Specifically, the Tobacco Revenue Fixed Income, Domestic Equity, International Equity and the Emerging Income Plus Debt Pools are managed externally. Treasury manages the Short-term Fixed Income Pool, Non-interest Bearing Deposits, Intermediate-term Fixed Income Pool, U.S. Treasury Fixed Income Pool, and the Broad Market Fixed Income Pool, in addition to acting as oversight manager for all externally managed investments.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the Department of Revenue, Treasury Division. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at <http://dor.alaska.gov/treasury/>.

Deposits and investments at June 30, 2011, are as follows:

| Investment Type | Fair Value (in thousands) | | | | | | Total |
|--|------------------------------------|--|--------------------------------------|-------------------------------------|---------------------------------------|--------------|---------------|
| | Short-term Fixed Income Pool | Intermediate- term Fixed Income Pool | Broad Market Fixed Income Pool | U.S. | | Other | |
| | | | | Treasury Fixed Income Pool | Tobacco Revenue Fixed Income | | |
| Deposits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 84,277 | \$ 84,277 |
| Overnight Sweep Account (LMCS) | 65,255 | - | - | - | - | - | 65,255 |
| Money Market | - | - | - | - | 36,188 | - | 36,188 |
| ACPE Note | - | - | - | - | - | 67,500 | 67,500 |
| AMBBA Note | - | - | - | - | - | 6,000 | 6,000 |
| Commercial Paper | 546,880 | 25,033 | - | - | - | - | 571,913 |
| Corporate Bonds | 2,419,075 | 1,278,861 | 675,663 | - | - | - | 4,373,599 |
| Mortgage-backed | 112,309 | 252,933 | 1,202,240 | - | - | - | 1,567,482 |
| Mutual Fund | - | - | - | - | - | 1,419 | 1,419 |
| Other Asset-backed | 2,427,073 | 118,857 | 87,710 | - | - | - | 2,633,640 |
| U.S. Government Agency | | | | | | | |
| Discount Notes | 199,997 | - | 30,000 | - | - | - | 229,997 |
| U.S. Government Agency | 134,966 | 333,862 | 121,353 | - | - | - | 590,181 |
| U.S. Treasury Bills | 1,143,412 | - | - | - | - | - | 1,143,412 |
| U.S. Treasury Bonds | - | - | 75,835 | - | - | - | 75,835 |
| U.S. Treasury Notes | - | 4,994,584 | 937,067 | 108,000 | - | - | 6,039,651 |
| U.S. Treasury Strips | - | 4,573 | - | - | - | - | 4,573 |
| Yankees: | | | | | | | |
| Corporate | 47,756 | 56,588 | 160,354 | - | - | - | 264,698 |
| Government | - | 211,784 | 32,979 | - | - | - | 244,763 |
| Domestic Equity | - | - | - | - | - | 2,942,403 | 2,942,403 |
| International Equity | - | - | - | - | - | 859,003 | 859,003 |
| Total Invested Assets | 7,096,723 | 7,277,075 | 3,323,201 | 108,000 | 36,188 | 3,960,602 | 21,801,789 |
| Pool related net assets (liabilities) | 3,482 | 126,126 | (480,621) | 135 | - | 35 | (350,843) |
| Net Invested Assets before earnings distribution to participants | 7,100,205 | 7,403,201 | 2,842,580 | 108,135 | 36,188 | 3,960,637 | 21,450,946 |
| Earnings payable to participants | (427) | - | - | - | - | - | (427) |
| Other pool ownership | (1,105,800) | 635,153 | 470,485 | 162 | - | - | - |
| Ownership under other fiduciary responsibility: | | | | | | | |
| Alaska Retirement Management Board | (292,598) | - | - | - | - | - | (292,598) |
| Exxon Valdez Oil Spill Trustee Council | (1) | - | (56,853) | - | - | (128,140) | (184,994) |
| University of Alaska | - | - | - | - | - | (62,185) | (62,185) |
| Alaska Student Loan Corporation | - | (2,230) | - | - | - | - | (2,230) |
| Alaska Mental Health Trust Authority | (4,157) | - | (11,976) | - | - | (25,964) | (42,097) |
| Total Invested Assets | \$ 5,697,222 | \$ 8,036,124 | \$ 3,244,236 | \$ 108,297 | \$ 36,188 | \$ 3,744,348 | \$ 20,866,415 |

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2011, the expected average life of individual fixed rate securities ranged from one day to one year and the expected average life of floating rate securities ranged from eight days to fourteen years.

Intermediate-term and Broad Market and Conservative Broad Market Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its other fixed income pool portfolios to the following:

Intermediate-term Fixed Income Pool - $\pm 20\%$ of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2011 was 2.54 years.

Broad Market Fixed Income Pool - $\pm 20\%$ of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2011 was 5.19 years.

U.S. Treasury Fixed Income Pool - $\pm 20\%$ of the Barclays Capital U.S. Intermediate Aggregate Treasury Index. The effective duration for the Barclays Capital U.S. Intermediate Aggregate Treasury Index at June 30, 2011, was 3.94 years.

At June 30, 2011, the effective duration by investment type was as follows:

| | Effective Duration (in years) | | |
|---------------------------------------|--|-----------------------------------|------------------------------------|
| | Intermediate-term Fixed Income Pool | Broad Market Fixed Income Pool | U.S. Treasury Fixed Income Pool |
| Commercial Paper | 0.05 | - | - |
| Corporate Bonds | 2.01 | 5.93 | - |
| Mortgage-backed | 1.52 | 3.25 | - |
| Other Asset-backed | 1.08 | 0.97 | - |
| U.S. Treasury Bonds | - | 14.64 | - |
| U.S. Treasury Notes | 3.09 | 4.74 | 3.89 |
| U.S. Treasury Strip | 6.37 | - | - |
| U.S. Government Agency | 2.65 | 5.74 | - |
| U.S. Government Agency Discount Notes | - | 0.01 | - |
| Yankees: | | | |
| Corporate | 2.28 | - | - |
| Government | 1.92 | 6.38 | - |
| Portfolio Effective Duration | 2.53 | 4.46 | 3.89 |

Other Fixed Income

The Tobacco Revenue Fixed Income securities are invested according to the terms of the related bond indentures. The respective bond indentures do not establish policy with regard to interest rate risk.

Credit Risk

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Intermediate-term and Broad Market Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

In the U.S. Treasury Fixed Income Pool commercial paper must be rated at least P-1 by Moody's and A-1 by Standard and Poor's Corporation. In addition, corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. In addition, asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

The Commissioner does not have policies with regard to credit risk in the SSgA Russell 3000 and SSgA MSCI EAFE Index Common Trust Funds (Trusts).

The bond indentures governing the investment of tobacco revenue related bond proceeds limit the investment in commercial paper to only those securities rated A-1 or equivalent. At June 30, 2011, the Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2011, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

| Investment Type | Rating | Short-term Fixed Income Pool | Intermediate- term Fixed Income Pool | Broad Market Fixed Income Pool | U.S. Treasury Pool |
|--|-----------|------------------------------------|--|--------------------------------------|--------------------------|
| Commercial Paper | A-1 | 6.95% | - | - | - |
| Commercial Paper | Not Rated | 0.75% | 0.31% | - | - |
| Corporate Bonds | AAA | 23.65% | 10.25% | 1.88% | - |
| Corporate Bonds | AA | 1.45% | 1.07% | 2.71% | - |
| Corporate Bonds | A | 3.20% | 3.20% | 9.37% | - |
| Corporate Bonds | BBB | - | 1.39% | 6.38% | - |
| Corporate Bonds | Not Rated | 5.78% | - | 0.04% | - |
| Mortgage-backed | AAA | 1.58% | 2.79% | 18.90% | - |
| Mortgage-backed | AA | - | 0.06% | 0.75% | - |
| Mortgage-backed | A | - | 0.02% | 0.57% | - |
| Mortgage-backed | BBB | - | - | 0.02% | - |
| Mortgage-backed | CCC | - | - | 0.04% | - |
| Mortgage-backed | Not Rated | - | 0.28% | 16.01% | - |
| Other Asset-backed | AAA | 30.49% | 1.32% | 2.36% | - |
| Other Asset-backed | A | 0.07% | - | - | - |
| Other Asset-backed | CCC | - | 0.02% | - | - |
| Other Asset-backed | Not Rated | 3.62% | - | 0.29% | - |
| U.S. Treasury Bills | AAA | 16.10% | - | 2.29% | - |
| U.S. Treasury Notes | AAA | - | 62.13% | 28.31% | 99.73% |
| U.S. Government Agency | AAA | 1.90% | 3.47% | 3.66% | - |
| U.S. Government Agency Discount Notes | Not Rated | 2.82% | 0.69% | 0.91% | - |
| U.S. Government Agency | A | - | - | - | - |
| U.S. Government Agency | Not Rated | - | - | - | - |
| U.S. Treasury Strip | AAA | - | 0.06% | - | - |
| Yankees: | | | | | |
| Corporate | AAA | - | 0.98% | 1.09% | - |
| Corporate | AA | 0.49% | 1.02% | 0.71% | - |
| Corporate | A | 0.11% | 0.40% | 1.73% | - |
| Corporate | BBB | - | 0.23% | 1.09% | - |
| Corporate | Not Rated | 0.07% | - | 0.21% | - |
| Government | AA | - | 0.65% | 0.50% | - |
| Government | A | - | 0.01% | 0.15% | - |
| Government | BBB | - | - | 0.34% | - |
| Government | Not Rated | - | 0.05% | - | - |
| No Credit Exposure | | 0.97% | 9.60% | -0.31% | 0.27% |
| | | 100.00% | 100.00% | 100.00% | 100.00% |

Custodial Credit Risk – Deposits

The Commissioner does not have a policy in relation to custodial credit risk for deposits; however, any uninvested U.S. cash held in accounts is fully insured by the Federal Deposit Insurance Corporation (FDIC) under section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act effective December 31, 2010. This section of the Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts through December 31, 2012, at all FDIC insured depository institutions thereby limiting custodial credit risk.

For interest-bearing accounts, Treasury’s policy with regard to custodial credit risk is to collateralize state deposits to the extent possible. The bond indentures governing the investment of tobacco revenue related bond proceeds, do not establish policy with regard to custodial credit risk. At June 30, 2011, the State had the following uncollateralized and uninsured deposits:

| | Amount (in thousands) |
|---------------------------|--------------------------|
| International Equity Pool | <u>\$ 351</u> |

Concentration of Credit Risk

Treasury’s policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool’s holdings in corporate bonds backed by any one company or affiliated group.

At June 30, 2011, the funds invested in the Broad Market Fixed Income Pool had more than five percent of their investments in Federal National Mortgage Association as follows:

| | Fair Value (in thousands) | Percent of Total Pool Investments |
|---------------------------------------|------------------------------|--------------------------------------|
| Broad Market Fixed Income Pool | | |
| Federal National Mortgage Association | \$ 888,961 | 27% |

Federal National Mortgage Association securities are not classified as corporate bonds, are backed by the full faith and credit of the U.S. Government and therefore may be held in higher concentration.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in place during FY 11 and invested assets included the following holdings at June 30, 2011, for the funds invested in the International Equity Pool:

| | Policy | Actual |
|--|----------|--------|
| Alaska Children's Trust Fund | 11% ± 5% | 15% |
| Constitutional Budget Reserve Fund, Subaccount | 9% ± 5% | 14% |
| Exxon Valdez Settlement Investments | 23% ± 5% | 23% |
| Mental Health Trust Reserve | 21% ± 5% | 21% |
| Power Cost Equalization Endowment Fund | 10% ± 5% | 15% |
| Retiree Health Insurance Fund, Long Term Care | 9% ± 5% | 9% |

At June 30, 2011, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows:

| Currency | Fair Value (in thousands) |
|-------------------------------------|------------------------------|
| Deposits: | |
| Danish Krone | \$ 11 |
| Euro Currency | 38 |
| Japanese Yen | 301 |
| | <u>350</u> |
| Investments - International Equity: | |
| Australian Dollar | 7,142 |
| Canadian Dollar | 3,592 |
| Euro Currency | 52,037 |
| Hong Kong Dollar | 2,237 |
| Japanese Yen | 37,885 |
| New Zeland Dollar | 2,520 |
| Norwegian Krone | 1,556 |
| Pound Sterling | 53,478 |
| Swedish Krona | 4,142 |
| Swiss Franc | 11,093 |
| | <u>175,682</u> |
| Total | <u>\$ 176,032</u> |

Foreign Exchange, Foreign Exchange Contracts, Off-Balance Sheet Risk and Derivative Exposure

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy for contingencies. The International Equity Pool investment includes the following income from derivative investments at June 30, 2011 (in thousands):

| | Changes in Fair Value | | Fair Value | | |
|-------------|-----------------------|---------|-----------------------|--------|----------|
| | Classification | Amount | Classification | Amount | Notional |
| FX Forwards | Investment Revenue | \$ (54) | Long-term Instruments | \$ - | \$ - |
| Rights | Investment Revenue | 46 | Common Stock | - | - |

Additionally the International Equity Pool had the following income from foreign exchange transactions at June 20, 2011 (in thousands):

| | |
|---------------------------------------|----------|
| Net Realized Gain on Foreign Currency | \$ 3,714 |
|---------------------------------------|----------|

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2011, the International Equity Pool had no outstanding contracts.

B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD

Invested assets of the pension (and other employee benefit) trust funds (Public Employees', Teachers', Judicial, and the Alaska National Guard and Naval Militia Retirement Systems) as well as the Supplemental Benefits System and Deferred Compensation Plans are under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB).

PENSION FUNDS

The ARMB has statutory responsibility (AS 37.10.210-390) for the pension (and other employee benefit) trust funds' investments (Pension Funds). Alaska Statute 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) provides staff for the ARMB. Treasury has created a pooled environment by which it manages investments of the ARMB. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the Defined Contribution Retirement Participant Directed Pension Plan under the ARMB's fiduciary responsibility.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The ARMB has developed investment guidelines, policies and procedures for Treasury staff and external investment managers to adhere to when managing investments. Specifically, the High Yield Fixed Income Pool, International Fixed Income Pool, Emerging Markets Debt Pool, Large Cap Domestic Equity Pool, Small Cap Domestic Equity Pool, Convertible Bond Domestic Equity Pool, International Equity Large Cap Pool, International Equity Small Cap Pool, Emerging Markets Equity Pool, Private Equity Pool, Absolute Return Pool, Real Estate Pool, Energy Pool, Farmland Pool, Farmland Water Pool, Timber Pool, Pooled Participant Directed Investment Funds, and Collective Investment Funds are managed by external management companies. Treasury manages the Alaska Retirement Fixed Income Pool, U.S. Treasury Fixed Income Pool, Real Estate Investment Trust Pool, Treasury Inflation Protected Securities Pool and cash holdings of certain external managers in addition to acting as oversight manager for all externally managed investments.

The Short-term Fixed Income Pool is a State pool managed by Treasury that holds investments on behalf of the ARMB as well as other state funds.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at <http://dor.alaska.gov/treasury/>.

Deposits and investments at June 30, 2011 are as follows:

| | Fair Value (in thousands) | | | | |
|--|---------------------------|------------|---------------|------------|---------------|
| | Fixed Income Pools | | | | |
| | Short-term | Retirement | U.S. Treasury | High Yield | International |
| Bridge Loans | \$ - | \$ - | \$ - | \$ 590 | \$ - |
| Commercial Paper | 21,841 | - | 15,506 | - | - |
| Convertible Bonds | - | - | - | 4,873 | - |
| Corporate Bonds | 96,613 | - | 62,458 | 349,275 | - |
| Deposits | - | - | - | - | 1,712 |
| Foreign Corporate Bonds | - | - | - | - | 79,536 |
| Foreign Government Bonds | - | - | - | - | 275,635 |
| Mortgage-backed | 4,485 | 2,124 | 59,006 | - | - |
| Mutual Funds | - | - | - | - | - |
| Other Asset-backed | 96,932 | - | 342 | - | - |
| Overnight Sweep Account (LMCS) | 2,606 | - | - | 19,049 | - |
| Short-term Investment Fund | - | - | - | - | 3,297 |
| U.S. Government Agency | 5,390 | - | 14,312 | - | - |
| U.S. Government Agency Discount Notes | 7,988 | - | - | - | - |
| U.S. Treasury Bills | 45,666 | - | - | - | - |
| U.S. Treasury Bonds | - | - | 122,939 | - | - |
| U.S. Treasury Notes | - | - | 1,472,922 | - | 10,689 |
| Yankees: | | | | | |
| Corporate | 1,907 | - | 26,171 | 27,161 | - |
| Government | - | - | 1,530 | - | - |
| Fixed Income Pools: | | | | | |
| Equity | - | - | - | 466 | - |
| Warrants | - | - | - | 35 | - |
| Emerging Markets Debt Pool | - | - | - | - | - |
| Broad Domestic Equity Pools: | | | | | |
| Convertible Bonds | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Equity | - | - | - | - | - |
| Limited Partnership | - | - | - | - | - |
| Mutual Fund | - | - | - | - | - |
| Options | - | - | - | - | - |
| Rights | - | - | - | - | - |
| U.S. Treasury Bills | - | - | - | - | - |
| Broad International Equity Pool: | | | | | |
| Deposits | - | - | - | - | - |
| Equity | - | - | - | - | - |
| Rights | - | - | - | - | - |
| Emerging Markets Equity Pool | - | - | - | - | - |
| Private Equity Pool: | | | | | |
| Limited Partnerships | - | - | - | - | - |
| Absolute Return Pool: | | | | | |
| Limited Partnerships | - | - | - | - | - |
| Real Estate Pool: | | | | | |
| Commingled Funds | - | - | - | - | - |
| Limited Partnerships | - | - | - | - | - |
| Real Estate | - | - | - | - | - |
| Real Estate Investment Trust Pool: | | | | | |
| Equity | - | - | - | - | - |
| Energy Pool: | | | | | |
| Limited Partnerships | - | - | - | - | - |
| Farmland Pool: | | | | | |
| Agricultural Holdings | - | - | - | - | - |
| Farmland Water Pool: | | | | | |
| Agricultural Holdings | - | - | - | - | - |
| Timber Pool: | | | | | |
| Timber Holdings | - | - | - | - | - |
| Participant Directed: | | | | | |
| Collective Investment Funds | - | - | - | - | - |
| Pooled Investment Funds | - | - | - | - | - |
| Net Other Assets/(Liabilities) | 131 | 174 | (3,256) | 4,700 | 5,594 |
| Other Pool Ownership | (160,099) | 19,113 | 24,327 | - | - |
| Total Invested Assets | \$ 123,460 | \$ 40,501 | \$ 1,796,257 | \$ 406,149 | \$ 376,463 |

This table continued on the next page.

Deposits and investments at June 30, 2011 are as follows (continued):

| | Fair Value (in thousands) | | | |
|--|---------------------------|------------|---------------|---------------|
| | Fixed Income Pools | | Other | Total |
| | Convertible | TIPS | | |
| Bridge Loans | \$ - | \$ - | \$ - | \$ 590 |
| Commercial Paper | - | - | - | 37,347 |
| Convertible Bonds | - | - | - | 4,873 |
| Corporate Bonds | - | - | - | 508,346 |
| Deposits | - | - | - | 1,712 |
| Foreign Corporate Bonds | - | - | - | 79,536 |
| Foreign Government Bonds | - | - | - | 275,635 |
| Mortgage-backed | - | - | - | 84,705 |
| Mutual Funds | - | - | 200,580 | 200,580 |
| Other Asset-backed | - | - | - | 97,274 |
| Overnight Sweep Account (LMCS) | 322 | - | - | 21,977 |
| Short-term Investment Fund | - | - | 20,656 | 23,953 |
| U.S. Government Agency | - | - | - | 19,702 |
| U.S. Government Agency Discount Notes | - | - | - | 7,988 |
| U.S. Treasury Bills | - | - | - | 45,666 |
| U.S. Treasury Bonds | - | 66,146 | - | 189,085 |
| U.S. Treasury Notes | - | 125,256 | - | 1,608,867 |
| Yankees: | | | | |
| Corporate | - | - | - | 55,239 |
| Government | - | - | - | 1,530 |
| Fixed Income Pools: | | | | |
| Equity | - | - | - | 466 |
| Warrants | - | - | - | 35 |
| Emerging Markets Debt Pool | - | - | 128,388 | 128,388 |
| Broad Domestic Equity Pools: | | | | |
| Convertible Bonds | 82,732 | - | - | 82,732 |
| Deposits | - | - | 24,459 | 24,459 |
| Equity | 10,556 | - | 4,295,059 | 4,305,615 |
| Limited Partnerships | - | - | 326,161 | 326,161 |
| Mutual Fund | - | - | 60,456 | 60,456 |
| Options | - | - | (29,317) | (29,317) |
| Rights | - | - | 1 | 1 |
| U.S. Treasury Bills | - | - | 4,594 | 4,594 |
| Broad International Equity Pool: | | | | |
| Deposits | - | - | 34,586 | 34,586 |
| Equity | - | - | 2,676,067 | 2,676,067 |
| Rights | - | - | 188 | 188 |
| Emerging Markets Equity Pool | - | - | 980,228 | 980,228 |
| Private Equity Pool: | | | | |
| Limited Partnerships | - | - | 1,497,378 | 1,497,378 |
| Absolute Return Pool: | | | | |
| Limited Partnerships | - | - | 719,706 | 719,706 |
| Real Estate Pool: | | | | |
| Commingled Funds | - | - | 259,116 | 259,116 |
| Limited Partnerships | - | - | 359,494 | 359,494 |
| Real Estate | - | - | 687,332 | 687,332 |
| Real Estate Investment Trust Pool: | | | | |
| Equity | - | - | 164,928 | 164,928 |
| Energy Pool: | | | | |
| Limited Partnerships | - | - | 87,445 | 87,445 |
| Farmland Pool: | | | | |
| Agricultural Holdings | - | - | 531,654 | 531,654 |
| Farmland Water Pool: | | | | |
| Agricultural Holdings | - | - | 27,754 | 27,754 |
| Timber Pool: | | | | |
| Timber Holdings | - | - | 190,849 | 190,849 |
| Participant Directed: | | | | |
| Collective Investment Funds | - | - | 178,483 | 178,483 |
| Pooled Investment Funds | - | - | 73,127 | 73,127 |
| Net Other Assets/(Liabilities) | 513 | 1,301 | 10,477 | 19,634 |
| Other Pool Ownership | - | 491 | 116,168 | - |
| Total Invested Assets | \$ 94,123 | \$ 193,194 | \$ 13,626,017 | \$ 16,656,164 |

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2011, the expected average life of individual fixed rate securities ranged from one day to one year and the expected average life of floating rate securities ranged from eight days to fourteen years.

Other Defined Benefit Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows. Treasury uses industry standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, options, and other variable cash flows to calculate effective duration.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Retirement Fixed Income portfolio to ± 20 percent of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2011 was 5.19 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Intermediate U.S. Treasury Fixed Income to ± 20 percent of the Barclays Capital U.S. Treasury Intermediate Index. The effective duration for the Barclays Capital U.S. Treasury Intermediate Index at June 30, 2011 was 3.94 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the High Yield Fixed Income portfolio to ± 20 percent of the Merrill Lynch U.S. High Yield Master II Constrained Index. The effective duration for the Merrill Lynch U.S. High Yield Master II Index Constrained Index at June 30, 2011 was 4.52 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the International Fixed Income portfolio to ± 25 percent of the Citigroup Non-USD World Government Bond Index. The effective duration for the Citigroup Non-USD World Government Bond Index at June 30, 2011 was 6.97 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the TIPS portfolio to ± 20 percent of the Barclays Capital U.S. Treasury Inflation-Protected (U.S. TIPS) Index, or a reasonable proxy thereof. The average life of the proxy index at June 30, 2011 was 5.31 years.

The ARMB does not have a policy to limit interest rate risk for the Emerging Debt or Convertible Bond portfolios.

At June 30, 2011, the effective duration of the ARMB's fixed income pools, by investment type, was as follows:

| | Effective Duration (in years) | | | | |
|------------------------------|-------------------------------|----------|------------|---------------|------|
| | U.S. | | High Yield | International | TIPS |
| | Retirement | Treasury | | | |
| Corporate Bonds | - | 4.18 | 4.66 | - | - |
| Convertible Bonds | - | - | 0.30 | - | - |
| Equity | | | 7.49 | - | |
| Foreign Corporate Bonds | - | - | - | 1.30 | - |
| Foreign Government Bonds | - | - | - | 3.98 | - |
| Mortgage-backed | 2.72 | 2.32 | - | - | - |
| Other Asset-backed | - | 1.98 | - | - | - |
| U.S. Treasury Bonds | - | 7.61 | - | - | 9.49 |
| U.S. Treasury Notes | - | 3.67 | - | 5.86 | 2.92 |
| U.S. Government Agency | - | 7.71 | - | - | - |
| Yankees: | | | | | |
| Corporate | - | 3.27 | 4.42 | - | - |
| Government | - | (4.69) | - | - | - |
| Portfolio Effective Duration | 1.43 | 3.86 | 4.37 | 3.40 | 5.18 |

Defined Contribution Pooled Investment Funds

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate thirteen participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

Under normal conditions, for government debt, corporate debt, and mortgage-backed securities, duration is limited to ± 0.2 years of the Barclays Capital U.S. Aggregate Bond Index. Further deviations are acceptable if they do not contribute significantly to the overall risk of the portfolio. In no event, at time of purchase shall effective duration exceed ± 0.4 years relative to the index.

At June 30, 2011, the duration of the government corporate debt, and mortgage-backed securities was 5.12 years and the duration of the Barclays Capital Aggregate Bond Index was 5.19 years.

Under normal conditions, the Trust will invest in cash equivalent instruments with maturities of less than one year.

Defined Contribution Collective Investment Funds

The ARMB does not have a policy to limit interest rate risk for its collective investment funds. At June 30, 2011, the modified duration of collective investment funds that consisted solely of debt securities were as follows – SSgA Money Market Trust: 0.05 years, SSgA World Government Bond Ex-US Index: 6.76 years, SSgA Long US Treasury Bond Index: 14.46 years, SSgA TIPS Index: 4.69 years, Barclays Gov/Corp Bond Fund: 7.73 years, and the Barclays Intermediate Bond Fund: 3.98 years.

Credit Risk

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if rated by only one of these agencies if they are rated AAA.

The ARMB's investment policy has the following limitations with regard to credit risk:

Retirement Fixed Income:

- Commercial paper must carry a rating of at least P-1 by Moody's and A-1 by Standard & Poor's.
- Corporate debt securities must be investment grade.
- Corporate, asset-backed and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.
- No more than 40 percent of the portfolio's assets may be invested in investment grade corporate debt.
- No more than 15 percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's Corporation or the equivalent by Moody's or Fitch.

U.S. Treasury Fixed Income:

- No more than 10 percent of the portfolio's assets may be invested in securities that are not nominal, United States Treasury obligations or the internally managed short term or substantially similar portfolio at the time of purchase.
- Corporate, asset-backed, and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

High Yield Fixed Income:

- No more than 10 percent of the portfolio's assets may be invested in securities rated A3 or higher.
- No more than 25 percent of the portfolio's assets may be invested in securities rated below B3.
- No more than 5 percent of the portfolio's assets may be invested in unrated securities.
- No more than 10 percent of the portfolio's assets may be invested in countries not rated investment grade, including emerging markets.

The lower of any Standard & Poor's, Moody's or Fitch rating will be used for limits on securities rated below B3 and the higher rating will be used for limits on securities rated A3 or higher.

International Fixed Income:

- Corporate and asset-backed obligations must be rated investment grade or better by a recognized credit rating agency.
- Commercial paper and Euro commercial paper must be rated A-1 by Standard & Poor's or P-1 by Moody's or the equivalent of a comparable rating agency.

Convertible Bond:

- Non-rated convertible securities are permitted provided the manager is able to assign an appropriate credit rating consistent with the criteria used by Standard & Poor's, Moody's, or Fitch. Non-rated securities are limited to 35 percent of the total market value of the portfolio.
- The weighted-average rating of the portfolio shall not fall below the Standard & Poor's equivalent of B.
- Investments are limited to instruments with a credit rating above CCC- by Standard & Poor's and Caa3 by Moody's. However, the manager may continue to hold securities downgraded below CCC- by Standard & Poor's and Caa3 by Moody's if such an investment is considered appropriate given the ARMB's investment objective.
- In the case of a split rating by two or more of the rating agencies, the lower rating shall apply.

TIPS:

- Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard & Poor's.
- No more than five percent of the portfolio's assets may be invested in investment grade corporate debt.
- No more than five percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's or the equivalents by Moody's or Fitch.
- Corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's, Moody's, and

Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

Domestic Equity (Large Cap and Small Cap) and Broad International Equity:

Corporate debt obligations must carry a rating of at least A or better by Moody's, Standard & Poor's, or Fitch rating services.

Commercial paper must bear the highest rating assigned by Moody's, Standard & Poor's, or Fitch rating services.

The ARMB does not have a policy to limit the concentration of credit risk for the Emerging Markets Debt Pool or the Collective Investment Funds.

At June 30, 2011, ARMB's invested assets consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor's Corporation rating scale):

| | Rating | Fixed Income Pools | | | | | | TIPS |
|--|-----------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | Short-term | Retirement | U.S. Treasury | High Yield | International | Convertible | |
| Bank Loans | Not Rated | - | - | - | 0.15% | - | - | - |
| Commercial Paper | A-1 | 6.95% | - | - | - | - | - | - |
| Commercial Paper | Not Rated | 0.75% | - | - | - | - | - | - |
| Convertible Bonds | AA | - | - | - | - | - | 0.93% | - |
| Convertible Bonds | A | - | - | - | - | - | 9.89% | - |
| Convertible Bonds | BBB | - | - | - | - | - | 14.79% | - |
| Convertible Bonds | BB | - | - | - | - | - | 19.72% | - |
| Convertible Bonds | B | - | - | - | 0.76% | - | 13.80% | - |
| Convertible Bonds | CCC | - | - | - | - | - | 5.73% | - |
| Convertible Bonds | Not Rated | - | - | - | 0.44% | - | 23.03% | - |
| Corporate Bonds | AAA | 23.65% | - | - | - | - | - | - |
| Corporate Bonds | AA | 1.45% | - | 0.70% | - | - | - | - |
| Corporate Bonds | A | 3.20% | - | 1.39% | - | - | - | - |
| Corporate Bonds | BBB | - | - | 0.95% | 3.51% | - | - | - |
| Corporate Bonds | BB | - | - | - | 33.36% | - | - | - |
| Corporate Bonds | B | - | - | - | 39.72% | - | - | - |
| Corporate Bonds | CCC | - | - | - | 5.74% | - | - | - |
| Corporate Bonds | CC | - | - | - | 0.17% | - | - | - |
| Corporate Bonds | Not Rated | 5.78% | - | - | 3.51% | - | - | - |
| Equity | A | - | - | - | - | - | 1.94% | - |
| Equity | BBB | - | - | - | 0.11% | - | - | - |
| Equity | BB | - | - | - | - | - | 6.16% | - |
| Equity | CCC | - | - | - | - | - | 3.11% | - |
| Foreign Corporate Bonds | AAA | - | - | - | - | 17.87% | - | - |
| Foreign Corporate Bonds | A | - | - | - | - | 2.52% | - | - |
| Foreign Corporate Bonds | BBB | - | - | - | - | 0.74% | - | - |
| Foreign Government Bonds | AA | - | - | - | - | 4.12% | - | - |
| Foreign Government Bonds | A | - | - | - | - | 18.74% | - | - |
| Foreign Government Bonds | BBB | - | - | - | - | 5.85% | - | - |
| Foreign Government Bonds | Not Rated | - | - | - | - | 44.51% | - | - |
| Mortgage-backed | AAA | 1.58% | 37.74% | 3.56% | - | - | - | - |
| Mortgage-backed | AA | - | 1.41% | 0.08% | - | - | - | - |
| Mortgage-backed | A | - | 4.42% | 0.10% | - | - | - | - |
| Mortgage-backed | CCC | - | 5.26% | - | - | - | - | - |
| Mortgage-backed | Not Rated | - | 3.55% | 0.85% | - | - | - | - |
| Other Asset-backed | AAA | 30.49% | - | - | - | - | - | - |
| Other Asset-backed | A | 0.07% | - | - | - | - | - | - |
| Other Asset-backed | Not Rated | 3.62% | - | 0.02% | - | - | - | - |
| Short-Term Investment Fund | Not Rated | - | - | - | 4.69% | 0.88% | 0.34% | - |
| U.S. Treasury Bills | AAA | 16.10% | - | - | - | - | - | - |
| U.S. Treasury Bonds | AAA | - | - | 6.84% | - | - | - | 34.24% |
| U.S. Treasury Notes | AAA | - | - | 82.00% | - | 2.84% | - | 64.83% |
| U.S. Government Agency | AAA | 1.90% | - | - | - | - | - | - |
| U.S. Government Agency | Not Rated | - | - | 0.80% | - | - | - | - |
| U.S. Government Agency Discount Notes | Not Rated | 2.82% | - | - | - | - | - | - |
| Yankees: | | | | | | | | |
| Government | Not Rated | - | - | 0.09% | - | - | - | - |
| Corporate | AA | 0.49% | - | 0.56% | - | - | - | - |
| Corporate | A | 0.11% | - | 0.50% | - | - | - | - |
| Corporate | BBB | - | - | 0.23% | 0.36% | - | - | - |
| Corporate | BB | - | - | - | 2.60% | - | - | - |
| Corporate | B | - | - | - | 3.22% | - | - | - |
| Corporate | Not Rated | 0.07% | - | 0.16% | 0.50% | - | - | - |
| No Credit Exposure | | 0.97% | 47.62% | 1.17% | 1.16% | 1.93% | 0.56% | 0.93% |
| | | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

Custodial Credit Risk – Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits; however, any uninvested U.S. Cash held in accounts is fully insured by the Federal Deposit Insurance Corporation (FDIC) under section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act effective December 31, 2010. This section of the Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts through December 31, 2012, at all FDIC insured depository institutions thereby limiting custodial credit risk.

At June 30, 2011, the ARMB’s invested assets had the following uncollateralized and uninsured deposits (in thousands):

| | |
|---------------------------------|------------------|
| International Equity Pool | \$ 34,528 |
| International Fixed Income Pool | <u>1,712</u> |
| | <u>\$ 36,240</u> |

Concentration of Credit Risk

Treasury’s policy with regard to concentration of credit risk for the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio’s assets in corporate bonds of any one company or affiliated group. This provision does not apply to securities backed by the full faith and credit of the United States Government.

The ARMB’s policy with regard to concentration of credit risk for the Retirement Fixed Income, U.S. Treasury Fixed Income, High Yield Fixed Income, International Fixed Income and Convertible Bond Pools is to prohibit the purchase of more than five percent of the portfolio’s assets in corporate bonds of any one company or affiliated group. The ARMB does not have a policy with regard to concentration of credit risk for the Emerging Markets Debt or TIPS Pools.

At June 30, 2011, the ARMB’s invested assets did not have exposure to any one issuer greater than five percent of total invested assets.

Foreign Currency Risk

The ARMB’s policy with regard to foreign currency risk in the International Fixed Income Pool is to restrict obligations to those issued in the currencies of countries: Argentina, Australia, Brazil, Canada, Chile, China, Columbia, Czech Republic, Denmark, Egypt, Eurozone sovereign issuers in the aggregate, Hungary, India, Indonesia, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, Peru, Poland, Russia, Singapore, South Africa, South Korea, Sweden, Switzerland, Thailand, Turkey, United Kingdom, and United States. The ARMB has no specific policy with regard to foreign currency risk relating to international or private equity. However, through its asset allocation policy, the ARMB limits total investments in international fixed income, global equity ex-U.S. and private equity to the following:

| <u>Pension Fund</u> | <u>Fixed - Income</u> | <u>Global Equity Ex- U.S.</u> | <u>Private Equity Pool</u> |
|--|-----------------------|---------------------------------------|--------------------------------|
| Public Employees' Retirement System | 22% | 27% | 12% |
| Teachers' Retirement System | 22% | 27% | 12% |
| Judicial Retirement System | 22% | 27% | 12% |
| Alaska National Guard and Naval Militia System | - | 20% | - |

The ARMB has no policy regarding foreign currency risk in the Defined Contribution Pooled Investment Funds and Collective Investment Funds.

At June 30, 2011, the ARMB had exposure to foreign currency risk with the following deposits:

| Currency | Amount (in thousands) | |
|--------------------|------------------------------------|------------------------------|
| | International Fixed Income Pool | International Equity Pool |
| Australian Dollar | \$ - | \$ 446 |
| Brazilian Real | - | 5 |
| Canadian Dollar | - | 262 |
| Danish Krone | - | 270 |
| Euro Currency | 46 | 26,133 |
| Hong Kong Dollar | - | 511 |
| Hungarian Forint | 270 | - |
| Israeli Shekel | - | 16 |
| Japanese Yen | 215 | 4,596 |
| Mexican Peso | 924 | - |
| New Taiwan Dollar | - | 920 |
| New Zealand Dollar | - | 12 |
| Norwegian Krone | - | 76 |
| Pound Sterling | - | 772 |
| Singapore Dollar | - | 46 |
| South African Rand | 222 | - |
| Swedish Krona | - | 274 |
| Swiss Franc | - | 189 |
| Thailand Baht | 35 | - |
| | <u>\$ 1,712</u> | <u>\$ 34,528</u> |

At June 30, 2011, the ARMB had exposure to foreign currency risk with the following investments (in thousands):

| Currency | Amount (in thousands) | | | |
|--------------------|---------------------------------|------------------|---------------------------|----------------------|
| | International Fixed Income Pool | | International Equity Pool | Private Equity Pool |
| | Foreign | | Equity | Limited Partnerships |
| | Government | Corporate | | |
| Australian Dollar | \$ - | \$ - | \$ 79,531 | \$ - |
| Brazilian Real | 16,637 | - | 8,652 | - |
| Canadian Dollar | - | - | 91,194 | - |
| Chilean Peso | 2,088 | - | - | - |
| Columbian Peso | 7,561 | - | - | - |
| Czech Koruna | 2,144 | - | 1,160 | - |
| Danish Krone | - | - | 20,300 | - |
| Euro Currency | 91,955 | 12,273 | 804,747 | 172,391 |
| Hong Kong Dollar | - | - | 92,332 | - |
| Hungarian Forint | 9,075 | - | - | - |
| Indian Rupee | - | - | 4,539 | - |
| Indonesian Rupiah | - | - | 2,108 | - |
| Israeli Shekel | - | - | 2,566 | - |
| Japanese Yen | 39,552 | 67,263 | 547,832 | - |
| Malaysian Ringgit | 7,514 | - | 4,515 | - |
| Mexican Peso | 24,287 | - | 671 | - |
| New Taiwan Dollar | - | - | 9,113 | - |
| New Zealand Dollar | - | - | 12,847 | - |
| Norwegian Krone | - | - | 20,161 | - |
| Peruvian Nuevo Sol | 5,392 | - | - | - |
| Polish Zloty | 30,058 | - | 7,752 | - |
| Pound Sterling | 18,172 | - | 510,391 | 27,839 |
| Singapore Dollar | - | - | 28,528 | - |
| South African Rand | 10,226 | - | 4,613 | - |
| South Korean Won | - | - | 46,912 | - |
| Swedish Krona | - | - | 49,608 | - |
| Swiss Franc | - | - | 165,944 | - |
| Thailand Baht | 2,909 | - | 4,959 | - |
| Turkish Lira | 8,065 | - | - | - |
| | <u>\$ 275,635</u> | <u>\$ 79,536</u> | <u>\$ 2,520,975</u> | <u>\$ 200,230</u> |

At June 30, 2011, the ARMB also had exposure to foreign currency risk in the Emerging Markets Equity Pool. This pool consists of investments in commingled investment funds; therefore, no disclosure of specific currencies is made.

Foreign Exchange, Derivative, and Counterparty Credit Risk

The ARMB is exposed to credit risk on investment derivative instruments that are in asset positions. The ARMB has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the ARMB has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the ARMB have a policy for contingencies.

On June 30, 2011, the ARMB had the following derivative instruments outstanding (in thousands):

| Type | Change in Fair Value | | Fair Value at June 30, 2011 | | |
|------------------------|----------------------|------------------|-----------------------------|--------------------|-----------------|
| | Classification | Amount | Classification | Amount | Notional |
| Equity Options Written | Investment Revenue | \$ 2,323 | Options | \$ (29,291) | \$ (4,998) |
| FX Forwards | Investment Revenue | (1,773) | Long Term Instruments | (74) | 14,181 |
| Index Futures Long | Investment Revenue | 14,372 | Futures | - | 63 |
| Index Options Written | Investment Revenue | 305 | Options | (26) | (6) |
| Rights | Investment Revenue | 500 | Common Stock | 23 | 108 |
| Warrants | Investment Revenue | (27) | Common Stock | 35 | 39 |
| | | <u>\$ 15,700</u> | | <u>\$ (29,333)</u> | <u>\$ 9,387</u> |

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

At June 30, 2011 the ARMB had the following counterparty credit and counterparty concentration risk associated with its investment derivative positions:

| Counterparty Name | Percent of Net Exposure | S&P Rating | Fitch Rating | Moody's Rating |
|---|-------------------------|------------|--------------|--|
| UBS AG | 0% | A+ | A+ | Aa3 |
| | | | | <u>Amount</u> <u>(in thousands)</u> |
| Maximum Amount of Loss ARMB Would Face in Case of Default of All Counterparties, i.e. Aggregated (Positive) Fair Value of OTC positions as of June 30, 2011 | | | | \$ 25 |
| Effect of Collateral Reducing Maximum Exposure | | | | - |
| Liabilities Subject to Netting Arrangements Reducing Exposure | | | | - |
| Resulting Net Exposure | | | | <u>\$ 25</u> |

DEFERRED COMPENSATION

The State's Internal Revenue Code Section 457 Deferred Compensation Plan holds investments in several collective investment funds and an Interest Income Fund. At December 31, 2010, Deferred Compensation Plan investments totaled \$580 million.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at <http://doa.alaska.gov/dr/b/>.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for the Deferred Compensation Plan are subject to the provisions of the collective investment funds the ARMB has selected. In addition, the Deferred Compensation Plan maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for the Collective Investment Funds or the commingled money market portfolio. These investments with their related weighted average maturities at December 31, 2010, are as follows:

| | Fair Value (in thousands) | Weighted Average Maturity |
|--|------------------------------|------------------------------|
| Bond Fund | \$ 122 | 4.43 years |
| Government/Credit Bond Index Fund | 30,445 | 7.53 years |
| Institutional Treasury Money Market Fund | 5,622 | 45 days |
| Intermediate Bond Fund | 16,768 | 4.04 years |
| Long U.S. Treasury Bond Index Fund | 1,708 | 13.97 years |
| U.S. TIPS Index Fund | 6,157 | 7.91 years |
| World Government Bond ex-U.S. Index Fund | 1,227 | 6.83 years |

Interest Income Fund

ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.58 years at December 31, 2010. The duration of the Barclays Capital Intermediate Aggregate Index was 4.0 years at December 31, 2010.

Duration is a measure of interest rate risk. In the case of the Deferred Compensation Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Treasury Money Market Fund, which has a weighted average maturity of 45 days at December 31, 2010.

Pooled Investment Funds

Duration is a measure of a security's sensitivity to a 100-basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

For government and corporate debt securities, duration is limited to ± 0.2 years of the Barclays Aggregate Bond Index. At December 31, 2010, the duration of the Barclays Aggregate Bond Index was 4.98 years, and the duration of the Aggregate Bond Trust was 4.89 years.

The weighted average maturity of the money market portfolio was 12.52 days at December 31, 2010.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for the Deferred Compensation Plan's Collective Investment Funds and the commingled money market portfolio. These investments are not rated.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

- Synthetic Investment contract issuers must have an investment grade rating,
- Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent,
- Corporate debt securities must have a minimum rating of BBB- or equivalent,
- Asset-backed securities must have a minimum rating of AAA or equivalent,
- The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

- All government and corporate fixed income securities must be rated BBB- or better at time of purchase,
- Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation, and
- Commercial paper and other short-term debt obligations must be rated A-1 or equivalent.

At December 31, 2010, Deferred Compensation Plan's investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

| Investment type | Rating | Fair Value (in thousands) | | |
|---|-----------|---|------------|------------|
| | | Underlying Synthetic Investment Contracts | Other | Total |
| Investments with credit exposure: | | | | |
| Money Market Fund | Not Rated | \$ - | \$ 422 | \$ 422 |
| Short-term Investment Fund | Not Rated | 2,637 | - | 2,637 |
| U.S. Government Agency | AAA | 13,488 | - | 13,488 |
| Mortgage-backed | AAA | 5,461 | - | 5,461 |
| Mortgage-backed | AA | 351 | - | 351 |
| Mortgage-backed | A | 765 | - | 765 |
| Mortgage-backed | BBB | 277 | - | 277 |
| Mortgage-backed | Not Rated | 60,831 | - | 60,831 |
| Other Asset-backed | AAA | 1,153 | - | 1,153 |
| Corporate Bonds | AA | 4,038 | - | 4,038 |
| Corporate Bonds | A | 11,965 | - | 11,965 |
| Corporate Bonds | BBB | 8,501 | - | 8,501 |
| Yankees: | | | | |
| Corporate | AA | 842 | - | 842 |
| Corporate | A | 1,962 | - | 1,962 |
| Corporate | BBB | 1,962 | - | 1,962 |
| Government | AAA | 3,554 | - | 3,554 |
| Government | AA | 820 | - | 820 |
| Government | A | 290 | - | 290 |
| Government | BBB | 269 | - | 269 |
| Government | Not Rated | 423 | - | 423 |
| Deposits and Investments with no credit exposure: | | | | |
| Deposits | | (1,967) | - | (1,967) |
| U.S. Treasury Notes | AAA | 46,147 | - | 46,147 |
| Collective Investment Funds | | - | 291,955 | 291,955 |
| Pooled Investment Funds | | - | 46,116 | 46,116 |
| Domestic Equity | | - | 68,199 | 68,199 |
| Total | | \$ 163,769 | \$ 406,692 | \$ 570,461 |

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At December 31, 2010, the Deferred Compensation Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

The ARMB's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts, and the reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Interest Income Fund's total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

| <u>Investment Type</u> | <u>Issuer</u> | <u>All Issuers</u> |
|---|---------------|--------------------|
| U.S. Treasury and Agencies | 100% | 100% |
| U.S. Agencies Securities | 100% | 100% |
| Agency Mortgage-Backed Securities | 50% | 50% |
| Non-Agency Mortgage-Backed Securities | 5% | 50% |
| Asset-backed Securities | 5% | 50% |
| Domestic and Foreign Corporate Debt Securities | 5% | 50% |
| Supranational Agency and Foreign Government Entity Securities | 5% | 50% |
| Money Market Instruments – Nongovernmental/Agency | 5% | 100% |
| Custodian Short-term Investment Fund | 100% | 100% |

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB policy with regard to concentration of credit risk for wholly-owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer is limited to two percent of the total portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At December 31, 2010, the Deferred Compensation Plan invested assets included \$45.4 million in Federal National Mortgage Association (FNMA) securities, which represented 7.99 percent of the Deferred Compensation Plan’s total invested assets. FNMA is a U.S. Government Agency.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. The Deferred Compensation Plan has exposure to foreign currency risk in the International Equity and Global Balanced collective investment funds.

The ARMB’s policy with regard to the Interest Income Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB’s policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

SUPPLEMENTAL BENEFITS SYSTEM

The State’s Supplemental Benefits System (SBS) holds investments in several collective investment funds, the State’s internally managed Short-term Fixed Income Pool (under the fiduciary responsibility of the Commissioner of Revenue), a Stable Value Fund and wholly-owned Pooled Investment Funds. At January 31, 2011, SBS investments totaled \$2.487 billion.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at <http://doa.alaska.gov/drb/>.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for SBS are subject to the provisions of the collective investment funds the ARMB has selected. In addition, SBS maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for these investments. These investments with their related weighted average maturities at January 31, 2011 are as follows:

| | Fair Value (in thousands) | Weighted Average Maturity |
|--|------------------------------|------------------------------|
| Government/Credit Bond Index Fund | \$ 44,302 | 7.51 years |
| Institutional Treasury Money Market Fund | 12,675 | 49 days |
| Intermediate Bond Fund | 13,608 | 4.02 years |
| Long U.S. Treasury Bond Index Fund | 5,356 | 13.81 years |
| U.S. TIPS Index Fund | 12,578 | 7.93 years |
| World Government Bond ex-U.S. Index Fund | 3,406 | 6.91 years |

Short-term Fixed Income Pool

The Investment Loss Trust Fund and the SBS's cash and cash equivalents are invested in the State's internally managed Short-term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months in maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years in maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and 12 month prepay speeds for other securities. At January 31, 2011, the expected average life of individual fixed rate securities ranged from one day to ten months and the expected average life of floating rate securities ranged from one day to nine years.

Stable Value Fund

The ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.55 years at January 31, 2011. The duration of the Barclays Capital Intermediate Aggregate Index was 4.09 years at January 31, 2011.

Duration is a measure of interest rate risk. In the case of the SBS's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the SBS's structured payout synthetic investment contracts is the weighted average maturity of the contract payments.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Treasury Money Market Fund which had a weighted average maturity of 49 days at January 31, 2011.

Pooled Investment Funds

Duration is a measure of security's sensitivity to a 100-basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

For government and corporate debt securities, duration is limited to ± 0.20 years of the Barclays Aggregate Bond Index. At January 31, 2011, the duration of the Barclays Aggregate Bond Index was 5.04 years and the duration of the Aggregate Bond Trust was 4.94 years.

The weighted average maturity of the money market portfolio was 11.69 days at January 31, 2011.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for SBS's Collective Investment Funds and commingled money market portfolio. These investments are not rated.

Treasury's investment policy limits credit risk in the Short-term Fixed Income Pool by limiting investments to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Treasury's investment policy further limits investments in institutional money market funds to those rated AAA. Treasury does not have a policy to limit credit risk associated with deposit accounts or investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

Synthetic investment contract issuers must have an investment grade rating,
Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent;
Corporate debt securities must have a minimum rating of BBB- or equivalent,
Asset-backed securities must have a minimum rating of AAA or equivalent, and
The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

All government and corporate fixed income securities must be rated BBB- or better at time of purchase,
Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation, and
Commercial paper and other short-term debt obligations must be rated A-1 or equivalent.

At January 31, 2011, SBS investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

| Investment type | Rating | Fair Value (in thousands) | | | | | Total |
|--|-----------|------------------------------------|-------------------------|-----------|--------------------------|--------------|-------|
| | | Short-term Fixed Income Pool | Underlying | | Investment Loss Trust | Other | |
| | | | Investment Contracts | Synthetic | | | |
| Investments with Credit Exposure: | | | | | | | |
| Money Market Fund | Not Rated | \$ - | \$ - | \$ - | \$ 2,814 | \$ 2,814 | |
| Short-term Investment Fund | Not Rated | 55 | 2,793 | 17 | - | 2,865 | |
| Commercial Paper | AAA | 327 | - | 99 | - | 426 | |
| Commercial Paper | Not Rated | 47 | - | 14 | - | 61 | |
| U.S. Government Agency | AAA | 50 | 22,167 | 15 | - | 22,232 | |
| U.S. Government Agency: | | | | | | | |
| Discount Notes | AAA | 466 | - | 141 | - | 607 | |
| Mortgage-backed | AAA | 52 | 10,099 | 16 | - | 10,167 | |
| Mortgage-backed | AA | - | 435 | - | - | 435 | |
| Mortgage-backed | A | - | 697 | - | - | 697 | |
| Mortgage-backed | BBB | - | 325 | - | - | 325 | |
| Mortgage-backed | Not Rated | 1 | 101,658 | 1 | - | 101,660 | |
| Other Asset-backed | AAA | 2,041 | 3,335 | 618 | - | 5,994 | |
| Other Asset-backed | A | 8 | - | 2 | - | 10 | |
| Other Asset-backed | Not Rated | 196 | - | 59 | - | 255 | |
| Corporate Bonds | AAA | 1,977 | - | 599 | - | 2,576 | |
| Corporate Bonds | AA | 97 | 6,868 | 29 | - | 6,994 | |
| Corporate Bonds | A | 152 | 19,508 | 46 | - | 19,706 | |
| Corporate Bonds | BBB | - | 14,208 | - | - | 14,208 | |
| Corporate Bonds | Not Rated | 89 | 348 | 27 | - | 464 | |
| Yankees: | | | | | | | |
| Corporate | AAA | 143 | - | 43 | - | 186 | |
| Corporate | AA | 27 | 2,024 | 8 | - | 2,059 | |
| Corporate | A | - | 3,541 | - | - | 3,541 | |
| Corporate | BBB | - | 2,547 | - | - | 2,547 | |
| Corporate | Not Rated | 203 | - | 62 | - | 265 | |
| Government | AAA | - | 6,009 | - | - | 6,009 | |
| Government | AA | - | 1,093 | - | - | 1,093 | |
| Government | A | - | 669 | - | - | 669 | |
| Government | BBB | - | 351 | - | - | 351 | |
| Government | Not Rated | - | 514 | - | - | 514 | |
| Deposits and Investments with No Credit Exposure: | | | | | | | |
| Deposits | | - | (2,096) | - | - | (2,096) | |
| U.S. Treasury Bills | AAA | 439 | - | 133 | - | 572 | |
| U.S. Treasury Notes | AAA | - | 72,771 | - | - | 72,771 | |
| Participant-directed Funds | | | | | | | |
| Collective Investment Funds | | - | - | - | 538,870 | 538,870 | |
| Pooled Investment Funds | | - | - | - | 1,566,142 | 1,566,142 | |
| Domestic Equity | | - | - | - | 82,761 | 82,761 | |
| Total Invested Assets | | 6,370 | 269,864 | 1,929 | 2,190,587 | 2,468,750 | |
| Pool Related Net Assets/(Liabilities) | | (55) | - | (16) | - | (71) | |
| Total | | \$ 6,315 | \$ 269,864 | \$ 1,913 | \$ 2,190,587 | \$ 2,468,679 | |

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At January 31, 2011, the SBS Plan’s deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

Treasury’s policy with regard to the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio’s assets in corporate bonds of any one company or affiliated group, unless explicitly backed by the U.S. Government.

The ARMB’s policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts, and the reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Stable Value Fund’s total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

| Investment Type | Issuer | All Issuers |
|---|--------|-------------|
| U.S. Treasury and Agencies | 100% | 100% |
| U.S. Agency Securities | 100% | 100% |
| Agency Mortgage-backed Securities | 50% | 50% |
| Nonagency Mortgage-backed Securities | 5% | 50% |
| Asset-backed Securities | 5% | 50% |
| Domestic and Foreign Corporate Debt Securities | 5% | 50% |
| Supranational Agency and Foreign Government Entity Securities | 5% | 50% |
| Money Market Instruments – Nongovernmental Agency | 5% | 100% |
| Custodian Short-term Investment Fund | 100% | 100% |

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB’s policy with regard to concentration of credit risk for wholly-owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer are limited to two percent of the total portfolio at the time of purchase, and

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At January 31, 2011, SBS had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. SBS has exposure to foreign currency risk in the International Equity and the Global Balanced collective investment funds.

The ARMB's policy with regard to the Stable Value Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB's policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY

There are many component units of the State that maintained their accounts outside of the State treasury. However, the overwhelming majority of the activity is within the Alaska Permanent Fund Corporation (APFC). Information on deposits and investments maintained by the other component units are available within their separately issued audit reports.

ALASKA PERMANENT FUND CORPORATION

APFC is managed by a six member board of trustees (the "Trustees" or "Board") consisting of the Department of Revenue Commissioner, one other head of a principal State department, and four governor-appointed public members with recognized competence and experience in finance, investments, or other business management-related fields. The Alaska Permanent Fund (the "Fund") assets are diversified across a wide variety of investments, in accordance with statutes, regulations, and APFC investment policies.

Investments and Related Policies

Carrying value of investments

The Fund's investments are reported at fair value in the financial statements. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance. For marketable debt and equity securities, including real estate investment trusts, fair values are obtained from independent sources using published market prices, quotations from national security exchanges, and security pricing services. Fair values of investments that have no readily ascertainable fair value are determined by management using the fair value capital account balances nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Direct investments in real estate are subject to annual appraisals and audits. All alternative investments undergo annual independent financial statement audits.

At June 30, 2011, the APFC’s strategic asset allocation targets were as follows:

| <u>Risk Class</u> | <u>Asset Class</u> | <u>Risk Class Target</u> | <u>Asset Class Target</u> |
|-----------------------|---|--------------------------|---------------------------|
| Cash | | 2% | 2% |
| Interest Rates | | 6% | |
| | U.S. Government Bonds | | 4% |
| | International Developed Government Bonds (currency hedged) | | 2% |
| Company Exposure | | 53% | |
| | Global Credit | | 11% |
| | Global Equity | | 36% |
| | Private Equity | | 6% |
| Real Assets | | 18% | |
| | Real Estate | | 12% |
| | Infrastructure | | 3% |
| | U.S. Treasury Inflation Protection Securities | | 3% |
| Special Opportunities | | 21% | |
| | Absolute Return Mandate | | 6% |
| | Real Return Mandate | | 7% |
| | Distressed Debt | | 1% |
| | Mezzanine Debt | | 1% |
| | Structured Credit | | 1% |
| | Other (future opportunities) | | 5% |

Capital that is not invested in the special opportunities risk class resides in the company exposure risk class. To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC’s chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the “green zone” in the investment policy), the APFC’s executive director can approve target deviations for up to 90 days within a broader range (the “yellow zone”), and the Board can approve operating for longer than 30 days within a third range (the “red zone”). For example, the target allocation for the interest rate risk class is six percent, with the green zone range set at 6 to 12 percent, yellow zone ranges set at five to six percent and 12 to 20 percent, and red zone ranges set at allocations of less than five percent or greater than 20 percent. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio’s risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of eligible investments for Fund assets. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while maximizing the expected total return from both income and the appreciation of capital.

Interest Rate Risk

The APFC manages the Fund's exposure to interest rate risk in part through tracking error guidelines set forth in the APFC's investment policy. Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of 5.0, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of 5.0 percent.

At June 30, 2011, the Fund held fixed income investments with floating, variable, and step interest rates, valued at \$346,583 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero percent to 10.5 percent.

Credit Risk

The APFC requires that its investment grade fixed income managers invest in domestic and non-domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial Credit Risk

The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund or the APFC (on behalf of the Fund). For the Fund's non-domestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund managed by Invesco Aim Advisors, Inc. Late deposits of cash, which miss the money market sweep deadline, are deposited to an interest bearing account at the custodian.

Concentration of Credit Risk

The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. There is no single-issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the notes to the financial statements.

Foreign Currency Risk

Foreign currency risk is managed through foreign currency forward contracts and by diversifying assets into various countries and currencies.

Forward Exchange Contracts

Fund managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations, and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase in the fair value of investments, and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than

on a security by security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Equity Index Futures

Certain equity managers for the Fund are permitted to buy and sell equity index futures. The gross fair value of equity index futures does not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets, based on the difference between the future's purchase price and the current value of such index futures. Realized gains and losses on futures are included in the net increase in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is included in the net increase in the fair value of investments, based on the difference between the contract purchase price and the current value of the futures index as of the balance sheet date.

Cash and Temporary Investments

The amounts shown on the balance sheets as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash held at futures brokers, petty cash, U.S. Treasury bills, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes two percent to cash. APFC's investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted-average maturities of no greater than 24 months.

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30, 2011 (in thousands):

| | |
|--------------------------------------|---------------------|
| Cash and Pooled Funds | \$ 1,656,603 |
| U.S. Treasury Bills | <u>3,275</u> |
| Total Cash and Temporary Investments | <u>\$ 1,659,878</u> |

U.S. Treasury bills are explicitly guaranteed by the U.S. government. At June 30, 2011, uninvested cash of \$72,663 thousand was held at the custodian, sub-custodian, or futures broker banks, primarily in interest-bearing accounts. All remaining cash balances were invested in a money market fund managed by Invesco Aim Advisors, Inc.

Marketable Debt Securities

Marketable debt securities at June 30, 2011, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

| | Cost | Fair Value | Unrealized Gains/(Losses) |
|---|---------------------|---------------------|------------------------------|
| Treasury and Government Notes/Bonds | \$ 1,820,263 | \$ 1,931,332 | \$ 111,069 |
| Mortgage-backed Securities | 580,397 | 594,595 | 14,198 |
| Corporate Bonds | 2,551,947 | 2,640,400 | 88,453 |
| Commercial Mortgage/Asset-backed Securities | 337,182 | 359,146 | 21,964 |
| Non-U.S. Treasury and Government Bonds | 1,295,129 | 1,393,253 | 98,124 |
| Non-U.S. Corporate Bonds | <u>465,289</u> | <u>489,502</u> | <u>24,213</u> |
| Total Marketable Debt Securities | <u>\$ 7,050,207</u> | <u>\$ 7,408,228</u> | <u>\$ 358,021</u> |

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate (approximately 87 percent of bond mandates at June 30, 2011), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Managers with high yield mandates (approximately 13 percent of bond mandates at June 30, 2011) are

allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the Nationally Recognized Statistical Rating Organizations (NRSRO) used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2011, the Fund's credit ratings for its marketable debt securities are as follows (in thousands):

| NRSRO Quality Rating | Domestic | Non-domestic | Total Fair Value | Percent of Holdings |
|--|--------------|--------------|---------------------|------------------------|
| AAA | \$ 406,345 | \$ 588,915 | \$ 995,260 | 13.44% |
| AA | 188,566 | 505,170 | 693,736 | 9.36% |
| A | 1,039,723 | 259,995 | 1,299,718 | 17.54% |
| BBB | 794,776 | 318,956 | 1,113,732 | 15.03% |
| BB | 77,187 | 131,522 | 208,709 | 2.82% |
| B | 59,493 | 62,056 | 121,549 | 1.64% |
| CCC | 41,927 | 1,198 | 43,125 | 0.58% |
| CC | 4,154 | - | 4,154 | 0.06% |
| C | 4,312 | 718 | 5,030 | 0.07% |
| Total fair value of rated debt securities | 2,616,483 | 1,868,530 | 4,485,013 | 60.54% |
| Commingled Bond Funds | 353,509 | - | 353,509 | 4.77% |
| Not rated | 8,985 | 14,226 | 23,211 | 0.31% |
| U.S. government explicitly backed by the U.S. government | 2,047,332 | - | 2,047,332 | 27.64% |
| U.S. government implicitly backed by the U.S. government | 499,163 | - | 499,163 | 6.74% |
| Total fair value debt securities | \$ 5,525,472 | \$ 1,882,756 | \$ 7,408,228 | 100.00% |

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2011, the effective duration by investment type, based on fair value, is as follows:

| | Percent of bond holdings | Duration |
|---|-----------------------------|----------|
| Domestic Bonds | | |
| Treasuries and Government Notes/Bonds | 34.95% | 6.71 |
| Mortgage-backed Securities | 10.76% | 4.23 |
| Corporate Bonds | 47.79% | 6.31 |
| Commercial Mortgage and Asset-backed Securities | 6.50% | 3.04 |
| Total Domestic Bonds | 100.00% | 6.00 |
| Non-domestic Bonds | | |
| Non-U.S. Treasury and Government Bonds | 74.00% | 5.98 |
| Non-U.S. Corporate Bonds | 26.00% | 5.94 |
| Total Non-domestic Bonds | 100.00% | 5.97 |

Preferred and Common Stock

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund.

The Fund invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors. The commingled stock funds held as of June 30, 2011 were: the Emerging Markets Growth Fund (EMGF)

managed by Capital International, Inc.; the International Small Company Portfolio (DFISX) managed by Dimensional Fund Advisors, LP; and, the DFA International Small Cap Value Portfolio (DISVX) managed by Dimensional Fund Advisors, LP.

The fair values of the Fund's shares in the EMGF were \$1,316,974 thousand as of June 30, 2011, and are included in the non-domestic values shown below. The value of the Fund's investment in the commingled fund represented approximately 7.9 percent of the total EMGF value at June 30, 2011.

The fair values of the Fund's shares in the DFISX funds were \$251,872 thousand as of June 30, 2011, and are included in the non-domestic values shown below. The fair values of the Fund's shares in the DISVX funds were \$243,072 thousand as of June 30, 2011, and are included in the non-domestic values shown below. The value of the Fund's investment in the DFISX fund represented approximately 4 percent of the total DFISX value at June 30, 2011. The value of the Fund's investment in the DISVX fund represented approximately 3 percent of the total DISVX value at June 30, 2011.

Preferred and common stocks at June 30, 2011, are summarized as follows (in thousands), and include the net fair value of equity index futures:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gains/(Losses)</u> |
|----------------------------------|----------------------|----------------------|--------------------------------------|
| Domestic | \$ 8,945,123 | \$ 10,897,167 | \$ 1,952,044 |
| Non-domestic | <u>6,891,512</u> | <u>8,167,105</u> | <u>1,275,593</u> |
| Total Preferred and Common Stock | <u>\$ 15,836,635</u> | <u>\$ 19,064,272</u> | <u>\$ 3,227,637</u> |

Foreign Currency Exposure

Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets into various countries and currencies.

At June 30, 2011, the Fund's cash holdings, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows, shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded (in thousands):

| Foreign Currency | Cash | Public Equity | Debt | Private Equity | Total Foreign Currency Exposure |
|---------------------------------|-----------|---------------|--------------|----------------|---------------------------------------|
| Argentine Peso | \$ (19) | \$ - | \$ 3,459 | \$ - | \$ 3,440 |
| Australian Dollar | 11,655 | 421,115 | - | 6,957 | 439,727 |
| Brazilian Real | 2,299 | 115,461 | 38,363 | - | 156,123 |
| British Pound Sterling | 825 | 1,410,159 | 76,855 | 28,480 | 1,516,319 |
| Canadian Dollar | 11,100 | 699,633 | 72,512 | - | 783,245 |
| Chilean Peso | 13 | 1,373 | - | - | 1,386 |
| Colombian Peso | 5 | 850 | 22,941 | - | 23,796 |
| Czech Koruna | (41) | 742 | 6,850 | - | 7,551 |
| Danish Krone | 1,326 | 59,544 | 13,249 | - | 74,119 |
| Egyptian Pound | 5 | 1,983 | - | - | 1,988 |
| Euro Currency | (31,314) | 2,145,950 | 341,545 | 175,682 | 2,631,863 |
| Hong Kong Dollar | 10,538 | 439,920 | - | - | 450,458 |
| Hungarian Forint | - | 913 | 6,272 | - | 7,185 |
| Indian Rupee | 250 | 80,511 | - | - | 80,761 |
| Indonesian Rupiah | (1,803) | 44,237 | 32,257 | - | 74,691 |
| Israeli Shekel | 2,917 | 47,152 | 1,798 | - | 51,867 |
| Japanese Yen | 11,539 | 1,346,629 | 236,817 | - | 1,594,985 |
| Malaysian Ringgit | 240 | 25,840 | 17,416 | - | 43,496 |
| Mexican Peso | 262 | 30,900 | 53,558 | - | 84,720 |
| Moroccan Dirham | 12 | 182 | - | - | 194 |
| New Zealand Dollar | 307 | 15,159 | - | - | 15,466 |
| Norwegian Krone | (204) | 46,480 | - | - | 46,276 |
| Philippine Peso | 44 | 965 | 19,113 | - | 20,122 |
| Polish Zloty | 9 | 27,448 | 12,432 | - | 39,889 |
| Russian Ruble | - | - | 12,267 | - | 12,267 |
| Singapore Dollar | 3,820 | 88,478 | - | - | 92,298 |
| South African Rand | (516) | 62,357 | 8,342 | - | 70,183 |
| South Korean Won | (460) | 166,680 | 37,573 | - | 203,793 |
| Swedish Krona | 1,698 | 193,031 | 32,352 | 23 | 227,104 |
| Swiss Franc | 9,791 | 477,379 | - | - | 487,170 |
| Taiwan Dollar | 1,221 | 134,940 | - | - | 136,161 |
| Thai Baht | (1,562) | 49,964 | 1,887 | - | 50,289 |
| Turkish Lira | - | 30,099 | 36,226 | - | 66,325 |
| Uruguayan Peso | - | - | 15,558 | - | 15,558 |
| Total foreign currency exposure | \$ 33,957 | \$ 8,166,074 | \$ 1,099,642 | \$ 211,142 | \$ 9,510,815 |

Cash amounts in the schedule above include receivables, payables, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value.

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, a real estate operating company, and other entities whose assets consist primarily of real property. The Fund invests in real estate directly through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. External institutional real estate management firms administer the Fund’s directly owned real estate investments.

Real estate investments at June 30, 2011, are summarized as follows (in thousands):

| | Cost | Fair Value | Unrealized Gains/(Losses) |
|----------------------------------|---------------------|---------------------|---------------------------|
| Real Estate Investment Trusts | \$ 225,939 | \$ 292,888 | \$ 66,949 |
| Alaska Residential Mortgage | 21 | 21 | - |
| Directly Owned Real Estate: | | | |
| Earnest Money - Pending Purchase | 2,771 | 2,771 | - |
| Retail | 673,070 | 1,192,533 | 519,463 |
| Office | 1,056,142 | 958,096 | (98,046) |
| Industrial | 248,006 | 248,743 | 737 |
| Multifamily | 978,110 | 1,028,302 | 50,192 |
| Total Real Estate | <u>\$ 3,184,059</u> | <u>\$ 3,723,354</u> | <u>\$ 539,295</u> |

Subsequent to fiscal year end 2011, one real estate property was sold. The industrial building, located in California, was sold for \$22.2 million (which approximated the carrying value of the property at June 30, 2011), incurring a realized loss of \$5.3 million.

Alternative Investments

Alternative investments include the Fund’s investments in or through real return mandates, absolute return strategies, private equity, infrastructure, distressed debt, and mezzanine debt.

The objective for the real return mandate is to produce a five percent real return (in excess of inflation) over the longer of one business cycle or five years. Each manager’s contract specifies permitted investments and liquidity guidelines. Investments are generally in commingled proprietary funds structured as limited partnerships.

Absolute return strategies are investments in specialized funds with low market correlation. The Fund’s absolute return strategies are managed through three limited partnerships, in which the Fund is the only limited partner (“fund-of-one”). External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries with respect to the Fund. Absolute return strategies invest in a diversified portfolio of underlying limited partnership interests or similar limited liability entities. Each fund-of-one provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit. Many absolute return investments do not have readily ascertainable fair values and may be subject to withdrawal restrictions and/or additional expenses upon early withdrawal of invested funds.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock, and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to select private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the external advisors and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates, and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy

generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates. The limited partnerships undergo annual independent audits. Infrastructure investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Fund invests in distressed debt through limited partnerships that invest either directly in distressed debt or in commingled limited liability funds with a distressed debt focus. The Fund invests in mezzanine debt through limited partnerships that invest directly in mezzanine debt. These investments are funded over time, as opportunities arise. The limited partnerships undergo annual independent audits. Distressed debt and mezzanine investments, by their nature, generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Alternative investments at June 30, 2011, are summarized as follows (in thousands):

| | Cost | Fair Value | Unrealized Gains/(Losses) |
|-------------------------------|---------------------|---------------------|------------------------------|
| Real return | \$ 2,864,271 | \$ 3,164,561 | \$ 300,290 |
| Absolute return | 2,200,847 | 2,530,937 | 330,090 |
| Private equity | 1,247,827 | 1,378,117 | 130,290 |
| Infrastructure | 656,198 | 786,916 | 130,718 |
| Distressed and mezzanine debt | 456,735 | 531,116 | 74,381 |
| Total alternative investments | <u>\$ 7,425,878</u> | <u>\$ 8,391,647</u> | <u>\$ 965,769</u> |

As of June 30, 2011, the APFC, on behalf of the Fund, had outstanding future funding commitments of: \$1.6 billion for private equity; \$636 million for infrastructure; and \$775 million for distressed and mezzanine debt investments combined.

Alaska Certificates of Deposit

State regulations and APFC investment policy authorize the APFC to invest Fund assets in certificates of deposit or the equivalent instruments of banks, savings and loan associations, mutual savings banks and credit unions doing business in Alaska. The certificates of deposit are secured by collateral consisting of letters of credit from the Federal Home Loan Bank or pooled mortgage securities issued by U.S. government sponsored enterprises.

Securities Lending

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non-domestic loaned securities denominated in U.S. Dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any non-cash collateral) to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund's balance sheets and invested by the Bank on behalf of the Fund. As of June 30, 2011, such investments were in overnight repurchase agreements that had a weighted-average-maturity of one day. The average term of the loans was also one day. At June 30, 2011 the value of securities on loan is as follows (in thousands):

| | |
|----------------------------------|--------------|
| Fair Value of Securities on Loan | \$ 3,426,988 |
| Cash Collateral | 3,617,520 |

The Fund receives 80 percent of earnings derived from securities lending transactions and the Bank retains 20 percent. During the year ended June 30, 2011, the Fund incurred no losses from securities lending transactions. The Fund received income of \$8,957 thousand from securities lending for the year ended June 30, 2011, which is recorded in real estate and other income on the statements of revenues, expenditures, and changes in fund balances.

Investment Income by Source

Investment income during the year ended June 30, 2011, is summarized as follows (in thousands):

| | |
|--|-------------------|
| Interest | |
| Domestic Marketable Debt Securities | \$ 244,176 |
| Non-domestic Marketable Debt Securities | 35,531 |
| Alaska Certificates of Deposit | 1,890 |
| Short-term Domestic and Other | 2,123 |
| Total Interest | <u>\$ 283,720</u> |
| Dividends | |
| Domestic Stocks | \$ 107,030 |
| Non-domestic Stocks | 352,823 |
| Total Dividends | <u>\$ 459,853</u> |
| Real Estate and Other Income | |
| Directly Owned Real Estate Interest | \$ 1 |
| Directly Owned Real Estate Net Rental Income | 127,306 |
| Real Estate Investment Trust Dividends | 12,552 |
| Real Return Interest and Dividends | 30,038 |
| Absolute Return Management Expenses, Net of Dividend and Interest Income | (17,138) |
| Distressed and Mezzanine Debt Interest Income, Net of Fees | 1,040 |
| Infrastructure Fees, Net of Interest and Dividend Income | (3,291) |
| Private Equity Dividend Income, Net of Management Expenses | 5,335 |
| Class Action Litigation Income | 3,393 |
| Loaned Securities, Commission Recapture and Other Income | 9,590 |
| Total Real Estate and Other Income | <u>\$ 168,826</u> |

Foreign Exchange Contracts and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2011 ranged between one and 154 days.

The counterparties to the FX forward contracts consisted of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of non-performance by these counterparties. The Fund's market risk as of June 30, 2011 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for fiscal year 2011 are summarized as follows (in thousands):

| | |
|---|---------------------|
| Face Value of FX Forward Contracts | \$ 2,528,767 |
| Net Unrealized Holding Losses on FX Forward Contracts | <u>(5,195)</u> |
| Fair Value of FX Forward Contracts | <u>\$ 2,523,572</u> |
| | |
| Change in Unrealized Holding Losses | \$ (3,634) |
| Realized Losses | <u>(122,114)</u> |
| Net Decrease in Fair Value of FX Forward Contracts | <u>\$ (125,748)</u> |

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Equity index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to equity index futures for fiscal year 2011 is summarized as follows (in thousands):

| | |
|---|-------------------|
| Face Value of Equity Index Futures | \$ 149,868 |
| Net Unrealized Holding Gains on Futures | <u>5,083</u> |
| Fair Value of Equity Index Futures | <u>\$ 154,951</u> |
| | |
| Change in Unrealized Holding Gains | \$ 10,279 |
| Realized Gains | <u>22,895</u> |
| Net Increase in Fair Value of Futures | <u>\$ 33,174</u> |

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheets. All other balance and activity amounts shown above are included in the Fund's financial statements.

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital assets, which include property, plant, equipment, and infrastructure items (highways, bridges, and similar items) are reported in the applicable governmental and business-type activity columns of the government-wide financial statements.

Capitalization policy and useful lives for capital assets are as follows:

| <u>Capital Asset</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--------------------------|--------------------------------|--------------------|---------------------------------|--------------------|
| | <u>Capitalize at Value</u> | <u>Useful Life</u> | <u>Capitalize at Value</u> | <u>Useful Life</u> |
| Land | All | Indefinite | All | Indefinite |
| Infrastructure | \$ 1,000,000 | 15-75 | \$ 100,000 | 5-40 |
| Buildings | 1,000,000 | 50 | 100,000 | 10-40 |
| Intangible Assets and | | | | |
| Computer Software | 500,000 | 3-7 | | |
| Building Improvements | 100,000 | 1-50 | All | 5-40 |
| Machinery/equipment | 100,000 | 3-60 | 5,000 | 5-10 |
| Construction in Progress | | | | |

State of Alaska art, library reserve, and museum collections that are considered inexhaustible, in that their value does not diminish over time, are not capitalized. These assets are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Capital asset activities for the fiscal year ended June 30, 2011, are as follows (in millions):

| Governmental Activities | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|---------------|-----------------|-------------------|
| Capital assets not being depreciated: | | | | |
| Intangible - Easements and Right-of-Way | \$ 504 | \$ 18 | \$ - | \$ 522 |
| Land | 319 | 3 | - | 322 |
| Construction in progress | 1,359 | 539 | (382) | 1,516 |
| Total capital assets not being depreciated | <u>2,182</u> | <u>560</u> | <u>(382)</u> | <u>2,360</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 1,607 | 72 | (36) | 1,643 |
| Intangible - Software | 39 | 10 | - | 49 |
| Equipment | 828 | 34 | (6) | 856 |
| Infrastructure | 5,985 | 279 | (22) | 6,242 |
| Total capital assets being depreciated | <u>8,459</u> | <u>395</u> | <u>(64)</u> | <u>8,790</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (492) | (30) | 7 | (515) |
| Intangible - Software | (37) | (6) | - | (43) |
| Equipment | (390) | (36) | 3 | (423) |
| Infrastructure | (3,486) | (285) | 5 | (3,766) |
| Total accumulated depreciation | <u>(4,405)</u> | <u>(357)</u> | <u>15</u> | <u>(4,747)</u> |
| Total capital assets being depreciated, net | <u>4,054</u> | <u>38</u> | <u>(49)</u> | <u>4,043</u> |
| Capital assets, net | <u>\$ 6,236</u> | <u>\$ 598</u> | <u>\$ (431)</u> | <u>\$ 6,403</u> |

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for internal funds are included as part of the above schedule for governmental activities.

| Business-type Activities | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|---------------|-----------------|-------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 30 | \$ - | \$ - | \$ 30 |
| Construction in progress | 77 | 86 | (103) | 60 |
| Total capital assets not being depreciated | <u>107</u> | <u>86</u> | <u>(103)</u> | <u>90</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 973 | 21 | - | 994 |
| Equipment | 76 | 7 | (1) | 82 |
| Infrastructure | 670 | 70 | - | 740 |
| Total capital assets being depreciated | <u>1,719</u> | <u>98</u> | <u>(1)</u> | <u>1,816</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (227) | (29) | - | (256) |
| Equipment | (47) | (5) | 1 | (51) |
| Infrastructure | (308) | (25) | - | (333) |
| Total accumulated depreciation | <u>(582)</u> | <u>(59)</u> | <u>1</u> | <u>(640)</u> |
| Total capital assets being depreciated, net | <u>1,137</u> | <u>39</u> | <u>-</u> | <u>1,176</u> |
| Capital assets, net | <u>\$ 1,244</u> | <u>\$ 125</u> | <u>\$ (103)</u> | <u>\$ 1,266</u> |

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.7 million acres, 102.5 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 100.3 million acres have been patented or “tentatively approved.”

The State disposes of various land parcels through several programs. However, the State generally retains the subsurface rights of the land upon disposal.

Depreciation expense was charged to the functions of the primary government as follows (in millions):

| | <u>Amount</u> |
|---|---------------|
| Governmental Activities | |
| General Government | \$ 3 |
| Education | 9 |
| Health and Human Services | 5 |
| Law and Justice | 3 |
| Natural Resources | 3 |
| Public Protection | 7 |
| Transportation | 302 |
| Depreciation on capital assets held by the state's internal service funds is charged to the various functions based on their use of the assets. | <u>25</u> |
| Total Depreciation Expense – Governmental Activities | <u>\$ 357</u> |
| Business-type Activities | |
| Enterprise | <u>\$ 59</u> |

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2011 (in millions):

| | Beginning Balance (restated) | Additions | Deletions | Ending Balance |
|---|------------------------------------|---------------|-----------------|-------------------|
| Capital assets not being depreciated: | | | | |
| Intangible - Easements and Right-of-Way | \$ 8 | \$ 1 | \$ (1) | \$ 8 |
| Land | 73 | 13 | - | 86 |
| Library, media, and museum collections | 58 | 1 | - | 59 |
| Construction in progress | 152 | 230 | (193) | 189 |
| Infrastructure | 11 | - | - | 11 |
| Total capital assets not being depreciated | <u>302</u> | <u>245</u> | <u>(194)</u> | <u>353</u> |
| Capital assets being depreciated/depleted: | | | | |
| Intangible - Software | 1 | - | - | 1 |
| Intangible - Right of Use | 21 | - | - | 21 |
| Land | 4 | - | - | 4 |
| Buildings | 1,504 | 58 | (2) | 1,560 |
| Equipment | 525 | 41 | (11) | 555 |
| Infrastructure | 1,244 | 113 | - | 1,357 |
| Total capital assets being depreciated/depleted | <u>3,299</u> | <u>212</u> | <u>(13)</u> | <u>3,498</u> |
| Less accumulated depreciation/depletion for: | | | | |
| Intangible - Right of Use | (2) | (1) | - | (3) |
| Buildings | (722) | (53) | 1 | (774) |
| Equipment | (278) | (33) | 9 | (302) |
| Infrastructure | (466) | (49) | 1 | (514) |
| Total accumulated depreciation/depletion | <u>(1,468)</u> | <u>(136)</u> | <u>11</u> | <u>(1,593)</u> |
| Total capital assets being depreciated/depletion, net | <u>1,831</u> | <u>76</u> | <u>(2)</u> | <u>1,905</u> |
| Capital assets, net | <u>\$ 2,133</u> | <u>\$ 321</u> | <u>\$ (196)</u> | <u>\$ 2,258</u> |

University of Alaska art, library, and museum collections, which are capitalized but not depreciated, are reported in the statement of net assets as equipment. These assets are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Two component units have restated beginning balances for capital assets displayed in the table above. The Alaska Natural Gas Development Authority identified additional capitalization from prior years which resulted in an adjustment to the FY 11 beginning balance for intangibles – easements and right-of-way. See Note 3 for further information on this restatement. The Alaska Industrial Development and Export Authority capital asset beginning balances are restated above in order to include development projects, which were not previously reported within this note.

NOTE 6 – SHORT-TERM DEBT, BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

A. SUMMARY OF CHANGES

SHORT-TERM DEBT

Two enterprise funds, the Alaska Clean Water Fund and the Alaska Drinking Water Fund issued bond anticipation notes during FY 11 totaling \$2,439 thousand and \$2,714 thousand respectively. The proceeds were used to fund the State share of loan distributions and administration costs. In accordance with the Environmental Protection Agency regulations, interest and investment earnings were used to retire the bond anticipation notes. No balance was outstanding at year end.

Short-term debt activity for the primary government for the fiscal year ended June 30, 2011 is as follows (in thousands):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-------------------------|----------------------|-----------|-----------|-------------------|
| Bond Anticipation Notes | \$ - | \$ 5,153 | \$ 5,153 | \$ - |

LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for the fiscal year ended June 30, 2011 (in thousands):

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--------------------------------|----------------------|-------------------|-------------------|---------------------|-----------------------------------|
| Revenue bonds payable | \$ 425,753 | \$ 965 | \$ 4,182 | \$ 422,536 | \$ 2,699 |
| General obligation debt | 489,517 | 201,837 | 35,721 | 655,633 | 55,301 |
| Capital leases payable | 410,085 | 8,212 | 25,661 | 392,636 | 21,305 |
| Unearned & deferred revenue | 302,187 | 44,292 | 1,993 | 344,486 | 37,826 |
| Certificates of participation | 45,605 | - | 6,005 | 39,600 | 6,215 |
| Compensated absences | 154,051 | 150,716 | 143,569 | 161,198 | 132,764 |
| Claims and judgments | 75,087 | 599 | 896 | 74,790 | 33,698 |
| Pollution Remediation | 53,316 | 44,319 | 23,603 | 74,032 | 8,771 |
| Other noncurrent liabilities | 1,304 | 104 | 325 | 1,083 | 726 |
| Net pension obligation | 751 | 1,431 | - | 2,182 | - |
| Total | \$ 1,957,656 | \$ 452,475 | \$ 241,955 | \$ 2,168,176 | \$ 299,305 |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities.

The General Fund and special revenue funds in which the leases are recorded typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the funds incurring the related salaries and wages. Claims and judgments attributable to governmental activities will generally be liquidated by the General Fund, except for the payments by Capital Project Funds for the rebate of arbitrage. Certain claims and judgment liquidations will receive proportional federal reimbursement. Other non-current liabilities due within one year will be liquidated by the General Fund and those due after one year will be liquidated by the Reclamation Bonding Pool, a special revenue fund.

The Internal Revenue Code and arbitrage regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. Arbitrage rebates payable are reported under claims and judgments.

| Business-type Activities | | | | Amounts | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
| Revenue bonds payable | \$ 562,006 | \$ 171,060 | \$ 139,469 | \$ 593,597 | \$ 13,150 |
| Unearned & deferred revenue | 4,175 | 74 | - | 4,249 | 4,249 |
| Compensated absences | 4,353 | 3,833 | 3,687 | 4,499 | 3,392 |
| Claims and judgements | 910 | - | 650 | 260 | 260 |
| Pollution Remediation | 1,429 | - | 116 | 1,313 | 125 |
| Other noncurrent liabilities | 155 | 172 | - | 327 | - |
| Total | \$ 573,028 | \$ 175,139 | \$ 143,922 | \$ 604,245 | \$ 21,176 |

B. GENERAL OBLIGATION BONDS AND REVENUE BONDS

GENERAL OBLIGATION BONDS

Under Article IX, Section 8 of the State Constitution and AS 37.15, the State Bonding Act, general obligation bonds must be authorized by law and ratified by voters and generally must be issued for capital improvements. There is no statutory limit on the amount of State general obligation bonds that may be authorized.

The full faith, credit, and resources of the state are pledged to secure payment of general obligation bonds. As of June 30, 2011, the following were the general obligation bond debt outstanding (in millions):

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|------------------|-----------------|--------------|
| 2012 | \$ 52.1 | \$ 32.1 | \$ 84.2 |
| 2013 | 55.2 | 28.0 | 83.2 |
| 2014 | 38.1 | 25.8 | 63.9 |
| 2015 | 27.1 | 24.3 | 51.4 |
| 2016 | 28.2 | 23.0 | 51.2 |
| 2017-2021 | 137.2 | 94.3 | 231.5 |
| 2022-2026 | 95.8 | 66.6 | 162.4 |
| 2027-2031 | 143.6 | 37.5 | 181.1 |
| 2032-3036 | 66.5 | 5.8 | 72.3 |
| Total debt service requirements | 643.8 | \$ 337.4 | \$ 981.2 |
| Unamortized bond premium | 11.8 | | |
| Total principal outstanding | \$ 655.6 | | |

The General Obligation Bonds Series 2003A were issued for the purpose of paying \$235,215,500 of the cost of design, construction and major maintenance of educational and museum facilities and for the purpose of paying \$123,914,500 of the costs of State transportation projects. The Series 2003B Bonds were issued for the purpose of paying \$102,805,000 of the costs of State transportation projects. The Series 2009A Bonds were issued for the purpose of paying \$165,000,000 of the costs of State transportation projects. The Series 2010 A, B, and C Bonds were issued for the purpose of paying \$200,000,000 of the costs of State education projects.

REVENUE BONDS

As of June 30, 2011, the following were the revenue bonds outstanding (in millions):

| Year Ending June 30 | Governmental Activities | | Business-Type Activities | |
|---------------------------------------|-------------------------|----------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2012 | \$ 2.7 | \$ 20.2 | \$ 13.2 | \$ 28.0 |
| 2013 | 9.8 | 20.1 | 13.7 | 27.5 |
| 2014 | 12.6 | 19.7 | 14.3 | 26.9 |
| 2015 | 13.4 | 19.2 | 20.6 | 26.1 |
| 2016 | 14.2 | 18.5 | 21.7 | 25.1 |
| 2017-2021 | 44.9 | 84.9 | 141.5 | 106.6 |
| 2022-2026 | 53.7 | 73.9 | 187.9 | 65.3 |
| 2027-2031 | 41.2 | 62.0 | 135.1 | 20.7 |
| 2032-2036 | 54.2 | 50.4 | 32.1 | 5.0 |
| 2037-2041 | 71.2 | 35.3 | - | - |
| 2042-2046 | 108.8 | 140.3 | - | - |
| Total debt service requirements | 426.7 | \$ 544.5 | 580.1 | \$ 331.2 |
| Unamortized bond (discounts)/premiums | (8.3) | | 13.5 | |
| Plus accreted value | 4.2 | | - | |
| Total principal outstanding | \$ 422.6 | | \$ 593.6 | |

There are two types of revenue bonds within governmental activities reported above, the Northern Tobacco Securitization Corporation revenue bonds and the State of Alaska Sport Fishing Revenue bonds. This debt is reported in the Governmental Activities column of the Government-wide Statement of Net Assets.

Northern Tobacco Securitization Corporation Revenue Bonds

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase the right to a share of Tobacco Settlement Revenues (TSRs) received by the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the respective bond indentures and amounts established and held in accordance with those bonds indentures. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. NTSC revenue bond total at June 30, 2011 includes \$374.9 million in principal, \$522.2 million in interest, \$8.4 million in unamortized discount, and \$4.2 million in accreted value on the Series 2006B and Series 2006C Bonds.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing (SF) Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing revenue bond total at year end includes \$51.8 million in principal, \$22.3 million in interest, and \$.1 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund (IAF). Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports revenue bonds. There are \$23.2 million of bonds authorized by the Alaska Legislature that have not been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Assets. During FY 11, \$145.1 million in International Airports Revenue Bonds were refunded. Total bond

interest arbitrage rebate liability was \$327.9 thousand at June 30, 2011. Federal subsidies related to the interest payments made during the year on Build American Bonds were \$217 thousand.

C. CAPITAL AND OPERATING LEASES

A summary of noncancelable operating and capital lease commitments to maturity are (in millions):

| <u>Governmental Activities</u> Year Ending June 30 | Operating Leases | Capital Leases | | |
|---|---------------------|-----------------|-----------------|-----------------|
| | | Principal | Interest | Total |
| 2012 | \$ 35.8 | \$ 21.3 | \$ 20.4 | \$ 41.7 |
| 2013 | 26.6 | 21.4 | 19.4 | 40.8 |
| 2014 | 21.5 | 21.8 | 18.4 | 40.2 |
| 2015 | 14.3 | 22.1 | 17.3 | 39.4 |
| 2016 | 10.8 | 21.9 | 16.3 | 38.2 |
| 2017-2021 | 22.0 | 102.4 | 64.6 | 167.0 |
| 2022-2026 | 3.3 | 72.5 | 41.8 | 114.3 |
| 2027-2031 | 1.6 | 74.4 | 21.3 | 95.7 |
| 2032-2036 | 1.0 | 33.6 | 2.3 | 35.9 |
| 2037-2041 | 0.2 | - | 0.3 | 0.3 |
| 2042-2046 | 0.2 | - | 0.3 | 0.3 |
| 2047-2051 | 0.2 | - | 0.3 | 0.3 |
| 2052-2056 | 0.2 | 0.1 | 0.2 | 0.3 |
| 2057-2061 | 1.8 | 1.1 | 1.5 | 2.6 |
| Total | <u>\$ 139.5</u> | <u>\$ 392.6</u> | <u>\$ 224.4</u> | <u>\$ 617.0</u> |

Leases at June 30, 2011 are reported by the State of Alaska within Governmental Activities and Business-Type Activities, as applicable.

The State leases office facilities, office and computer equipment, and other assets under a variety of agreements. Although lease terms vary, most leases are subject to appropriation from the State Legislature to continue the obligation. If the possibility of receiving no funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Leases that represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial records at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

Buildings and equipment under capital leases as of June 30, 2011 include the following (in thousands):

| | Governmental Activities | Business-Type Activities |
|--------------------------------|----------------------------|-----------------------------|
| Buildings | \$ 408,401 | \$ - |
| Equipment | 9,895 | - |
| Less: Accumulated Depreciation | (25,660) | - |
| | <u>\$ 392,636</u> | <u>\$ -</u> |

D. CERTIFICATES OF PARTICIPATION

The State has lease purchase agreements funded through certificates of participation (COPs). These leases are for the purchase of buildings. Third-party leasing companies assigned their interest in the lease to underwriters, which issued certificates for the funding of these obligations. The COPs represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents future minimum payments as of June 30, 2011 (in millions):

| <u>Governmental Activities</u> Year Ending June 30 | <u>Certificates of Participation</u> | | |
|---|--------------------------------------|-----------------|----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2012 | \$ 6.2 | \$ 1.7 | \$ 7.9 |
| 2013 | 6.5 | 1.5 | 8.0 |
| 2014 | 3.9 | 1.1 | 5.0 |
| 2015 | 4.1 | 1.0 | 5.1 |
| 2016 | 4.3 | 0.8 | 5.1 |
| 2017-2021 | 14.6 | 1.6 | 16.2 |
| Total | <u>\$ 39.6</u> | <u>\$ 7.7</u> | <u>\$ 47.3</u> |

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| 2012 | \$ 322.0 | \$ 184.8 | \$ 506.8 |
| 2013 | 196.0 | 176.7 | 372.7 |
| 2014 | 268.3 | 168.2 | 436.5 |
| 2015 | 157.3 | 160.3 | 317.6 |
| 2016 | 161.9 | 153.5 | 315.4 |
| 2017-2021 | 803.2 | 658.5 | 1,461.7 |
| 2022-2026 | 685.8 | 482.0 | 1,167.8 |
| 2027-2031 | 697.9 | 317.8 | 1,015.7 |
| 2032-2036 | 553.1 | 169.3 | 722.4 |
| 2037-2041 | 526.6 | 44.9 | 571.5 |
| 2042-2046 | 84.0 | 1.4 | 85.4 |
| Total debt service requirements | 4,456.1 | <u>\$ 2,517.4</u> | <u>\$ 6,973.5</u> |
| Unamortized (discounts)/premiums | 23.5 | | |
| Unamortized swap termination penalty | (19.8) | | |
| Deferred amount on refunding | (21.0) | | |
| Total principal outstanding | <u>\$ 4,438.8</u> | | |

The preceding table does not include \$494 thousand of Alaska Energy Authority arbitrage interest payable.

F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

The Alaska Housing Finance Corporations (AHFC) entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. AHFC's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what AHFC would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Assets, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by AHFC, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading

intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

AHFC's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, AHFC would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2011, AHFC has not posted any collateral and is not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2011, are shown below:

| Related Bond Issue | Effective Dates | Fixed Rate Paid | Variable Rate Received | SWAP Termination Date | Counterparty Credit Rating ⁷ |
|---------------------|-----------------|-----------------|------------------------------|-----------------------|---|
| GP01A ¹ | 12/1/2008 | 2.4530% | 67% of 1M LIBOR ⁴ | 12/1/2030 | A+/Aa3 |
| GP01B | 8/2/2001 | 4.1427% | 67% of 1M LIBOR | 12/1/2030 | A/A2 |
| E021A1 ² | 10/9/2008 | 2.9800% | 70% of 3M LIBOR ⁵ | 6/1/2032 | AAA/Aa1 |
| E021A2 | 10/9/2008 | 3.4480% | 70% of 1M LIBOR | 12/1/2036 | A/A2 |
| SC02C ³ | 12/5/2002 | 4.3030% | SIFMA ⁶ +0.115% | 7/1/2022 | AA-/Aa1 |
| E071AB | 5/31/2007 | 3.7345% | 70% of 3M LIBOR | 12/1/2041 | AAA/Aa1 |
| E071BD | 5/31/2007 | 3.7200% | 70% of 3M LIBOR | 12/1/2041 | AA-/Aa1 |
| E091A | 5/28/2009 | 3.7610% | 70% of 3M LIBOR | 12/1/2040 | A+/A1 |
| E091B | 5/28/2009 | 3.7610% | 70% of 3M LIBOR | 12/1/2040 | AAA/Aa1 |
| E091AB | 5/28/2009 | 3.7400% | 70% of 3M LIBOR | 12/1/2040 | AA-/Aa1 |

¹ Governmental Purpose Bonds

² Home Mortgage Revenue Bonds

³ State Capital Project Bonds

⁴ London Interbank Offered Rate 1 month

⁵ London Interbank Offered Rate 3 month

⁶ Securities Industry and Financial Markets Municipal Swap Index

⁷ Standard & Poor's/Moody's

The change in fair value and ending balance of AHFC's hedging derivatives as of June 30, 2011, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Assets.

| Related Bond Issue | Notional Amounts | Present Values | Fair Values June 30, 2011 | Fair Values June 30, 2010 | Change in Fair Values |
|--------------------|-------------------|-------------------|---------------------------|---------------------------|-----------------------|
| GP01A | \$ 59,945 | \$ 60,970 | \$ (1,025) | \$ (2,008) | \$ 983 |
| GP01B | 73,255 | 85,883 | (12,628) | (14,848) | 2,220 |
| E021A1 | 45,800 | 48,269 | (2,469) | (3,493) | 1,024 |
| E021A2 | 120,000 | 124,797 | (4,797) | (6,965) | 2,168 |
| SC02C | 60,250 | 67,421 | (7,171) | (7,669) | 498 |
| E071AB | 143,622 | 165,440 | (21,818) | (27,723) | 5,905 |
| E071BD | 95,748 | 109,703 | (13,955) | (17,879) | 3,924 |
| E091A | 72,789 | 84,027 | (11,238) | (14,293) | 3,055 |
| E091B | 72,789 | 84,164 | (11,375) | (14,462) | 3,087 |
| E091ABD | 97,052 | 111,512 | (14,460) | (18,559) | 4,099 |
| Total | <u>\$ 841,250</u> | <u>\$ 942,186</u> | <u>\$ (100,936)</u> | <u>\$ (127,899)</u> | <u>\$ 26,963</u> |

As of June 30, 2011, debt service requirements of AHFC's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

| Year Ending June 30 | Outstanding Variable-Rate Debt | Outstanding Variable-Rate Debt | Swap | Total |
|---------------------|--------------------------------|--------------------------------|-------------------|---------------------|
| | Principal | Interest | Net Payment | Payment |
| 2012 | \$ 6,895 | \$ 5,308 | \$ 29,230 | \$ 41,433 |
| 2013 | 12,825 | 5,223 | 28,945 | 46,993 |
| 2014 | 13,390 | 5,117 | 28,488 | 46,995 |
| 2015 | 13,955 | 5,006 | 28,010 | 46,971 |
| 2016 | 14,565 | 4,891 | 27,513 | 46,969 |
| 2017-2021 | 117,385 | 22,490 | 127,462 | 267,337 |
| 2022-2026 | 154,055 | 18,296 | 102,685 | 275,036 |
| 2027-2031 | 175,865 | 12,656 | 75,151 | 263,672 |
| 2032-3036 | 171,565 | 5,708 | 45,682 | 222,955 |
| 2037-2041 | 152,510 | 351 | 15,803 | 168,664 |
| 2042 | 8,240 | 3 | 147 | 8,390 |
| | <u>\$ 841,250</u> | <u>\$ 85,049</u> | <u>\$ 509,116</u> | <u>\$ 1,435,415</u> |

Interest Rate Risk

AHFC is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, AHFC's net payment on the swaps increases.

Credit Risk

As of June 30, 2011, AHFC is not exposed to credit risk on any swaps because the swaps all have negative fair values. If interest rates rise and the fair values of swaps become positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with five separate counterparties. Approximately 31 percent of the total notional amount of the swaps

is held with one counterparty rated AAA/Aa1. Another 30 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa3, approximating 23 percent, 9 percent, and 7 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC’s variable-rate bond interest payments are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2011, SIFMA was 0.09 percent and 1 month LIBOR was 0.1856 percent, resulting in a SIFMA/LIBOR ratio of 48.5 percent. The 3 month LIBOR was 0.2458 percent resulting in a SIFMA/LIBOR ratio of 36.6 percent. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and, AHFC would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, AHFC would be liable to the counterparty for payments equal to the swaps’ fair value. AHFC or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in AHFC making termination payments totaling \$22,181 thousand to the counterparties. AHFC replaced the swaps with new swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. AHFC has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

INVESTMENT DERIVATIVES

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of AHFC’s investment derivatives as of June 30, 2011, are shown below:

| Related Bond Issue | Effective Dates | Fixed Rate Paid | Variable Rate Received | SWAP Termination Date | Counterparty Credit Rating |
|--------------------|-----------------|-----------------|------------------------|-----------------------|----------------------------|
| SC02B | 12/5/2002 | 3.77% | 70% of 1M LIBOR | 7/1/2024 | AA-/Aa1 |

The change in fair value of the investment derivatives as of June 30, 2011, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

| Related Bond Issue | Notional Amounts | Present Values | Fair Values June 30, 2011 | Fair Values June 30, 2010 | Change in Fair Values |
|--------------------------|---------------------|-------------------|---------------------------------|---------------------------------|-----------------------------|
| SC02B | \$ 14,555 | \$ 16,513 | \$ (1,958) | \$ (2,368) | \$ 410 |

Credit Risk

As of June 30, 2011, AHFC is not exposed to credit risk on this outstanding swap because the swap has a negative fair value. If interest rates rise and the fair values of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated AA-/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Benefit (PERS-DB)

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for eligible State and local government employees. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. PERS-DB provides for normal pension benefits and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the PERS-DB to new members effective July 1, 2006 and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DCR). Information regarding PERS-DCR is disclosed in Note 8.

Prior to July 1, 2008, PERS was a defined benefit, agent, multiple-employer public employee retirement plan. The Alaska Legislature passed Senate Bill 125, which was signed by the Governor on April 2, 2008. This law converted the PERS to a cost-sharing plan under which the unfunded liability will be shared among all employers. This legislation also established a uniform contribution rate of 22 percent of participating employees' covered payroll.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Healthcare Trust (ARHCT) effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. PERS includes the PERS-DB and Alaska Retiree Healthcare Trust Fund. Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The PERS component unit is comprised of the PERS-DB, PERS-DCR Plans, and the ARHCT. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2011 the number of PERS participating employers was:

| | |
|------------------|-------------------|
| State of Alaska | 3 |
| Municipalities | 77 |
| School Districts | 53 |
| Other | <u>27</u> |
| Total Employers | <u><u>160</u></u> |

PERS-DB employee contribution rates are 6.75 percent of compensation (7.5 percent for peace officers and firefighters and 9.6 percent for some school district employees). The employee contributions are deducted before federal income tax is withheld.

The PERS-DB funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. Employer contributions are accumulated in both the pension and the healthcare funds based on the approved contribution rate for the fiscal year. The employer rate for the State of Alaska for the year ended June 30, 2011 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2011, 2010 and 2009 were \$237.7, \$233.1, and \$224.6 million respectively for the year. For the FY 11 contributions, \$82.5 million was for pensions and \$155.2 million was for postemployment benefits. The contributions were equal to the required contributions in FY 11.

Alaska Statute 39.35.280 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the PERS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year.

Chapter 41 SLA 2010 appropriated \$165.8 million from the General Fund to the PERS-DB as an additional state contribution for FY 11. The portion of this payment attributable to State of Alaska employers is \$97,412 thousand, of which \$38,289 thousand is for pensions and \$59,123 thousand is for postemployment benefits.

Postemployment healthcare benefits are provided to retirees without cost for all employees first hired before July 1, 1986, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired on or after July 1, 1986, with five years of credited service (or ten years of credited service for those first hired after July 1, 1996) may pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits. Police and fire employees with 25 years of membership and all other employees with 30 years of membership service also receive benefits at no premium cost.

The Teachers' Retirement System – Defined Benefit (TRS-DB)

TRS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for teachers and other eligible participants. Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 14 and may be amended only by the state legislature. TRS-DB provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the TRS-DB to new members effective July 1, 2006 and created a Teachers' Retirement System Defined Contribution Retirement Plan (TRS-DCR). Information regarding TRS-DCR is disclosed in Note 8.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Health Care Trust effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The TRS-DB Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. TRS includes the TRS-DB and Alaska Retiree Healthcare Trust Fund. Senate Bill 123 was passed during the 2007 legislative session and created the Alaska Retiree Healthcare Trust (ARHCT). ARHCT is self-funded and provides major medical coverage to retirees of TRS. TRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The TRS component unit is comprised of the TRS-DB, TRS-DCR Plans, and ARHCT. TRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. TRS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2011 the number of participating employers was:

| | |
|------------------|-----------|
| State of Alaska | 2 |
| School Districts | 53 |
| Other | 3 |
| Total Employers | <u>58</u> |

TRS-DB Plan members contribute 8.65 percent of their base salary, as required by statute. The employee contributions are deducted before federal income tax is withheld. Eligible employees contribute an additional one percent of their salary under the supplemental contribution provision.

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percent of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2011 was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year.

The state's contributions to TRS-DB for the fiscal years ended June 30, 2011, 2010, and 2009 were \$6.0, \$6.1, and \$6.3, million respectively, equal to the required contributions for each year. For the FY 11 contributions, \$2.6 million was for pensions and \$3.4 million was for postemployment benefits. The contributions were equal to the required contributions in FY 11.

Alaska Statute 14.25.085 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the TRS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year.

Chapter 41 SLA 2010 appropriated \$190.9 million from the General Fund to the TRS-DB as an additional state contribution for FY 11. The portion of this payment attributable to State of Alaska employers is \$12,754 thousand, of which \$7,306 thousand is for pensions and \$5,448 thousand is for postemployment benefits.

Postemployment healthcare benefits are provided without cost to all employees first hired before July 1, 1990, employees hired after July 1, 1990 with 25 years of membership service, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired after June 30, 1990, may receive postemployment healthcare benefits prior to age 60 by paying premiums.

The Judicial Retirement System (JRS)

JRS is a defined benefit, single-employer retirement system established and administered by the State to provide pension and postemployment healthcare benefits for eligible state judges and justices.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Health Care Trust effective

July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Senate Bill 123 was passed during the 2007 legislative session and which created the Alaska Retiree Healthcare Trust (ARHCT) beginning July 1, 2007. The ARHCT is self-funded and provides major medical coverage to retirees of the JRS. JRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

JRS is considered a component unit of the State of Alaska financial reporting entity. JRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. JRS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 22 and may be amended only by the state legislature. JRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

Members contribute seven percent of their compensation to JRS. The contributions are deducted before federal income tax is withheld. Contributions are not required after members have made contributions for 15 years, or from members first appointed before July 1, 1978.

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2011, was 36.2 percent of compensation. Total contributions for FY 11 were \$4.5 million for pensions, and \$.7 million for postemployment benefits.

Included in these amounts is \$789 thousand appropriated in Chapter 41 SLA 2010 from the General Fund to JRS as an additional state contribution for FY 11.

The Schedule of Funding Progress for pension benefits follows (in thousands):

| Actuarial Valuation Year Ended June 30 | Actuarial Value of Plan Assets | Actuarial Accrued Liabilities (AAL) | Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL) | Funded Ratio | Covered Payroll | FE/(UAAL) as a Percentage of Covered Payroll |
|--|--------------------------------|-------------------------------------|---|--------------|-----------------|--|
| 2006 | \$ 77,311 | \$ 111,820 | \$ (34,509) | 69.1% | \$ 7,131 | (484.0%) |
| 2008 | 122,883 | 130,596 | (7,713) | 94.1% | 10,462 | (73.7%) |
| 2010 | 115,000 | 164,524 | (49,524) | 69.9% | 11,846 | (418.1%) |

Postemployment healthcare benefits are provided without cost to retired JRS members. The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

| Actuarial Valuation Year Ended June 30 | Actuarial Value of Plan Assets | Actuarial Accrued Liabilities (AAL) | Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL) | Funded Ratio | Covered Payroll | FE/(UAAL) as a Percentage of Covered Payroll |
|--|--------------------------------|-------------------------------------|---|--------------|-----------------|--|
| 2006 | \$ 2,399 | \$ 17,794 | \$ (15,395) | 13.5% | \$ 7,131 | (215.9%) |
| 2008 | 18,353 | 19,941 | (1,588) | 92.0% | 10,462 | (15.2%) |
| 2010 | 19,694 | 22,346 | (2,652) | 88.1% | 11,846 | (22.4%) |

The actuarial valuation as of June 30, 2010 set the contribution rates for the year ended June 30, 2011. The State of Alaska's net pension obligation for FY 11 follows (in thousands):

| | <u>Pension</u> | <u>OPEB</u> |
|--|------------------------|----------------------|
| Annual Required Contribution | \$ 5,237 | \$ 1,433 |
| Interest on net pension asset | 62 | (7) |
| Adjustment to annual required contribution | <u>(53)</u> | <u>6</u> |
| Annual Pension Cost (APC)/OPEB Cost (AOC) | 5,246 | 1,432 |
| Contributions Made | <u>(4,456)</u> | <u>(708)</u> |
| Increase in Obligation | 790 | 724 |
| Net Pension Obligation/(Asset) Beginning of Year | <u>751</u> | <u>(82)</u> |
| Net Pension Obligation/(Asset) End of the Year | <u><u>\$ 1,541</u></u> | <u><u>\$ 642</u></u> |

Three year trend information for these obligations follows (in thousands):

| Pension | <u>Year Ended June 30</u> | <u>APC</u> | Percentage of APC Contributed | Net |
|---------|---------------------------|------------|-------------------------------------|-----------------------------------|
| | | | | Pension Obligation /(Asset) |
| | 2009 | \$ 4,952 | 95.5% | \$ (772) |
| | 2010 | 5,248 | 71.0% | 751 |
| | 2011 | 5,246 | 85.0% | 1,541 |

| OPEB | <u>Year Ended June 30</u> | <u>AOC</u> | Percentage of AOC Contributed | Net OPEB |
|------|---------------------------|------------|-------------------------------------|------------------------|
| | | | | Obligation /(Asset) |
| | 2009 | \$ 1,422 | 99.2% | \$ (725) |
| | 2010 | 1,443 | 55.4% | (82) |
| | 2011 | 1,432 | 49.4% | 642 |

The Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS)

NGNMRS is a defined benefit, single-employer retirement system established and administered by the State to provide pension benefits for eligible members of the Alaska National Guard and Alaska Naval Militia.

NGNMRS is considered a component unit of the State of Alaska financial reporting entity. NGNMRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. The plan is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 5 of Alaska Statute Title 26 and may be amended only by the state legislature. NGNMRS provides for normal pension benefits and death benefits. Postemployment healthcare benefits are not provided.

No contributions are required from plan members. NGNMRS's funding policy provides for periodic contributions by Alaska Department of Military and Veterans' Affairs at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. State contributions are determined using the entry age normal actuarial funding method.

Chapter 41 SLA 2010 appropriated \$84 thousand from the General Fund to the NGNMRS's as an additional state contribution for FY 11.

The Schedule of Funding Progress for pension benefits follows (in thousands):

| Actuarial Valuation Year Ended June 30 | Actuarial Value of Plan Assets | Actuarial Accrued Liabilities (AAL) | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio |
|---|-----------------------------------|--|---|-----------------|
| 2006 | \$ 15,588 | \$ 25,458 | \$ (9,870) | 61.2% |
| 2008 | 28,371 | 28,905 | (534) | 98.2% |
| 2010 | 32,001 | 30,034 | (1,966) | 106.5% |

The actuarial valuation as of June 30, 2010 set the contribution rates for the year ended June 30, 2011. The State of Alaska's net pension obligation for FY 11 follows:

| | |
|--|--------------|
| Annual Required Contribution | \$ 2,415,077 |
| Interest on net pension asset | (15,669) |
| Adjustment to annual required contribution | 29,944 |
| Annual Pension Cost (APC) | 2,429,352 |
| Contributions Made | (2,603,300) |
| Decrease in Net Pension Asset | (173,948) |
| Net Pension Obligation/(Asset) Beginning of Year | (189,923) |
| Net Pension Obligation/(Asset) End of the Year | \$ (363,871) |

Three year trend information for pension obligations follows (in thousands):

| Year Ended June 30 | APC | Percentage of APC Contributed | Net Pension Obligation /(Asset) |
|--------------------|----------|-------------------------------------|--|
| 2009 | \$ 2,473 | 100.0% | (2) |
| 2010 | 2,415 | 107.8% | (190) |
| 2011 | 2,415 | 107.2% | (364) |

The Elected Public Officers Retirement System (EPORS)

EPORS is a defined benefit single-employer retirement plan administered by the State to provide pension and post-employment healthcare benefits to the governor, the lieutenant governor, and all legislators that participated in the System between January 1, 1976, and October 14, 1976. EPORS is funded by both employee contributions and an annual appropriation from the state General Fund. Retirement benefits are based on the member's years of service and the current salary for the position from which they retired or an average of the three highest consecutive years' salaries. The pension benefit is equal to five percent for each year of service as governor, lieutenant governor, or a legislator, plus two percent for other covered service, not to exceed 75 percent (AS 39.37.050). The plan also provides death and disability benefits.

Plan members contribute seven percent of their compensation to EPORS. Employee contributions earn interest at 4.5 percent per annum, compounded semiannually. The remaining amount required to pay EPORS benefits is funded by legislative appropriation. The cost to the State for EPORS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$2.0 million, \$2.1 million, and \$1.8 million. In FY 11 there was no covered payroll. EPORS is a closed plan and no separate financial statement is issued for EPORS. However, an actuarial valuation on EPORS was performed as of June 30, 2010.

The Schedule of Funding Progress for pension benefits follows (in thousands):

| Actuarial Valuation Year Ended June 30 | Actuarial Value of Plan Assets | Actuarial Accrued Liabilities (AAL) | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio |
|---|-----------------------------------|--|---|-----------------|
| 2006 | \$0 | \$16,265 | \$(16,265) | 0.0% |
| 2008 | 0 | 22,194 | (22,194) | 0.0% |
| 2010 | 0 | 19,551 | (19,551) | 0.0% |

The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

| Actuarial Valuation Year Ended June 30 | Actuarial Value of Plan Assets | Actuarial Accrued Liabilities (AAL) | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio |
|---|-----------------------------------|--|---|-----------------|
| 2006 | \$0 | \$2,983 | \$(2,983) | 0.0% |
| 2008 | 0 | 5,168 | (5,168) | 0.0% |
| 2010 | 0 | 4,707 | (4,707) | 0.0% |

Plan benefits for EPORS are not prefunded, but are paid when due. Enough money has been appropriated each year to pay the benefits as they come due; therefore, there is no net pension obligation at the end of the year.

Three year trend information for these obligations follows (in thousands):

| Pension | Year Ended June 30 | APC | Percentage of APC | Net Pension Obligation |
|---------|--------------------|----------|----------------------|------------------------------|
| | | | Contributed | /(Asset) |
| | 2009 | \$ 1,408 | 100.0% | \$ - |
| | 2010 | 1,617 | 100.0% | - |
| | 2011 | 1,510 | 100.0% | - |

| OPEB | Year Ended June 30 | AOC | Percentage of AOC | OPEB Obligation |
|------|--------------------|--------|----------------------|--------------------|
| | | | Contributed | /(Asset) |
| | 2009 | \$ 424 | 100.0% | \$ - |
| | 2010 | 463 | 100.0% | - |
| | 2011 | 483 | 100.0% | - |

ASSET VALUATION

See Note 4 for information on pension funds' deposits and investments risk categories. The table below discloses the fair value of each pension plan's cash and investments. All amounts are in thousands.

| <u>Systems</u> | <u>Fair Value</u> |
|--|-------------------|
| Public Employees' Retirement System | \$11,398,716 |
| Teachers' Retirement System | 4,733,277 |
| Judicial Retirement System | 130,975 |
| Alaska National Guard and Alaska Naval Militia Retirement System | 32,995 |

PLAN MEMBERSHIPS

The table below includes the plan membership counts. For PERS, TRS and JRS, the counts are from the notes to the separately issued financial statements for the various plans. NGNMRS and EPORS are as of the most recent valuation report date.

| | <u>PERS</u> | <u>TRS</u> | <u>JRS</u> | <u>NGNMRS</u> | <u>EPORS</u> |
|--|---------------|---------------|------------|---------------|--------------|
| | 6/30/10 | 6/30/10 | 6/30/10 | 6/30/10 | 6/30/10 |
| Retirees & beneficiaries receiving benefits & Terminated members with future benefits | 32,490 | 11,438 | 103 | 1,798 | 37 |
| Current active employees: | | | | | |
| Vested | 21,477 | 5,959 | 45 | * | - |
| Nonvested | 4,965 | 1,873 | 27 | 4,085 | - |
| Total | <u>58,932</u> | <u>19,270</u> | <u>175</u> | <u>5,883</u> | <u>37</u> |

* A breakdown of active employees between vested and nonvested was not available for NGNMRS.

FUNDING STATUS AND PROGRESS

Actuarial Method and Assumptions

The objective under the entry age normal actuarial funding method is to fund each participant's benefits under the Plan as a level percentage of covered compensation, starting at original participation date, and continuing until the assumed retirement, disability, termination, or death. On introduction, this method produces a liability which represents the contributions which would have been accumulated had this method always been in effect. This liability is generally funded over a period of years as a level percentage of compensation. This component is known as the Amortization Cost Percentage. The total employer appropriation cost of the system is the total of the Normal Cost Percentage and the Amortization Cost Percentage.

The following main assumptions were used in the actuarial valuation.

| System | Investment Rate of Return | Actuarial Cost Method | Amortization Method | Equivalent Single Amortization Period | Salary Scale Increase | Valuation Date |
|------------------------------|-----------------------------------|--|----------------------|--|---|----------------|
| PERS | 8% Includes Inflation at 3.12% | Entry age normal; level percentage of pay for pension; level dollar for healthcare | Level dollar, closed | 19 years | Peace Officer/Firefighter: Merit –2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of services, 1.50% grading down to 0% Productivity – 0.5% per year. | 6/30/2010 |
| TRS | 8% Includes Inflation at 3.12% | Entry age normal; level percentage of pay for pension; level dollar for healthcare | Level dollar, closed | 19 years | 6.11% for first 5 years of service grading down to 3.2% after 20 years | 6/30/2010 |
| JRS | 8% Includes Inflation at 3.12% | Entry age normal; level percentage of pay for pension; level dollar for healthcare | Level dollar, closed | 21 years | 4.12% | 6/30/2010 |
| NGNMRS | 7% Includes Inflation at 3.12% | Entry age normal | Level dollar, open | 20 years less average military service of active members | None | 6/30/2010 |
| EPORS | 4.75% Includes Inflation at 3.12% | Entry age | Level dollar basis | 25 years | None | 6/30/2010 |
| <u>Health Care Inflation</u> | | | | | | |
| <u>Medical</u> <u>Rx</u> | | | | | | |
| For all systems above: | | FY11 | 6.90% | 8.30% | | |
| | | FY12 | 6.40% | 7.10% | | |

For PERS, TRS, and JRS assets are at market value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. Valuation assets cannot be outside a range of 80 to 120 percent of the fair value of assets. NGNMRS and JRS assets valuation was changed from using the market value of assets without smoothing of gains and losses to a five year smoothing asset valuation method. This method is being phased in over five years with the first phase-in recognized during FY 07.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial report purposes are based on the substantive plan and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

B. NON-STATE ADMINISTERED PLANS

THE MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA) PENSION PLAN

The MEBA plan is a defined benefit pension plan administered by MEBA for its members. Engineer Officers of the Alaska Marine Highway System participate in this program and the State contributes an amount (set by union contract) for each employee. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed \$844.9 thousand in FY 11.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Contribution Retirement Plan (PERS-DCR)

PERS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for eligible state and local government employees. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created PERS-DCR effective July 1, 2006. The PERS-DCR Plan savings are accumulated in an individual retirement account for exclusive benefit of the members or beneficiaries.

The PERS-DCR Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. The PERS component unit is comprised of the PERS-DB (see note 7), PERS-DCR Plans, and the PERS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupational Death and Disability. PERS is reported as a pension (and other employee benefit) trust fund by the State. PERS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2011, there were 160 employers participating in PERS-DCR. There were no retirees or beneficiaries currently receiving benefits, 554 terminated plan members entitled to future benefits, and 11,182 active members, of which 10,409 are general employees and 773 are peace officers and firefighters.

PERS-DCR pension contribution rates are eight percent for PERS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to five percent of the member's compensation. Participant accounts under the PERS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 11 for each member's compensation was 0.55 percent for medical coverage and 0.31 percent for death and disability (1.18 percent for peace officers and firefighters). HRA is \$143.40 per month for full time employees and \$1.10 per hour for part time employees.

The PERS pension contributions for the year ended June 30, 2011 by the employees were \$20,018 thousand and the State of Alaska employers were \$12,507 thousand. The PERS other postemployment contributions for the year ended June 30, 2011 were \$10,333 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR cash and investments as of June 30, 2011 is \$256,101 thousand. PERS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by PERS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

The Teachers' Retirement System – Defined Contribution Retirement Plan (TRS-DCR)

TRS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for teachers and other eligible members. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created TRS-DCR effective July 1, 2006. TRS-DCR Plan savings are accumulated by an individual retirement account for exclusive benefit of the members or beneficiaries.

The TRS-DCR Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. The TRS component unit is comprised of the TRS-DB (see note 7), TRS-DCR Plans, TRS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupation Death and Disability. TRS is reported as a pension (and other employee benefit) trust fund by the State. TRS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2011, there were 58 employers participating in TRS-DCR. There were no retirees or beneficiaries currently receiving benefits, 502 terminated plan members entitled to future benefits, and 2,738 active members.

TRS-DCR pension contribution rates are eight percent for TRS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to seven percent of the member's compensation. Participant accounts under the TRS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, two pension trust sub-funds were created in TRS, the Retiree Major Medical Insurance (RMP) and Health Reimbursement Arrangement (HRA). The TRS Occupational Death and Disability (OD&D) trust sub-fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 11 for each member's compensation was 0.68 percent for medical coverage, 0.28 percent for death and disability. HRA is \$143.40 per month for full-time employees and \$1.10 per hour for part-time employees.

The TRS pension contributions for the year ended June 30, 2011 by the employees were \$309 thousand and the State of Alaska employers were \$270 thousand. The TRS other postemployment contributions for the year ended June 30, 2011 were \$130 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR cash and investments as of June 30, 2011 is \$107,951 thousand. TRS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by TRS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Supplemental Benefits System

In addition to the pension plans (note 7) and deferred compensation plan (note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All State employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of January 31, 2011, there were nineteen other employers participating in SBS. There were approximately 39,000 participants in the Plan.

The Division of Retirement and Benefits is responsible for administration and record keeping. Through September 30, 2005, the Alaska State Pension Investment Board (ASPIB) was responsible for the specific investment of monies in SBS. Effective October 1, 2005, ASPIB was disbanded and their duties were assumed by the Alaska Retirement Management Board.

SBS is considered a component unit of the State financial reporting entity. SBS issues a separate stand-alone financial report that includes financial statements and required supplementary information, and SBS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Mandatory contributions are made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State is required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The State's mandatory contributions for the year ending January 31, 2011, were \$144,555 thousand. The State's covered payroll was approximately \$1,179,079 thousand.

Supplemental Benefit Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ending January 31, 2011, were \$3,944 thousand.

Employees are eligible to withdraw from the Supplemental Annuity Plan 60 days after termination. Benefits are payable in the form of a lump sum annuity or one of various continuing annuities purchased from an insurance carrier, which are excluded from Plan assets. The SBS administrator issues lump-sum payments through its contracted record keeper.

Benefits available under the Supplemental Benefits Plan include death, disability, survivor benefits, and dependent care reimbursement. Selection of these benefits is at the discretion of the employee, with certain restrictions, and may be amended and/or changed on an annual basis or in conjunction with an employee change in status. All other supplemental benefits, except dependent care reimbursement, are provided through insurance policies. The State administers the Dependent Care Assistance Program.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended January 31, 2011. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how contributions are allocated among the investment options. Each participant's account is credited with the contributions, the increase or decrease in unit value for the investment funds, and reduced for administrative fees.

B. NON-STATE ADMINISTERED PLANS

THE NORTHWEST MARINE RETIREMENT TRUST (NMRT)

NMRT is an agent multiple-employer pension plan with defined contributions and is administered by the Pacific Northwest Marine Retirement Trust. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed \$998 thousand in FY 11.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes. It is a deferred compensation plan under Section 457 of the Internal Revenue Code. It is available to all permanent and long-term non-permanent employees, and elected officials of the State (and with the March 1, 2006 amendment, members of State of Alaska boards and commissions) who have completed a pay period of employment. Participants authorize the State to reduce their current salary so that they can receive the amount deferred at a later date. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of December 31, 2010 the Deferred Compensation Plan had approximately 9,000 participants.

As a result of the passage of The Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the law, under an eligible 457 plan must be held in a trust for the exclusive benefit of employees and beneficiaries. This law repealed the requirement that a Section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. The Plan Document for the State of Alaska Deferred Compensation Plan was amended to recognize and establish the trust requirement for the Deferred Compensation Plan.

The Division of Retirement and Benefits is responsible for Deferred Compensation Plan administration and recordkeeping. The Alaska Retirement Management Board is responsible for the specific investment of monies in the Deferred Compensation Plan.

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the increase or decrease in unit value for the investment funds and deductions for administrative fees.

Deferred Compensation Plan net assets as of December 31, 2010 were \$583,348 thousand. The Deferred Compensation Plan is reported in the accompanying financial statements as a pension (and other employee benefit) trust fund.

NOTE 10 – INTERFUND TRANSACTIONS

The following schedules summarize individual interfund receivable and payable balances at June 30, 2011, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

| Due to Other Funds | Due from Other Funds | | | | | Total |
|------------------------|----------------------|-----------------------------|---------------------------|------------------------|------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | Nonmajor Enterprise Funds | Internal Service Funds | Fiduciary Funds | |
| General Fund | \$ - | \$ 401,739 | \$ 51 | \$ 4,862 | \$ 24,549 | \$ 431,201 |
| Alaska Permanent Fund | 813,404 | - | - | - | - | 813,404 |
| Nonmajor | | | | | | |
| Governmental Funds | 11,329 | - | - | - | - | 11,329 |
| International Airports | 64,566 | - | - | - | - | 64,566 |
| Nonmajor | | | | | | |
| Enterprise Funds | 2,832 | - | - | - | - | 2,832 |
| Internal Service Funds | 1,566 | - | - | - | - | 1,566 |
| Fiduciary Funds | 16,427 | - | - | - | - | 16,427 |
| Other | 20,165 | 3,719 | 42 | (193) | (5) | 23,728 |
| Total | \$ 930,289 | \$ 405,458 | \$ 93 | \$ 4,669 | \$ 24,544 | \$ 1,365,053 |

The \$813 million balance due from the Alaska Permanent Fund to the General Fund includes \$758.4 million for payment of 2011 Permanent Fund dividends to qualified residents of the State and \$12.8 million to be transferred to the Alaska Capital Income Fund. The balance is for administrative and associated costs of the 2011 Permanent Fund Dividend Program.

The majority of the “Other” due from Other Funds and due to Other Funds balances are attributable to FY 11 activity during the reappropriation period in July and August 2011 that caused the movement of cash balances between funds after June 30, 2011. The amounts reported as “Other” are reconciling amounts resulting from reporting differences for certain funds included in the fund financial statements at June 30, 2011.

INTERFUND TRANSFERS

| Transfers From | Transfers to | | | | | | Total |
|---------------------------|-------------------|-----------------------------|------------------------|---------------------------|------------------------|-------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | International Airports | Nonmajor Enterprise Funds | Internal Service Funds | Other | |
| General Fund | \$ - | \$ 444,491 | \$ 2,243 | \$ 39 | \$ 12,975 | \$ 77 | \$ 459,825 |
| Alaska Permanent Fund | 813,404 | - | - | - | - | - | 813,404 |
| Nonmajor | | | | | | | |
| Governmental Funds | - | 14,873 | - | - | - | - | 14,873 |
| International Airports | 14 | - | - | - | - | (14) | - |
| Nonmajor Enterprise Funds | 921 | - | - | - | - | 51 | 972 |
| Fiduciary Funds | 3,738 | - | - | - | - | (3,738) | - |
| Total | \$ 818,077 | \$ 459,364 | \$ 2,243 | \$ 39 | \$ 12,975 | \$ (3,624) | \$ 1,289,074 |

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, to move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments come due, and transfer accumulated surpluses from “Other” funds to the General Fund.

The transfer from Alaska Permanent Fund to the General Fund includes an \$800.6 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a \$12.8 million transfer to the Alaska Capital Income Fund.

The transfer from International Airports to "Other" represents an amount for the Art in Public Places Fund not reported as a transfer out in the International Airports Fund.

The transfer from the fiduciary funds to "Other" represents the activity to the General Fund not reported in the financial statements.

The transfer from a Nonmajor Enterprise, the Unemployment Compensation Fund, to "Other" represents the difference between the General fund and the Nonmajor Enterprise Fund.

The transfer from General Fund to "Other" represents transfers to Knik Arm Bridge and Toll Authority and the Group Health and Life Benefits fund for employer relief not recorded as a transfer in on the financial statements of those funds.

The transfer from the General Fund to Nonmajor Governmental Funds includes \$400 million to the Alaska Housing Capital Corporation.

NOTE 11 – RELATED PARTY ACTIVITY

Pursuant to understanding and agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, treasury, personnel, data processing, communications and other services to AEA. During FY 11, AEA expensed \$5.7 million for such services. During FY 11, AEA capitalized \$14 thousand for such services. AEA has a borrowing arrangement with AIDEA to provide working capital funds. At June 30, 2011 AEA had \$1.7 million payable to AIDEA for services and borrowings.

On September 30, 2010, pursuant to legislation and an agreement, AIDEA purchased 37 loans from AEA with an outstanding balance of \$24,254 thousand, plus accrued interest, for \$20,631 thousand. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default.

On July 17, 2009, the Alaska Student Loan Corporation (ASLC) entered into a Trust and Loan Agreement with the State of Alaska Department of Revenue. The Loan Agreement provides up to \$100 million to ASLC for the purposes of financing education loans. The loan is a four-year bullet loan accruing interest on the outstanding principal balance using a variable rate of interest equal to the most current rolling five-year average return on the State's General Fund. The interest rate is reset annually and was 4.4 percent for FY 11. Interest is payable semi-annually in January and July. The loan is a limited obligation secured by pledged assets. ASLC has the right to prepay the loan, in whole or in part, at any time, without penalty or premium. The Trust Agreement was entered into to secure payment of the loan. Loan proceeds drawn are deposited in the trust until education loans are originated. Education loans originated with loan proceeds, payments received on those loans, and earnings on pledged assets are all pledged to the trust. The loan payable was \$67.5 thousand at June 30, 2011.

Northern Tobacco Securitization Corporation (NTSC) entered into a Memorandum of Agreement with Alaska Housing Finance Corporation (AHFC) that retains AHFC as administrator with respect to the preparation of all reports and other instruments and documents that are required by NTSC to prepare, execute, file or deliver pursuant to the bond indentures and the related agreements for a monthly fee. NTSC also entered into a Sub-Lease Agreement with AHFC for office space, overhead and operating services from AHFC for a monthly fee. The cost to NTSC for these services provided by AHFC for the year ended June 30, 2011 was approximately \$9 thousand.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

The cost of state employee sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for sick leave in the financial records of the State. Accordingly, the statements in this report do not include an estimate of this obligation as either a liability or a reserve.

The estimated amount of unused accumulated sick leave as of June 30, 2011, is \$23,480 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2011. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

Under a program enacted in 1970 (AS 14.11.100), the State may reimburse municipalities up to 60, 70, 80, 90, or 100 percent of debt service on bonds issued to finance school construction. The percentage depends on the year in which the costs are incurred. The 60 percent limitation, enacted in 2002, applies to fiscal years after June 30, 1999. The higher percentages apply to earlier years.

Although the statute provides that the State may reimburse school districts 60, 70, 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account. When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible school districts. There is no contractual commitment by the State to make these payments. The amount for FY 11 expended for school debt was \$99,461 thousand, which was 100 percent of the entitlement. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately \$1,172,799 thousand. The State has in the past and may in the future appropriate less than the full amount to which the municipalities are entitled under statute.

C. RISK MANAGEMENT AND SELF-INSURANCE

The state maintains a risk management program that is administered by the Department of Administration, Division of Risk Management. The Division of Risk Management's objective is to protect the financial assets and operations of the State of Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity, combined with high-limit, broad-form excess insurance protection for catastrophic loss exposures.

Risk Management acts as the insurance carrier for each state agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected agency to request a supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

By effectively managing the state's property and liability exposures through a comprehensive self-insurance program, Risk Management expends less public funds than would be paid to private insurance companies, while at the same time providing streamlined claims services utilizing professional adjusting firms located throughout Alaska.

Property insurance with all-risk (including earthquake and flood) coverage is provided on a replacement cost basis for all state-owned or leased property; buildings (including contents, museum fine arts, etc.), aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels), and large highway bridges.

Casualty coverages protect each state agency and their personnel from third-party civil (tort) liability claims alleged to have arisen from combined liability - general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport), or marine (crew and passenger injuries).

Additional specialty coverage include blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer fraud and foreign liability, etc. These insurance programs continually evolve, responding to new activities and special projects undertaken by each state agency. The state has not incurred a loss in excess of its insurance program.

In FY 11, the state completely self-insured all statutory workers' compensation claims, general (premises and operations) and professional liability, and automobile liability. The State had Self-Insured Retention (SIR) levels of \$1 million per claim for property, \$750 thousand for marine risks, and \$250 thousand per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: \$500 million per occurrence for marine, \$200 million for property, and \$500 million for aviation.

Both domestic and international insurance companies and various Lloyd’s of London underwriting syndicates participate in the State of Alaska’s excess insurance program. Independent brokers provide marketing. The state obtains an annual independent actuarial assessment of the state insurance program as required by AS 37.05.287(b) which calculates unfunded claims and allocated loss adjustment expenses (ALAE).

An unconstrained audit of the State of Alaska’s overall property and casualty insurance program performed by an independent risk management consultant found the retention levels and excess insurance coverage purchased are appropriate.

Risk Management’s budget is funded entirely through interagency receipts annually billed to each agency through a “Cost of Risk” premium allocation system. The Risk Management information system generates the annual cost of risk allocation to each agency, reflecting their proportionate share of the state’s overall cost of risk. Designed to achieve equitable distribution of the self-insurance program costs, it factors exposure values subject to loss and considers the past five years actual claims experience incurred by each department.

For most cost of risk allocations, 80 percent of the premium billing is based on the average of the past five years actual claims experience. This provides a direct fiscal incentive to each agency to reduce or control their claim costs.

The program compiles a property inventory schedule of all owned or leased buildings used or occupied by state agencies, listing age and type of building construction, occupancy, fire protection services and sprinkler systems, and projected replacement cost value. Individual premiums are then determined and, in cases of multiple occupancy, allocated to each department on the basis of their square foot use.

The “Cost of Risk” premium is collected through two methods from individual state agency operating budgets. Reimbursable Services Agreements (RSAs) are used for all categories of insurance other than Workers’ Compensation and Combined Liability (general, auto, and professional), which are assessed on a rate per \$100 payroll applied monthly to each agency’s actual payroll until the allocated premium is paid.

The table below presents changes in policy claim liabilities for the fiscal years ending June 30, 2010 and June 30, 2011. The state records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management is presented at their present value using a 3.0 percent discount interest rate for FY 10 and a 3.0 percent discount interest rate for FY 11. Claims payment amounts include allocated loss adjustment expenses (legal and adjusting).

| Fiscal Year | Beginning Balance | Current Year Claims and Changes in Estimates | Claim Payments | Ending Balance |
|-------------|-------------------|--|-----------------|----------------|
| 2010 | \$ 63,158,406 | \$ 41,560,102 | \$ (32,517,581) | \$ 72,200,927 |
| 2011 | 72,200,927 | 35,340,735 | (35,074,642) | 72,467,020 |

D. LITIGATION

The State is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately \$1,990 thousand, with an additional possible liability of \$5,669 thousand. The probable loss amount has been reported as long-term debt obligations.

The amount of revenue recognized by the Northern Tobacco Securitization Corporation could be adversely impacted by certain third party litigation involving tobacco companies and others.

E. FEDERAL GRANTS

The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material.

F. DISASTER RELIEF FUND

The State may be liable to reimburse communities for expenditures related to disasters in excess of the amount allocated by the State.

G. FUTURE LOAN COMMITMENTS

As of June 30, 2011, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements is uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds. As of June 30, 2011, the Alaska Clean Water and the Alaska Drinking Water Funds have entered into binding commitments, as evidenced by signed loan agreements, for which funds remain to be disbursed totaling \$72,550 thousand and \$31,277 thousand respectively.

At June 30, 2011, the Alaska Energy Authority had open loan commitments of \$23,516 thousand.

At June 30, 2011, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments of \$19,328 thousand and loan guarantees of \$614 thousand. Under an agreement dated August 2009, AIDEA agreed to sell the Healy Project to Tri-VEC for \$50 million, finance the sale, and loan up to an additional \$45 million to refurbish, put into operation, and integrate the Healy Project into Golden Valley Electric Association's system.

In addition, AIDEA has legislative authorization to guarantee loans made to the Alaska Insurance Guarantee Association (AIGA). The AIGA pays, from assessments to member insurers, the claims of insurance companies put into liquidation by insurance regulators. Any guarantee is limited to loans necessary to make the AIGA financially able to meet cash flow needs up to a maximum outstanding principal balance at anytime of \$30 million. No loans have been made pursuant to this authorization.

During 2011 the State legislature appropriated \$2,450 thousand to the Alaska Municipal Bond Bank Authority to issue a 15 year, one percent interest loan to the City of Galena to retire existing debt obligations and make certain utility improvements.

H. INVESTMENT COMMITMENTS

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future investments.

| Investment Type/Term | Amounts in thousands | | | |
|--|----------------------|-------------------|-----------------|---------------|
| | PERS | TRS | JRS | NMRS |
| Domestic Equity Limited Partnerships Withdrawn annually in December with 90-days notice. | \$ 54,668 | \$ 22,765 | \$ 626 | \$ 172 |
| Limited Partnership To be paid through 2020. | 636,963 | 264,674 | 7,271 | - |
| To be paid through 2019. | 50,020 | 20,588 | 605 | - |
| Real Estate Investment To be paid through 2018. | 96,137 | 38,909 | 1,018 | - |
| | <u>\$ 837,788</u> | <u>\$ 346,936</u> | <u>\$ 9,520</u> | <u>\$ 172</u> |

I. POLLUTION REMEDIATION

Governmental Accounting Standards Board Statement (GASBS) 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the state to search for pollution, it does require the state to reasonably estimate and report a remediation liability when an obligating event occurs.

The State has the knowledge and expertise to estimate the remediation obligations presented in the statements based on prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability. This has occurred within two funds.

The Alaska Mental Health Trust Authority (AMHTA) has been notified by State agencies of possible obligations for pollution remediation activities on specifically identified parcels of AMHTA lands. There are several sites used by previous parties that require environmental review, subsequent remedial investigations and feasibility study and remediation and restoration of the sites. AMHTA intends to seek reimbursement of pollution remediation costs from responsible parties and any remaining costs will be recognized by the Trust. While an obligating event, as defined by GASBS 49 has occurred, no liability has been recognized by AMHTA because the amounts are not material to the financial statements.

The University of Alaska received a potentially responsible party letter from the Alaska Department of Environmental Conservation in August of 2006. The letter identified the University of Alaska as one of the potential parties that may be responsible for cleanup of costs of soil contamination found during a water line improvement project next to Northwest Campus property. The extent of the contamination source, the number of potentially responsible parties, and remediation costs are being assessed but the outcome is unknown.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations or other factors. Prospective recoveries from responsible parties may reduce the State's obligation.

At July 1, 2010, the General Fund had pollution remediation obligations of \$53,316 thousand. As of June 30, 2011, the state had an increase to the obligation of \$44,319 thousand and recognized a decrease of \$23,603 thousand, for an ending balance of \$74,032 thousand in pollution remediation obligation related activities. The state has an estimated potential recovery of \$19,707 thousand from other responsible parties.

At July 1, 2010, the International Airports Fund (IAF) reported pollution remediation liabilities of \$1,429 thousand for which IAF is in whole or in part a responsible party. As of June 30, 2011 IAF had recognized a decrease of \$116 thousand, including an estimate of \$30 thousand expected to be collected from third parties, for an ending balance of \$1,313 thousand. The estimated liabilities were measured using the estimated mean of the future cash flows of costs and recovery associated with those sites, measured at current value. This accrual includes the estimated obligation for five sites. IAF has also identified 22 other sites for which it is in whole or in part a responsible party, but for which no obligating event has occurred.

At December 31, 2009, the Alaska Railroad Corporation had pollution remediation obligations of \$2,353 thousand. As of December 31, 2010, the Alaska Railroad Corporation had additional obligations of \$1,500 thousand and reductions in obligations of \$1,537 thousand, for an ending liability of \$2,316 thousand. The Alaska Railroad Corporation estimated the liability for pollution remediation by estimating a reasonable range of potential outlays and multiplying those outlays by the probability of occurrence, reduced by the allocation of liability to other potentially responsible parties where applicable. The liabilities associated with these sites could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

J. ENCUMBRANCES

The State of Alaska utilizes encumbrance accounting to identify fund obligations.

The following shows encumbrances within the restricted and committed fund balances of the governmental funds for the fiscal year ended June 30, 2011 (in thousands):

| | <u>Amount</u> <u>(in thousands)</u> |
|-----------------------------|--|
| General Fund | \$ 1,114,507 |
| Alaska Permanent Fund | - |
| NonMajor Governmental Funds | <u>218,008</u> |
| Total Encumbrances | <u>\$ 1,332,515</u> |

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

Subsequent to June 30, 2011, the Alaska Municipal Bond Bank Authority (AMBBA) issued a preliminary statement for the potential upcoming 2011-Series Three Bond issuance. The 2011-Series Three Bond will be approximately \$80 million in size and will require a reserve deposit of an estimated \$7.2 million. This bond will be used to cover various capital improvements and will be loaned to the City of Cordova, City of Hoonah, Kenai Peninsula Borough, Kodiak Island Borough, City of Seward and the Municipality of Skagway. A portion of the 2011-Series Three Bond proceeds will be used to refund and redeem certain outstanding bonds of the Bond Bank.

On August 17, 2011 AMBBA entered into a Memorandum of Understanding (MOU) with the State of Alaska regarding a loan in the amount of \$7 million to potentially cover the reserve requirements for the 2011-Series Three Bond issuance. The executed MOU would be effective September 1, 2011, with a five year term, bearing interest at a rate earned by the General Fund over the term of the loan. There would be no prepayment penalty, and it may be paid in periodic installments or in full at the end of the term of the loan.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2011 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2012 in an amount not to exceed \$2,439 thousand. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2012. The borrowing is to be secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2011 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2012 in an amount not to exceed \$2,715 thousand. Although this transaction has not yet been finalized, the issuance of the bonds is expected to occur in mid-fiscal year 2012. The borrowing is to be secured by interest earnings of the Alaska Drinking Water Fund.

D. UNIVERSITY OF ALASKA

On October 5, 2011 the University sold competitively general revenue bonds with a par amount of \$48,870 thousand and a 20 year term. The bonds fund a portion of the Fairbanks campus Life Sciences Facility, numerous deferred maintenance projects and a food service project on the Juneau campus. Bond closing is scheduled for October 25, 2011.

E. U.S. CREDIT RATING

On August 5, 2011, Standard & Poor's downgraded its long-term sovereign credit rating on U.S. issued and U.S. backed securities from AAA to AA+. If this event had occurred prior to fiscal year end, then the U.S. securities shown in Note 4 would have been reported with a rating of AA.

F. GOVERNMENTAL ACTIVITIES - LONG-TERM LIABILITIES

The State of Alaska defeased \$20.6 million of the Anchorage Jail capital lease obligations in October 2011.

Certificates of Participation totaling \$22 million for the Alaska Psychiatric Institute, the Seafood Safety Lab, and the Virology Lab were defeased in November 2011.

G. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

As of November 2011, the Alaska Industrial Development and Export Authority finalized an agreement to have a partial ownership position in a limited liability company that will own an oil and gas drilling rig. AIDEA signed an agreement to invest up to \$30,000,000 in a joint project formed to acquire, modify, and mobilize a specifically identified drilling rig to be used in the Cook Inlet and other Alaska waters if certain conditions are met. Approximately \$600,000 at June 30, 2011 had been spent by the Authority in transaction related costs. The conditions precedent were met subsequent to June 30, 2011 and AIDEA closed the deal on November, 14 2011, funding \$17.6 million of a total investment of what will be nearly \$24 million.

NOTE 14 – SPECIAL ITEMS

A. ALASKA HOUSING FINANCE CORPORATION

On June 17, 2011 the Alaska Housing Finance Corporation sold its land on 34th Avenue, with a cost of \$1,459 thousand for \$4,547 thousand resulting in a special item gain of \$3,088 thousand.

B. ALASKA STUDENT LOAN CORPORATION

The Alaska Student Loan Corporation purchased \$35,600 thousand of its outstanding auction rate securities on September 20, 2010, for \$30,866 thousand. On September 20, 2010, the Alaska Student Loan Corporation cancelled the bonds purchased resulting in a gain on the cancellation of \$4,734 thousand.

C. ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

The Alaska Natural Gas Development Authority (ANGDA) has determined that the leg of the B2F pipeline between Delta Junction and Fairbanks (North Pole) should be removed from the spurline project definition. Therefore, a mileage-based percentage of the B2F capital expenditures were determined to be impaired. As a result a total of \$810 thousand was written off as an impairment expense in FY 11.

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REQUIRED

SUPPLEMENTARY INFORMATION

STATE OF ALASKA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011
(Stated in Thousands)

STATEMENT 2.01

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|-----------------------|-----------------------|------------------------------------|-------------------------------|
| REVENUES | | | | |
| Unrestricted: | | | | |
| Taxes | \$ 3,505,358 | \$ 3,505,168 | \$ 5,031,922 | \$ (1,526,754) |
| Licenses and Permits | 57,813 | 57,476 | 117,310 | (59,834) |
| Charges for Services | 155,646 | 149,712 | 179,309 | (29,597) |
| Fines and Forfeitures | 15,700 | 15,700 | 11,574 | 4,126 |
| Rents and Royalties | 1,579,863 | 1,579,546 | 1,855,331 | (275,785) |
| Premiums and Contributions | 570 | 528 | 17,787 | (17,259) |
| Interest and Investment Income | 800,437 | 800,437 | 1,158,989 | (358,552) |
| Other Revenues | 5,812 | 5,812 | 13,521 | (7,709) |
| Restricted: | | | | |
| Federal Grants in Aid | 7,188,681 | 7,299,830 | 2,270,882 | 5,028,948 |
| Interagency | 846,887 | 1,142,342 | 770,048 | 372,294 |
| Payments In from Component Units | 100,337 | 100,337 | 42,866 | 57,471 |
| Other Revenues | 6,203 | 6,203 | 1,161 | 5,042 |
| Total Revenues | <u>14,263,307</u> | <u>14,663,091</u> | <u>11,470,700</u> | <u>3,192,391</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 778,493 | 762,346 | 572,238 | 190,108 |
| Alaska Permanent Fund Dividend | 827,503 | 827,503 | 817,894 | 9,609 |
| Education | 1,063,018 | 2,213,829 | 2,117,086 | 96,743 |
| University | 719,418 | 750,221 | 436,129 | 314,092 |
| Health and Human Services | 2,982,083 | 3,108,625 | 2,581,032 | 527,593 |
| Law and Justice | 282,221 | 300,314 | 266,323 | 33,991 |
| Public Protection | 1,077,359 | 1,182,467 | 1,008,601 | 173,866 |
| Natural Resources | 640,622 | 656,723 | 382,956 | 273,767 |
| Development | 868,383 | 1,079,013 | 620,630 | 458,383 |
| Transportation | 6,143,661 | 6,354,412 | 4,374,663 | 1,979,749 |
| Intergovernmental Revenue Sharing | 136,379 | 196,389 | 193,481 | 2,908 |
| Debt Service: | | | | |
| Principal | 17,802 | 17,802 | 7,174 | 10,628 |
| Interest and Other Charges | 1,811 | 1,811 | 1,811 | - |
| Total Expenditures | <u>15,538,753</u> | <u>17,451,455</u> | <u>13,380,018</u> | <u>4,071,437</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(1,275,446)</u> | <u>(2,788,364)</u> | <u>(1,909,318)</u> | <u>(879,046)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In from Other Funds | 2,659,509 | 4,195,731 | 4,194,858 | 873 |
| Transfers (Out to) Other Funds | <u>(4,274,219)</u> | <u>(4,274,219)</u> | <u>(4,274,219)</u> | <u>-</u> |
| Total Other Financing Sources and Uses | <u>(1,614,710)</u> | <u>(78,488)</u> | <u>(79,361)</u> | <u>873</u> |
| Excess (Deficiency) of Revenues, Other Financing Sources, Special Items, Over (Under) Expenditures, Other Financing Uses and Special Items, Budgetary Basis | <u>\$ (2,890,156)</u> | <u>\$ (2,866,852)</u> | <u>(1,988,679)</u> | <u>\$ (878,173)</u> |
| RECONCILIATION OF BUDGETARY/ GAAP REPORTING: | | | | |
| Adjust Expenditures for Encumbrances Basis Difference | | | <u>3,890,437</u> <u>344,178</u> | |
| Excess (Deficiency) of Revenues, GAAP Basis | | | 2,245,936 | |
| Fund Balances - Beginning of Year | | | 15,536,136 | |
| Fund Balances - End of Year | | | <u>\$ 17,782,072</u> | |

**Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2011**

The Budgetary Comparison Schedule – General Fund presents comparisons of the original and final adopted budget with actual data on a budgetary basis. The State issues a separate legal basis budgetary report, which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the State of Alaska, Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204, or may be viewed online at <http://doa.alaska.gov/dof/reports/cafr.html>.

The legislature's legal authorization (appropriations) to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The reconciliation of the budgetary basis to GAAP is shown directly on the Budgetary Comparison Schedule – General Fund. Both the annual operating budget and the net continuing total budget are included.

The types of differences are as follows:

- Encumbrances are included for total authorized expenditures, although for GAAP purposes they are excluded.
- There was financial activity related to reimbursable services agreements (RSA) and interfund transactions that were recorded in the general fund and in other funds. For budgetary purposes, that activity was left in the general fund, but for GAAP purposes it was eliminated from the general fund.
- Basis differences arise when the budgetary basis of accounting differs from the basis of accounting applicable to fund type when reporting on operations in accordance with GAAP. This difference is comprised of the following in the general fund (in thousands):

| | |
|---|--------------------------|
| Petroleum Severance Taxes and Royalties | \$ 351,007 |
| Medical Assistance Program | 3,920 |
| Working Reserve | (6,650) |
| Tobacco Tax | 510 |
| Alcohol Tax | 125 |
| Tire Tax | (5) |
| Vehicle Rental Tax | 137 |
| Commercial Passenger Vessel Excise Tax | <u>(4,866)</u> |
| Total General Fund Basis Difference | <u><u>\$ 344,178</u></u> |

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SECTION II – RECOMMENDATIONS AND QUESTIONED COSTS

INTRODUCTION

The recommendations and questioned costs have been organized by department. The specific status of prior year recommendations is presented in the introduction of each department.

Generally, the status of prior year recommendations falls into one of three categories:

- Implemented by the department.
- Not fully implemented by the department and reiterated with its current status in this report.
- Not fully implemented by the department, yet the current year effects were not a significant audit issue; therefore, it is not reiterated in this report.

Other audit reports issued separately that have report conclusions and recommendations which are relevant to the FY 11 statewide single audit objectives are:

1. *A Report on the Department of Administration, Application Controls Over the Alaska State Payroll System From Implementation (May 29, 1990) through June 30, 1991.* Audit Control Number 02-1389-92.
2. *A Report on the Department of Administration, Application Controls Over the Alaska Statewide Accounting System, August 10, 2001.* Audit Control Number 02-10002-01.
3. *A Report on the Department of Revenue, Division of Treasury, Treasury Revenue Management System, June 19, 2002.* Audit Control Number 04-10004-02.
4. *A Report on the Department of Administration, Information System Controls Over Alaska Data Enterprise Reporting (ALDER), January 4, 2008.* Audit Control Number 02-10005-08.
5. *A Report on the Department of Administration, Governance Framework for Selected Information System Security Controls, July 15, 2008.* Audit Control Number 02-30046A-08.
6. *A Report on the Department of Administration, Follow-up of Information System Controls over Alaska Data Enterprise Reporting (ALDER), November 6, 2009.* Audit Control Number 02-10006-09

In addition to the recommendations in the Component Units section, management letters of state corporations and the University of Alaska may have recommendations which are relevant to the FY 11 statewide single audit objectives. Copies of the management letters may be obtained directly from the state corporations and the University of Alaska.

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SUMMARY OF RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2011

-----Control Deficiencies-----

| <i>State Department</i> | <i>Basic Financial Statements</i> | | <i>Federal Programs</i> | | <i>Federal Compliance</i> | <i>Other State Issues</i> |
|-------------------------|-----------------------------------|-------------------------------|--------------------------|--|---------------------------------------|---------------------------|
| | <i>Material Weakness</i> | <i>Significant Deficiency</i> | <i>Material Weakness</i> | <i>Significant Deficiency</i> | | |
| GOV | | | | | | |
| DOA | | | | | | 1, 2, 3 |
| DOL | | | | | | |
| DOR | | 4 | | | | |
| DEED | | | | 7, 8 | 5, 6, 7, 8 | |
| DHSS | | | | 10, 11, 13, 14, 16, 17, 19, 20, 21, 22 | 9, 11, 12, 13, 14, 15, 16, 18, 19, 21 | 23, 24 |
| DLWD | | | | 26 | 25, 26, 27 | |
| DCCED | | | | 28 | 28 | |
| DMVA | | | | 29, 30, 32 | 29, 30, 31, 32 | |
| DNR | | | | | | |
| DFG | | | | | | |
| DPS | | | | | | 33 |
| DEC | | | | | | |
| DOC | | | | | | |
| DOTPF | | | | | | 34 |
| Court System | | | | | | |
| Component Units | | | | | 35 | |

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Findings and Recommendations

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OFFICE OF THE GOVERNOR

No recommendations were made to the Office of the Governor in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

No new recommendations have been made during the FY 11 statewide single audit.

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DEPARTMENT OF ADMINISTRATION

Three recommendations were made to the Department of Administration (DOA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 1 and 3 have been resolved. Prior year Recommendation No. 2 is not resolved and is reiterated in this report as Recommendation No. 1.

Two new recommendations have been made during the FY 11 statewide single audit and are included as Recommendation Nos. 2 and 3.

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Recommendation No. 1

The DOA Enterprise Technology Service (ETS) director should implement procedures to properly account for capital assets owned by the Information Services Fund (ISF).

Prior Finding

The asset tracking system used by ETS does not accurately track and value ISF assets. Specifically, the capital asset tracking system does not:

- Consistently capitalize the cost of capital improvements.
- Employ a consistent methodology for tracking the disposal of capital assets.
- Provide for a formal inventory reconciliation process.

This finding was first reported in the FY 06 Statewide Single Audit. The finding was attributed to inadequate procedures, including manual processes, and lack of communication between staff. From FY 07 through FY 10, little progress was made in addressing the problem. DOA staff sought to procure a replacement system that addressed ISF and other asset tracking needs of the department. Ultimately, a replacement system was determined to be cost prohibitive.

Generally accepted accounting practices require capital assets to be reported at historical cost. They also require ISF to operate on a cost reimbursement basis, including recovering the cost of capital assets. Not maintaining accurate and complete records of ISF's assets limits the State's ability to accurately report capital assets in financial statements.

Legislative Audit's Current Position

ETS has made progress in implementing an asset tracking system that appears adequate to meet basic asset tracking needs. While progress has been made in implementing a system for managing capital asset data, ETS has not made sufficient progress in establishing procedures for entering and tracking assets. As a result, the system in use does not yet provide for complete and accurate asset tracking and valuation. No comprehensive inventory has been completed for the ISF capital assets.

We recommend the ETS director continue to implement procedures to properly account for ISF capital assets to ensure accurate financial reporting.

Agency Response – Department of Administration

The Department of Administration (DOA), Division of Enterprise Technology Services (ETS) concurs with this recommendation.

ETS concurs that formal procedures and a comprehensive inventory are needed. We have provided guidance to the ETS staff to draft procedures and to begin to account for the physical inventory assets within this calendar year.

With the upcoming implementation of the Service Desk Manager (SDM) ticketing system, replacing the USD ticketing system, and with the use of the FAS GOV accounting module to capture and assign depreciation methods to purchased assets, we will now have the ability to draft instructions and formulate procedures. Additionally, ETS has recently reorganized and hired key personnel in the business office, which will assist us in making further progress in implementing procedures and properly accounting for ISF capital assets in order to ensure accurate financial reporting.

*Contact Person: Cheryl Lowenstein, Director
Division of Administrative Services
Telephone: (907) 465-5655*

Recommendation No. 2

DOA's ETS director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit anonymous access to the State's wide area network (WAN).

There is a significant control deficiency in management of certain system accounts on networks within the State's WAN. This control deficiency increases the risk of inappropriate access to all state systems. The ETS director and the state security officer are aware of the vulnerability but regard the security weakness as a lower priority compared with other information technology projects.

The National Institute of Standards and Technology (NIST)¹ publishes best practices for information systems and network management. NIST recommends personnel tasked with network management ensure that each networked system is configured such that it does not permit unauthorized access to itself or other networks. Furthermore, personnel must not configure a networked system such that it permits anonymous access to the system, except to the extent that such access is required for an authorized purpose.

We recommend the ETS director and the state security officer work with DLWD's IT manager to limit anonymous access to the State's WAN.

¹NIST is the federal technology agency that works with industry to develop and apply technology, measurements, and standards.

Auditor's Note

The details related to this control weakness are being withheld from this report to prevent the weakness from being exploited. Pertinent, sensitive details have been communicated to agency management in a separate, confidential document.

Agency Response – Department of Administration

The Department of Administration (DOA), Division of Enterprise Technology (ETS) and the Department of Labor and Workforce Development (DLWD) both concur with this recommendation.

DLWD understands that the security situation has changed and has been working with ETS to find a solution that is secure, continues to provide the same level of service and is fiscally sound.

DLWD and ETS will continue to work together until an acceptable solution is found.

*Contact Person: Cheryl Lowenstein, Director
Division of Administrative Services
Telephone: (907) 465-5655*

Agency Response – Department of Labor and Workforce Development

DLWD agrees with the recommendation to limit anonymous access to the State's WAN. The Department understands that we need to work with the ETS to find a solution to eliminate anonymous access from the state network. The Department will continue to work with ETS until a solution is found to resolve this issue.

*Contact Person: Brynn Keith, Director
Division of Administrative Services
Telephone: (907) 465-4518*

Recommendation No. 3

The DOA commissioner and the State's chief procurement officer should consider amending the procurement rules contained in the *Alaska Administrative Manual (AAM)*, Section 82, Appendix 1.

Not all of the State's significant contracts must adhere to the State's procurement law. AAM 82, Appendix 1 exempts the following activities from the procurement code:

Transfers or expenditures of funds where the end product of the transaction does not result in consideration in the form of supplies, services, or professional services being returned to the State.

For example, the Department of Education and Early Development (DEED) has two multi-year projects worth a total of \$25.8 million that provide professional services to school districts.² DEED believes AAM 82, Appendix 1 pertains to school districts receiving the related consideration; therefore, these two projects are exempt from the procurement law. This exemption applies even though the contracts were paid with state funds, negotiated by state employees, and entered into using state contract forms.

Alaska Statute 36.30.005 assigns procurement authority to DOA's commissioner and the State's chief procurement officer. Both of these individuals are charged with creating and enforcing procurement laws that provide a fair, competitive, and open procurement process. It is unclear why all state negotiated contracts are not subjected to the safeguards provided by the procurement law.

We recommend DOA's commissioner and the State's chief procurement officer consider amending the procurement rules contained in AAM 82, Appendix 1 to support the prudent use of state funds.

Agency Response – Department of Administration

The Department of Administration (DOA), the Commissioner, and the State's chief procurement officer concurs with Recommendation No. 3.

However, it should be noted that AAM Section 82, Appendix 1 is not a rule, but rather a supplement to the rules contained in AAM Section 82, which clarifies circumstances in which the procurement code does not apply. Therefore, amending Appendix 1 will not change any procurement rules. We agree that Appendix 1 should be clarified, and that language regarding documentation and the prudent expenditure of State funds should be added. DOA is currently working on draft language for this provision with the Attorney General's office.

*Contact Person: Cheryl Lowenstein, Director
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Telephone: (907) 465-5655*

²The two projects include the Alaska Statewide Mentor Project and the State System of Support-Content Support Specialists.

DEPARTMENT OF LAW

No recommendations were made to the Department of Law in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

No new recommendations have been made during the FY 11 statewide single audit.

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DEPARTMENT OF REVENUE

One recommendation was made to the Department of Revenue (DOR) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 4 is not resolved and is reiterated in this report as Recommendation No. 4.

No new recommendations have been made during the FY 11 statewide single audit.

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Recommendation No. 4

The DOR commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

Prior Finding

From FY 08 through FY 10, significant deficiencies in controls were reported over the auditing of severance tax revenues by DOR's Tax Division. Control deficiencies included insufficient audit oversight, a lack of standard procedures guiding the audit process, inadequate audit reviews, and untimely tax return reviews and reconciliations.

Alaska Statutes, Title 43 gives DOR the authority to collect tax revenues for the State and to ascertain the correctness of such revenues. The department's main tool for ascertaining the correctness of severance tax revenues is its Tax Division audit section. Historically, DOR's audit section has relied upon standard audit programs and supervisor review and oversight to ensure that their audits are timely, accurate, and that audit results can withstand the scrutiny of the administrative appeal process and, in some cases, litigation. With the passage of more complex tax laws such as the *Petroleum Profits Tax*³ (PPT) and *Alaska's Clear and Equitable Share*⁴ (ACES), management's controls over the auditing of severance taxes have deteriorated.

Legislative Audit's Current Position

While Tax Division management has made improvements in audit oversight, written standard procedures, and audit reviews, the control deficiencies identified in prior audits have not been fully addressed for FY 11.

Written standard procedures were implemented in FY 11 for audits started during the fiscal year. However, due to the multi-year timeframe for the Tax Division to complete audits, we could not confirm the full implementation of these procedures. Tax audits do not come under the statewide single audit review until they are completed and an assessment is made. As of the end of FY 11, no audits have been completed under the new procedures. Additionally, the audit plan guiding the Tax Division auditors in conducting audits under the PPT and ACES tax laws was not fully designed as of the end of FY 11. Tax Division management expects it to be completed in FY 12 and used for audits started during that fiscal year.

Since the passage of the ACES tax legislation, the Tax Division has worked on updating the annual tax return reporting template with worksheets to support all summary tax calculations. However, it is not complete. Consequently, the Tax Division receives support for the tax calculations in various formats from taxpayers. Some information is sent in a format that

³PPT was enacted in August 2006.

⁴ACES was enacted in November 2007.

does not allow Tax Division auditors to analyze the data. Any analysis performed requires the auditor to re-enter data into another electronic format.

In 2011, the legislature appropriated \$34.7 million for a new tax revenue management system. However, according to Tax Division management, the project will take at least five years to complete. Implementing the annual tax return reporting template will be a temporary remedy during development of a new tax system.

Oil and gas severance taxes, totaling approximately \$4.1 billion in FY 11, are a significant source of revenue for the State of Alaska. Insufficient internal controls over the auditing of severance tax revenue may result in the loss of revenue and increase the risk that tax revenue assessments will not hold upon appeal.

We recommend that DOR's commissioner take action to ensure that Tax Division management continues to improve controls over the auditing of severance tax revenues. Specifically, standardized audit processes should be fully developed and implemented.

Agency Response – Department of Revenue

We agree with Legislative Audit's position that management needs to continue to improve audit oversight by standardizing audit procedures and controls. As stated in your agency's letter, written standard procedures were drafted and implemented in FY 11. However, as further stated, the audits which your agency reviewed were not conducted under those new written standards as those audits were started and closed prior to implementation of the new written standards. In FY 12, we expect to conduct current and new audits under the written standards and also expect to refine those audit standards as we move forward. We further plan to have those written audit policies and procedures fully implemented by the end of FY 12.

We also agree with Legislative Audit's concern regarding the annual tax return reporting template. We are in the final vetting stages of completing the tax return form, and it will be discussed with all interested companies prior to the Tax Division requiring its use. We did send out a notice to everyone on our interested parties list and posted on our website that 2011 tax returns should be filed using the summary page that is being incorporated into the return. Finally, we plan to have the tax return ready for our production tax audit group to use to compare and verify company filings and computations.

*Contact Person: Jerry Burnett, Director
Administrative Services Division
Telephone: (907) 465-2312*

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Two recommendations were made to the Department of Education and Early Development (DEED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 5 and 6 have been resolved.

Four new recommendations have been made during the FY 11 statewide single audit and are included as Recommendation Nos. 5 through 8.

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Recommendation No. 5

The DEED Teaching and Learning Support (TLS) director should strengthen review procedures to ensure compliance with period of availability requirements.

Improving Teacher Quality (Title II-A) expenditures totaling \$48,115 were charged to the FFY 08 grant award (#S367B080002) after the allowable funding period. Two adjusting entries transferred expenditures from the FFY 09 award to the FFY 08 award for the purpose of fully expending the FFY 08 award.

Per 34 CFR 80.23(a), funds may be expended only for costs obligated during the funding period specified for the program grant. Additionally, 34 CFR 76.709(a) allows states to obligate unexpended funds for one additional year following the end of the original grant period. All charges to the FFY 08 award were required to be obligated by September 30, 2010. The underlying expenditure activity of the adjusting entries was not obligated within the allowable period thereby creating noncompliance with the federal period of availability requirement and questioned costs totaling \$48,115.

We recommend the TLS director strengthen review procedures to ensure compliance with period of availability requirements of the Improving Teacher Quality program. Furthermore, to become compliant with the allowable costs requirements, an adjustment moving the questioned costs to an available grant should be processed.

CFDA: 84.367

Questioned Costs: \$48,115

Federal Agency: USDOE

Noncompliance

Allowable Costs, Period of Availability

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 5 and is in the process of strengthening our review procedures to ensure compliance with the period of availability requirements of the Title II, Part A, Improving Teacher Quality program. In addition, the department has processed an adjustment moving the questioned costs to an available grant.

*Contact Person: Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

Recommendation No. 6

The DEED Division of Administrative Services (DAS) director should implement procedures to ensure federal suspension and debarment requirements are met.

Six of 11 files tested for compliance with federal suspension and debarment requirements lacked evidence that DEED staff verified the vendor or that the subgrantee was not suspended or debarred. This noncompliance was limited to discretionary grants and Special Education and School Improvement Grants program contracts.

Per 2 CFR 180.300, participants in covered transactions⁵ must verify that the entity with whom they intend to do business is not suspended or debarred. This may be accomplished by:

- Checking the Excluded Parties List System;
- Collecting a certification from the entity; or
- Adding a clause or condition to the covered transaction with the entity.

DEED personnel collect certifications from subgrantees when entering into formula grant agreements; however, they were not aware that the suspension and debarment requirement is also applicable to contracts and discretionary grants. By not performing verification procedures, DEED increases its risk of entering into contracts and grants with entities that have been suspended or debarred.

We recommend the DAS director implement procedures to comply with the federal suspension and debarment requirements for all covered transactions.

CFDA: 84.027, 84.173, 84.391
84.392, 84.377, 84.388

Federal Agency: USDOE
Noncompliance

Questioned Costs: None

Procurement and Suspension and Debarment

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 6 and is in the process of implementing procedures to ensure federal suspension and debarment requirements are met for both contracts and discretionary grants receiving federal funding. The department has modified our Standard Agreement Form for contracts to include an appendix with the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion. In addition, the department will provide an Assurances section for discretionary grants that includes the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion.

⁵All contracts expected to be equal to or to exceed \$25,000 and all subawards to subrecipients, irrespective of award amount, are considered to be covered transactions.

Contact Person: *Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

Recommendation No. 7

The TLS director and the DAS director should develop and implement procedures to ensure federal procurement documentation meets minimum requirements.

DEED has multi-year projects worth \$25.8 million that provide professional services to school districts. Two projects, the Alaska Statewide Mentor Project and the State System of Support-Content Support Specialist, are comprised of multiple contracts. Two contract files from these projects were reviewed. In both, DEED failed to maintain documentation to support the basis for contractor selections, the justification to forego seeking competitive bids, and the basis for award prices. The two FY 11 contract files reviewed totaled \$156,136.

Per 34 CFR 74.46, specific minimum procurement documentation must be maintained for purchases. Documentation requirements include:

- The basis for contractor selections;
- Justification for lack of competition when competitive bids or offers are not obtained; and
- The basis for award cost or prices.

DEED does not have formal written procedures to ensure contractual documentation is obtained and maintained. The lack of documentation has resulted in DEED being noncompliant with federal procurement documentation requirements. This deficiency is applicable to the Special Education Program, School Improvement Grant Program, and the Improving Teacher Quality program.

We recommend the TLS director and the DAS director develop and implement procedures to meet minimal documentation requirements to ensure compliance with federal procurement regulations.

CFDA: 84.367, 84.027, 84.377
Questioned Costs: None

Federal Agency: USDOE
Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Education and Early Development

The department understands the requirements for federal procurement documentation and agrees with the importance of meeting the minimum requirements. The department will review our procurement procedures and develop written procedures to include oversight and verification that the minimum requirements are met and to ensure compliance with federal procurement regulations.

*Contact Person: Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

Recommendation No. 8

The TLS director should develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 report.

DEED staff do not monitor the accuracy of subrecipient data reported on the quarterly 1512 reports for any of the programs subject to the reporting requirement. Additionally, the number of jobs retained or created for the State Fiscal Stabilization Fund (SFSF) program's 1512 report for the period ending March 31, 2011, did not include the State's largest school district. This erroneous information could be inappropriately relied upon by users of the 1512 report. DEED personnel were unaware of the requirement to monitor the accuracy of subrecipient information.

The *American Recovery and Reinvestment Act*, Section 1512(c)(4) requires each recipient that received recovery funds from a federal agency to submit a report that contains detailed information. The report must document any subcontracts or subgrants awarded by the recipient and include the data elements required to comply with the Federal Funding Accountability and Transparency Act. Furthermore, *United States Office of Management and Budget Memoranda M-09-21*, Section 4.2, dated June 22, 2009, states, "Data quality is an important responsibility of key stakeholders identified in the Recovery Act. Prime recipients, as owners of the data submitted, have the principal responsibility for the quality of the information submitted."

We recommend the TLS director develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 quarterly reports. Additionally, we recommend the director correct the erroneous number of retained or created jobs reported in the SFSF program's 1512 report for the period ending March 31, 2011.

CFDA: 84.389, 84.391, 84.392, 84.394,
84.386, 84.388, 10.568

Questioned Costs: None

Federal Agency: USDOE, USDA
Significant Deficiency, Noncompliance
Reporting

Agency Response – Department of Education and Early Development

The department is aware of the requirement to monitor the accuracy of subrecipient information and has developed and implemented procedures to monitor the accuracy of subrecipient data reported on the 1512 quarterly reports. The department, however, cannot correct the erroneous number of retained or created jobs in the SFSF program's 1512 report for the quarter ending March 31, 2011 since the time period for corrections on that quarter have passed.

*Contact Person: Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Fourteen recommendations were made to the Department of Health and Social Services (DHSS) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 13 and 19 have been resolved. Prior year Recommendation Nos. 10, 14, 15, and 17 were not significant issues in the current year and are not reiterated in this report. Prior year Recommendation Nos. 9, 11, 16, 18, and 20 are not resolved and have been included in this report as part of Recommendation Nos. 15, 16, 21, 22, and 24, respectively. Prior year Recommendation No. 7 is not fully resolved. The unresolved control deficiencies are part of new Recommendation No. 9. Prior year Recommendation No. 8 is not resolved and is included as part of new Recommendation No. 11. Most of the findings associated with prior year Recommendation No. 12 have been resolved. The unresolved portion of prior year Recommendation No. 12 has been included in this report as part of new Recommendation No. 17.

In addition to the three new recommendations mentioned above (Recommendation Nos. 9, 11, and 17), eight additional new recommendations have been made during the FY 11 statewide single audit and are included in this report as Recommendation Nos. 10, 12, 13, 14, 18, 19, 20, and 23.

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Recommendation No. 9

The DHSS Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Time charged to federal programs for employees who worked on multiple programs was not adequately supported. Errors identified in testing 42 employees included the following.

- One employee timesheet could not be located;
- One employee's time charges did not agree with the approved timesheet; and
- Records documenting time charged by seven employees did not identify the time worked by program or other cost objective.

According to the agency, if time worked by program is not specifically identified, the employee's time will be charged to programs based on default coding entered in the payroll system. Without the use of positive timekeeping, the time charged to the programs is not in compliance with federal requirements.

United States Office of Management and Budget (OMB) Circular A-87 requires appropriate time distribution records support employee compensation charged to more than one federal grant or other cost objective. Additionally, the allocation must reflect actual time worked on the program or be based on a federally approved allocation system.

The federal programs affected by these errors are the Medical Assistance Program (Medicaid) and the Women, Infants, and Children Special Supplemental Nutrition Program (WIC).

Additionally, time charged by two of 13 tested employees who worked on a single federal program was not supported by the required semi-annual certifications. One individual's personal service costs were charged solely to WIC. This employee indicated that they did not work solely on that program and did not use positive timekeeping. One individual who worked solely on Medicaid overlooked signing a certification.

OMB Circular A-87 further requires that when employees are expected to work solely on a single federal award or cost objective, their personal service charges be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

We recommend the FMS assistant commissioner ensure that personal service expenditures comply with *OMB Circular A-87* requirements. Specifically, we recommend that DHSS consistently implement positive time keeping or other federally approved methods, and

ensure that personal service expenditures of employees working solely on one federal program are supported by semi-annual certifications.

CFDA: 10.557

Questioned Costs: \$67,559

CFDA: 93.778

Questioned Costs: \$32,098

Federal Agency: USDA, USDHHS

Noncompliance

Allowable Costs

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The WIC Unit has implemented internal control policies to ensure that all program staff will perform positive timekeeping to the collocation code. Supervisors will verify charges are captured appropriately. The newly hired WIC Administrative Assistance I will perform AKPAY input for each pay-period of all timesheets that identify work completed under each program code. The AA I will track and prepare for signature the semi-annual certifications for any employee that works under a single federal program code.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 10

The FMS assistance commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

Expenditures eligible for federal reimbursement are reconciled to federal revenues quarterly by DHSS staff to ensure federal revenues are drawn and received timely. This important control was not functioning effectively during FY 11 for five major federal programs.

Eleven of 14 FY 11 quarterly reconciliations covering five major federal programs contained errors. The errors were in four main areas. (1) Reconciliations were not performed or not performed in sufficient time to be an effective control; (2) necessary reconciliation adjustments were not processed; (3) the reconciliation did not contain all eligible expenditures; and/or (4) information in the reconciliations could not be traced to the state accounting system (AKSAS) because of accounting structure changes processed after the reconciliations were performed. Specific errors by federal program include the following.

- Adoption Assistance – The quarter ending March 31, 2011 reconciling adjustment was not processed.

- Medicaid – Certain expenditures contained in the Medicaid reconciliations for the quarters ending September 30, 2010 and March 31, 2011, did not tie to AKSAS due to structural changes made after the reconciliations were performed. Additionally, the March 31, 2011 reconciling adjustments were not fully processed. Furthermore, the September 30, 2010 reconciliation understated two expenditure line items.
- Children’s Health Insurance Program (CHIP) – For the quarters ending September 30, 2010 and March 31, 2011, reconciling adjustments were not processed. Furthermore, material expenditure line items in the March 31, 2011 reconciliation did not tie to AKSAS. Agency fiscal staff could not provide an explanation for the unsupported information.
- Temporary Assistance for Needy Families (TANF) – The quarter ending March 31, 2011 reconciling adjustment was not processed.
- Child Care and Development Fund (CCDF) – Reconciliations for the quarters ending September 30, 2010 and December 31, 2010, were not performed. A reconciliation was performed for the quarter ending March 31, 2011 that encompassed the first two quarters.

The majority of reconciliations were not done timely. Some were as late as two months after the quarter close.

A lack of written policies or procedures for performing reconciliations contributed to the errors. This finding is a symptom of the internal control deficiencies discussed in Recommendation No. 23 of this report.

OMB Circular A-87, Attachment A, Section C.1.a states that for costs to be allowable for federal reimbursement, they must be reasonable and necessary for the proper and efficient performance and administration of federal awards. Not performing reconciliations accurately and/or timely increases the risk that DHSS staff could over-draw federal revenues resulting in an interest liability. It may also lead to under-drawing revenues which results in a loss of interest revenue to the State.

We recommend the FMS assistant commissioner implement written policies and procedures and provide adequate oversight to ensure that quarterly reconciliations are done timely and accurately.

CFDA: 93.777, 93.778, 93.558, 93.659,
93.767, 93.575, 93.596
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Cash Management

Agency Response – Department of Health and Social Services

DHSS concurs with the FY 11 recommendation. Effective October 1, 2011 management within the revenue unit changed. Since that time, the unit has been evaluating its federal reporting practices resulting in federal revenues recorded in AKSAS. Currently, the revenue staff is working on developing appropriate reconciliation tools for the federal entitlement programs. We expect these additional tools will help assure that quarterly reconciliations are performed timely and accurately.

Currently, all FMS units are tasked with complete, written updates to policies and procedures. While the process is collaborative and deliberative, we anticipate completion of most unit procedures by the end of FY 12. Concentrated efforts are placed on those processes with no written procedures, many of which are being developed anew.

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Recommendation No. 11

The FMS assistant commissioner should ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

DHSS fiscal staff have not followed up subrecipient single audit reports from December 2010 through August 2011. The backlog of subrecipient audits could not be determined because DHSS stopped logging the receipt of the audits in April 2011. Management decisions regarding single audit findings were not issued, and DHSS staff did not ensure that subrecipients took appropriate and timely corrective action. Furthermore, during this time, there has been no consideration whether the audits necessitated adjustments to DHSS financial records.

DHSS employed two internal auditors who both retired in April 2011. Their positions were not filled, and duties for following up the subrecipient audits were not reassigned. DHSS' financial management section experienced high turnover during FY 11 which contributed to the lack of oversight.

OMB Circular A-133, Section 400(d)(5) requires entities that award federal funds to “issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.” Furthermore, OMB Circular A-133, Section 400(d)(6) states that pass-through entities are required to “consider whether subrecipient audits necessitate adjustment of the pass-through entity’s financial records.”

Monitoring subrecipient audit findings is a significant internal control which, if not implemented, can lead to noncompliant grantees receiving additional federal funds.

We recommend that the FMS assistant commissioner ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

CFDA: 93.659, 10.557, 93.575, 93.713
Questioned Costs: None

Federal Agency: USDHHS and USDA
Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Health and Social Services

DHSS concurs with this recommendation. DHSS long-time internal audit staff both retired in April of 2011 and after ten months of active recruitment efforts FMS successfully recruited one of the two positions in February of 2012. DHSS continues to actively recruit the remaining position while addressing both current and backlog subrecipient reports.

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Recommendation No. 12

The DPA director should ensure only valid expenditures are charged for the WIC program.

In May 2011, the WIC subsystem⁶ erroneously created an additional file of food warrant transactions totaling \$119,819 that interfaced with AKSAS and resulted in duplicate charges to the program. Based on procedures performed, we confirmed this to be the only occurrence of such an error for FY 11.

During the monthly reconciliation process, the erroneous posting was identified by DHSS staff; however, due to insufficient follow-up and inadequate supervisory review the error was not corrected. Although the monthly Food and Nutrition Service (FNS) 798 report was correct, the erroneous posting resulted in an over draw of federal funds on award 7AK700AK7.

⁶The WIC subsystem contains a detailed listing of all the food warrants issued to participants. Daily, the system compiles all the warrants redeemed into an interface file based on bank information also contained on the WIC subsystem. The next working day the interface file is submitted for posting the food warrant expenditures to the state accounting system.

Federal program cost guidance in *OMB Circular A-87*, Attachment A, Section E.1 states, “Direct costs are those that can be identified specifically with a particular final cost objective.” In this case, there were no real costs associated with the erroneous posting.

We recommend the DPA director fully implement existing reconciliation procedures, including supervisory review, to ensure only valid program expenditures are charged to the WIC program. Furthermore, DHSS should process an adjustment to remove the erroneous expenditures and amend future federal draws.

CFDA: 10.557
Questioned Costs: \$119,819

Federal Agency: USDA
Noncompliance
Allowable Costs

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. The transaction totaling \$119,819 did not result in a duplicate charge on the federal report. The transaction was posted through the Alaska State Accounting System (AKSAS) in an account which was not picked up on the federal report and although this type of error occurred only once in FY 2011, DPA has looked at this as a learning opportunity. DPA has implemented a new process to ensure monthly reconciliations are placed in a “tickler” file for followed-up. In addition, weekly discussions will occur with the direct line supervisor to ensure loops are closed when identified, so now two staff hold this responsibility for ensuring corrective actions are taken.

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Recommendation No. 13

The FMS assistant commissioner should develop procedures to comply with subaward reporting requirements of the *Federal Funding Accountability and Transparency Act (FFATA)*.

During FY 11, DHSS staff did not file the required reports to comply with the FFATA subaward reporting requirements for 14 of 16 WIC subrecipients. DHSS management was not familiar with the new federal requirements. Failing to comply with FFATA requirements may jeopardize future federal funding.

Federal law 2 CFR 170 requires prime awardees of individual federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or

over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

We recommend that the FMS assistant commissioner ensure the reports are filed to comply with the FFATA subaward reporting requirements. We furthermore recommend that procedures be developed to ensure future compliance with FFATA.

CFDA: 10.557

Questioned Costs: None

Federal Agency: USDA
Significant Deficiency, Noncompliance
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with this recommendation. FFATA is an unfunded federal mandate and the department must absorb the related workload and costs. DHSS estimates that as a prime awardee, it may have to evaluate at a minimum, 250 individual subawardees and no system exists that provides the required information to assist with this assessment.

DHSS is evaluating existing resources to determine how to implement.

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Recommendation No. 14

The DPA director should ensure reports are monitored and there is follow-up as required for the WIC program.

In FY 11, two of the four special tests and provisions which require report review were not adequately performed in accordance with the WIC program⁷ federal requirements. Specifically, the food instrument (FI) and cash value voucher disposition report (FI disposition report) and the FI price enforcement and error report were not monitored. Report monitoring includes review and appropriate follow-up within 120 days of detecting questionable items or suspected errors. The deficiencies identified are as follows.

FI disposition reports: There are four different FI disposition reports required monthly (expired, lost/stolen, duplicate and un-match). Three months for a total of 12 reports were tested as part of this audit. Of the 12 reports, nine were not reviewed as required⁸ nor was

⁷Federal Grant Award Ref. No.: 7AK700AK7 for program year 2011.

⁸Per 7 CFR 246.12(q), *Food Delivery Systems: Food Instrument and Cash-Value Voucher Disposition:*

follow-up performed within 120 days of the report date. The expired and lost/stolen reports were not reviewed at all, and the duplicate and un-match reports were partially reviewed by staff in half of the reports tested. Additionally, insufficient documentation existed to determine if appropriate follow-up had occurred within the required 120-day timeframe.

FI price enforcement and error reports: Seven of 26 bi-weekly FI price enforcement and error reports covering a three month time period were tested. All seven lacked sufficient documentation to determine if WIC was compliant with program requirements.⁹ These requirements mandate review and appropriate follow-up by program staff within 120 days of report issuance. Although evidence suggests review and follow-up action is performed by program staff, insufficient documentation exists to determine compliance during FY 11.

Insufficient report monitoring is due, in part, to a lack of procedures for report review and follow-up, and inadequate oversight by program managers to ensure review activities are completed as required. Report monitoring primarily ensures costs of food items are contained, and only eligible participants receive benefits. By not performing adequate monitoring functions sufficiently and routinely, food costs could unreasonably increase and ineligible participants could receive benefits, both of which result in reducing benefits available for eligible participants. According to 7 CFR 246.23(a)(4), *Claims and Penalties*, the federal oversight agency could establish a claim against the State for not taking appropriate follow-up action on redeemed FIs that cannot be matched against valid enrollment and issuance records.

Accordingly, we recommend the DPA director develop and implement report monitoring procedures for both review and follow-up activities. Furthermore, the director should ensure program managers are performing adequate oversight of the program report monitoring, to ensure compliance with WIC federal requirements.

CFDA: 10.557

Questioned Costs: None

Federal Agency: USDA

Significant Deficiency, Noncompliance
Special Tests and Provisions

The State agency must account for the disposition of all food instruments and cash-value vouchers as either issued or voided, and as either redeemed or unredeemed. Redeemed food instruments and cash value vouchers must be identified as validly issued, lost, stolen, expired, duplicate, or not matching valid enrollment and issuance records.

In this case, we consider *validly issued* to be food instruments which have not been flagged in the four reports listed above, or voided, since an invalid issuance should be identified and reported in one of those four reports during the bank redemption processing.

⁹Per 7 CFR 246.12(k) (1), *Food Delivery Systems: Retail Food Delivery Systems- System to Review Food Instruments and Cash-Value Vouchers for Vendor Claims:*

The State agency must take follow-up action within 120 days of detecting any questionable food instruments or cash-value vouchers, suspected vendor overcharges, and other errors and must implement procedures to reduce the number of errors when possible.

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The WIC Vendor Unit has implemented corrective action measures to ensure that Food Instrument (FI) disposition reports, FI price enforcement, and error reports are adequately reviewed with appropriate follow-up action within the required timeframes. Corrective action measures have also been developed to ensure that reviews and follow-up actions are sufficiently documented.

Procedures have been written for each type of report review, including the timing and disposition for the reports. The reviewer dates and initials the report and documentation of any follow-up is notated and attached. The reviewer's name and the review date are entered into an electronic tracking spreadsheet, which is itself reviewed by the Vendor Manager prior to quarterly compliance review meetings. Quarterly compliance review meetings have been established to ensure that all required compliance is timely and there is an opportunity for issues to be identified and addressed. The Vendor Manager reports to the WIC Program Manager after each quarterly meeting, confirming that all review activities have been completed as required.

Written procedures for reviewing and acting upon FI disposition reports and FI price enforcement and error reports are attached. These procedures are in draft form; a more formalized version will be prepared for inclusion in the Vendor Unit Desk Manual later this year. The reports include:

FI disposition

- Dual participation AKWIC 504-A*
- Duplicate Social Security Number – AKWIC 504-D*
- Void Redeemed – AKWIC 504-E*
- Unmatched Warrant – AKWIC 442*

FI price enforcement and error

- Weekly Reimbursement Report*

On December 12, 2011, a second Project Assistant was hired by the WIC Program. The addition of this staff member enabled the Vendor Unit to fulfill the requirements under 7 CFR 246.12 for report review, action, and documentation.

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Recommendation No. 15

The DPA director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

Prior Finding

Monitoring of WIC vendors was not performed in accordance with federal requirements in FY 10. These federal requirements include compliance investigations of high-risk vendors¹⁰ and a review of vendors¹¹ that potentially derive more than 50 percent of their annual food sales revenue from WIC food instruments. Consequently, the WIC program was not in compliance with the special test and provision requirements.

Only two of nine required compliance investigations of high risk vendors were completed by September 30, 2009, in accordance with 7 CFR 246.12(j)(4)(i). Additionally, WIC program staff did not review the FFY 09 federal report, “*Authorized Vendors Potentially Meeting the Above-50-Percent Criterion*,” which identified 10 potential above-50-percent vendors and, therefore, did not maintain compliance with 7 CFR 246.12(g)(4)(i)(F). At least one of the vendors exceeded the 50 percent threshold (at 53 percent) and should have been suspended from the program.

Insufficient vendor monitoring is due to inadequate oversight by program managers. There is a significant deficiency in controls to ensure staff perform monitoring activities as federally required. Vendor monitoring primarily ensures costs of food items are contained, and only eligible participants receive benefits. By not performing vendor monitoring sufficiently and routinely, food costs could unreasonably increase and ineligible participants could receive benefits, both of which result in reducing benefits available for eligible participants.

Legislative Audit’s Current Position

Improvements were made during FY 11. All of the required compliance investigations were performed; however, one of the ten required investigations failed to meet compliance requirements due to insufficient documentation. Although the investigation was completed and determined successful, program staff did not document the required information¹² for compliance buys.

¹⁰High risk vendors are vendors identified as having a high probability of committing a vendor violation of federal program requirements.

¹¹These potential vendors are referred to as above-50 percent vendors.

¹² Per 7 CFR 246. (j)(4)(6)(i)-(ii): *Documentation- Monitoring Visits:*

(i)The state agency must document the following information for all monitoring visits, including routine monitoring visits, inventory audits and compliance buys; (A) the date of the monitoring visit, inventory audit, or compliance buy; (B)the names(s) and signatures(s) of the reviewer(s) (C) the nature of any problem(s) detected.

Insufficient documentation was due to a failure of the staff performing compliance investigations to use established WIC forms. Additionally, there was inadequate oversight by program managers to ensure staff completed documentations as federally required. Insufficient monitoring could result in a reduction of food benefits available for eligible participants.

We recommend the DPA director take action to ensure WIC program managers improve controls and oversight of staff performing high risk vendor compliance investigations to meet the federal compliance requirements.

CFDA: 10.557
Questioned Costs: None

Federal Agency: USDA
Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The Vendor Unit has developed procedures for conducting a high-risk vendor assessment for the 186 currently authorized Alaska WIC vendors according to the criteria listed in the State Plan:

- *Warrant redemptions show low variance within the same food instrument.*
- *Warrant redemptions show a high mean value.*
- *Warrant redemptions show a high volume or frequency of monetary errors.*
- *Vendor has a high number of complaints against the store.*

Ten high-risk vendors have been identified and prioritized for compliance investigations. The Vendor Manager will conduct a review of each compliance investigation and write a memo to the file certifying that the investigation and disposition are complete and all documentation is included in the record of the investigation. Results will be reported to the Alaska WIC Program Manager.

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(ii) For compliance buys, the state must also document; (A) the date of the buy (B) a description of the cashier involved in each transaction (C) the types and quantities of items purchased, shelf prices or prices charged other customers, and price charged for each item purchased if available. Price information may be obtained prior to, during, or subsequent to the compliance buy. (D) the final disposition of all items as destroyed, donated, provided to other authorities, or kept as evidence.

Recommendation No. 16

The DHSS TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

Prior Finding

DHSS' application and review process does not ensure TANF clients meet all eligibility requirements.

Federal law 42 USC 608(a)(8) states, in part:

A State may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more States under TANF, Title XIX, or the Food Stamp Act of 1977, or benefits in two or more States under the Supplemental Security Income program under Title XVI of the Social Security Act. If the President of the United States grants a pardon with respect to the conduct that was the subject of the conviction, this prohibition will not apply for any month beginning after the date of the pardon.

Current TANF application procedures do not accommodate this requirement. Staff considered the felony check done during the application process as adequate for addressing this federal law. However, not all crimes associated with fraudulent statements or misrepresentations with respect to places of residence are labeled as felonies. Additionally, current felony check procedures do not identify non-Alaskan crimes. As a result, there could be TANF clients that are not eligible because of fraudulent crimes committed during the prior ten-year period.

Legislative Audit's Current Position

DHSS' application procedures remained unchanged during FY 11. According to DHSS management, no action has been taken due to a 50 percent turnover in the DPA policy section.

We again recommend the DPA director alter the application process to inquire about an applicant's compliance with 42 USC 608(a)(8). We also recommend that DPA's director take action to ensure current TANF clients are in compliance with this federal law.

CFDA: 93.558
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency, Noncompliance
Eligibility

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation that procedures to ensure compliance with 42 USC 608(a)(8) be improved. There is no national record or database the Department can access to verify felony convictions specific to public assistance fraud. There are currently two methods used by Division of Public Assistance staff to determine whether applicants or recipients are receiving benefits from another state.

The general application asks applicants if they received public assistance in another state including TANF, Food Stamps, Medicaid or other cash programs. If the answer is positive, the applicant is asked to list any states they received benefits in including who in the household received the benefit as well as the dates benefits were received. DPA staff will then contact the other state to determine whether the benefits are still being received, the number of countable TANF months used and whether there were any penalties put in place in the other state.

The Division of Public Assistance also takes part in the Public Assistance Reporting Information System (PARIS) match. The PARIS match provides states with information about benefits clients may be receiving from other states including payments from the Veteran's Administration, the Department of Defense and Interstate Match files. When the PARIS match shows a recipient is receiving benefits from another state, further investigation is conducted by staff and fraud penalties instituted as needed.

The Division of Public Assistance is implementing several strategies to ensure no caretaker relative who has been convicted of a felony for misrepresenting their state of residence in order to fraudulently receive welfare benefits at any time during the past 10 years receives benefits in Alaska. In the absence of third party verification, the division's general application for assistance is being updated to include a question requiring applicants and caretaker relatives to self-certify that they have not been convicted in the past 10 years of this crime. In addition, the division's core training will be updated to ensure all eligibility staff are trained on this requirement. Both policy and procedure manuals will be updated to support this process in FY 2012.

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Recommendation No. 17

The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

The FY 11 quarterly financial ACF-696 reports for three (FFY 09 – FFY 11) CCDF grants were not supported in detail by the agency's accounting records. Insufficient accounting

system support was the result of incorrect coding of activity in the accounting structures and a lack of written procedures to ensure CCDF expenditures are accurately tracked and reported correctly in the federal financial reports.

Federal law 45 CFR 92.20(b)(1) requires CCDF financial reports be accurate, complete, and supported by accounting records. The CCDF program could lose funding or have its grants terminated if the State fails to comply with the CCDF grant terms which includes reporting requirements.¹³

We recommend the DPA administrative manager take action to ensure CCDF expenditures are appropriately tracked in AKSAS and its related cost allocation system. Additionally, written procedures should be finalized to help ensure staff complete and file reports accurately and in accordance with federal requirements.

CFDA: 93.575, 93.596
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Reporting

Agency Response – Department of Health and Social Services

DHSS does not concur. Quarterly direct expenditures are based on underlying accounting records in the Alaska Statewide Accounting System (AKSAS). DHSS only relies on the MAXCARS system for indirect costs which reports .01% of total expenditures in any given quarter.

Child Care Development Fund (CCDF) has four different funding sources (Mandatory, Matching, Discretionary and Maintenance of Effort) available for each quarter. The CCDF report requires the quarterly expenditures be reported at the quarterly allocation within the ceilings of each expenditure rate (E.g., 70% of mandatory must be spent on direct services, not more than 5% of total funds can be spent on Administrative, etc). All these factors must be considered when preparing each quarterly report. Additionally the Administration for Children and Families (ACF) Online Data Collection (OLDC) has built in edit checks that prevent the report from being submitted if these funding restrictions are not followed.

It is the DPA's management decision on how to finance the program within the Federal rules and regulations. During SFY 11, Finance Management Services (FMS) prepared the Federal reports, supplement review was performed by DPA's Administrative Operations Manager (AOM), the Revenue unit reviewed and entered into OLDC, and DPA's AOM certified the report in OLDC.

¹³Per 45 CFR 92.43(a):

Remedies for noncompliance include: (1) temporarily withholding cash payments pending correction; (2) disallowance of all or part of the cost of the activity or action not in compliance; (3) wholly or partly suspending or terminating the current award; (4) withholding further awards for the program; or (5) take other remedies that may be legally available.

During the FFY10 Statewide Single Audit, the Division of Legislative Audit discovered report errors and omissions (see SWSA FY10, Recommendation #12) that were corrected during SFY11 with the concurrence of ACF program manager. DHSS/DPA believes it's these corrections that lead auditors to believe the reports are not supported by accounting records.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

As a point of clarification, DPA's reliance on a worksheet for the financial report is insufficient accounting support because the worksheet numbers do not reconcile to the accounting records from AKSAS in FY 11. Each quarterly financial ACF-696 report for each grant should be supported by AKSAS at the time of filing. Reconciling items should be clearly documented.

Recommendation No. 18

The DPA director should identify and recover unallowable child care payments for the CCDF program.

The Child Care Program Office (CCPO) is not actively reviewing and making determinations on referrals received from local administrators¹⁴ regarding potential overpayments of program benefits or intentional program violations. Only three determinations were made on the 141 referrals received in FY 11. An additional 16 determinations to not pursue action¹⁵ were made in FY 11 on FY 10 referrals; however, there were 58 FY 10 referrals that remained unresolved.

CCPO management reported staff turnover and conflicting priorities caused a backlog in the authentication of the referrals. In response, CCPO management decided to prioritize current referrals over older referrals.

¹⁴Local governments or nonprofit agencies responsible for providing child care referral services, comprehensive consumer awareness, and education and training to families, child care providers, and the general public.

¹⁵They made a decision to not pursue action on these referrals because they were for amounts less than \$100.

Federal regulation¹⁶ requires the CCPO to recover child care payments that are the result of fraud. Additionally, state regulation¹⁷ requires the CCPO to investigate possible overpayments of program benefits to a participating family or provider, make determinations, and take action to recover overpayments. By not actively reviewing and pursuing overpayments and program violations, the CCPO allows providers and recipients to potentially abuse the federal CCDF program.

We recommend the DPA director identify and recover unallowable child care payments associated with potential overpayments of program benefits and intentional program violations.

CFDA: 93.575, 93.596, 93.713
Questioned Costs: Indeterminate

Federal Agency: USDHHS
Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. The Division of Public Assistance, Child Care Program Office (CCPO) prioritized current referrals over older referrals to remain compliant with Child Care Development Fund (CCDF) requirements in FY 12. CCPO staff will be working into their workload all FY 11 potential overpayments of program benefits or intentional program violations.

The process to identify potential overpayments of program benefits or intentional program violations is as follows: Incorrect payments may be identified through the annual monitor review process of grantees, review of monthly files by the Division's Quality Assessment/Quality Assurance staff or by the Local Administrator's office. When an incorrect payment totaling \$100 or more is suspected, grantees submit the incorrect payment and any supporting documentation to the CCPO for review and determination. Child Care Assistance Program policy section 150 (attached) provides information about Incorrect Payments for grantees. The CCPO has developed internal processes and procedures for review and determination of incorrect payments.

In the event the CCPO experiences significant staff turnover within our Child Care Assistance Team, the Child Care Assistance Program Coordinator and CCPO Manager will collaborate to explore options for maintaining timeliness in processing and recovery of incorrect payments. Options include re-prioritizing projects and work, shifting workloads, utilizing staff members from other CCPO teams, or hiring a non-perm short term employee to focus only on potential overpayments of program benefits or intentional program violations.

¹⁶45 CFR 98.60(i).

¹⁷7 AAC 41.415.

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Recommendation No. 19

The FMS assistant commissioner should improve procedures over the reporting of Medicaid program expenditures.

The CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) reports for the first and third quarters of state fiscal year 2011 underreported the federal share of Medicaid program expenditures by \$268,235¹⁸ and \$627,494¹⁹ respectively.

The underreporting was due to formula and input errors primarily caused by a lack of clear procedures for the preparation of federal reports, including post preparation review. Consequently, reported amounts do not reflect actual expenditures. Federal regulation 42 CFR 430.30(c)(2) specifies that the CMS-64 report should reflect the “*State’s accounting of actual recorded expenditures.*”

We recommend the FMS assistant commissioner strengthen review procedures to ensure that reported amounts are supported by underlying accounting records. Furthermore, we recommend the FMS assistant commissioner ensure the CMS-64 report meets federal requirements including accurate presentation of prior period adjustments to correct any outstanding errors.

CFDA 93.778

Questioned Costs: None

Federal Agency: USDHHS

Significant Deficiency, Noncompliance
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs. Current management has revamped the fiscal administration from two to three units. The third unit, Federal Allocation Management Unit, oversees the preparation of the CMS-64 report and recruited an additional Accountant as of March 1, 2012 to manage the federal reporting responsibilities associated with the Medicaid program.

¹⁸The \$268,235 underreported on the first quarter CMS-64 should have been included on line 29 of the 64.10 Base section of the report which rolls up to line 6 column F of the CMS 64 Summary section.

¹⁹The \$627,494 underreported on the third quarter CMS-64 should have been included as an additional \$466,188 on line 2A and \$161,306 on line 2B of the 64.10 Base section of the report which rolls up to line 6 column F of the CMS 64 Summary section.

A plan has also been implemented to review and update, as needed, existing DHSS policies. In the case of federal reporting, written policy is being drafted with procedures and internal controls documented. The existing excel spreadsheets are under review and will be updated with improved cross controls.

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Recommendation No. 20

The DHSS Division of Senior and Disabilities Services (DSDS) director should establish written procedures and provide oversight to ensure that provider files include complete requirements for certification.

DSDS lacks adequate procedures to ensure provider certification files are documented in a complete and accurate manner. Provider certification files do not consistently contain supporting provider certification documentation, and multiple files are missing records. Out of 39 files reviewed, 15 files were incomplete. Six provider background checks and 11 training certifications were missing. Additionally, three files lacked the lead provider agreement.

DSDS management stated that a dramatic increase in community-based waiver services/providers has created staffing resource issues leading to problems such as the filing of documents. Management was aware of the situation prior to the audit and reported taking steps, such as implementing a new filing system, to address the issue.

Alaska regulations require a provider of home and community-based waiver services to meet applicable certification criteria, including qualifications and program standards, set out in the department's Home and Community-Based Waiver Service Certification Application Packet.²⁰ Furthermore, federal regulations indicate that DSDS must comply with minimum protection requirements²¹ and provide satisfactory safeguard assurances to be eligible to provide home or community-based waiver services. In accordance with Alaska regulations and as a protection and safeguard requirement, all certified providers must provide proof of successful completion of the DSDS training course within a two-year period, and proof of a valid fingerprint-based criminal history check.²²

The health and welfare of the recipients of these services is at risk when DSDS certification files cannot provide assurances that providers and their employees were properly screened and adequately trained prior to certification.

²⁰7 AAC 130.220, 7 AAC 125.060, and 7 AAC 10.910.

²¹42 CFR 441.404.

²²7 AAC 10.910.

We recommend that the DSDS director take action to ensure all certification files are complete to support the certification of home and community-based service providers.

CFDA: 93.778
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The division has since taken action to develop and implement procedures to ensure all certification files are complete and support the certification of home and community based service providers.

Improvements include use of a standardized provider file table of contents, conversion of an application into new content order, notice to providers to submit evidence of compliance, and no renewal of certification without all evidence of compliance in the provider file. The division has taken action to remediate missing certification records and to adopt the new procedures for all existing and future files.

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Recommendation No. 21

The DHSS Division of Health Care Services (DHCS) director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

Prior Finding

The DHSS Medicaid fiscal agent did not conduct the required number of utilization reviews per quarter, nor did they meet the required enrollment levels in the Care Management Program (CMP) as stipulated in the fiscal agent's contract. The contract specifies the fiscal agent must conduct 25 utilization reviews per quarter and enroll 150 Medicaid recipients in the CMP. For FY 10, only eight utilization reviews were completed, and CMP enrollment only reached 114 Medicaid recipients. Consequently, DHSS paid the full amount for the surveillance and utilization review functions even though the fiscal agent did not fulfill all of the contractual obligations.

Federal regulations require a post-payment review process to develop and review utilization and provider service profiles, and develop exception criteria so that the State may correct

misutilization practices of recipients and providers.²³ DHSS relies on a contract with its Medicaid fiscal agent to perform these reviews. Due to staff turnover, lack of expertise by the fiscal agent, and insufficient oversight by DHCS, the Medicaid fiscal agent did not meet contract performance requirements.

Failure to meet surveillance and utilization review requirements increases the risk of fraud and abuse associated with allowable costs, allowable activities, and eligibility. The financial consequences can be extensive given that, during FY 10, over \$1 billion was paid by the State of Alaska for Medicaid services (state and federal funds).

Legislative Audit's Current Position

In FY 11, there was an improvement by the fiscal agent to meet the CMP enrollment requirement. However, the fiscal agent did not meet the contractually required 25 utilization reviews per quarter. Only five reviews were completed in FY 11. In March 2011, DHCS sent a cure letter to the fiscal agent reiterating the required deliverables and gave the fiscal agent 90 days to achieve compliance.

It is the State's responsibility to implement methods and procedures to safeguard against unnecessary utilization of care and services. If the fiscal agent continues to fail to complete the required utilization reviews, we recommend the DHCS director consider other alternatives to ensure the surveillance and utilization control program is in compliance with federal regulations.²⁴

CFDA: 93.775

Questioned Costs: None

CFDA: 93.767, 93.778

Questioned Costs: Indeterminate

Federal Agency: USDHHS

Significant Deficiency, Noncompliance

Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the findings as documented in Recommendation. The goal of DHCS is to hold the Medical Assistance Program (Medicaid) fiscal agent accountable for contract requirements related to surveillance and utilization reviews. To this end, efforts are underway to restructure the surveillance and utilization review (SURS) program and to ensure fiscal agent contract compliance. During FY 10, the fiscal agent did conduct SURS activities. The following describes those activities that supported DHCS activities to control fraud and abuse in the Medicaid program.

During FY10 the fiscal agent performed focused reviews. These reviews targeted duplication of services and services billed for procedures after a recipient's date of death. Although

²³42 CFR 456.23.

²⁴42 CFR 456.3-4.

these reviews do not encompass a comprehensive review of all provider types, these activities did result in collection of monies paid by the Medicaid program.

The fiscal agent received, reviewed, researched, and dispositioned more than 100 complaints from providers and recipients. The fiscal agent also conducted activities, including generation, collection, and reporting of findings, to process Recipient Explanation of Medicaid Benefits (REOMB's) each month.

The program experienced growth in the Care Management Program (CMP). Regulatory changes in 2007 imposed a provision for review of a recipient's medical records, which significantly slowed the number of recipients assigned to the CMP.

Efforts to redesign the control files for the SURS activities required collaboration between DHCS and ACS. Had we not worked in collaboration with ACS to redesign the SURS program, any providers selected for review during FY 10 would have been selected from a control file built with incomplete metrics. This could have resulted in inappropriate selection of providers for review.

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Recommendation No. 22

The FMS assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

Prior Finding

For FY 10, the reporting of federal expenditures in the SEFA was incomplete, inaccurate, and in some instances, unsupported by the accounting records. We identified discrepancies in, including but not limited to, the reporting of unsupported expenditures, incorrect footnote disclosures, incorrect amounts provided to subrecipients, and unreported *American Recovery and Reinvestment Act* (ARRA) activity. The ten material discrepancies were corrected by the agency and are correctly presented in the statewide SEFA; the immaterial discrepancies remain uncorrected.

Two main factors contribute to the numerous reporting errors: (1) lack of clear procedures for the preparation of the SEFA, including post-preparation review, and (2) lack of communication between program staff and the revenue unit (preparer of the SEFA).

OMB Circular A-133 requires auditees to prepare the SEFA, which includes providing total federal awards expended for each individual federal program. Additional required items

include, to the extent practical, amounts provided to subrecipients and notes to the schedule stating the value of federal awards expended in the form of non-cash assistance.

The SEFA serves as the primary basis for the determination of major programs as required by *OMB Circular A-133*. The misidentification of both regular and ARRA award expenditures in the schedule increases the risk of noncompliance with *OMB Circular A-133* audit and reporting requirements.

Legislative Audit's Current Position

While the reporting of federal expenditures has improved for FY 11, inaccuracies and, in some instances, lack of adequate support continued. Errors in the amount of federal expenditures reported in the SEFA of five percent or greater were identified in six programs. The federal expenditures for these programs were corrected by the agency and are correctly presented in the statewide SEFA.

The reporting errors are primarily due to the agency's continued lack of clear procedures for preparing the SEFA, including post-preparation review.

We recommend the FMS assistant commissioner ensure that reported amounts are supported by underlying accounting records, including accurately reporting ARRA-funded activity. Furthermore, we recommend the FMS assistant commissioner strengthen procedures over the preparation of the SEFA, including post-preparation review, to ensure that the reporting of federal expenditures meets *OMB Circular A-133* requirements.²⁵ As part of strengthening procedures, we recommend the FMS assistant commissioner ensure staff involved in the preparation and review of the SEFA communicate effectively with program staff to obtain complete and accurate data regarding federal expenditures.

CFDAs: 93.268, 93.558, 93.568, 93.575,
93.596, 93.658, 93.667
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. Overall, FMS is in the process of updating its policy and procedure manual(s). Within the revenue unit, this includes desk manuals for various tasks and assignments. The revenue section manager will ensure the SEFA preparation procedures are included in this ongoing project.

However, DHSS disagrees with the referenced five percent or greater errors found within six programs identified as being corrected. Five of the items identified relate the federally allowable TANF transfers to the CCDF and SSBG programs. These amounts were reported

²⁵ *OMB Circular A-133*, Section 300(d) and Section 310(b)(3).

within the revenue and expenditure cells of the SEFA rather than the adjustments column. This action was considered necessary as the SEFA excel spreadsheet did not allow for any adjustments to locked and formatted columns. DHSS believes the substance of the information was included within the content of the schedule.

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Recommendation No. 23

The DHSS commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

Numerous systematic control deficiencies associated with DHSS financial management were detected. Many of the deficiencies are associated with the department's cost allocation system, MAXCARS, which was implemented in 2008. MAXCARS was not designed to facilitate federal reporting nor was it designed to facilitate cash management. However, the department is relying on the system to accomplish both of these important tasks.

To compensate for the system's shortcomings in cash management and federal reporting, DHSS management has implemented numerous manual processes. These manual processes have not proven successful in terms of effectively using the department's resources or in providing reliable, accurate data in a timely manner. The resulting increase in workloads and associated problems have contributed to a high turnover of DHSS staff.

DHSS' inability to effectively maintain its accounting structures has also made accounting for its fiscal activity difficult. The department lacks a formal documented process to ensure accounting structures are accurately and timely updated.

Specifically, we found the following control deficiencies.

1. Program Code Changes – Costs are accumulated and allocated to federal programs based, in part, on the assigned program codes in AKSAS. Changing a program code forever alters the accounting records; therefore, changes to program codes should be limited and well documented. DHSS' central fiscal management decentralized the ability to request and process program code changes so that divisional fiscal staff could change codes when they determined necessary. DHSS' central finance and management section did not provide oversight or appropriate approval of program code changes, thereby making it impossible to tie DHSS' subsidiary cost allocation system to AKSAS. No logging or tracking of the changes was maintained to provide an adequate audit trail.

2. **Untimely Allocation of Federal Revenue Receipts** – When federal revenues are received by the State, they are typically recorded in default coding until DHSS fiscal staff enters the correct coding in AKSAS. The default coding necessary to post revenue to the correct appropriations/accounts was not entered into AKSAS for the following federal programs and time periods.

| <u>Federal Program</u> | <u>Number of Months Revenue was not posted in AKSAS</u> |
|------------------------|---|
| TANF | 1 |
| WIC | 1 |
| Medicaid | 3 |
| SCHIP | 3 |
| Adoption Assistance | 5 |
| Immunization Grants | 6 |
| CCDF | 9 |

Not posting revenue timely prevents management from actively managing their budget. It also keeps DHSS from accurately performing important tasks such as reconciliations and federal reporting. Fiscal staff claim that federal revenues were not allocated timely because other tasks, such as performing their quarterly close out for MAXCARS, took priority.

3. **Lack of and/or Inappropriate Approval** – There were three FY 11 expenditure transactions that were approved inappropriately. In one instance, a transaction was input into AKSAS and certified by the same person. The *Alaska Administrative Manual* prohibits these two functions from being performed by the same individual. The fiscal staff member approved and certified the transaction because it was time sensitive and no other individual was available to authorize the transaction.

In another instance, a transaction was processed with supporting documentation that clearly showed that the transaction was for a prior year. The third instance was a duplicate transaction resulting from a system interface error that was identified by DHSS staff but not corrected. This error is discussed in in Recommendation No. 12.

4. **Untimely Reconciliations** – As discussed in more detail in Recommendation No. 10, fiscal staff did not reconcile the cost allocation system to AKSAS accurately or timely. Without proper reconciliations, DHSS increases the risk of incorrectly reporting federal expenditures and revenues. It also increases the risk of mismanaging its budget which could lead to appropriation shortfalls.
5. **Poor Documentation and Lack of Support** – As discussed in Recommendation No. 17, certain federal reports were not supported in detail by the accounting records. A lack

of written procedures and inaccurate accounting structures contributed to the lack of supporting documentation.

6. Timeliness of Federal Reporting – Filing federal reports timely has been a challenge for DHSS fiscal staff. Many federal reports were not filed timely during FY 11. Two quarterly TANF A-196 reports were filed over 30 days late and one Immunization Grants SF-269 report was filed over seven months late. Several other federal reports were filed from one to 30 days late.

The above control deficiencies can lead, in part, to unsupported or inappropriate expenditures, lost interest revenue, increased likelihood of questioned costs for federal programs, and difficulty in managing budgets. *Alaska Administrative Manual* 10.035 requires that each state agency maintain records sufficient for audit purposes. Alaska Statute 37.05.150 requires AKSAS to provide records by pertinent classification showing the actual revenue or receipts at all times. Alaska Statute 37.10.030 states that the employee approving a transaction is responsible for its accuracy and will be held accountable for improper payments.

Accordingly, we recommend the DHSS commissioner improve internal controls over its financial management. As part of improving internal controls, we recommend improving DHSS' maintenance of accounting structures. We also recommend the DHSS commissioner consider alternative systems to facilitate federal reporting and cash management.

Agency Response – Department of Health and Social Services

DHSS partially concurs with this FY 11 recommendation. DHSS current management is aware of MAXCARS deficiencies regarding federal reporting and revenue collections. Potential updates and/or new systems are being explored as resources allow.

Current management is developing procedures and implementing practices that provide for adequate internal controls. However, DHSS shares the distinction with few other states as an “umbrella” agency where every major federal public assistance program, whether it is an entitlement program or a block grant, is administered within the same governmental department. All of these programs must be under a Public Assistance Cost Allocation Plan (PACAP) and all of these programs are subject to mandated changes-many times multiple changes in any given year. In order to maintain compliance with federal regulation changes or directives from federal granting agencies while maximizing federal revenue, changes to the assigned program codes are necessary and need to continue. Program code changes that are valid and appropriate will occur during the State's fiscal year and will appear to be have been in place effective July 1, of the fiscal year because the State's current accounting system (AKSAS) does not provide any alternative.

DHSS has made significant improvements in adding ample, qualified certifiers throughout the department to ascertain that time sensitive documents, as well as routine documents, will

be adequately and properly certified. Training is on-going with fiscal staff to ensure compliance with State of Alaska Policy and Procedures and DHSS internal controls.

DHSS anticipates timeliness and accuracy to improve as significant staff turnovers and vacancy rates improve. In FY 11, FMS Revenue and Fiscal Units experienced vacancy rates of up to 50% for a good portion of the year. Currently, the Fiscal Unit has 1 vacancy out of 19 positions. The Revenue Unit has 1 out of 8 positions vacant.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. DHSS has failed to maintain an audit trail of changes to program codes. Without an audit trail, costs charged to federal programs may be unallowable as they are not supported by the State's accounting system.

Recommendation No. 24

The FMS assistant commissioner should take measures to resolve revenue shortfall issues.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections. Eight potential shortfalls previously identified in FY 10 are still outstanding in FY 11.

| <u>Appropriation</u> | <u>Appropriation Title</u> | <u>Amount</u> |
|----------------------|----------------------------------|---------------|
| AR 22975-09 | Senior and Disabilities Services | \$ 1,782,804 |
| AR 22980-09 | Departmental Support Services | \$ 111,376 |
| AR 22812-10 | WIA Youth Juvenile Justice- RSA | \$ 8,310 |
| AR 22820-10 | Bring the Kids Home- RSA | \$ 4,123 |
| AR 22930-10 | Health Care Services | \$ 1,897,003 |
| AR 22970-10 | Public Health | \$ 823,343 |
| AR 22980-10 | Departmental Support Services | \$ 828,632 |
| AR 23847-10 | Safety and Support Equipment | \$ 30,663 |

Additionally, five new potential shortfalls have been identified.

| <u>Appropriation</u> | <u>Appropriation Title</u> | <u>Amount</u> |
|----------------------|-----------------------------------|---------------|
| AR 22794-11 | Future Use | \$ 1,739 |
| AR 22820-11 | Bring the Kids Home- RSA | \$ 7,207 |
| AR 22950-11 | Public Assistance | \$ 910,984 |
| AR 22970-11 | Public Health | \$ 743,569 |
| AR 26121-11 | Pioneer Home Deferred Maintenance | \$ 12,732 |

The revenue shortfalls are a result of weaknesses in internal controls over the monitoring of revenue collections and untimely revenue billings.

We recommend the FMS assistant commissioner work with the directors of the relevant divisions to collect earned revenues where possible and request supplemental appropriations for the remaining revenue shortfall amounts. Additionally, we recommend the DHSS fiscal staff strengthen internal controls over the billing and monitoring of revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. FMS management is aware of revenue shortfalls being calculated due to ineffective yearend financial closeout processes in prior years. The FMS revenue section in coordination with the FMS budget section and the Division of Finance is in the process of correcting prior year accounting system transactions and expects to be completed by the end of SFY 2012. For those appropriations that cannot be corrected by AKSAS transactions and remain in revenue shortfall status, DHSS will need to seek ratification.

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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

One recommendation was made to the Department of Labor and Workforce Development (DLWD) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 21 has been resolved.

Three new recommendations have been made during the FY 11 statewide single audit and are included as Recommendation Nos. 25 through 27. Furthermore, a recommendation related to this department, which requires cooperation with the Department of Administration, is included as Recommendation No. 2.

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Recommendation No. 25

The DLWD Employment Security Division (ESD) director should ensure personal service expenditures charged to federal programs comply with federal cost principals.

The *Workforce Investment Act* (WIA) program is funded by three federal grants. Many employees engage in activities that may be charged to multiple WIA grants or to both WIA and non-WIA programs. In testing 33 timesheets, 17 (51 percent) showed evidence that a time allocation methodology was used to allocate personal service cost expenditures between multiple federal programs. Follow-up interviews with four of these employees revealed that at least three separate methodologies are being used, none of which are federally approved.

United States Office of Management and Budget (OMB) Circular A-87, Attachment B, Section 8.h.4 requires, in part, that, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be documented and reflect an after-the-fact distribution of actual employee activity. Alternative methods of time and wage allocation using a substitute system are permitted if approved by the cognizant federal agency.

According to ESD management, employees are instructed to use positive timekeeping when working on multiple programs; however, there are no written guidelines that define positive timekeeping. Consequently, employees do not have a clear understanding of positive timekeeping. Not using either positive timekeeping or a federally approved time allocation methodology could result in over- or under-charging allowable expenditures to federal programs, and the State may be asked to repay unallowable personal service costs.

We recommend the DLWD ESD director provide necessary training to employees working on multiple programs to ensure personal service costs are documented in compliance with federal regulations. Furthermore, if alternative methods of distribution are preferred, DLWD should obtain federal approval.

CFDA: 17.258, 17.260
Questioned Costs: Indeterminate

Federal Agency: USDOL
Noncompliance
Allowable Costs

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The ESD director has worked with ESD management to ensure that written procedures are in place that addresses charging personal services expenditures to federal programs and that they comply with federal cost principles. The ESD director has met with senior management to ensure that program staff immediately received additional instruction on procedures for positive timekeeping.

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Recommendation No. 26

The DLWD Division of Business Partnerships (DBP) director should ensure annual performance progress reports for the WIA program are accurate.

The program year 2009 Employment and Training Administration (ETA) 9091 performance progress report submitted in FY 11 was not accurate. The program year 2009 report validation²⁶ summary showed that 73 of 320 program outcomes had an error rate exceeding the United States Department of Labor's (USDOL) tolerable error rate. Consequently, the WIA program was not in compliance with performance reporting requirements. Per discussion with DBP staff, the excessive error rate is primarily due to programming issues with the system used to produce the annual performance reports. However, the inaccuracies could also be due to other reasons. DBP staff is researching the differences to determine the exact cause.

Federal regulations²⁷ require an annual performance progress report for each of the three federal grants that fund the WIA program. USDOL guidance for reporting performance outcomes stipulates that state grantees will be considered non-compliant with reporting requirements when they fail to submit an accurate annual report. Per federal regulations,²⁸ states submitting inaccurate annual performance progress reports may be treated as failing to comply with reporting requirements and subject to a sanction of five percent or less of the total grant award. A sanction would be in addition to having to repay the amount of any incentive funds granted based on the invalid report. Furthermore, failure to accurately report could disqualify the State from potential WIA incentive grants.

We recommend the DBP director determine the cause of the inaccurate report and take necessary corrective action to ensure the ETA-9091 report is accurate.

CFDA: 17.258, 17.259, 17.260
Questioned Costs: None

Federal Agency: USDOL
Significant Deficiency, Noncompliance
Reporting

²⁶Report validation compares the performance results reported by a state to those calculated by USDOL's ETA validation software to verify the accuracy of the State's report.

²⁷20 CFR 667.300(e).

²⁸20 CFR 667.300 (e)(2).

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The auditors' recommendation focuses on the 73 of 320 program outcomes with an "error" rate exceeding the United States Department of Labor's (USDOL) tolerable threshold. The auditors indicate that the error rates are caused by an unknown programming issue within the system used to produce the annual performance report. The recommendation ends with comments on regulations that require accurate reporting.

The discrepancies are the result of two different calculation models applied to the raw performance data. In 2009, the state used its own model, while USDOL used a generic model developed by a software vendor it contracted to gather its performance data. The reason USDOL allows any variance is due to the different interpretations of outcome measure definitions. The division was aware its calculation model was exceeding these thresholds at the time the WIA annual report was submitted. At that time, the Department contacted the proper representatives from USDOL. The Department indicated its intent to revise its calculation model with the development of the new performance management system. While USDOL agreed to these terms, the Department has subsequently made the decision to adopt the generic calculation model to eliminate all variances and ensure compliance.

The Department concurs with the auditor's recommendation, and considers the issue resolved.

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Recommendation No. 27

The DLWD DBP director should review and update procedures as necessary to ensure grantee monitoring complies with federal requirements.

DBP was not in compliance with two aspects of subrecipient monitoring in FY 11. Specifically, two of five grantees tested did not submit required monthly reports for at least five months during the fiscal year. Secondly, DBP staff did not ensure within the required timeframe that a subrecipient took appropriate corrective action in response to noncompliance identified in the subrecipient's *OMB Circular A-133* single audit.

Federal regulations²⁹ require the State to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To comply with this requirement, DBP management has established a grant monitoring policy which mandates WIA grantees submit monthly reports to the division.

²⁹20 CFR 667.400(c)(1) and 29 CFR 97.40(a).

Additional federal regulations³⁰ stipulate that states providing federal awards to subgrantees must ensure that appropriate corrective action is taken on audit findings within six months of receiving the audit report.

Failure to comply with the required monthly report submission by grantees was generally due to turnover in staff responsible for monitoring. Additionally, established procedures were not followed to ensure the division verified that appropriate corrective action was taken timely after receiving the subrecipient's single audit report. Monitoring subrecipient audit findings is a significant internal control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

Accordingly, we recommend the DBP director take steps to ensure that required monthly reports are submitted and audit findings are followed-up in a timely manner.

CFDA: 17.259
Questioned Costs: None

Federal Agency: USDOL
Noncompliance
Subrecipient Monitoring

Agency Response – Department of Labor and Workforce Development

The auditors reported that two of five grantees tested did not submit required monthly reports for at least five months during the fiscal year. Federal regulations at 20 CFR 667.400(c)(1) and 29 CFR 97.40(a) require the state to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To accomplish this end, the division established a grant monitoring policy that grantees submit monthly reports to the division.

The missing grantee reports were primarily a result of staff turnover. The division has hired a new staff person who ensures that the monthly reports are submitted timely as required. This person reviews the reports to ensure appropriate compliance and performance is achieved and provides any assistance to the grantees when required. The division believes appropriate corrective action to this portion of the recommendation has been taken and considers the issue resolved.

The auditors' recommendation states, in part, that DBP staff did not ensure within the required timeframe that a sub-recipient took appropriate corrective action in response to noncompliance identified in the sub-recipient's OMB Circular A-133 single audit. The recommendation further states, in part, that "established procedures were not followed to ensure the division verified appropriate corrective action was taken timely after receiving the sub-recipient's audit report."

³⁰29 CFR 97.26(b)(3).

The Department believes it has adequate systems and procedures for ensuring appropriate corrective action is taken when sub-recipient audit reports identify findings of noncompliance. When sub-recipient audit findings are identified, the division routinely completes its audit resolution procedures to ensure appropriate corrective action is taken, when necessary. The division believes the sub-recipient audit report identified by the Legislative Auditors was an isolated incident. However, the division has implemented audit resolution procedures, and subsequently issued an Initial Determination in which additional corrective action or explanation is required of the sub-recipient. The Department considers this issue resolved.

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DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Two recommendations were made to the Department of Commerce, Community, and Economic Development (DCCED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 22 and 23 have been resolved.

One new recommendation has been made during the FY 11 statewide single audit and is included as Recommendation No. 28.

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Recommendation No. 28

The DCCED Division of Administrative Services (DAS) director should develop and implement policies and procedures to ensure that management decisions on audit findings are issued timely.

DCCED staff failed to issue a management decision regarding a subrecipient’s single audit finding for the Schools and Roads – Grants to States program within the federally required six-month time period. Due to an oversight, DCCED staff followed up on the subrecipient’s financial finding but did not follow up on the federal program related finding.

DCCED personnel do not have policies and procedures to ensure accurate and timely follow up on subrecipient *United States Office of Management and Budget Circular A-133* audit findings. Monitoring subrecipient audit findings is a significant control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

Per 7 CFR 3052.400(d)(5), pass-through entities must “*issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.*”

We recommend the DAS director establish written procedures to ensure subrecipient *OMB Circular A-133* audit findings are followed up accurately and timely.

CFDA: 10.665

Questioned Costs: None

Federal Agency: USDA

Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Commerce, Community, and Economic Development

We concur that the department should develop and implement policies and procedures to ensure that management decisions on subrecipient A-133 audit findings are issued timely. The department has drafted a written procedure for subrecipient A-133 audits that is being reviewed by appropriate parties for approval and implementation. We anticipate issuance and distribution of these procedures this fiscal year.

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

No recommendations were made to the Department of Military and Veterans' Affairs (DMVA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

Four new recommendations have been made during the FY 11 statewide single audit, and are included as Recommendation Nos. 29 through 32.

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Recommendation No. 29

The DMVA Division of Administrative Services (DAS) director should develop and implement procedures to ensure federal suspension and debarment requirements are met.

Six of six subgrantee files tested for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program did not include a clause or condition in the grant agreement regarding subgrantee’s responsibility for compliance with federal suspension and debarment requirements. Furthermore, subgrantee files lacked evidence that DMVA staff verified the subgrantee was not suspended or debarred.

Four of four vendor contracts reviewed for the National Guard Military Operations and Maintenance program did not include a suspension and debarment clause or condition in the contract. These vendor files also lacked evidence that DMVA staff verified that the contractor was not suspended or debarred.

Per 2 CFR 180.300, participants in covered transactions³¹ must verify that the entity with whom they intend to do business with is not suspended or debarred. This may be accomplished by:

- Checking the Excluded Parties List System;
- Collecting a certification from the entity; or
- Adding a clause or condition to the covered transaction with the entity.

Additionally, 2 CFR 180.330 states that before entering into a covered transaction, participants must require that entities:

1. Comply with the federal requirement as a condition of participation in the transaction; and
2. Ensure the requirement to comply is passed on to each person with whom the entity enters into a covered transaction.

By not including a clause or condition in the grant agreement or contract, DMVA increases the risk of entering into a contract with subgrantees or vendors who have been suspended or debarred.

We recommend the DAS director develop and implement procedures to ensure compliance with the federal suspension and debarment requirement.

³¹All contracts expected to be equal to or to exceed \$25,000 and all subawards to subrecipients, irrespective of award amount, are considered to be covered transactions. Additionally, 2 CFR 180.220(c) states that a subcontract is also a covered transaction if it is awarded by a participant in a procurement transaction under a grant agreement equal to or expected to exceed \$25,000.

CFDA: 97.036, 12.401
Questioned Costs: None

Federal Agency: USDHS, USDOD
Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Military and Veterans’ Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will develop and implement procedures to ensure federal suspension and debarment requirements are met. DMVA will implement a process effective May 1, 2012 to ensure federal suspension and debarment compliance documentation is retained. DMVA will implement a policy to ensure all vendors, as required by OMB A-133, whom we intend to do business with are not suspended or debarred. We will check the Excluded Parties List and keep the appropriate support noting the vendor is not on the list.

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Recommendation No. 30

The DMVA DAS director should implement procedures to ensure procurement documentation is retained.

Six of ten vendor files tested for compliance with Alaska procurement statutes lacked documentation of the solicitation, bid responses, and award justification. This finding relates to the National Guard Military Operations and Maintenance program. Rather than contacting at least three firms or individuals for a quotation or informal proposal, DMVA issues a public notice via electronic media. This is a suitable method of solicitation; however, DMVA does not retain the public notice as part of the procurement file. Without proper documentation supporting the procurement, DMVA cannot demonstrate compliance with state procurement requirements.

Alaska Statute 36.30.320(c) does not require small procurements to be made through competitive sealed bid or competitive sealed proposals; however, AS 36.30.320(e) requires adequate public notice. Furthermore, AS 36.30.250(a) states that the contract file must contain the basis on which the procurement was made.

DMVA does not have adequate procedures to ensure solicitation information is retained in the procurement files. As a result, they are not compliant with state law for small procurement.

We recommend the DAS director implement procedures to comply with the state procurement requirements.

CFDA: 12.401
Questioned Costs: None

Federal Agency: USDOD
Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Military and Veterans’ Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff is in the process of implementing procedures to ensure appropriate procurement documentation is retained for all the divisions in the department. DMVA will implement a process effective May 1, 2012 to ensure that document retention for Alaska Procurement processes and procedures are in place and documented. DMVA Procurement Officer will send out the procurement procedures to all procurement staff notifying them of the current procedures, including document retention for the solicitation, bid responses, and award justification.

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Recommendation No. 31

The DMVA DAS director should develop and implement procedures to ensure *Federal Funding Accountability and Transparency Act of 2006* (FFATA) reports are submitted.

During FY 11, DMVA staff did not file the required FFATA reports to comply with subaward reporting requirements for three of three Disaster Grants – Public Assistance (Presidentially Declared Disasters) program sub-awards issued after October 1, 2010. DMVA does not have procedures to ensure FFATA reports for sub-awards are completed and submitted timely. Failing to comply with FFATA requirements may jeopardize future federal funding.

Federal law 2 CFR 170 requires all prime recipients of individual federal grants greater than or equal to \$25,000 awarded on or after October 1, 2010, to report sub-award and executive compensation data on the FFATA Subaward Reporting System by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$25,000.

We recommend the DAS director develop and implement written procedures to ensure reports are filed to comply with the FFATA subaward reporting requirements.

CFDA: 97.036
Questioned Costs: None

Federal Agency: USDHS
Noncompliance
Reporting

Agency Response – Department of Military and Veterans’ Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure that Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted. DMVA will implement a policy effective May 1, 2012 to ensure timely processing of FFATA reports. Once a Disaster Grant, that qualifies under Federal 2 CFR 170 reaches or exceeds \$25,000 awarded on or after October 1, 2010, the Disaster Relief Fund (DRF) Accountant III will run a report to identify all grants that meet the criteria as noted above. The DRF Accountant III will log onto the FFATA Subaward Reporting System (FSRS) at www.FSRS.com and verify all grant recipients listed on the report are in the FSRS and input the subrecipient information for those not already in the FSRS for which the prime recipient awarded any sub-grant greater than or equal to \$25,000.

*Contact Person: Susan Colligan, Director
Administrative Services Division
Telephone: (907) 428-6881*

Recommendation No. 32

The DMVA DAS director should develop and implement procedures to ensure that management decisions on audit findings are issued timely.

Federal award recipients that subgrant federal funds are required to perform monitoring activities. Monitoring includes, in part, issuing timely management decisions for deficiencies identified in subrecipient *United States Office of Management and Budget (OMB) Circular A-133* audit reports. DMVA staff failed to issue a management decision within the federally required six-month time period for one of seven monitoring files reviewed for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program.

DMVA does not have procedures to ensure follow-up on subrecipient *OMB Circular A-133* audit findings occurs timely. Furthermore, upon inquiry DMVA was unable to provide evidence of any management decisions issued during FY 11. Monitoring subrecipient audit findings is a significant control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

OMB Circular A-133, Section 400(d)(5) requires pass-through entities to “issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.”

We recommend the DAS director develop and implement written procedures to ensure subrecipient audit findings are followed up and management decisions are issued timely.

CFDA: 97.036
Questioned Costs: None

Federal Agency: USDHS
Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Military and Veterans’ Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement policies and procedures to ensure that management decisions on audit findings are issued in a timely manner. DMVA will implement a process effective May 1, 2012 to ensure subrecipient’s management decisions on audit findings are issued within a timely manner. The process will include notification to the DMVA Finance Officer from the State Single Audit point of contact, once notified the DMVA Finance Officer will draft a memo to notify the subrecipient that per OMB Circular A-133 they “must issue a management decision on audit findings within six months after the receipt of the subrecipient’s audit report.” Included in the memo the DMVA Finance Officer will request correspondence from the subrecipient regarding management decisions on audit findings to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. DMVA Finance Officer will note that in cases of continued inability or unwillingness of a subrecipient to address audit findings or have required audits, DMVA will take appropriate actions using sanctions. DMVA Finance Officer will include the DMVA Grant Administrator on all aforementioned correspondence to subrecipient.

*Contact Person: Susan Colligan, Director
Administrative Services Director
Telephone: (907) 428-6881*

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DEPARTMENT OF NATURAL RESOURCES

One recommendation was made to the Department of Natural Resources in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 24 has been resolved.

No new recommendations have been made during the FY 11 statewide single audit.

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DEPARTMENT OF FISH AND GAME

No recommendations were made to the Department of Fish and Game in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

No new recommendations have been made during the FY 11 statewide single audit.

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DEPARTMENT OF PUBLIC SAFETY

One recommendation was made to the Department of Public Safety (DPS) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 25 has been resolved.

One new recommendation has been made during the FY 11 statewide single audit and is included as Recommendation No. 33.

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Recommendation No. 33

The DPS finance officer should take measures to resolve revenue shortfall issues.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Two potential shortfalls were identified:

| <u>Appropriation</u> | <u>Appropriation Title</u> | <u>Amount</u> |
|----------------------|--------------------------------|---------------|
| AR 47410-11 | Statewide Facility Maintenance | \$ 152,085 |
| AR 47892-11 | RS2503026 Crime Lab | \$ 2,228 |

The revenue shortfall for AR 47410-11 is due to DPS not processing the year-end revenue adjusting entry required according to the agencies method for distributing statewide facilities maintenance costs. The shortfall for AR 47892-11 is due to untimely revenue billings under a reimbursable service agreement with the Department of Transportation and Public Facilities.

We recommend that the DPS finance officer work with Office of Management and Budget to correct revenue shortfalls if possible and request supplemental appropriations if necessary. We further recommend the finance officer improve procedures for billing and monitoring of revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Public Safety

DPS agrees with this recommendation.

The management letter identified two areas with revenue shortfalls. It is worth noting that each of these are technical “shortfalls” in that no revenue actually due was under-collected, however the correct accounting transactions were either not entered, or were entered incorrectly and did not process timely. Neither of these issues resulted in any over-expenditure of funds.

The department agrees that potential revenue shortfalls should be identified and appropriate measures should be taken in a timely and accurate manner. The department experienced significant turnover and absences in the budget and finance offices. We are continuing to train staff to prevent future occurrences of this situation.

*Contact Person: Danial Spencer, Director
Division of Administrative Services
Telephone: (907) 465-5488*

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DEPARTMENT OF ENVIRONMENTAL CONSERVATION

No recommendations were made to the Department of Environmental Conservation in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

No new recommendations have been made during the FY 11 statewide single audit.

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DEPARTMENT OF CORRECTIONS

No recommendations were made to the Department of Corrections in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

No new recommendations have been made during the FY 11 statewide single audit.

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

One recommendation was made to the Department of Transportation and Public Facilities (DOTPF) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 26 has been resolved.

One new recommendation has been made during the FY 11 statewide single audit and is included as Recommendation No. 34.

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Recommendation No. 34

The DOTPF Division of Administrative Services (DAS) director should work with the State Equipment Fleet manager to improve the accounting and reporting for the Highway Equipment Working Capital Fund (HEWCF).

The FY 11 financial statements prepared for HEWCF contained numerous errors in the reporting of capital assets, capital contributions, depreciation, and operating expenditures. Several of the errors required audit adjustments to ensure HEWCF activity was properly reported in the State's *Comprehensive Annual Financial Report*.

Most of the errors were associated with HEWCF's end-of-the-year adjustment process. The accountant responsible for HEWCF year-end adjustments retired in FY 09, and the duties were out-sourced to a private accounting firm. A procedures manual was created to guide the private accounting firm through the year-end process; however, since much of the prior HEWCF accountant's knowledge was not passed on to the remaining accounting team, the manual was incomplete. DOTPF accountants did not review the private accounting firm's adjustments.

HEWCF was established by AS 44.68.210 as a state internal service fund to be used for the necessary expenses resulting from centralized equipment maintenance and for operating supply depots. Generally accepted accounting principles require that proprietary funds such as HEWCF be reported using the accrual basis of accounting, and capital assets be reported based on historical cost.

We recommend the DOTPF DAS director work with the State Equipment Fleet manager to improve the accounting and reporting for HEWCF. Improvements should include revising the year-end adjustment procedures manual to ensure it comprehensively addresses all necessary adjustments. Additionally, DOTPF accountants with adequate experience should review the year-end adjustments for accuracy.

Agency Response – Department of Transportation and Public Facilities

The Commissioner asked that I respond on his behalf. The Department of Transportation and Public Facilities has reviewed the FY 11 Statewide Single Audit. The Department agrees with your recommendation. I as the Administrative Services Director will work with Diana Rotkis to revise the year-end adjustments manual. Additionally, the department's Fiscal Officer will be responsible for reviewing the year-end adjustments for accuracy.

*Contact Person: Mary Siroky, Director
Division of Administrative Services
Telephone: (907) 465-3911*

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ALASKA COURT SYSTEM

No recommendations were made to the Alaska Court System in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

No new recommendations have been made during the FY 11 statewide single audit.

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COMPONENT UNITS

This section includes one federal compliance recommendation to Alaska Housing Finance Corporation (AHFC). A complete copy of AHFC's report may be obtained directly from AHFC.

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Alaska Housing Finance Corporation

Recommendation No. 35

Incorrect or Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program

Criteria: According to *the OMB A-133 Compliance Supplement*, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Condition: Of the 60 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.

Questioned Costs: \$2,332

Context: Third party verification within 120 days of the examination or reexamination is required to determine if all income is included in the Housing Assistance Payment (HAP) calculation. Based on HUD guidance, there are types of income that should be included and others that should be excluded from the calculations. Amounts not properly verified through a third party source could significantly change the income calculations.

Effect: The Corporation may have inaccurately calculated voucher payments or required tenant rent contributions.

Cause: The Corporation failed to obtain sufficient documentation supporting compliance with the requirement as stated in their administrative plan and the HUD guidance.

Recommendation: We recommend that management review procedures for obtaining third party income verification, and establish controls to ensure that the procedures are followed and that documentation is adequate throughout the program. We also recommend that AHFC continue to perform quarterly file reviews, in order to identify and correct deficiencies in documentation. We further recommend additional on-site inspections of files for those locations with only one employee responsible for performing income determinations.

CFDA: 14.881

Questioned Costs: \$2,332

Federal Agency: USDHUD
Noncompliance
Eligibility

Agency Response – Alaska Housing Finance Corporation

All five files were brought to the attention of Housing Operations staff during the audit. All of the discrepancies were discussed with respective staff and corrected along with a review of proper procedures. One of the five files was part of the sample selected in the FY2011 Office of Inspector General review. Although cited in this audit, it should be noted that as a result of the OIG review documentation was located in the client file demonstrating that the Medicare income in question was now properly excluded in the income and rent calculation.

The audit recommendation reflects to large measure the same condition and recommendation made by the OIG in its Housing Choice Voucher file review. Since then, the Public Housing Division reassigned one staff to the position of Program Development Coordinator responsible for a Division wide quality assurance policy and procedure. Responsibilities include assurance that quarterly file reviews are completed and staff training where file reviews reveal a need. Establishment of the position and completion of the QC policy and procedure effectively closed the OIG review, documented by an August 15, 2011 HUD Region X letter.

*Contact Person: Nola Cedergreen, Director
Administrative Services
Telephone: (907) 330-8448*

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

Part I – Summary of Auditor’s Results

- a) An unqualified opinion was issued on the basic financial statements of the State of Alaska.
- b) Significant deficiencies, but no material weaknesses, in internal controls over financial reporting were disclosed by the audit of the basic financial statements.
- c) There was no noncompliance which was material to the basic financial statements.
- d) Significant deficiencies, but no material weaknesses, in internal controls over major federal programs were disclosed by the audit.
- e) The independent auditor’s report on compliance with requirements applicable to each major federal program expressed an unqualified opinion for all 50 programs.
- f) There were several audit findings that were required to be reported under Section 510(a) of *United States Office and Management and Budget (OMB) Circular A-133*. These are summarized in Part III of this Schedule of Findings and Questioned Costs. The detail findings and recommendations can be read in Section II – Recommendations and Questioned Costs of this report.
- g) The State of Alaska has 50 major federal programs for the fiscal year ended June 30, 2011 as follows:

| <u>CFDA or Other Identifying Number</u> | <u>Federal Program Title</u> |
|---|---|
| 10.410 | Very Low to Moderate Income Housing Loans |
| 10.557 | Special Supplemental Food Program for Women, Infants, and Children |
| 10.568, 10.569 | ARRA - Emergency Food Assistance Cluster |
| 10.665 | School and Roads - Grants to States |
| 10.688 | ARRA - Recovery Act of 2009: Wildland Fire Management |
| 11.417 | Sea Grant Support |
| 11.557 | ARRA - Broadband Technology Opportunities Program |
| 12.400 | Military Construction, National Guard |

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

Part I – Summary of Auditor’s Results (continued)

| <u>CFDA or Other Identifying Number</u> | <u>Federal Program Title</u> |
|---|---|
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects |
| 12.999 | Track Realignment Projects |
| 14.218 | Community Development Block Grants/Entitlement Grants |
| 14.239 | Home Investment Partnerships Program |
| 14.258 | ARRA - Tax Credit Assistance Program |
| 14.881 | Moving to Work Demonstration Program |
| 14.885 | ARRA - Public Housing Capital Fund Stimulus |
| 16.738, 16.803 | ARRA - Justice Assistance Grants Cluster |
| 17.225 | ARRA - Unemployment Insurance |
| 17.258, 17.259, 17.260, 17.278 | ARRA - Workforce Investment Act Cluster |
| 17.275 | ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors |
| 20.106 | ARRA - Airport Improvement Program |
| 20.205, 20.219, 20.933, 23.003 | ARRA - Highway Planning and Construction Cluster |
| 20.314 | Railroad Development |
| 20.500, 20.507 | Federal Transit Cluster |
| 64.114 | Veterans Housing - Guaranteed and Insured Loans |
| 66.458 | ARRA - Capitalization Grants for Clean Water State Revolving Funds |
| 66.468 | ARRA - Capitalization Grants for Drinking Water State Revolving Funds |
| 81.041 | State Energy Program |
| 81.042 | ARRA - Weatherization Assistance for Low- Income Persons |
| 81.128 | ARRA - Energy Efficiency and Conservation Block Grant Program |
| 84.010, 84.389 | ARRA - Title I, Part A Cluster |
| 84.027/84.173/.391/.392 | ARRA - Special Education - Grants to States |

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

Part I – Summary of Auditor’s Results (continued)

| <u>CFDA or Other Identifying Number</u> | <u>Federal Program Title</u> |
|---|---|
| 84.031 | Higher Education - Institutional Aid |
| 84.032L | Federal Family Education Loans |
| 84.041, 84.404 | ARRA - Impact Aid Cluster |
| 84.318, 84.386 | ARRA - Education Technology State Grants Cluster |
| 84.356 | Alaska Educational Programs |
| 84.367 | Improving Teacher Quality |
| 84.377, 84.388 | ARRA - School Improvement Grants Cluster |
| 84.394, 84.397 | ARRA - State Fiscal Stabilization Fund Cluster |
| 90.100 | Denali Commission |
| 93.268, 93.712 | ARRA - Immunization Cluster |
| 93.558, 93.714, 93.716 | ARRA - Temporary Assistance for Needy Families Cluster |
| 93.563 | ARRA - Child Support Enforcement |
| 93.569, 93.710 | ARRA - Community Services Block Grants Cluster |
| 93.659 | ARRA - Adoption Assistance |
| 93.575, 93.596, 93.713 | ARRA - Child Care Development Block Grant Cluster |
| 93.767 | State's Children's Insurance Program |
| 93.775, 93.777, 93.778 | ARRA - Medical Assistance |
| 97.036 | Disaster Grants - Public Assistance |
| Various | Research and Development Cluster |

- h) A threshold of \$10,435,350 was used to distinguish between Type A and Type B programs as those terms are defined in *OMB Circular A-133*.
- i) The State of Alaska qualifies as a low-risk auditee under Section 530 of *OMB Circular A-133*.

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

Part II – Findings related to the Basic Financial Statements

Significant Deficiencies

| <u>State Department</u> | <u>Recommendation Number</u> |
|-------------------------|------------------------------|
| Revenue | Recommendation No. 4 |

Irregularities and Illegal Acts

There were no reportable findings relating to irregularities and illegal acts.

Part III – Federal Findings and Questioned Costs

| <u>Federal Agency/ Recommendation Number</u> | <u>Questioned Costs</u> | <u>Comments</u> |
|--|-------------------------|---------------------------------------|
| USDA | | |
| Recommendation No. 8 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 9 | \$ 67,559 | Noncompliance |
| Recommendation No. 11 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 12 | \$ 119,819 | Noncompliance |
| Recommendation No. 13 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 14 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 15 | None | Noncompliance |
| Recommendation No. 28 | None | Significant Deficiency, Noncompliance |
| USDOD | | |
| Recommendation No. 29 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 30 | None | Significant Deficiency, Noncompliance |
| USDHUD | | |
| Recommendation No. 35 | \$ 2,332 | Noncompliance |
| USDOL | | |
| Recommendation No. 25 | Indeterminate | Noncompliance |
| Recommendation No. 26 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 27 | None | Noncompliance |
| USDOE | | |
| Recommendation No. 5 | \$ 48,115 | Noncompliance |
| Recommendation No. 6 | None | Noncompliance |
| Recommendation No. 7 | None | Significant Deficiency, Noncompliance |

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2011

Part III – Federal Findings and Questioned Costs (continued)

USDOE (continued)

| | | |
|----------------------|------|---------------------------------------|
| Recommendation No. 8 | None | Significant Deficiency, Noncompliance |
|----------------------|------|---------------------------------------|

USDHHS

| | | |
|-----------------------|---------------|---------------------------------------|
| Recommendation No. 9 | \$ 32,098 | Noncompliance |
| Recommendation No. 10 | None | Significant Deficiency |
| Recommendation No. 11 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 16 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 17 | None | Significant Deficiency |
| Recommendation No. 18 | Indeterminate | Noncompliance |
| Recommendation No. 19 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 20 | None | Significant Deficiency |
| Recommendation No. 21 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 22 | None | Significant Deficiency |

USDHS

| | | |
|-----------------------|------|---------------------------------------|
| Recommendation No. 29 | None | Significant Deficiency, Noncompliance |
| Recommendation No. 31 | None | Noncompliance |
| Recommendation No. 32 | None | Significant Deficiency, Noncompliance |

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SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS
AND SUPPLEMENTARY INFORMATION

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Legislative Budget
and Audit Committee:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discreetly presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2011, which collectively comprise the State of Alaska's basic financial statements and have issued our report thereon dated December 9, 2011. Our report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with other auditors. 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. Other auditors audited the financial statements of Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one discreetly presented component unit, the Alaska Mental Health Trust Authority. This report does not include results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards*. These entities include: the Alaska Municipal Bond Bank Authority (a discreetly presented component unit) and the Supplemental Benefit System, Public Employees Retirement System and Teachers Retirement System (fiduciary funds).

Internal Control Over Financial Reporting

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Alaska'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 State of Alaska's

internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the preceding section of Recommendations and Questions Costs, that we consider to be a significant deficiency in internal control over financial reporting. Our recommendation for this instance is identified in the Summary of Recommendations under *Basic Financial Statements – Significant Deficiency*. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Alaska's basic 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 the basic 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*.

However, we noted certain other matters which are described in the preceding section of Recommendations and Questioned Costs. Our recommendations for these instances are identified in the Summary of Recommendations under *Other State Issues*.

The state agencies' responses to the findings identified in our audit are included in the proceeding Section II – Recommendations and Questioned Costs as well as in the succeeding Section IV – Appendices. We did not audit these responses to the findings, and accordingly, we express no opinion on them.

This report is intended for the information and use of the State's management, members of the Alaska Legislature, the federal awarding agencies, and pass-through entities. It is not

intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Kris Curtis". The signature is fluid and cursive, with the first name "Kris" and last name "Curtis" clearly distinguishable.

Kris Curtis, CPA, CISA
Legislative Auditor

December 9, 2011

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each
Major Program, on Internal Control Over Compliance, and on Supplementary
Information – Schedule of Expenditures of
Federal Awards in Accordance with OMB Circular A-133

Members of the Legislative Budget
and Audit Committee:

Compliance

We have audited the State of Alaska's compliance with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect to each of its major federal programs for the fiscal year ended June 30, 2011. The State of Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Alaska's management. Our responsibility is to express an opinion on the State'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 the major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Alaska'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 State of Alaska's compliance with those requirements.

In our opinion, the State of Alaska 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 fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with *OMB Circular A-133*. These instances are listed in the accompanying Summary of Recommendations and Schedule of Findings and Questioned Costs described in detail in Section II - Recommendations and Questioned Costs.

Internal Control Over Compliance

The management of the State of Alaska 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 State of Alaska's internal control over compliance with 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 State of Alaska'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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies. These instances are listed in the accompanying Summary of Recommendations and Schedule of Findings and Questioned Costs and described in detail in Section II - Recommendations and Questioned Costs. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The state agencies' responses to the findings identified in our audit are included in the preceding Section II – Recommendations and Questioned Costs as well as the succeeding Section IV –

Appendices. We did not audit the responses to the findings and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. That report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the State's management, members of the Alaska Legislature, the federal awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Kris Curtis, CPA, CISA
Legislative Auditor

February 21, 2012, except for the
Schedule of Expenditures of
Federal Awards, which is
dated December 9, 2011

(Intentionally left blank)

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | |
| Child Nutrition Cluster | | | | | | |
| School Breakfast Program | DEED | | 10.553 | 17131 | 7,455,863 | 7,455,863 |
| National School Lunch Program - Food Commodities | DEED | | 10.555 | 17132 | 2,189,054 | 2,189,054 |
| National School Lunch Program | DEED | | 10.555 | 17132 | 29,098,297 | 29,098,297 |
| Special Milk Program for Children | DEED | | 10.556 | 17133 | 4,004 | 4,004 |
| Summer Food Service Program for Children | DEED | | 10.559 | 17137 | 1,305,696 | 1,205,658 |
| Total for Child Nutrition Cluster | | | | | 40,052,914 | 39,952,876 |
| Emergency Food Assistance Cluster | | | | | | |
| ARRA-Emergency Food Assistance Program (Administrative Costs) | DEED | ARRA | 10.568 | 17196 | 50,700 | 50,700 |
| Emergency Food Assistance Program (Administrative Costs) | DEED | | 10.568 | 17138 | 153,110 | 134,983 |
| Emergency Food Assistance Program (Food Commodities) | DEED | | 10.569 | | 1,336,893 | 1,336,893 |
| Total for Emergency Food Assistance Cluster | | | | | 1,540,703 | 1,522,576 |
| Supplemental Nutrition Assistance Program Cluster | | | | | | |
| Supplemental Nutrition Assistance Program | DHSS | | 10.551 | | 172,009,747 | |
| ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | DHSS | ARRA | 10.561 | | 157,700 | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | DHSS | | 10.561 | | 14,800,653 | 37,700 |
| Total for Supplemental Nutrition Assistance Program Cluster | | | | | 186,968,100 | 37,700 |
| Schools and Roads Cluster | | | | | | |
| Schools and Roads - Grants to States | DCCED | | 10.665 | National Forest Receipts | 15,857,565 | 15,857,565 |
| Schools and Roads - Grants to States | DOTPF | | 10.665 | | 170,000 | |
| Total for Schools and Roads Cluster | | | | | 16,027,565 | 15,857,565 |
| Plant and Animal Disease, Pest Control, and Animal Care | DEC | | 10.025 | | 137,657 | |
| Plant and Animal Disease, Pest Control, and Animal Care | DFG | | 10.025 | | 95,019 | |
| Plant and Animal Disease, Pest Control, and Animal Care | DNR | | 10.025 | | 239,989 | |
| 2009 Aquaculture Grant Program | DFG | | 10.103 | | 40,717 | 40,717 |
| Inspection Grading and Standardization | DNR | | 10.162 | | 12,905 | |
| Market Protection and Promotion | DNR | | 10.163 | | 143,580 | |
| Specialty Crop Block Grant Program | DNR | | 10.169 | | 33,603 | |
| Specialty Crop Block Grant Program - Farm Bill | DNR | | 10.170 | | 171,094 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through University of California, Davis) | UofA | | 10.200 | 09-002101-UAF1 | 417 | |
| Grants for Agricultural Research, Special Research Grants | UofA | | 10.200 | | 376,300 | |
| Grants for Agricultural Research-Competitive Research Grants | UofA | | 10.206 | | 218,084 | |
| Sustainable Agriculture Research and Education (Pass-through Utah State University) | UofA | | 10.215 | 90758036 | 14,325 | |
| Community Food Projects | UofA | | 10.225 | | 64,395 | |
| Secondary and Two-Year Postsecondary Agriculture Education Challenge | UofA | | 10.226 | | 51,122 | |
| Alaska Native Serving and Native Hawaiian Serving Institutions Education | UofA | | 10.228 | | 1,408,901 | |
| Integrated Programs (Pass-through University of California, Davis) | UofA | | 10.303 | 07-001492-UAK | 9,334 | |
| Integrated Programs (Pass-through University of Idaho) | UofA | | 10.303 | BJKH15 SB005 | 83,568 | |
| Homeland Security-Agricultural (Pass-through University of California, Davis) | UofA | | 10.304 | 07-002558-12/Pending | 32,596 | |
| Agriculture and Food Research Initiative (AFRI) (Pass-through University of | UofA | | 10.310 | Pending | 25,782 | |
| Agriculture and Food Research Initiative (AFRI) | UofA | | 10.310 | | 1,622 | |
| Beginning Farmer and Rancher Development Program | UofA | | 10.311 | | 59,218 | |
| ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF) (Pass-through University of Minnesota) | UofA | ARRA | 10.315 | H001344228 ARRA | 62,193 | |
| Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers | UofA | | 10.443 | | 80,199 | 10,000 |
| Food Safety Cooperative Agreements | DEC | | 10.479 | | 19,527 | |
| Cooperative Extension Service (Pass-through University of Wyoming) | UofA | | 10.500 | 1000781 | 2,415 | |
| Cooperative Extension Service (Pass-through University of Wyoming) | UofA | | 10.500 | 1000782 | 877 | |
| Cooperative Extension Service (Pass-through Utah State University) | UofA | | 10.500 | 100906004 | 7,393 | |
| Cooperative Extension Service (Pass-through Purdue University) | UofA | | 10.500 | 8000041653 | 77,733 | |
| Cooperative Extension Service (Pass-through Washington State University) | UofA | | 10.500 | 104777-G00189_0 | (1,717) | |
| Cooperative Extension Service (Pass-through Kansas State University) | UofA | | 10.500 | 2007-48661-03868 (S08023.03)/P | 87,561 | |
| Cooperative Extension Service (Pass-through University of Idaho) | UofA | | 10.500 | BSK701-SB-001 / PO#0028400 | 7,188 | |
| Cooperative Extension Service (Pass-through Kansas State University) | UofA | | 10.500 | S08107.01/.02/.03 | 19,123 | |
| Cooperative Extension Service (Pass-through Kansas State University) | UofA | | 10.500 | S10144/P-THRU 2007-48661-03868 | 32,677 | |
| Cooperative Extension Service (Pass-through Kansas State University) | UofA | | 10.500 | S11143 | 14,056 | |
| Cooperative Extension Service (Pass-through Utah State University) | UofA | | 10.500 | Subcont 08-0861062, FW10-609 | 1,998 | |
| Cooperative Extension Service (Pass-through University of Wyoming) | UofA | | 10.500 | UTSTUNV46467AK2 | 694 | |
| Cooperative Extension Service (Pass-through University of Arizona) | UofA | | 10.500 | Y560309 | 6,855 | |
| Cooperative Extension Service | UofA | | 10.500 | | 1,806,390 | 72,165 |
| Special Supplemental Nutrition Program for Women, Infants, and Children | DHSS | | 10.557 | | 23,881,338 | 6,017,069 |
| Special Supplemental Nutrition Program for Women, Infants, and Children | UofA | | 10.557 | EN 0611422 | 32,080 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|---|----------------------|-----------------------|
| Special Supplemental Nutrition Program for Women, Infants, and Children | UofA | | 10.557 | EN 611458 | 7,153 | |
| Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through State of Oklahoma) | UofA | | 10.557 | PO3409015400 (Orig 3409014142) | 14,297 | |
| Child and Adult Care Food Program - Food Commodities | DEED | | 10.558 | 17134 | 28,151 | 28,151 |
| Child and Adult Care Food Program | DEED | | 10.558 | 17134 | 8,065,818 | 8,004,316 |
| State Administrative Expenses for Child Nutrition | DEED | | 10.560 | 17135 | 725,850 | |
| Commodity Supplemental Food Program | DHSS | | 10.565 | | 285,935 | 143,220 |
| WIC Farmers Market Nutrition Program (FMNP) | DHSS | | 10.572 | | 193,756 | |
| Team Nutrition Grants | DEED | | 10.574 | 17400 | 37,277 | |
| Senior Farmers Market Nutrition Program | DHSS | | 10.576 | | 61,541 | 85,050 |
| ARRA-WIC Grants to States | DHSS | ARRA | 10.578 | WISA-09-AK-01 | 194,638 | |
| ARRA-Child Nutrition Discretionary Grants Limited Availability | DEED | ARRA | 10.579 | 17195 | 47,260 | 47,260 |
| Child Nutrition Discretionary Grants Limited Availability | DEED | | 10.579 | 17169 | 95,091 | 68,235 |
| Fresh Fruit and Vegetable Program | DEED | | 10.582 | 17166 | 1,056,082 | 1,034,575 |
| Market Access Program | ASMI | | 10.601 | AR 29592-10&11 AR 29825-10&11 CC 08713509 Fed Portion | 4,326,334 | |
| Quality Samples Program | ASMI | | 10.605 | AR 29592-11 AR 29824-11 CC 08713509 Fed Portion | 828 | |
| Forestry Research | ARRC | | 10.652 | 05DG11100000226 | 15 | |
| Forestry Research | UofA | | 10.652 | | 4,056 | |
| Cooperative Forestry Assistance | DNR | | 10.664 | | 2,717,667 | |
| Cooperative Forestry Assistance | UofA | | 10.664 | | 234,042 | |
| Forest Legacy Program | DNR | | 10.676 | | 34,383 | |
| Forest Land Enhancement Program | DNR | | 10.677 | | 112,015 | |
| Forest Health Protection | DNR | | 10.680 | | 60,502 | |
| Forest Health Protection | UofA | | 10.680 | | 19,510 | |
| ARRA-Recovery Act of 2009: Wildland Fire Management | DNR | ARRA | 10.688 | 09DG11100489003; 09DG11100489011; 10DG11100489017 | 2,431,368 | |
| ARRA-Recovery Act of 2009: Wildland Fire Management | OG | ARRA | 10.688 | | 414,241 | |
| Water and Waste Disposal Systems for Rural Communities | DEC | | 10.760 | | 6,893,815 | 708,435 |
| Community Facilities Loans and Grants | DCCED | | 10.766 | Rural Broadband Internet Access Grant | (660,984) | (668,745) |
| Community Facilities Loans and Grants | DCCED | | 10.766 | Rural Broadband Internet Access Grant | 700,857 | 668,745 |
| Rural Business Enterprise Grants | UofA | | 10.769 | | 259,286 | |
| Rural Cooperative Development Grants | UofA | | 10.771 | | 224,044 | |
| Assistance to High Energy Cost Rural Communities | AEA | | 10.859 | Various | 44,905 | 41,565 |
| Plant Materials for Conservation | DNR | | 10.905 | | 245,495 | |
| Conservation Security Program | DNR | | 10.921 | | 2,000 | |
| Pesticide Recordkeeping | DEC | | 10.999 | 12-25-A-5266 | 16,846 | |
| Forest Service Regulatory Oversight | DEC | | 10.999 | AG-0109-P-08-0028 | 456 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42003 | 2,739 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42006 | 2,768 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42007 | 1,943 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42013 | 24,900 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42015 | 14,918 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42077 | 16,644 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | DFG | | 10.999 | 42086 | 202 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | DFG | | 10.999 | 42088 | 64,192 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42099 | 1,676 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42117 | 4,970 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42118 | 4,648 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42120 | 15,803 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42121 | 8,743 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | DFG | | 10.999 | 42123 | 4,781 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | DFG | | 10.999 | 42124 | 35,415 | |
| Miscellaneous US Forest Service-Wildlife Research | DFG | | 10.999 | 42139 | 5,075 | |
| USFS Fire Suppression (AKDF070002) | DNR | | 10.999 | 07F11100100006 | 427,577 | |
| Student Intern Program | DNR | | 10.999 | 10PA11100400087 | 3,235 | |
| Sikes Act Environmental Consultation | DNR | | 10.999 | AG0116C110011 | 2,317 | |
| USDA Contract - Design 24' bridge on Forest Service Road | DOTPF | | 10.999 | USDA 05RO-11100100-120 | 104 | |
| USFS Contract - Fish passage-ways on Mitkof, Hyدابurg, and Yakutat | DOTPF | | 10.999 | USFS 07-RO-11100100-076 | 201,754 | |
| Miscellaneous (Pass-through Kansas State University) | UofA | | 10.999 | KSU S11106 | 22,975 | |
| Miscellaneous | UofA | | 10.999 | | 51,464 | |
| Total for U.S. DEPARTMENT OF AGRICULTURE | | | | | 303,761,463 | 73,671,475 |
| U.S. DEPARTMENT OF COMMERCE | | | | | | |
| Economic Development Cluster | | | | | | |
| Investments for Public Works and Economic Development Facilities | DLWD | | 11.300 | 805 | 681,063 | |
| Investments for Public Works and Economic Development Facilities | DOTPF | | 11.300 | 07-01-05925 | 800,000 | |
| ARRA-Economic Adjustment Assistance | UofA | ARRA | 11.307 | | 155,054 | |
| Economic Adjustment Assistance | DCCED | | 11.307 | 07-79-05719 | 16,800 | 16,800 |
| Economic Adjustment Assistance | DCCED | | 11.307 | | 478,658 | 647,763 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|-------------|-------------|-----------------------------------|----------------------|-----------------------|
| Economic Adjustment Assistance | DCCED | | 11.307 | 07-79-06232 | 13,628 | |
| Total for Economic Development Cluster | | | | | 2,145,203 | 664,563 |
| Census Special Tabulations and Services | DLWD | | 11.005 | 804 | 14,163 | |
| Economic Development-Technical Assistance | UofA | | 11.303 | | 134,848 | |
| Anadromous Fish Conservation Act Program | DFG | | 11.405 | | 7,838 | |
| Interjurisdictional Fisheries Act of 1986 | DFG | | 11.407 | | 165,230 | |
| Interjurisdictional Fisheries Act of 1986 | UofA | | 11.407 | | (2,602) | |
| Sea Grant Support | DFG | | 11.417 | | 21,092 | |
| Sea Grant Support (Pass-through University of Mississippi) | UofA | | 11.417 | 10-03-058 | 16,629 | |
| Sea Grant Support | UofA | | 11.417 | ADN510407/EN511099 | 9,557 | |
| Sea Grant Support | UofA | | 11.417 | | 2,112,111 | 137,203 |
| Coastal Zone Management Administration Awards | DCCED | | 11.419 | NA08NOS4190428 | 11,129 | 11,129 |
| Coastal Zone Management Administration Awards | DCCED | | 11.419 | NA08NOS4190428 | 26,931 | 26,931 |
| Coastal Zone Management Administration Awards | DCCED | | 11.419 | NA09NOS4190116 | 69,659 | 68,561 |
| Coastal Zone Management Administration Awards | DCCED | | 11.419 | NA10NOS4190169 | 5,000 | 5,000 |
| Coastal Zone Management Administration Awards | DCCED | | 11.419 | NA10NOS4190169 | 29,938 | 29,938 |
| Coastal Zone Management Administration Awards | DCCED | | 11.419 | NA10NOS4190169 | 529,400 | 529,400 |
| Coastal Zone Management Administration Awards | DNR | | 11.419 | | 1,639,245 | |
| Coastal Zone Management Administration Awards | UofA | | 11.419 | ADN 901017 | 3,353 | |
| Coastal Zone Management Estuarine Research Reserves | DFG | | 11.420 | | 654,051 | |
| Coastal Zone Management Estuarine Research Reserves | UofA | | 11.420 | | 13,710 | |
| Pacific Fisheries Data Program (Pass-Through from Pacific States Marine Fisheries Commission) | DFG | | 11.437 | | 2,161,880 | |
| Pacific Fisheries Data Program | DFG | | 11.437 | | 3,273,927 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | DCCED | | 11.438 | NA07NMF4380288 | 154,155 | 139,906 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | DCCED | | 11.438 | NA08NMF4380597 | 5,791 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | DCCED | | 11.438 | NA10NMF4380355 | 21,605 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | DCCED | | 11.438 | NA10NMF4380355 | 1,519,072 | 1,505,482 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | DFG | | 11.438 | | 23,181,286 | 3,064,798 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | DNR | | 11.438 | | 550,000 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | UofA | | 11.438 | RS 1105970 | 150,000 | |
| Marine Mammal Data Program | DFG | | 11.439 | | 1,672,516 | |
| Regional Fishery Management Council | DFG | | 11.441 | | 49,738 | |
| Unallied Industry Projects | UofA | | 11.452 | | 19,953 | |
| Meteorologic and Hydrologic Modernization Development | DMVA | | 11.467 | 35457 | 605,286 | 144,721 |
| Applied Meteorological Research | DMVA | | 11.468 | 35458 | 281,731 | 281,731 |
| Unallied Science Program (Pass-through from North Slope Borough) | DFG | | 11.472 | | 21,785 | |
| Unallied Science Program (Pass-through from North Pacific Research Board) | DFG | | 11.472 | | 141,447 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | 503 | (174) | |
| Unallied Science Program | UofA | | 11.472 | | 50,767 | |
| Educational Partnership Program | UofA | | 11.481 | | (114) | |
| Public Safety Interoperable Communications Grant Program | DMVA | | 11.555 | 34035 | 1,681,758 | 1,030,593 |
| ARRA-Broadband Technology Opportunities Program (BTOP) | DEED | ARRA | 11.557 | 17353 | 137,039 | |
| ARRA-Broadband Technology Opportunities Program (BTOP) | UofA | ARRA | 11.557 | | 804,003 | 79,599 |
| Miscellaneous Inspection Service | DEC | | 11.999 | 45ABNAON0252 | 989 | |
| NOAA Pribilof Island Restoration | DEC | | 11.999 | AB133A10SE3096 | 2,320 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41617 | 4,966 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41627 | 13,470 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41637 | 83,011 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41639 | 50,000 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41640 | 3,173 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41707 | 6,664 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41721 | 2,287 | |
| Miscellaneous NOAA-Marine Mammal Research | DFG | | 11.999 | 41726 | 15,544 | |
| Miscellaneous NOAA-Federal Travel | DFG | | 11.999 | 41732 | 93,937 | |
| Miscellaneous NOAA-Federal Travel | DFG | | 11.999 | 41738 | 16,144 | |
| Miscellaneous NOAA-Federal Travel | DFG | | 11.999 | 41739 | 15,738 | |
| Miscellaneous NOAA-Research Vessel Charters | DFG | | 11.999 | 41950 | 46,331 | |
| National Marine Fisheries Joint Enforcement Agreement | DPS | | 11.999 | 11.04 and 06/07/08-NMFS-JEA | 1,638,926 | |
| Sea Grant Support (Pass-through Consortium for Oceanographic Research & Education) | UofA | | 11.999 | SA 10-34 | 17,500 | |
| Miscellaneous | UofA | | 11.999 | | 93,033 | |
| Total for U.S. DEPARTMENT OF COMMERCE | | | | | 46,193,969 | 7,719,555 |
| U.S. DEPARTMENT OF DEFENSE | | | | | | |
| Procurement Technical Assistance For Business Firms | UofA | | 12.002 | | 345,239 | |
| State Memorandum of Agreement Program for the Reimbursement of Technical Services | DEC | | 12.113 | | 2,715,891 | |
| Military Construction, National Guard | AAC | | 12.400 | W91ZRU-06-2-3038 | 2,077,917 | |
| Military Construction, National Guard | DMVA | | 12.400 | 35400 | 11,385,559 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| National Guard Military Operations and Maintenance (O&M) Projects | DMVA | | 12.401 | 35401 | 16,114,944 | |
| National Guard ChalleNGe Program | DMVA | | 12.404 | 35404 | 6,163,178 | |
| Military Medical Research and Development | DFG | | 12.420 | | 27,669 | |
| Basic Scientific Research (Pass-through Academy of Applied Science) | UofA | | 12.431 | Sbgmt; 08-48,49,50 DATE 8.7.8 | 456 | |
| Access to Joint Tanana Training Complex-2008 (Pass-through from Federal Railroad Administration) | ARRC | | 12.999 | DTRF53-08-G-00008 | 7,432,124 | |
| FY 2005-Military Installations Track Realignment - Elmendorf AFB and Ft. Richardson (Pass-through from Federal Railroad Administration) | ARRC | | 12.999 | DTRFDV-05-G-00005 | 1,417 | |
| FY2006 Locomotives and Rail Cars to Support the Stryker Brigade (Pass-through from Federal Railroad Administration) | ARRC | | 12.999 | DTRFDV-06-G-00007 | 627 | |
| Northern Line Realignment & Extension (Pass-through from Federal Railroad Administration) | ARRC | | 12.999 | DTRFDV-07-G-00006 | 540,047 | |
| Track Realignment - Ft. Wainwright-2006 | ARRC | | 12.999 | DTRFDV-06-G-00008 | 6,702 | |
| USAF Elmendorf Site Cleanup | DEC | | 12.999 | FA500007A0008 | 2,083 | |
| Miscellaneous Army-Wildlife Research - Wolves | DFG | | 12.999 | 42505 | 3,975 | |
| Miscellaneous Army-Wildlife Research | DFG | | 12.999 | 42507 | 6,562 | |
| Miscellaneous Army-Fish Surveys | DFG | | 12.999 | 42508 | 7,592 | |
| Miscellaneous Army-Wildlife Research | DFG | | 12.999 | 42509 | 4,000 | |
| Miscellaneous Army-Wildlife Research - Bear | DFG | | 12.999 | 42510 | 1,010 | |
| Miscellaneous Army-Habitat Restoration | DFG | | 12.999 | 42511 | 33,084 | |
| Miscellaneous Army-Marine Mammal Research | DFG | | 12.999 | 42512 | 40,365 | |
| Miscellaneous Army-Wildlife Research - Moose | DFG | | 12.999 | 42518 | 51,352 | |
| Miscellaneous Army-Wildlife Research - Bear | DFG | | 12.999 | 42530 | 104,209 | |
| Miscellaneous Army-Wildlife Research | DFG | | 12.999 | 42555 | 29,556 | |
| Miscellaneous Army-Wildlife Research - Bear | DFG | | 12.999 | 42557 | 6,549 | |
| Miscellaneous Army-Marine Mammal Research | DFG | | 12.999 | 42564 | 24,963 | |
| Galena Airport Contract to maintain USAF safety | DOTPF | | 12.999 | 12.F65501-95C0017 | 26,350 | |
| King Salmon Airport Contract to maintain USAF safety | DOTPF | | 12.999 | 12.F65501-96C0006 | 465,561 | |
| US Army - Space & Missile Defense Command | DOTPF | | 12.999 | MOA USASMDC | 5,311 | |
| Funding from US Navy for Adak Airport Operations | DOTPF | | 12.999 | N6871104MDC4010 | 899,379 | |
| Miscellaneous | UofA | | 12.999 | | 25,502 | 12,616 |
| Total for U.S. DEPARTMENT OF DEFENSE | | | | | 48,549,173 | 12,616 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | |
| CDBG - Entitlement Grants Cluster | | | | | | |
| Community Development Block Grants/Entitlement Grants | AHFC | | 14.218 | | 4,827,951 | 4,827,951 |
| Total for CDBG - Entitlement Grants Cluster | | | | | 4,827,951 | 4,827,951 |
| CFP Cluster | | | | | | |
| ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded | AHFC | ARRA | 14.885 | | 930,541 | |
| Total for CFP Cluster | | | | | 930,541 | - |
| CDBG - State-Administered CDBG Cluster | | | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DCCED | | 14.228 | B-05-DC-02-0001 | 351,302 | 351,302 |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DCCED | | 14.228 | B-06-DC-02-0001 | 56,937 | 56,937 |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DCCED | | 14.228 | B-07-DC-02-0001 | 1,318,051 | 1,318,051 |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DCCED | | 14.228 | B-08-DC-02-0001 | 948,787 | 920,994 |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DCCED | | 14.228 | B-09-DC-02-0001 | 131,800 | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DCCED | | 14.228 | B-10-DC-02-0001 | 31,284 | |
| ARRA-Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded) | DCCED | ARRA | 14.255 | B-09-DY-02-0001 | 747,372 | 747,372 |
| Total for CDBG - State-Administered CDBG Cluster | | | | | 3,585,533 | 3,394,656 |
| Housing Voucher Cluster | | | | | | |
| Section 8 Housing Choice Vouchers | AHFC | | 14.871 | | 1,206,836 | |
| Total for Housing Voucher Cluster | | | | | 1,206,836 | - |
| Section 8 Project-Based Cluster | | | | | | |
| Section 8 Housing Assistance Payments Program | AHFC | | 14.195 | | 8,958,095 | |
| Section 8 Moderate Rehabilitation Single Room Occupancy | AHFC | | 14.249 | | 473,220 | 403,015 |
| Total for Section 8 Project-Based Cluster | | | | | 9,431,315 | 403,015 |
| Mortgage Insurance - Homes | AHFC | | 14.117 | | 5,098,757 | |
| Community Development Block Grants /Technical Assistance Program | AHFC | | 14.227 | | 55,871 | 55,871 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|---|----------------------|-----------------------|
| Emergency Shelter Grants Program | AHFC | | 14.231 | | 212,534 | 212,534 |
| Supportive Housing Program | AHFC | | 14.235 | | 14,673 | 12,357 |
| Shelter Plus Care | AHFC | | 14.238 | | 687,789 | 687,789 |
| HOME Investment Partnerships Program | AHFC | | 14.239 | | 2,079,163 | 2,079,163 |
| Housing Opportunities for Persons with AIDS | AHFC | | 14.241 | | 490,900 | 490,900 |
| ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded) | AHFC | ARRA | 14.257 | | 447,581 | 350,772 |
| ARRA-Tax Credit Assistance Program (Recovery Act Funded) | AHFC | ARRA | 14.258 | | 2,778,893 | 2,778,893 |
| Alaska Native / Native Hawaiian Institutions Assisting Communities | UofA | | 14.515 | | 1,371,703 | 522,509 |
| Public and Indian Housing-Indian Loan Guarantee Program | AHFC | | 14.865 | | 667,588 | |
| Resident Opportunity and Supportive Services - Service Coordinators | AHFC | | 14.870 | | 91,434 | 67,015 |
| Moving to Work Demonstration Program | AHFC | | 14.881 | | 45,086,445 | |
| Total for U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | 79,065,507 | 15,883,425 |
| U.S. DEPARTMENT OF THE INTERIOR | | | | | | |
| Fish and Wildlife Cluster | | | | | | |
| Sport Fish Restoration Program | DFG | | 15.605 | | 18,458,363 | 134,978 |
| Wildlife Restoration and Basic Hunter Education | DFG | | 15.611 | | 15,569,867 | |
| Total for Fish and Wildlife Cluster | | | | | 34,028,230 | 134,978 |
| Forestry on Indian Lands | DCCED | | 15.035 | 8E00440122 | 4,420 | |
| Indian Education-Higher Education Grant Program | UofA | | 15.114 | | 40,940 | |
| Cooperative Inspection Agreements with States and Tribes | DFG | | 15.222 | | 7,168 | |
| Cultural Resource Management | DNR | | 15.224 | | 500,090 | |
| Cultural Resource Management | UofA | | 15.224 | | 1,178,498 | |
| Recreation Resource Management | DFG | | 15.225 | | 41,290 | |
| Payments in Lieu of Taxes | DCCED | | 15.226 | Payments in Lieu of Taxes | 57,821 | 57,821 |
| Payments in Lieu of Taxes | DCCED | | 15.226 | Payments in Lieu of Taxes | 9,740,770 | 9,740,770 |
| Distribution of Receipts to State and Local Governments | DCCED | | 15.227 | National Petroleum Reserve Alaska Impact Mitigation | 10,171,708 | 10,171,708 |
| National Fire Plan - Wildland Urban Interface Community Fire Assistance | DNR | | 15.228 | | 9,184 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation) | DFG | | 15.231 | | 7,042 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation) | DFG | | 15.231 | | 71,060 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation) | DFG | | 15.231 | | 99,230 | |
| Fish, Wildlife and Plant Conservation Resource Management | DFG | | 15.231 | | 154,181 | |
| Fish, Wildlife and Plant Conservation Resource Management | DNR | | 15.231 | | 37,189 | |
| Fish, Wildlife and Plant Conservation Resource Management | UofA | | 15.231 | | 154 | |
| Wildland Fire Research and Studies Program | UofA | | 15.232 | | 42,260 | |
| Environmental Quality and Protection Resource Management | DNR | | 15.236 | | 8,119 | |
| Challenge Cost Share | DFG | | 15.238 | | 32,472 | |
| Management Initiatives | DNR | | 15.239 | | 263,489 | |
| Regulation of Surface Coal Mining and Surface Effects of Underground Coal | DNR | | 15.250 | | 235,421 | |
| Abandoned Mine Land Reclamation (AMLR) Program | DNR | | 15.252 | | 823,674 | |
| Coastal Impact Assistance Program (CIAP) | DCCED | | 15.426 | M09AF15484 | - | 9,092 |
| Coastal Impact Assistance Program (CIAP) | DCCED | | 15.426 | M09AF15484 | - | 11,100 |
| Coastal Impact Assistance Program (CIAP) | DCCED | | 15.426 | M09AF15484 | - | 27,859 |
| Coastal Impact Assistance Program (CIAP) | DCCED | | 15.426 | M09AF15484 | - | 36,594 |
| Coastal Impact Assistance Program (CIAP) | DCCED | | 15.426 | M11AF00065 | 294 | |
| Coastal Impact Assistance Program (CIAP) | DNR | | 15.426 | | 2,591,332 | |
| Federal Oil and Gas Royalty Management | DNR | | 15.427 | | 113,045 | |
| Fish and Wildlife Management Assistance | DFG | | 15.608 | | 919,949 | |
| Fish and Wildlife Management Assistance | DNR | | 15.608 | | 20,672 | |
| Fish and Wildlife Management Assistance (Pass-through National Fish and Wildlife Foundation) | UofA | | 15.608 | 2007-0140-000 | 102 | |
| Coastal Wetlands Planning, Protection and Restoration Act | DFG | | 15.614 | | 266,187 | |
| Coastal Wetlands Planning, Protection and Restoration Act | DNR | | 15.614 | | 999,431 | |
| Cooperative Endangered Species Conservation Fund | DFG | | 15.615 | | 88,000 | |
| Sportfishing and Boating Safety Act | DFG | | 15.622 | | 1,500,000 | 1,500,000 |
| Enhanced Hunter Education and Safety Program | DFG | | 15.626 | | 64,863 | |
| Coastal Program | DFG | | 15.630 | | 68,857 | |
| Coastal Program | DNR | | 15.630 | | 10,000 | |
| Coastal Program | UofA | | 15.630 | | 29,830 | |
| Partners for Fish and Wildlife | DFG | | 15.631 | | 27,103 | |
| Partners for Fish and Wildlife | DNR | | 15.631 | | 5,647 | |
| Landowner Incentive Program | DFG | | 15.633 | | 48,852 | |
| State Wildlife Grants | DFG | | 15.634 | | 3,260,910 | |
| Alaska Subsistence Management | DFG | | 15.636 | | 1,975,933 | |
| Challenge Cost Share | DFG | | 15.642 | | 5,225 | |
| Challenge Cost Share | UofA | | 15.642 | | 61,683 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|-------------|-------------|-----------------------------------|----------------------|-----------------------|
| Service Training and Technical Assistance (Generic Training) | UofA | | 15.649 | | 3,639 | |
| Research Grants (Generic) | UofA | | 15.650 | | 20,338 | |
| Migratory Bird Monitoring, Assessment and Conservation | DFG | | 15.655 | | 29,912 | |
| ARRA -Recovery Act Funds-Habitat Enhancement, Restoration and | OG | ARRA | 15.656 | | 29,043 | |
| Earthquake Hazards Reduction Program | UofA | | 15.807 | | 659,666 | |
| ARRA -U.S. Geological Survey-Research and Data Collection | UofA | ARRA | 15.808 | | 308,854 | |
| U.S. Geological Survey-Research and Data Collection | DNR | | 15.808 | | 437,296 | |
| U.S. Geological Survey-Research and Data Collection | UofA | | 15.808 | | 82,323 | |
| National Cooperative Geologic Mapping Program | DNR | | 15.810 | | 213,948 | |
| National Geological and Geophysical Data Preservation Program | DNR | | 15.814 | | 33,685 | |
| ARRA -Volcano Hazards Program Research and Monitoring | OG | ARRA | 15.818 | | 463,240 | |
| Energy Cooperatives to Support the National Coal Resources Data System (NCRDS) | DNR | | 15.819 | | 11,205 | |
| Disposal of Surplus Wildlife | UofA | | 15.900 | | 101,449 | |
| Historic Preservation Fund Grants-In-Aid | DNR | | 15.904 | | 909,541 | |
| Historic Preservation Fund Grants-In-Aid | UofA | | 15.904 | | 38,571 | |
| Outdoor Recreation-Acquisition, Development and Planning | DNR | | 15.916 | | 244,595 | |
| Native American Graves Protection and Repatriation Act | UofA | | 15.922 | | 18,588 | |
| Save America's Treasures | DNR | | 15.929 | | 39,145 | |
| Bureau of Land Management Oversight | DEC | | 15.999 | L10PA00439 | 44,404 | |
| Bureau of Land Management Oversight | DEC | | 15.999 | L11PA00032 | 51,104 | |
| National Park Service Oversight | DEC | | 15.999 | P9917100001 | 5,348 | |
| National Park Service Oversight | DEC | | 15.999 | P9917110001 | 25,234 | |
| Miscellaneous US Fish & Wildlife Service - Salmon Harvest Assessment-Copper River | DFG | | 15.999 | 41023 | 31,636 | |
| Miscellaneous US Fish & Wildlife Service - Climate Change/Impact Studies | DFG | | 15.999 | 41026 | 38,353 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou | DFG | | 15.999 | 41027 | 16,500 | |
| Miscellaneous US Fish & Wildlife Service - Lake Herring Harvest Assessment | DFG | | 15.999 | 41028 | 3,519 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou | DFG | | 15.999 | 41048 | 22,700 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Deer | DFG | | 15.999 | 41080 | 5,763 | |
| Miscellaneous US Fish & Wildlife Service - Migratory Bird Regulation Committee Meetings | DFG | | 15.999 | 41081 | 4,166 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Big Game | DFG | | 15.999 | 41082 | 19,611 | |
| Miscellaneous US Fish & Wildlife Service - Avian Flu Testing | DFG | | 15.999 | 41092 | 20,421 | |
| Miscellaneous US Fish & Wildlife Service - Subsistence Fishing Data | DFG | | 15.999 | 41202 | 2,688 | |
| Miscellaneous US Fish & Wildlife Service - Non-salmon Harvesting Assessment | DFG | | 15.999 | 41306 | 2,268 | |
| Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales | DFG | | 15.999 | 41309 | 146,657 | |
| Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales | DFG | | 15.999 | 41310 | 209,908 | |
| Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales | DFG | | 15.999 | 41317 | 215,575 | |
| Miscellaneous BLM - Wildlife Population Monitoring | DFG | | 15.999 | 41417 | 3,476 | |
| Miscellaneous BLM - ARLIS | DFG | | 15.999 | 41419 | 34,000 | |
| Miscellaneous BLM - Wildlife Research-Caribou | DFG | | 15.999 | 41446 | 51,849 | |
| Miscellaneous BLM - Burbot and Pike Research | DFG | | 15.999 | 41447 | 75,319 | |
| Miscellaneous BLM - Wildlife Research-Mountain Goats | DFG | | 15.999 | 41448 | 22,193 | |
| Miscellaneous National Park Service - Burbot counts-Tanada/Copper Lakes | DFG | | 15.999 | 41507 | 1,434 | |
| Miscellaneous National Park Service - Historical Subsistence Methods | DFG | | 15.999 | 41516 | 15,507 | |
| Miscellaneous National Park Service - Harvest Assessments | DFG | | 15.999 | 41517 | 50,756 | |
| Miscellaneous National Park Service - Wildlife Surveys | DFG | | 15.999 | 41518 | 6,784 | |
| Miscellaneous National Park Service - Walrus Studies | DFG | | 15.999 | 41520 | 1,627 | |
| Miscellaneous National Park Service - Wildlife Research-Bear | DFG | | 15.999 | 41545 | 18,611 | |
| Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies | DFG | | 15.999 | 41559 | 29,799 | |
| Miscellaneous US Fish & Wildlife Service - Adak Oil Spill Response | DFG | | 15.999 | 41581 | 8,990 | |
| Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies | DFG | | 15.999 | 41584 | 595 | |
| Tok Hazardous Fuels | DNR | | 15.999 | 701817J675 | 100,279 | |
| Portage River - Afognak Coastal Protection | DNR | | 15.999 | AK-C-12-L-1 | 40 | |
| Bureau of Indian Affairs Fire Suppression | DNR | | 15.999 | E00440/2010/92310/AZA1 | 100,000 | |
| USFWS Fire Suppression | DNR | | 15.999 | Fire | 264 | |
| Cook Inlet Tertiary Nonmarine Formations | DNR | | 15.999 | G09PX01841 | 16,000 | |
| Legacy Archival Photos | DNR | | 15.999 | G10PX01780 | 9,763 | |
| Consistency Review for Eastern Interior | DNR | | 15.999 | L09PX02269 | 891 | |
| Consistency Reviews | DNR | | 15.999 | L10PX04502 | 13,065 | |
| BLM Fire Suppression | DNR | | 15.999 | LAA040005 | 9,279,769 | |
| National Park Service Fire Suppression | DNR | | 15.999 | P9865110028 | 25,513 | |
| Planning Assistance | DNR | | 15.999 | P9911110022 | 30,000 | |
| RTCAP Banners & Brochures | DNR | | 15.999 | R99111100041 | 61,847 | |
| Sand Point School Loop Rd BIA | DOTPF | | 15.999 | FRH53637 | 215,961 | |
| Emmonak A/P Clinic Rd F&WS | DOTPF | | 15.999 | FWS701818J718 | 60,792 | |
| Miscellaneous (Pass-through Michigan Technological University) | UofA | | 15.999 | 100259Z1 PO083070 | 40,946 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| Miscellaneous (Pass-through National Fish and Wildlife Foundation DC) | UofA | | 15.999 | 2003-0265-018 | 10,848 | |
| Miscellaneous | UofA | | 15.999 | | 349,355 | |
| Total for U.S. DEPARTMENT OF THE INTERIOR | | | | | 84,759,491 | 21,689,922 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | | | |
| JAG Program Cluster | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | DPS | | 16.738 | | 1,277,165 | 680,140 |
| ARRA-Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories | DPS | ARRA | 16.803 | | 1,114,984 | |
| Total for JAG Program Cluster | | | | | 2,392,149 | 680,140 |
| Sexual Assault Services Formula Program | DPS | | 16.017 | | 126,823 | 118,463 |
| Juvenile Accountability Block Grants | DHSS | | 16.523 | | 256,591 | |
| Supervised Visitation, Safe Havens for Children | DPS | | 16.527 | | 72,893 | 71,956 |
| Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities | DHSS | | 16.529 | | 191,758 | |
| Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities | UofA | | 16.529 | EN 693070 RD 6312 | (2,584) | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | DHSS | | 16.540 | | 582,643 | 142,535 |
| Part E - Developing, Testing and Demonstrating Promising New Programs | DHSS | | 16.541 | | 118,351 | |
| Victims of Child Abuse (Pass-through from National Court Appointed Special Advocate) | DOA | | 16.547 | AK10900-09-0710-S | 55,000 | |
| Title V - Delinquency Prevention Program | DHSS | | 16.548 | | 289,759 | 80,060 |
| National Criminal History Improvement Program (NCHIP) | DPS | | 16.554 | | 422,261 | |
| Crime Victim Assistance | DPS | | 16.575 | | 1,367,388 | 1,295,507 |
| Crime Victim Compensation | DOA | | 16.576 | | 486,905 | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | DPS | | 16.580 | | 582,577 | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | LAW | | 16.580 | | 292,356 | |
| Crime Victim Assistance/Discretionary Grants | DOA | | 16.582 | AK11331-09-0610-T | 36,370 | |
| Drug Court Discretionary Grant Program | DOTPF | | 16.585 | | 22,287 | |
| Drug Court Discretionary Grant Program | DOTPF | | 16.585 | | 44,122 | |
| ARRA-Violence Against Women Formula Grants | DPS | ARRA | 16.588 | | 638,782 | 269,939 |
| Violence Against Women Formula Grants | DPS | | 16.588 | | 1,433,397 | 325,579 |
| Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program | DPS | | 16.589 | | 224,634 | 203,542 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders | DPS | | 16.590 | | 353,015 | 341,479 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders | LAW | | 16.590 | | 111,291 | |
| Residential Substance Abuse Treatment for State Prisoners | DPS | | 16.593 | | 148,636 | |
| State Criminal Alien Assistance Program | DOC | | 16.606 | 2010-AP-BX-0845 | 116,873 | |
| Project Safe Neighborhoods | DPS | | 16.609 | | 12,340 | |
| Public Safety Partnership and Community Policing Grants | DOA | | 16.710 | | 392,613 | |
| Public Safety Partnership and Community Policing Grants | DPS | | 16.710 | | 1,145,962 | |
| Enforcing Underage Drinking Laws Program | DHSS | | 16.727 | | 300,739 | 119,136 |
| Drug Prevention Program | DPS | | 16.728 | | 9,886 | |
| Paul Coverdell Forensic Sciences Improvement Grant Program | DPS | | 16.742 | | 219,740 | |
| Forensic Casework DNA Backlog Reduction Program | DPS | | 16.743 | | 313,843 | |
| Congressionally Recommended Awards | DPS | | 16.753 | CY09 | 823,849 | |
| Harold Rogers Prescription Drug Monitoring Program | DCCED | | 16.754 | 2009-PM-BX-0010 | 1,248 | |
| Harold Rogers Prescription Drug Monitoring Program | DCCED | | 16.754 | 2009-PM-BX-0010 | 106,915 | |
| ARRA-Recovery Act-State Victim Assistance Formula Grant Program | DPS | ARRA | 16.801 | | 157,370 | 157,233 |
| Northern Border Prosecution Initiative Program | LAW | | 16.814 | | 90,978 | |
| Counterdrug Support Program-Asset Forfeiture | DMVA | | 16.999 | 35160/AKQNGCDO | 28,258 | |
| Equitable Sharing Program | DOC | | 16.999 | Equitable Sharing Prog | 5,053 | |
| Marijuana Eradication | DPS | | 16.999 | 16.05-2 & CY08/CY09 | 108,430 | |
| Miscellaneous | UofA | | 16.999 | | 54,504 | |
| Total for U.S. DEPARTMENT OF JUSTICE | | | | | 14,136,005 | 3,805,569 |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | | | | |
| Employment Service Cluster | | | | | | |
| ARRA-Employment Service/Wagner-Peyser Funded Activities | DLWD | ARRA | 17.207 | 953/960 | 550,296 | |
| Employment Service/Wagner-Peyser Funded Activities | DLWD | | 17.207 | 911/961 | 9,182,643 | |
| Disabled Veterans' Outreach Program (DVOP) | DLWD | | 17.801 | 893 | 287,022 | |
| Local Veterans' Employment Representative Program | DLWD | | 17.804 | 895 | 291,022 | |
| Total for Employment Service Cluster | | | | | 10,310,983 | - |
| Workforce Investment Act Cluster | | | | | | |
| ARRA-WIA Adult Program | DLWD | ARRA | 17.258 | 997 | 400,543 | 290 |
| WIA Adult Program | DLWD | | 17.258 | 922/923 | 2,140,776 | 398 |
| ARRA-WIA Youth Activities | DLWD | ARRA | 17.259 | 999 | 830,154 | 208,593 |
| WIA Youth Activities | DHSS | | 17.259 | | - | 163,000 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| WIA Youth Activities | DLWD | | 17.259 | 952 | 2,856,930 | 1,329,488 |
| WIA Youth Activities | UofA | | 17.259 | EN 716102 | 112,391 | |
| ARRA-WIA Dislocated Workers | DLWD | ARRA | 17.260 | 998 | 1,521,835 | 151 |
| WIA Dislocated Workers | DLWD | | 17.260 | 932/933/937 | 3,147,784 | 1,011,450 |
| WIA Dislocated Workers | UofA | | 17.260 | ADN710649 | 222,453 | |
| WIA Dislocated Workers | UofA | | 17.260 | EN 716119 | 250,000 | |
| WIA Dislocated Workers | UofA | | 17.260 | EN 796100 | (68) | |
| WIA Dislocated Workers | UofA | | 17.260 | EN706113/700012/700531 | 76 | |
| WIA Dislocated Workers Formula Grants | DLWD | | 17.278 | 938/939 | 1,508,326 | 223,569 |
| Total for Workforce Investment Act Cluster | | | | | 12,991,200 | 2,936,939 |
| Labor Force Statistics | DLWD | | 17.002 | 850 | 659,807 | |
| Compensation and Working Conditions | DLWD | | 17.005 | 853 | 110,333 | |
| ARRA-Unemployment Insurance (EUC) | DLWD | ARRA | 17.225 | 987 | 617,215 | |
| ARRA-Unemployment Insurance (FAC) | DLWD | ARRA | 17.225 | FU 33030 - AC 79544/69444 | 9,436,232 | |
| Unemployment Insurance | DLWD | | 17.225 | 864 | 344,021,822 | |
| Senior Community Service Employment Program | DLWD | | 17.235 | 955 | 2,586,442 | 2,065,773 |
| Trade Adjustment Assistance | DLWD | | 17.245 | 871 | 341,607 | |
| Work Incentive Grants | DLWD | | 17.266 | 885 | 15,480 | |
| H-1B Job Training Grants | UofA | | 17.268 | | 72,388 | |
| Community Based Job Training Grants | UofA | | 17.269 | | 587,093 | 78,711 |
| Work Opportunity Tax Credit Program (WOTC) | DLWD | | 17.271 | 915 | 60,012 | |
| Temporary Labor Certification for Foreign Workers | DLWD | | 17.273 | 856 | 65,092 | |
| ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | AEA | ARRA | 17.275 | GJ-19959-10-55-A-2 | 106,267 | |
| ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | DLWD | ARRA | 17.275 | 899 | 1,155,506 | 149,681 |
| Occupational Safety and Health - State Program | DLWD | | 17.503 | 887 | 1,390,821 | |
| Consultation Agreements | DLWD | | 17.504 | 888 | 574,749 | |
| Mine Health and Safety Grants | UofA | | 17.600 | | 1,686 | |
| Disability Employment Policy Development | DHSS | | 17.720 | | 119,180 | |
| Transition Assistance Program | DLWD | | 17.807 | 897 | 65,706 | |
| Total for U.S. DEPARTMENT OF LABOR | | | | | 385,289,621 | 5,231,104 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | |
| Federal Transit Cluster | | | | | | |
| Federal Transit - Capital Investment Grants | AIDEA | | 20.500 | AK-04-0012-00 | 5,991,565 | |
| Federal Transit - Capital Investment Grants | AIDEA | | 20.500 | AK-55-0001-00 | 1,541,924 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-03-0035 | 51,986 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-03-0039 | 3,815 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-03-0052 | 1,911 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-03-0059 | 50,752 | |
| Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration) | ARRC | | 20.500 | AK-04-0003 | 31,728 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0007 | 15,133 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0009 | 51,576 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0010 | 16,637 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0011 | 172,340 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0015 | 1,485,940 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0016 | 1,622,428 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0017 | 795,238 | |
| Federal Transit - Capital Investment Grants | ARRC | | 20.500 | AK-05-0018 | 11,120,210 | |
| Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration) | ARRC | | 20.500 | AK-55-0003 | 75,188 | |
| Federal Transit - Capital Investment Grants | DOTPF | | 20.500 | | 8,891,124 | 2,638,900 |
| ARRA-Federal Transit - Formula Grants | ARRC | ARRA | 20.507 | AK-96-X001-00 | 12,020,856 | |
| Federal Transit - Formula Grants | ARRC | | 20.507 | AK-90-X043-00 | 92,208 | |
| Federal Transit - Formula Grants | ARRC | | 20.507 | AK-90-X050-00 | 594,232 | |
| Federal Transit - Formula Grants | ARRC | | 20.507 | AK-90-X053-00 | 589,240 | |
| Federal Transit - Formula Grants | ARRC | | 20.507 | AK-90-X057-00 | 14,874,700 | |
| Federal Transit - Formula Grants | ARRC | | 20.507 | AK-90-X058-00 | 2,325,058 | |
| Total for Federal Transit Cluster | | | | | 62,415,789 | 2,638,900 |
| Highway Planning and Construction Cluster | | | | | | |
| ARRA-Highway Planning and Construction | DOTPF | ARRA | 20.205 | | 67,043,405 | |
| Highway Planning and Construction | DCCED | | 20.205 | MGS-003(100) | - | 1,206 |
| Highway Planning and Construction | DOTPF | | 20.205 | WFL-DTFH70-09-E-00002 | 4,042,918 | 2,447,923 |
| Highway Planning and Construction | DOTPF | | 20.205 | | 302,082,932 | |
| Highway Planning and Construction | KABATA | | 20.205 | PJ E 56047 | 3,724,978 | |
| Highway Planning and Construction | UofA | | 20.205 | EN.2573008 | 775 | |
| Highway Planning and Construction | UofA | | 20.205 | | 72,588 | |
| Recreational Trails Program | DNR | | 20.219 | | 1,324,099 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|-------------|-------------|-----------------------------------|----------------------|-----------------------|
| Recreational Trails Program | UofA | | 20.219 | 10795961 | 123,982 | |
| Total for Highway Planning and Construction Cluster | | | | | 378,415,677 | 2,449,129 |
| Highway Safety Cluster | | | | | | |
| State and Community Highway Safety | DOTPF | | 20.600 | | 2,024,639 | 1,450,613 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | COURT | | 20.601 | | 811,274 | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | DOTPF | | 20.601 | | 785,998 | 265,358 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | DPS | | 20.601 | | 824,823 | |
| Occupant Protection Incentive Grants | DOTPF | | 20.602 | | 126,579 | 98,010 |
| Safety Belt Performance Grants | DOTPF | | 20.609 | | 29,356 | 28,660 |
| State Traffic Safety Information System Improvement Grants | DOTPF | | 20.610 | | 560,729 | 20,890 |
| Incentive Grant Program to Increase Motorcyclist Safety | DOTPF | | 20.612 | | 66,759 | 58,666 |
| Child Safety and Child Booster Seats Incentive Grants | DOTPF | | 20.613 | | 156,488 | 108,110 |
| Total for Highway Safety Cluster | | | | | 5,386,645 | 2,030,307 |
| Transit Services Programs Cluster | | | | | | |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | DOTPF | | 20.513 | | 749,432 | 685,338 |
| Job Access - Reverse Commute | DOTPF | | 20.516 | | 169,484 | 194,601 |
| New Freedom Program | DOTPF | | 20.521 | | 1,252 | 1,252 |
| Total for Transit Services Programs Cluster | | | | | 920,168 | 881,191 |
| ARRA-Airport Improvement Program | DOTPF | ARRA | 20.106 | | 18,007,645 | |
| Airport Improvement Program | DOTPF | | 20.106 | | 160,120,393 | |
| Air Transportation Centers of Excellence (Pass-through Embry-Riddle Aeronautical University) | UofA | | 20.109 | 61077-UAA PO 142015 Amend 1 | 7,302 | |
| Highway Research and Development Program (Pass-through University of Idaho, NIATT) | UofA | | 20.200 | KLK262 SB 002 | 45,667 | |
| Highway Training and Education | UofA | | 20.215 | | 295,416 | |
| National Motor Carrier Safety | DOTPF | | 20.218 | | 862,945 | |
| Performance and Registration Information Systems Management | DOTPF | | 20.231 | | 32,807 | |
| Commercial Driver's License Program Improvement Grant | DOA | | 20.232 | RS 0210851 | 541,833 | |
| Commercial Driver's License Program Improvement Grant | DPS | | 20.232 | | 519,383 | |
| Commercial Driver's License Program Improvement Grant | UofA | | 20.232 | EN 0211034 | 70,180 | |
| Border Enforcement Grants | DOTPF | | 20.233 | | 322,214 | |
| Commercial Motor Vehicle Operator Training Grants | DOTPF | | 20.235 | | 1,279 | |
| Commercial Vehicle Information Systems and Networks | DOTPF | | 20.237 | | 53,403 | |
| Commercial Drivers License Information System (CDLIS) Modernization | DOA | | 20.238 | | 214,156 | |
| Railroad Development | ARRC | | 20.314 | FR-RLD-0002-09-01-00 | 1,862,067 | |
| Railroad Development | ARRC | | 20.314 | FR-RLD-0005-10-01-00 | 83,611 | |
| Railroad Development | ARRC | | 20.314 | FR-RRR-0005-08-01-00 | 935,977 | |
| Railroad Development | ARRC | | 20.314 | FR-RRR-0010-08-01-01 | 255,650 | |
| Railroad Development | DOTPF | | 20.314 | FRA-FR-RRR-0010-08-01-00 | 123,602 | |
| Metropolitan Transportation Planning | DOTPF | | 20.505 | | 385,822 | 394,559 |
| ARRA-Formula Grants for Other Than Urbanized Areas | DOTPF | ARRA | 20.509 | | 2,565,189 | |
| Formula Grants for Other Than Urbanized Areas | DOTPF | | 20.509 | | 5,207,699 | 4,753,550 |
| Public Transportation Research | DOTPF | | 20.514 | | 2,280 | 213 |
| Alcohol Open Container Requirements | DHSS | | 20.607 | | 12,000 | 12,000 |
| Alcohol Open Container Requirements | DOTPF | | 20.607 | | 2,166,932 | 1,226,473 |
| Alcohol Open Container Requirements | DPS | | 20.607 | | 894,520 | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | DMVA | | 20.703 | 35703 | 130,613 | |
| Anchorage International Airport Rail Passenger Station - 1999 | ARRC | | 20.999 | DTFRDV-99-G-60005 | 33,691 | |
| Clean up Contaminated Sites in AK | DEC | | 20.999 | DTFAAL-04X-8000 | 94,179 | |
| Alaska Trails Initiative | DNR | | 20.999 | DTHF70-05-E-00028 | 1,391,170 | |
| Mendenhall Spur Rd ITS Project FHWA | DOTPF | | 20.999 | 09-RO-111001000-031 | 72,464 | |
| SE Forest Highway Project FHWA | DOTPF | | 20.999 | AK-PFH-43(8) & AK-PFH-40-1(1) | 13,854 | |
| FAA Agreement - Deadhorse & Kotzebue Combined Facility | DOTPF | | 20.999 | DTFA04-92-89229 | 127,559 | |
| FAA P.O. - Goodnews Bay Airport runway edge lighting | DOTPF | | 20.999 | DTFAA 05-A-00009 | 351 | |
| Takotna A/P Electrical line extension FAA FRH52265 | DOTPF | | 20.999 | DTFAA 05-A-00009 | 211,929 | |
| Barrow A/P Access Rd & Parking Lot Rehab FAA | DOTPF | | 20.999 | DTFAA 06-A-00006 | 85,758 | |
| FAA P.O. - Nightmute Airport runway edge lighting | DOTPF | | 20.999 | DTFAA 06-A-00009 | 1,358 | |
| FAA P.O. - Atka Airport Lighting | DOTPF | | 20.999 | DTFAA 06-X-00009 | (51,343) | |
| FAA P.O. - Goodnews Bay Airport Install Papi & REILs | DOTPF | | 20.999 | DTFAAL 05-X-00011 | (548) | |
| FAA P.O. - Kongiganak Airport Lighting | DOTPF | | 20.999 | DTFAWA-06-A00009 | 443 | |
| Cue Based Pilot Training FAA FRH52510 | DOTPF | | 20.999 | FAA-DTFAAL-09-C-00020 | 529,373 | |
| Northern Region PAPIs and REIL's FFy05 | DOTPF | | 20.999 | FAA-DTFAAL-05-A-00002 | 290,916 | |
| Perryville A/P Lighting FAA FRH57892 | DOTPF | | 20.999 | FAA-DTFAWA-04A-00003 | (39,015) | |
| FAA P.O. - Kohkanok Airport Lighting | DOTPF | | 20.999 | FAA-DTFAWA-04-A-00003 | (31,600) | |
| FAA P.O. - Kohkanok Airport Lighting | DOTPF | | 20.999 | FAA-DTFAWA-05-A-000011 | (23,974) | |
| FAA P.O. - Tuntutuliak Airport runway edge lighting | DOTPF | | 20.999 | FAA-FAWA-26--A00009 | 56,479 | |
| Contract with FHWA Office of Acquisition Management for CLARUS | DOTPF | | 20.999 | FHWA-HAAM 40F | 92 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|--|----------------------|-----------------------|
| Motor Carrier Safety Assistance | DOTPF | | 20.999 | FHWA-MN10021 | 34,989 | |
| Metarvik Evacuation Rd FHWA | DOTPF | | 20.999 | FRH80611 | 393,460 | |
| Klawock Causeway Fish Passage FHWA | DOTPF | | 20.999 | NA09NMF4630301 | 422,036 | |
| Miscellaneous (Pass-through Oil Spill Recovery Institute) | UofA | | 20.999 | 39365 | 17,500 | |
| Total for U.S. DEPARTMENT OF TRANSPORTATION | | | | | 646,489,985 | 14,386,322 |
| <u>U.S. DEPARTMENT OF TREASURY</u> | | | | | | |
| Rural Banking and Financial Services Education | DCCED | | 21.999 | 08PA041 | 41,750 | 41,750 |
| Jobs and Growth Tax Relief Reconciliation Act of 2002 | DCCED | | 21.999 | Jobs & Growth Tax Relief Reconciliation | 8,450 | 8,450 |
| Jobs and Growth Tax Relief Reconciliation Act of 2002 | DCCED | | 21.999 | Jobs & Growth Tax Relief Reconciliation Act of | 50,000 | 50,000 |
| Jobs and Growth Tax Relief Reconciliation Act of 2003 | DEED | | 21.999 | 17100 | 546,384 | |
| Total for U.S. DEPARTMENT OF TREASURY | | | | | 646,584 | 100,200 |
| <u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u> | | | | | | |
| Employment Discrimination - State and Local Fair Employment Practices Agency Contracts | OG | | 30.002 | | 160,384 | |
| Total for U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | | | | | 160,384 | - |
| <u>U.S. GENERAL SERVICES ADMINISTRATION</u> | | | | | | |
| Donation of Federal Surplus Personal Property | DOA | | 39.003 | | 81,282 | |
| Election Reform Payments | OG | | 39.011 | | 219,213 | |
| Total for U.S. GENERAL SERVICES ADMINISTRATION | | | | | 300,495 | - |
| <u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u> | | | | | | |
| Science | UofA | | 43.001 | | 184,385 | |
| Miscellaneous (Pass-through University of Tennessee, Knoxville) | UofA | | 43.999 | A11-0338-S001 | 4,812 | |
| Miscellaneous (Pass-through Alaska Challenger Center For Space Science Technology, Inc.) | UofA | | 43.999 | S12985 | 94,451 | |
| Miscellaneous | UofA | | 43.999 | | 459,864 | 155,014 |
| Total for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | 743,512 | 155,014 |
| <u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u> | | | | | | |
| Museums for America | UofA | | 45.301 | | 49,726 | |
| 21st Century Museum Professionals | DEED | | 45.307 | 17276 | 3,500 | |
| Grants to States | DEED | | 45.310 | 17336 | 955,657 | 741,635 |
| Grants to States | UofA | | 45.310 | ADN510238 | 12,571 | |
| Grants to States | UofA | | 45.310 | EN 510263 | 52,066 | |
| Grants to States | UofA | | 45.310 | EN510264 | 9,023 | |
| Grants to States | UofA | | 45.310 | Grant Dated 7/14/10 | 85,028 | |
| Grants to States | UofA | | 45.310 | InterLibrary Cooperation Grant | 12,459 | |
| Grants to States | UofA | | 45.310 | LS-00-10-0002-10/Pending | 19,716 | |
| Laura Bush 21st Century Librarian Program | DEED | | 45.313 | 17258 | 69,731 | |
| Total for INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | | 1,269,477 | 741,635 |
| <u>NATIONAL ENDOWMENT FOR THE ARTS</u> | | | | | | |
| Promotion of the Arts-Grants to Organizations and Individuals | DEED | | 45.024 | 17212 | 12,000 | |
| Promotion of the Arts-Partnership Agreements | DEED | | 45.025 | 17335 | 787,538 | 312,210 |
| Promotion of the Arts-Partnership Agreements | UofA | | 45.025 | FY10CAD0040 | 73 | |
| Promotion of the Arts-Partnership Agreements | UofA | | 45.025 | FY11CAD0033 | 3,500 | |
| Total for NATIONAL ENDOWMENT FOR THE ARTS | | | | | 803,111 | 312,210 |
| <u>NATIONAL SCIENCE FOUNDATION</u> | | | | | | |
| Engineering Grants | UofA | | 47.041 | | 146,456 | 49,529 |
| Geosciences (Pass-through WGBH Educational Foundation) | UofA | | 47.050 | 2008000779A | 7,392 | |
| Geosciences | UofA | | 47.050 | | 898,334 | |
| Computer and Information Science and Engineering (Pass-through Carnegie Mellon University) | UofA | | 47.070 | 1120822-184882 | 29,400 | |
| Computer and Information Science and Engineering | UofA | | 47.070 | | 161,964 | |
| Biological Sciences | UofA | | 47.074 | | 284,487 | |
| Social, Behavioral, and Economic Sciences | UofA | | 47.075 | | 88,968 | |
| Education and Human Resources | UofA | | 47.076 | | 1,858,873 | |
| Polar Programs (Pass-through Columbia University) | UofA | | 47.078 | 3 (ACCT 5-24906) | 6,843 | |
| Polar Programs | UofA | | 47.078 | | 660,031 | |
| International Science and Engineering (OISE) | UofA | | 47.079 | | 1,219 | |
| Office of Experimental Program to Stimulate Competitive Research | UofA | | 47.081 | | 93,021 | |
| ARRA-Trans-NSF Recovery Act Research Support | UofA | ARRA | 47.082 | | 878,836 | |
| Miscellaneous | UofA | | 47.999 | | 151,111 | |
| Total for NATIONAL SCIENCE FOUNDATION | | | | | 5,266,935 | 49,529 |
| <u>U.S. SMALL BUSINESS ADMINISTRATION</u> | | | | | | |
| 8(a) Business Development Program | UofA | | 59.006 | | 84,783 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| Small Business Development Centers | UofA | | 59.037 | | 722,845 | |
| Total for U.S. SMALL BUSINESS ADMINISTRATION | | | | | 807,628 | - |
| <u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u> | | | | | | |
| Veterans Housing - Guaranteed and Insured Loans | AHFC | | 64.114 | | 8,684,201 | |
| State Approving Agency | DMVA | | 64.999 | 35091/P-5101 | 76,042 | |
| Traffic Mitigation in to new VA clinic | DOTPF | | 64.999 | USDVA FRH 51790 | 10,723 | |
| Total for U.S. DEPARTMENT OF VETERANS AFFAIRS | | | | | 8,770,966 | - |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | | | | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | AEA | | 66.034 | XA-960429-01 | 7,536 | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | DEC | | 66.034 | | 229,521 | |
| ARRA-State Clean Diesel Grant Program | DEC | ARRA | 66.040 | | 933,644 | |
| State Clean Diesel Grant Program | AEA | | 66.040 | DS96077901 | 46,733 | |
| State Clean Diesel Grant Program | ARRC | | 66.040 | 2D-00JO4201-0 | 509,915 | |
| State Clean Diesel Grant Program | DEC | | 66.040 | | 65,158 | |
| Congressionally Mandated Projects | DCCED | | 66.202 | XP00J26701 | 1,622,179 | 84,103 |
| Congressionally Mandated Projects | DCCED | | 66.202 | XP-96035001-6 | 935 | |
| Congressionally Mandated Projects | DEC | | 66.202 | | 31,319,039 | 3,466,859 |
| Congressionally Mandated Projects | UofA | | 66.202 | | 209,346 | |
| State Environmental Justice Cooperative Agreement Program | DEC | | 66.312 | | 23,659 | |
| Water Pollution Control State, Interstate, and Tribal Program Support | DEC | | 66.419 | | 329,781 | |
| State Public Water System Supervision | DEC | | 66.432 | | 2,454,628 | |
| State Underground Water Source Protection | DOA | | 66.433 | | 130,000 | |
| ARRA-Water Quality Management Planning | DEC | ARRA | 66.454 | | 101,514 | |
| Water Quality Management Planning | DEC | | 66.454 | | 123,000 | |
| ARRA-Capitalization Grants for Clean Water State Revolving Funds | DEC | ARRA | 66.458 | | 13,772,032 | 13,332,462 |
| Capitalization Grants for Clean Water State Revolving Funds | DEC | | 66.458 | | 2,954,223 | 2,769,126 |
| ARRA-Capitalization Grants for Drinking Water State Revolving Funds | DEC | ARRA | 66.468 | | 9,747,547 | 9,115,455 |
| Capitalization Grants for Drinking Water State Revolving Funds | DEC | | 66.468 | | 8,424,959 | 5,293,470 |
| Beach Monitoring and Notification Program Implementation Grants | DEC | | 66.472 | | 240,610 | 39,963 |
| Water Protection Grants to the States | DEC | | 66.474 | | 32,101 | |
| Office of Research and Development Consolidated | DEC | | 66.511 | | 40,286 | |
| Performance Partnership Grants | DEC | | 66.605 | | 4,976,349 | 219,518 |
| Environmental Information Exchange Network Grant Program and Related Assistance | DEC | | 66.608 | | 32,694 | |
| Consolidated Pesticide Enforcement Cooperative Agreements | DEC | | 66.700 | | 303,295 | |
| Pollution Prevention Grants Program | DEC | | 66.708 | | 117,357 | |
| Underground Storage Tank Prevention, Detection and Compliance Program | DEC | | 66.804 | | 360,605 | |
| ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action | DEC | ARRA | 66.805 | | 405,242 | |
| Leaking Underground Storage Tank Trust Fund Corrective Action | DEC | | 66.805 | | 493,163 | |
| Superfund State and Indian Tribe Core Program Cooperative Agreements | DEC | | 66.809 | | 116,681 | |
| State and Tribal Response Program Grants | DEC | | 66.817 | | 688,245 | |
| LUST Trust Cost Recovery | DEC | | 66.999 | LUST Trust Cost Recovery | 3,916 | |
| EPA-IPA for AI Schuler | DEC | | 66.999 | MO1110BDR052 | 25,534 | |
| Miscellaneous (Pass-through Venetie Village Council) | UofA | | 66.999 | S00013808 | 4,288 | |
| Total for U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | 80,845,715 | 34,320,956 |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | | | |
| ARRA-State Energy Program | AEA | ARRA | 81.041 | DE-EE0000217 | 702,863 | 662,949 |
| ARRA-State Energy Program | AHFC | ARRA | 81.041 | | 3,039,130 | 1,030,616 |
| State Energy Program | AEA | | 81.041 | DE-EE0004501 | 53,811 | |
| State Energy Program | AEA | | 81.041 | DE-FOA0000308 | 88,000 | |
| State Energy Program | AHFC | | 81.041 | | 106,390 | |
| ARRA-Weatherization Assistance for Low-Income Persons | AHFC | ARRA | 81.042 | | 4,267,726 | 2,024,782 |
| Weatherization Assistance for Low-Income Persons | AHFC | | 81.042 | | 3,887,303 | 873,104 |
| Renewable Energy Research and Development (Pass-through from University of Washington) | AEA | | 81.087 | DE-EE0001110 | 8,674 | |
| Renewable Energy Research and Development | AEA | | 81.087 | DE-FG36-05GO85038 | 395,883 | 393,618 |
| Fossil Energy Research and Development | UofA | | 81.089 | | 257,460 | |
| Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance | AEA | | 81.117 | DE-FG3604R021600 | 638 | |
| ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis | DCCED | ARRA | 81.122 | DE-OE0000170 | 94,555 | |
| ARRA-Energy Efficient Appliance Rebate Program (EEARP) | AHFC | ARRA | 81.127 | | 234,503 | |
| ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) | AEA | ARRA | 81.128 | DE-EE0000827 | 1,477,531 | 1,175,444 |
| ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) | AHFC | ARRA | 81.128 | | 1,591,277 | 1,541,533 |
| ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) | UofA | ARRA | 81.128 | 02/10-01 ARRA | 2,884 | |
| Miscellaneous | UofA | | 81.999 | Pending | 1,933 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | UofA | | 81.999 | Subcontract #4000098845 | 39,218 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| Miscellaneous | UofA | | 81.999 | | 3,000 | |
| Total for U.S. DEPARTMENT OF ENERGY | | | | | 16,252,779 | 7,702,046 |
| U.S. DEPARTMENT OF EDUCATION | | | | | | |
| Education of Homeless Children and Youth Cluster | | | | | | |
| Education for Homeless Children and Youth | DEED | | 84.196 | 17257 | 176,626 | 154,484 |
| ARRA-Education for Homeless Children and Youth, Recovery Act | DEED | ARRA | 84.387 | 17193 | 140,225 | 140,225 |
| Total for Education of Homeless Children and Youth Cluster | | | | | 316,851 | 294,709 |
| Early Intervention Services (IDEA) Cluster | | | | | | |
| Special Education - Grants for Infants and Families | DHSS | | 84.181 | | 1,872,005 | 1,315,200 |
| ARRA-Special Education-Grants for Infants and Families, Recovery Act | DHSS | ARRA | 84.393 | | 1,609,806 | 997,932 |
| ARRA-Special Education - Grants for Infants and Families, Recovery Act | UofA | ARRA | 84.393 | EN 0611465 | 20,000 | |
| ARRA-Special Education - Grants for Infants and Families, Recovery Act | UofA | ARRA | 84.393 | EN 611455 | 119,029 | |
| ARRA-Special Education - Grants for Infants and Families, Recovery Act | UofA | ARRA | 84.393 | EN 611464 | 34,501 | |
| Total for Early Intervention Services (IDEA) Cluster | | | | | 3,655,341 | 2,313,132 |
| Educational Technology State Grants Cluster | | | | | | |
| Education Technology State Grants | DEED | | 84.318 | 17241 | 1,569,885 | 1,539,396 |
| ARRA-Education Technology State Grants, Recovery Act | DEED | ARRA | 84.386 | 17197 | 1,248,649 | 1,248,649 |
| Total for Educational Technology State Grants Cluster | | | | | 2,818,534 | 2,788,045 |
| Impact Aid Cluster | | | | | | |
| Impact Aid | DEED | | 84.041 | 17238 | 39,625,809 | |
| ARRA-Impact Aid -School Construction Formula Grants, Recovery Act | DEED | ARRA | 84.404 | 17238 | 32,832 | |
| Total for Impact Aid Cluster | | | | | 39,658,641 | - |
| Independent Living Services for Older Individuals who are Blind Cluster | | | | | | |
| Rehabilitation Services - Independent Living Services for Older Individuals who are Blind | DLWD | | 84.177 | 827 | 242,382 | 221,850 |
| ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act | DLWD | ARRA | 84.399 | 894 | 1,170 | |
| Total for Independent Living Services for Older Individuals who are Blind Cluster | | | | | 243,552 | 221,850 |
| Independent Living State Grants Cluster | | | | | | |
| Independent Living - State Grants | DLWD | | 84.169 | 823 | 355,011 | 296,601 |
| ARRA-Independent Living State Grants, Recovery Act | DLWD | ARRA | 84.398 | 890 | 76,965 | 76,965 |
| Total for Independent Living State Grants Cluster | | | | | 431,976 | 373,566 |
| Special Education Cluster (IDEA) | | | | | | |
| Special Education - Grants to States | DEED | | 84.027 | 17232 | 33,923,266 | 30,249,366 |
| Special Education - Grants to States | UofA | | 84.027 | ADN 0500136/10.157.02 | (26) | |
| Special Education - Grants to States | UofA | | 84.027 | EN 510035 | 32,111 | |
| Special Education - Grants to States | UofA | | 84.027 | EN 510262 | 6,614 | |
| Special Education - Grants to States | UofA | | 84.027 | EN0510658 FS11.156.03 | 28,475 | |
| Special Education - Preschool Grants | DEED | | 84.173 | 17242 | 1,208,266 | 1,164,775 |
| ARRA-Special Education Grants to States, Recovery Act | DEED | ARRA | 84.391 | 17191 | 17,805,179 | 17,805,179 |
| ARRA-Special Education-Preschool Grants, Recovery Act | DEED | ARRA | 84.392 | 17192 | 910,989 | 910,989 |
| Total for Special Education Cluster (IDEA) | | | | | 53,914,874 | 50,130,309 |
| Student Financial Assistance Programs Cluster | | | | | | |
| Federal Supplemental Educational Opportunity Grants | UofA | | 84.007 | | 980,262 | |
| Federal Work-Study Program | UofA | | 84.033 | | 420,147 | |
| ARRA-Federal Pell Grant Program | UofA | ARRA | 84.063 | | (509,486) | |
| Federal Pell Grant Program | DLWD | | 84.063 | 815 | 414,263 | |
| Federal Pell Grant Program | UofA | | 84.063 | | 24,572,867 | |
| Federal Direct Student Loans | DLWD | | 84.268 | 837 | 419,513 | |
| Federal Direct Student Loans | UofA | | 84.268 | | 76,097,269 | |
| Academic Competitiveness Grants | UofA | | 84.375 | | 154,111 | |
| National Science and Mathematics Access to Retain Talent (SMART) Grants | UofA | | 84.376 | | 516,039 | |
| Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | UofA | | 84.379 | | 63,569 | |
| Federal Family Education Loans | ASLC | | 84.032L | | (4,996,164) | |
| Total for Student Financial Assistance Programs Cluster | | | | | 98,132,390 | - |
| State Fiscal Stabilization Fund Cluster | | | | | | |
| ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, | DEED | ARRA | 84.394 | 17398 | 64,232,288 | 59,697,276 |
| ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act | DCCED | ARRA | 84.397A | S397A090002 | 4,698,125 | 4,660,046 |
| Total for State Fiscal Stabilization Fund Cluster | | | | | 68,930,413 | 64,357,322 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| School Improvement Grants Cluster | | | | | | |
| School Improvement Grants | DEED | | 84.377 | 17165 | 985,154 | 864,818 |
| ARRA-State Improvement Grants, Recovery Act | DEED | ARRA | 84.388 | 17198 | 1,279,323 | 1,233,783 |
| Total for School Improvement Grants Cluster | | | | | 2,264,477 | 2,098,601 |
| Title I, Part A Cluster | | | | | | |
| Title I Grants to Local Educational Agencies | DEED | | 84.010 | 17126 | 36,244,706 | 35,900,493 |
| ARRA-Title I Grants to Local Educational Agencies, Recovery Act | DEED | ARRA | 84.389 | 17194 | 17,353,821 | 17,353,821 |
| Total for Title I, Part A Cluster | | | | | 53,598,527 | 53,254,314 |
| Teacher Quality Partnership Grants Cluster | | | | | | |
| Teacher Quality Partnership Grants | UofA | | 84.336 | | 864,706 | 250,390 |
| Total for Teacher Quality Partnership Grants Cluster | | | | | 864,706 | 250,390 |
| TRIO Cluster | | | | | | |
| TRIO - Student Support Services | UofA | | 84.042 | | 488,551 | |
| TRIO - Talent Search | UofA | | 84.044 | | 700,623 | |
| TRIO - Upward Bound | UofA | | 84.047 | | 1,338,373 | 161,905 |
| TRIO - Educational Opportunity Centers | UofA | | 84.066 | | 634,188 | |
| Total for TRIO Cluster | | | | | 3,161,735 | 161,905 |
| Vocational Rehabilitation Cluster | | | | | | |
| Rehabilitation Services - Vocational Rehabilitation Grants to States | DLWD | | 84.126 | 819 | 11,527,653 | 124,407 |
| ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act | DLWD | ARRA | 84.390A | 892 | 723,781 | 84,236 |
| Total for Vocational Rehabilitation Cluster | | | | | 12,251,434 | 208,643 |
| Adult Education - Basic Grants to States | DLWD | | 84.002 | 813/87046 | 955,280 | 836,598 |
| Adult Education - Basic Grants to States | UofA | | 84.002 | ADN 710564 | 119,885 | |
| Adult Education - Basic Grants to States | UofA | | 84.002 | ADN 770016 | (5) | |
| Adult Education - Basic Grants to States | UofA | | 84.002 | EN 705601 | (286) | |
| Adult Education - Basic Grants to States | UofA | | 84.002 | EN 715601 | 58,826 | |
| Adult Education - Basic Grants to States | UofA | | 84.002 | EN 715602 | 30,025 | |
| Adult Education - Basic Grants to States | UofA | | 84.002 | EN 715603 | 24,653 | |
| Migrant Education - State Grant Program | DEED | | 84.011 | 17127 | 7,829,990 | 7,187,190 |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | DEED | | 84.013 | 17129 | 247,696 | 245,751 |
| Higher Education - Institutional Aid | UofA | | 84.031 | | 12,033,767 | 22,500 |
| Career and Technical Education - Basic Grants to States | DEED | | 84.048 | 17244 | 3,782,793 | 2,497,687 |
| Career and Technical Education - Basic Grants to States | UofA | | 84.048 | 45-11-0805 | 1,850 | |
| Career and Technical Education - Basic Grants to States | UofA | | 84.048 | EN 510107 Amend 1 | 2,745 | |
| Career and Technical Education - Basic Grants to States | UofA | | 84.048 | EN 510145 | 12,969 | |
| Career and Technical Education - Basic Grants to States | UofA | | 84.048 | EN 510429 | 98,327 | |
| Career and Technical Education - Basic Grants to States | UofA | | 84.048 | EN 510590 | 47,994 | |
| Fund for the Improvement of Postsecondary Education | UofA | | 84.116 | | 463,520 | |
| Migrant Education - Coordination Program | DEED | | 84.144 | 17167 | 13,947 | |
| Rehabilitation Services - Client Assistance Program | DEED | | 84.161 | 17152 | 124,563 | |
| Safe and Drug-Free Schools and Communities - National Programs | DEED | | 84.184 | 17220 | 91,838 | |
| Byrd Honors Scholarships | DEED | | 84.185 | 17254 | 98,625 | |
| Safe and Drug-Free Schools and Communities - State Grants | DEED | | 84.186 | 17255 | 451,677 | 439,073 |
| Supported Employment Services for Individuals with the Most Significant | DLWD | | 84.187 | 830 | 320,802 | |
| Even Start - State Educational Agencies | DEED | | 84.213 | 17264 | 290,647 | 273,753 |
| Fund for the Improvement of Education | DEED | | 84.215 | 17231 | 95,666 | |
| Fund for the Improvement of Education | UofA | | 84.215 | | (85) | |
| Assistive Technology | DLWD | | 84.224 | 834 | 430,289 | 425,000 |
| Tech-Prep Education | DEED | | 84.243 | 17246 | 281,121 | |
| Tech-Prep Education | UofA | | 84.243 | EN 510108 | 279,058 | |
| Tech-Prep Education | UofA | | 84.243 | EN500150 | 882 | |
| Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training | DLWD | | 84.265 | 836 | 23,597 | |
| Twenty-First Century Community Learning Centers | DEED | | 84.287 | 17271 | 5,829,096 | 5,674,113 |
| Indian Education, Special Programs for Indian Children | UofA | | 84.299 | | 246,751 | |
| Education Research, Development and Dissemination | UofA | | 84.305 | | 452,343 | |
| Special Education - State Personnel Development | DEED | | 84.323 | 17159 | 290,377 | 18,824 |
| Special Education - State Personnel Development | UofA | | 84.323 | ADN 0500138/FS10.168.01 | 2,230 | |
| Special Education - State Personnel Development | UofA | | 84.323 | ADN 510312 | 216,527 | |
| Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants) | DEED | | 84.330 | 17122 | 31,794 | |
| Grants to States for Workplace and Community Transition Training for Incarcerated Individuals | DOC | | 84.331 | Q331A100002 | 54,483 | |
| Transition to Teaching | DEED | | 84.350 | 17164 | 599,968 | |
| Alaska Native Educational Programs (Pass-through Alaska Native Heritage | UofA | | 84.356 | Agreement Dated 12/08/10 | 9,225 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|-------------|-------------|-----------------------------------|----------------------|-----------------------|
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | UofA | | 84.356 | MOA Dtd 07/14/10 | 7,972 | |
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | UofA | | 84.356 | MOA Dtd 08/17/10 | 8,306 | |
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | UofA | | 84.356 | MOA Dtd 10/01/09 E-mail Dtd5/10 | 832 | |
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | UofA | | 84.356 | MOA Dtd 11/06/09 E-mail Dtd5/10 | 1,175 | |
| Alaska Native Educational Programs | UofA | | 84.356 | | 4,339,381 | 277,647 |
| Reading First State Grants | DEED | | 84.357 | 17273 | 90,869 | 86,706 |
| Rural Education | DEED | | 84.358 | 17373 | 73,434 | 51,503 |
| Native Hawaiian Education (Pass-through Pacific Tsunami Museum, Inc.) | UofA | | 84.362 | MOA PTM09/01/10 | 28,658 | |
| School Leadership | DEED | | 84.363 | 17189 | 134,000 | |
| English Language Acquisition Grants | DEED | | 84.365 | 17175 | 1,330,423 | 1,186,147 |
| Mathematics and Science Partnerships | DEED | | 84.366 | 17252 | 396,147 | 384,777 |
| Improving Teacher Quality State Grants | DEED | | 84.367 | 17172 | 16,103,990 | 15,725,360 |
| Improving Teacher Quality State Grants | UofA | | 84.367 | HE 11.159.01 | 16,448 | |
| Grants for State Assessments and Related Activities | DEED | | 84.369 | 17171 | 4,226,728 | |
| Grants for State Assessments and Related Activities | UofA | | 84.369 | 510294 | 5,119 | |
| Grants for State Assessments and Related Activities | UofA | | 84.369 | EN 510669 | 2,414 | |
| Striving Readers | DEED | | 84.371 | 17211 | 74,758 | |
| Transition Programs for Students with Intellectual Disabilities into Higher Education Jobs Fund | UofA | | 84.407 | | 57,808 | |
| Education Jobs Fund | DEED | | 84.410 | 17239 | 1,497,752 | 1,494,383 |
| Fund for Justice and Education for the Color of Justice Program (Pass-through Council on Legal Education Opportunity) | COURT | | 84.936 | | 3,650 | |
| Amchitka Oversight Monitoring | DEC | | 84.999 | DE-FG01-06LM00075 | 143,415 | |
| Consolidated Programs IASA Admin | DEED | | 84.999 | 17300 | 648,157 | |
| Miscellaneous (Pass-through National Writing Project Corporation) | UofA | | 84.999 | Contract 09-AK02 | 89,997 | |
| Miscellaneous | UofA | | 84.999 | PNWPC001 | 38,154 | |
| Miscellaneous (Pass-through WestEd) | UofA | | 84.999 | S11-030 | 56,156 | |
| Leveraging Educational Assistance Partnership | ACPE | | 84.069A | N069A100002 | 51,811 | |
| Leveraging Educational Assistance Partnership | ACPE | | 84.069B | N069B100001 | 70,660 | |
| College Access Challenge Grant Program | ACPE | | 84.378A | P378A090025 | 330,000 | |
| College Access Challenge Grant Program | ACPE | | 84.378A | P378A100025 | 14,434 | |
| Total for U.S. DEPARTMENT OF EDUCATION | | | | | 406,031,549 | 213,279,798 |
| <u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u> | | | | | | |
| National Historical Publications and Records Grants | DEED | | 89.003 | 17141 | 24,606 | |
| Total for NATIONAL ARCHIVES AND RECORDS ADMINISTRATION | | | | | 24,606 | - |
| <u>DENALI COMMISSION</u> | | | | | | |
| Denali Commission Program | AEA | | 90.100 | 366 | 53,740 | |
| Denali Commission Program | AEA | | 90.100 | Various | 11,308,940 | 9,059,572 |
| Denali Commission Program | AHFC | | 90.100 | | 3,482,667 | 3,482,667 |
| Denali Commission Program | DCCED | | 90.100 | 0074-DC-2002-127 | 64,007 | (1,206) |
| Denali Commission Program | DCCED | | 90.100 | 01315-00 | 1,584 | |
| Denali Commission Program | DCCED | | 90.100 | 186-05 | 78,385 | |
| Denali Commission Program | DEC | | 90.100 | | 45,628 | |
| Denali Commission Program | DHSS | | 90.100 | | 544,166 | |
| Denali Commission Program | DLWD | | 90.100 | 842 | 1,361,708 | 758,232 |
| Denali Commission Program | DOTPF | | 90.100 | | 1,792,805 | 12,950 |
| Denali Commission Program (Pass-through Alaska Public Broadcasting, Inc.) | UofA | | 90.100 | 174-05 Denali Commission | 44,108 | |
| Denali Commission Program | UofA | | 90.100 | | 576,291 | |
| Total for DENALI COMMISSION | | | | | 19,354,029 | 13,312,215 |
| <u>ELECTION ASSISTANCE COMMISSION</u> | | | | | | |
| Help America Vote Act Requirements Payments | OG | | 90.401 | | 434,119 | |
| Total for ELECTION ASSISTANCE COMMISSION | | | | | 434,119 | - |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | | | |
| <u>Aging Cluster</u> | | | | | | |
| Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | DHSS | | 93.044 | | 1,849,574 | 1,529,525 |
| Special Program for the Aging - Title III, Part C - Nutrition Services | DHSS | | 93.045 | | 3,336,290 | 2,752,551 |
| Nutrition Services Incentive Program | DHSS | | 93.053 | | 380,232 | |
| Total for Aging Cluster | | | | | 5,566,096 | 4,282,076 |
| <u>Child Care and Development Fund Cluster</u> | | | | | | |
| Child Care and Development Block Grant | DHSS | | 93.575 | | 23,344,688 | 6,530,999 |
| Child Care Mandatory and Matching Funds of the Child Care and Development | DHSS | | 93.596 | | 8,048,391 | |
| ARRA-Child Care and Development Block Grant | DHSS | ARRA | 93.713 | | 2,012,681 | 72,000 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| Total for Child Care and Development Fund Cluster | | | | | 33,405,760 | 6,602,999 |
| CSBG Cluster | | | | | | |
| Community Services Block Grant | DCCED | | 93.569 | G09B1AKCOSR | 6,277 | 1 |
| Community Services Block Grant | DCCED | | 93.569 | G10B1AKCOSR | 2,225,746 | 2,101,776 |
| Community Services Block Grant | DCCED | | 93.569 | G11B1AKCOSR | 522,743 | 522,743 |
| ARRA-Community Services Block Grant | DCCED | ARRA | 93.710 | G-0901 AKCOS2 | 953,456 | 953,456 |
| ARRA-Community Services Block Grant (Pass-through Rural Alaska Community Action Program) | UofA | ARRA | 93.710 | Project 1781 | 15,288 | |
| Total for CSBG Cluster | | | | | 3,723,510 | 3,577,976 |
| Head Start Cluster | | | | | | |
| Head Start | DEED | | 93.600 | 17330 | 157,745 | 20,000 |
| Total for Head Start Cluster | | | | | 157,745 | 20,000 |
| Immunization Cluster | | | | | | |
| Immunization Grants | DHSS | | 93.268 | | 15,736,933 | 58,950 |
| ARRA-Immunization | DHSS | ARRA | 93.712 | | 94,560 | |
| Total for Immunization Cluster | | | | | 15,831,493 | 58,950 |
| Medicaid Cluster | | | | | | |
| State Medicaid Fraud Control Units | LAW | | 93.775 | | 601,125 | |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | DCCED | | 93.777 | 05AK50000 | (25,000) | |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | DHSS | | 93.777 | | 483,465 | |
| ARRA-Medical Assistance Program | DHSS | ARRA | 93.778 | | 102,860,329 | |
| Medical Assistance Program | DEED | | 93.778 | 17304 | 737,470 | 737,470 |
| Medical Assistance Program | DHSS | | 93.778 | | 793,282,075 | |
| Total for Medicaid Cluster | | | | | 897,939,464 | 737,470 |
| TANF Cluster | | | | | | |
| Temporary Assistance for Needy Families | DHSS | | 93.558 | | 31,855,780 | |
| ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program | DHSS | ARRA | 93.714 | | 2,061,873 | |
| Total for TANF Cluster | | | | | 33,917,653 | - |
| Compassion Capital Fund | DHSS | | 93.009 | | 202,732 | |
| Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation | DHSS | | 93.041 | | 25,224 | |
| Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care | DHSS | | 93.042 | | 83,900 | |
| Ombudsman Services for Older Individuals | | | | | | |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | DHSS | | 93.043 | | 270,261 | 83,380 |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | UofA | | 93.043 | EN 0604882 | (3,205) | |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | UofA | | 93.043 | EN 693076 | (2,354) | |
| Special Programs for the Aging - Title IV and Title II - Discretionary Projects | DHSS | | 93.048 | | 195,153 | 154,572 |
| National Family Caregiver Support, Title III, Part E | DHSS | | 93.052 | | 719,964 | 732,916 |
| Public Health Emergency Preparedness | DHSS | | 93.069 | | 5,463,067 | 1,354,370 |
| ARRA-Medicare Enrollment Assistance Program | DHSS | ARRA | 93.071 | | 2,133 | |
| Emergency System for Advance Registration of Volunteer Health Professionals | DHSS | | 93.089 | | 92,140 | |
| Maternal and Child Health Federal Consolidated Programs | DHSS | | 93.110 | | 1,370,579 | |
| Maternal and Child Health Federal Consolidated Programs (Pass-through Children's Hospital Los Angeles) | UofA | | 93.110 | Sub Agreement# 228 Amend 2 | (1,390) | |
| Maternal and Child Health Federal Consolidated Programs | UofA | | 93.110 | | 137,671 | 7,726 |
| Environmental Health | UofA | | 93.113 | | 534,523 | 116,343 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | DHSS | | 93.116 | | 474,865 | 52,829 |
| Emergency Medical Services for Children | DHSS | | 93.127 | | 170,471 | |
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | DHSS | | 93.130 | | 684,768 | |
| Injury Prevention and Control Research and State and Community Based | DHSS | | 93.136 | | 167,224 | |
| Projects for Assistance in Transition from Homelessness (PATH) | DHSS | | 93.150 | | 297,623 | 363,140 |
| Grants to States for Loan Repayment Program | DHSS | | 93.165 | | 4,145 | |
| Urban Indian Health Services | DHSS | | 93.193 | | 58,284 | |
| Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC) | DEC | | 93.210 | | 8,326,978 | |
| Family Planning - Services | DHSS | | 93.217 | | 611,502 | 421,326 |
| Traumatic Brain Injury State Demonstration Grant Program | DHSS | | 93.234 | | 35,288 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| State Capacity Building | DHSS | | 93.240 | | 190,875 | |
| State Rural Hospital Flexibility Program | DHSS | | 93.241 | | 568,018 | 126,900 |
| Mental Health Research Grants | UofA | | 93.242 | | 434,509 | |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance | DHSS | | 93.243 | | 893,823 | 388,981 |
| Universal Newborn Hearing Screening | DHSS | | 93.251 | | 275,209 | 56,500 |
| Occupational Safety and Health Program | DHSS | | 93.262 | | - | 25,000 |
| Alcohol Research Programs | UofA | | 93.273 | | 67 | |
| Drug Abuse and Addiction Research Programs | UofA | | 93.279 | | 4,784 | |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | DHSS | | 93.283 | | 7,655,712 | 15,500 |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | UofA | | 93.283 | | 294,415 | |
| Teenage Pregnancy Prevention Program | DHSS | | 93.297 | | 173,740 | |
| Small Rural Hospital Improvement Grant Program | DHSS | | 93.301 | | 156,346 | |
| Advanced Nursing Education Traineeships | UofA | | 93.358 | | 26,795 | |
| Nurse Education, Practice and Retention Grants (Pass-through University of Washington) | UofA | | 93.359 | 699947 | 4,315 | |
| National Center for Research Resources | UofA | | 93.389 | | 312,398 | |
| ARRA-Equipment to Enhance Training for Health Professionals | UofA | ARRA | 93.411 | | 295,144 | |
| ARRA-State Primary Care Office | DHSS | ARRA | 93.414 | | 28,417 | |
| ARRA-Nursing Workforce Diversity | UofA | ARRA | 93.417 | | 311,879 | |
| Strengthening Public Health Infrastructure for Improved Health Outcomes | DHSS | | 93.507 | | 34,611 | |
| Affordable Care Act (ACA) State Health Care Workforce Development Grants | DLWD | | 93.509 | 835 | 47,493 | |
| The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC)and Emerging Infections Program (EIP) Cooperative | DHSS | | 93.521 | | 340,909 | |
| The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities | DHSS | | 93.523 | | 80,006 | |
| Promoting Safe and Stable Families | DHSS | | 93.556 | | 687,899 | 435,972 |
| ARRA-Child Support Enforcement | DOR | ARRA | 93.563 | | 297,000 | |
| Child Support Enforcement | DOR | | 93.563 | | 18,454,392 | |
| Low-Income Home Energy Assistance | AHFC | | 93.568 | | 700,000 | 700,000 |
| Low-Income Home Energy Assistance | DHSS | | 93.568 | | 12,356,459 | |
| State Court Improvement Program | COURT | | 93.586 | 0901AKSCID | 98,402 | |
| State Court Improvement Program | COURT | | 93.586 | 0901AKSCIP | 46,081 | |
| State Court Improvement Program | COURT | | 93.586 | 0901AKSCIT | 79,496 | |
| State Court Improvement Program | COURT | | 93.586 | 1001AKSCID | 19,271 | |
| State Court Improvement Program | COURT | | 93.586 | 1001AKSCIP | 99,101 | |
| Community-Based Child Abuse Prevention Grants | DHSS | | 93.590 | | 279,635 | 263,987 |
| Grants to States for Access and Visitation Programs | COURT | | 93.597 | 0902AKSAVP | 29,277 | |
| Grants to States for Access and Visitation Programs | COURT | | 93.597 | 1002AKSAVP | 72,908 | |
| Chafee Education and Training Vouchers Program (ETV) | DHSS | | 93.599 | | 166,576 | |
| Adoption Incentive Payments | DHSS | | 93.603 | | 107,678 | |
| Voting Access for Individuals with Disabilities - Grants to States | OG | | 93.617 | | 30,866 | |
| Developmental Disabilities Basic Support and Advocacy Grants | DHSS | | 93.630 | | 319,311 | |
| University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For University Centers for Excellence in Developmental Disabilities Education, Research, and Service | UofA | | 93.632 | Subcontract FY2009-034 | (2,567) | |
| University Centers for Excellence in Developmental Disabilities Education, Research, and Service | UofA | | 93.632 | | 561,526 | |
| Children's Justice Grants to States | DHSS | | 93.643 | | 92,723 | |
| Stephanie Tubbs Jones Child Welfare Services Program | DHSS | | 93.645 | | 212,193 | |
| ARRA-Foster Care, Title IV-E | DHSS | ARRA | 93.658 | | 321,522 | |
| Foster Care, Title IV-E | DHSS | | 93.658 | | 15,040,617 | 1,397,500 |
| Foster Care, Title IV-E | UofA | | 93.658 | EN 0604850 | 7,404 | |
| Foster Care, Title IV-E | UofA | | 93.658 | EN 0611406 Amend 1 | 119,241 | |
| Foster Care, Title IV-E | UofA | | 93.658 | EN 0683053 Amend 1 | (22) | |
| ARRA-Adoption Assistance | DHSS | ARRA | 93.659 | | 993,512 | |
| Adoption Assistance | DHSS | | 93.659 | | 10,064,834 | |
| Social Services Block Grant | DHSS | | 93.667 | | 9,195,495 | 865,018 |
| Child Abuse and Neglect State Grants | DHSS | | 93.669 | | 42,317 | |
| Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes | DPS | | 93.671 | | 735,429 | 695,612 |
| Chafee Foster Care Independence Program | DHSS | | 93.674 | | 332,120 | 87,543 |
| ARRA-Trans-NIH Recovery Act Research Support | UofA | ARRA | 93.701 | | 659,320 | |
| ARRA-National Center for Research Resources, Recovery Act Construction | UofA | ARRA | 93.702 | | 570,338 | |
| ARRA-Preventing Healthcare-Associated Infections | DHSS | ARRA | 93.717 | | 135,399 | |
| ARRA-State Grants to Promote Health Information Technology | DHSS | ARRA | 93.719 | | 2,385,368 | |
| ARRA-Health Information Technology Professionals in Health Care (Pass-through Dakota State University) | UofA | ARRA | 93.721 | DS1000003-2-ALASKA | 31,685 | |
| ARRA-IHS Tribal Agreements (Pass-through from ANTHC) | DEC | ARRA | 93.722 | | 6,378,174 | 126,024 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| ARRA-Prevention and Wellness-State, Territories and Pacific Islands | DHSS | ARRA | 93.723 | | 175,247 | |
| ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program | DHSS | ARRA | 93.725 | | 22,094 | 6,000 |
| Children's Health Insurance Program | DHSS | | 93.767 | | 20,215,542 | |
| Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities | DHSS | | 93.768 | | 742,346 | |
| Medicare - Hospital Insurance | DHSS | | 93.773 | | 610,685 | |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | DHSS | | 93.779 | | 69,729 | 223,022 |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | UofA | | 93.779 | RSA 0610626 | 100,078 | |
| Alternatives to Psychiatric Residential Treatment Facilities for Children | DHSS | | 93.789 | | 7,132 | |
| Health Careers Opportunity Program (Pass-through University of Washington) | UofA | | 93.822 | Subcontract 169916 | (438) | |
| Area Health Education Centers Infrastructure Development Awards | UofA | | 93.824 | | 1,477,244 | 1,207,135 |
| Specially Selected Health Projects | DHSS | | 93.888 | | 3,016 | |
| Specially Selected Health Projects | UofA | | 93.888 | | 419,383 | |
| National Bioterrorism Hospital Preparedness Program | DHSS | | 93.889 | | 1,370,014 | 92,258 |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program | DHSS | | 93.912 | | 32,176 | |
| Grants to States for Operation of Offices of Rural Health | DHSS | | 93.913 | | 197,476 | |
| HIV Care Formula Grants | DHSS | | 93.917 | | 1,336,735 | 391,865 |
| Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | DEED | | 93.938 | 17308 | 270,936 | 62,190 |
| HIV Prevention Activities - Health Department Based | DHSS | | 93.940 | | 1,780,951 | 664,111 |
| Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | DHSS | | 93.944 | | 145,006 | |
| Block Grants for Community Mental Health Services | DHSS | | 93.958 | | 770,582 | 510,490 |
| Block Grants for Prevention and Treatment of Substance Abuse | DHSS | | 93.959 | | 4,724,367 | 4,287,548 |
| Block Grants for Prevention and Treatment of Substance Abuse (Pass-through University of Washington) | UofA | | 93.959 | 660357 | 1,136 | |
| Block Grants for Prevention and Treatment of Substance Abuse | UofA | | 93.959 | 602-11-009 | 60,082 | |
| Geriatric Education Centers | UofA | | 93.969 | | 40,325 | |
| Preventive Health Services - Sexually Transmitted Diseases Control Grants | DHSS | | 93.977 | | 394,474 | |
| Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems | DHSS | | 93.988 | | - | 20,000 |
| Preventive Health and Health Services Block Grant | DHSS | | 93.991 | | 301,005 | |
| Maternal and Child Health Services Bock Grant to States | DHSS | | 93.994 | | 1,111,683 | 96,000 |
| FDA Food Inspections | DEC | | 93.999 | HHSF223200100042C | 924,614 | |
| FDA Food Inspections | DEC | | 93.999 | HHSF223200940021C | 213 | |
| Adult Lead Surveillance Data | DHSS | | 93.999 | 030178D4D-CDC | 15,364 | |
| NCHS Contract | DHSS | | 93.999 | 200-2000-07201 | 112,812 | |
| Mammography Inspection | DHSS | | 93.999 | 223-03-4401 | 9,310 | |
| NIOSH Trauma Registry | DHSS | | 93.999 | 243-03-1045 | 86,250 | |
| Acquire satellite imagery for processing into a cue based aviation simulation | DOTPF | | 93.999 | CDC-214-2010-M-32462 | 26,289 | |
| Miscellaneous (Pass-through University of Texas, San Antonio) | UofA | | 93.999 | 3902-65UAF | 13,920 | |
| Miscellaneous (Pass-through AK Network on Domestic Violence & Sexual | UofA | | 93.999 | Contract DTD 2/25/11 | 4,050 | |
| Miscellaneous (Pass-through Iowa State University) | UofA | | 93.999 | Partnership Agreement I.S. | 23,743 | |
| Miscellaneous | UofA | | 93.999 | | 34,883 | |
| Total for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | 1,141,944,166 | 31,311,229 |
| U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | | | |
| State Commissions | DCCED | | 94.003 | 10CAHAK001 | 1,516 | |
| State Commissions | DCCED | | 94.003 | 10CAHAK001 | 225,322 | |
| Learn and Serve America-School and Community Based Programs | DCCED | | 94.004 | 09KSPAK001 | 1,138 | |
| Learn and Serve America-School and Community Based Programs | DCCED | | 94.004 | 09KSPAK001 | 29,896 | 15,408 |
| Learn and Serve America - Higher Education (Pass-through Princeton) | UofA | | 94.005 | Sub 00001316 MOD 3 | 7,493 | |
| ARRA-AmeriCorps | DCCED | ARRA | 94.006 | 09RCHAK001 | 35,827 | 35,827 |
| ARRA-AmeriCorps | DCCED | ARRA | 94.006 | 09RFHAK001 | 9,196 | 9,196 |
| AmeriCorps | DCCED | | 94.006 | 06AFHAK001 | 609,274 | 609,274 |
| AmeriCorps | DCCED | | 94.006 | 07ACHAK001 | 684,065 | 684,065 |
| AmeriCorps | DCCED | | 94.006 | 10ACHAK001 | 646,272 | 646,272 |
| AmeriCorps | DCCED | | 94.006 | 10ESHAK001 | 8,749 | 8,749 |
| Program Development and Innovation Grants | DCCED | | 94.007 | 09CDHAK001 | 21,358 | 5,329 |
| Program Development and Innovation Grants | DCCED | | 94.007 | 09CDHAK001 | 2,573 | |
| Training and Technical Assistance | DCCED | | 94.009 | 08PTHAK001 | 38,236 | 7,494 |
| Training and Technical Assistance | DCCED | | 94.009 | 11PTHAK001 | 33,910 | 18,771 |
| Volunteers in Service to America | UofA | | 94.013 | | 3,723 | |
| Total for U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | | 2,358,548 | 2,040,385 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| <u>SOCIAL SECURITY ADMINISTRATION</u> | | | | | | |
| Disability Insurance/SSI Cluster | | | | | | |
| Social Security - Disability Insurance | DLWD | | 96.001 | 844 | 4,605,368 | |
| Supplemental Security Income | DLWD | | 96.006 | 845 | 285,204 | |
| Total for Disability Insurance/SSI Cluster | | | | | 4,890,572 | - |
| Social Security - Work Incentives Planning and Assistance Program | UofA | | 96.008 | | 76,471 | |
| Incentive Payment Agreement (IPMOU) between SSA and DOC | DOC | | 96.999 | IPMOU | 36,400 | |
| Total for SOCIAL SECURITY ADMINISTRATION | | | | | 5,003,443 | - |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | | | |
| Homeland Security Cluster | | | | | | |
| Citizen Corps | DMVA | | 97.053 | 34030 | 149,011 | 111,811 |
| Homeland Security Grant Program | DOTPF | | 97.067 | | 832,297 | |
| Metropolitan Medical Response System | DMVA | | 97.071 | 34040 | 593,917 | 570,640 |
| Total for Homeland Security Cluster | | | | | 1,575,225 | 682,451 |
| Pilot Demonstration or Earmarked Projects | DMVA | | 97.001 | 35916 | 174,038 | 64,371 |
| State and Local Homeland Security National Training Program (Pass-through University of Hawaii) | UofA | | 97.005 | Z976302 | 15,677 | |
| Boating Safety Financial Assistance | DNR | | 97.012 | | 794,826 | |
| State Access to the Oil Spill Liability Trust Fund | DNR | | 97.013 | | 1,415 | |
| Pre-Disaster Mitigation (PDM) Competitive Grants | DMVA | | 97.017 | 34013 | 136,754 | |
| Community Assistance Program State Support Services Element (CAP-SSSE) | DCCED | | 97.023 | EMS-2010-GR-0004 | 47,501 | |
| Community Assistance Program State Support Services Element (CAP-SSSE) | DCCED | | 97.023 | EMS-2011-GR-0004 | 36,019 | |
| Emergency Management Institute - Training Assistance | DMVA | | 97.026 | 34052 | 19,124 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | ARRC | | 97.036 | 1663-DR-AK | 13,050 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | ARRC | | 97.036 | 1669-DR-AK | 1,200 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | ARRC | | 97.036 | 1796-DR-AK | 1,249,415 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | ARRC | | 97.036 | 1843-DR-AK | 308,292 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | DMVA | | 97.036 | 35036 | 11,146,790 | 10,223,064 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | DOTPF | | 97.036 | 35036 | 15,194,484 | |
| Hazard Mitigation Grant | DMVA | | 97.039 | 35039 | 252,359 | 191,175 |
| National Dam Safety Program | DNR | | 97.041 | | 34,554 | |
| Emergency Management Performance Grants | DMVA | | 97.042 | 35915 | 2,769,742 | 694,444 |
| State Fire Training Systems Grants | DPS | | 97.043 | | 13,811 | |
| Cooperating Technical Partners | DCCED | | 97.045 | EMS-2009-GR-0014 | 32,432 | |
| Cooperating Technical Partners | DCCED | | 97.045 | EMS-2010-GR-0016 | 10,762 | |
| Fire Management Assistance Grant | DNR | | 97.046 | | 2,850,344 | |
| Pre-Disaster Mitigation | ARRC | | 97.047 | HMGP-10PDM-GR34070 | 371 | |
| Pre-Disaster Mitigation | DMVA | | 97.047 | 34064 | 189,083 | 24,814 |
| Emergency Operations Centers | DMVA | | 97.052 | 35925 | 4,192 | 4,192 |
| Interoperable Emergency Communications | DMVA | | 97.055 | 35919 | 124,888 | 124,888 |
| ARRA-Port Security Grant Program | ARRC | ARRA | 97.056 | 2009-PU-RI-0180 | 143 | |
| Port Security Grant Program | ARRC | | 97.056 | 2007-GB-T7-0208 | 5,890 | |
| Port Security Grant Program | ARRC | | 97.056 | 2007-GB-T7-0249 | 4,953 | |
| Port Security Grant Program | ARRC | | 97.056 | 2007-GB-T7-K078 | 28,844 | |
| Port Security Grant Program | ARRC | | 97.056 | 2008-GB-T7-0026 | 44,266 | |
| Port Security Grant Program | ARRC | | 97.056 | 2008-GB-T7-0027 | 41,806 | |
| Port Security Grant Program | ARRC | | 97.056 | 2009-PU-T9-0006 | 24,400 | |
| Port Security Grant Program | ARRC | | 97.056 | 2009-PU-T9-0007 | 24,400 | |
| Port Security Grant Program | DOTPF | | 97.056 | HS-2006-GB-T6-0033 | 769 | |
| National Explosives Detection Canine Team Program | DOTPF | | 97.072 | | 142,250 | |
| State Homeland Security Program (SHSP) | DMVA | | 97.073 | 34050 | 6,230,155 | 4,458,822 |
| Buffer Zone Protection Program (BZPP) | DMVA | | 97.078 | 35554 | 89,073 | 64,657 |
| Earthquake Consortium | DMVA | | 97.082 | 35920 | 108,883 | |
| ARRA-Port Security Grant Program (ARRA) | DOTPF | ARRA | 97.116 | HS 2009-PU-R1-0210 | 5,374 | |
| US Coast Guard Oversight - Kodiak | DEC | | 97.999 | HSCG5010P643H12 | 22,818 | |
| US Coast Guard Oversight - Juneau | DEC | | 97.999 | HSCG8710P6XA001 | 4,978 | |
| US Coast Guard Oversight - Juneau | DEC | | 97.999 | HSCG8711P6XA001 | 9,152 | |
| Miscellaneous Homeland Security - M/V Selendang Oil Spill Response | DFG | | 97.999 | 42708 | 891 | |
| Kodiak A/P USCG Soil Remediation USCG | DOTPF | | 97.999 | FRH53594 | 21,238 | |
| Total for U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | 43,806,631 | 16,532,878 |
| <u>OFFICE OF THE FEDERAL COORDINATOR</u> | | | | | | |
| Office of Federal Coordinator; Lidar Imaging | DNR | | 99.999 | E4036782 | 300,000 | |
| Total for OFFICE OF THE FEDERAL COORDINATOR | | | | | 300,000 | - |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| <u>R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE</u> | | | | | | |
| Agricultural Research-Basic and Applied Research | UofA | | 10.001 | | 1,186,115 | 452,132 |
| Plant and Animal Disease, Pest Control, and Animal Care | UofA | | 10.025 | | 31,974 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through Utah State University) | UofA | | 10.200 | 61553007 | 1,676 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii) | UofA | | 10.200 | ADAP-121-UAF | 2,054 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii) | UofA | | 10.200 | Z936926 | 5,240 | |
| Grants for Agricultural Research, Special Research Grants | UofA | | 10.200 | | 878,516 | 84,306 |
| Cooperative Forestry Research | UofA | | 10.202 | | 498,297 | |
| Payments to Agricultural Experiment Stations Under the Hatch Act | UofA | | 10.203 | | 1,395,854 | |
| Grants for Agricultural Research-Competitive Research Grants | UofA | | 10.206 | | 52,519 | |
| Agriculture and Food Research Initiative (AFRI) | UofA | | 10.310 | | 156,404 | |
| Cooperative Extension Service | UofA | | 10.500 | | 72,309 | |
| Foreign Market Development Cooperator Program | UofA | | 10.600 | | 47,357 | |
| Forestry Research | UofA | | 10.652 | | 4,845 | |
| Cooperative Forestry Assistance | UofA | | 10.664 | | 53,520 | |
| Forest Health Protection (Pass-through Anchorage Park Foundation) | UofA | | 10.680 | Project 147 | 1,955 | |
| Forest Health Protection | UofA | | 10.680 | | 62,174 | |
| Resource Conservation and Development | UofA | | 10.901 | | 29,447 | |
| Soil and Water Conservation (Pass-through University of Idaho) | UofA | | 10.902 | Req 0015680 | 10,460 | |
| Miscellaneous (Pass-through Alaska Association of Conservation Districts) | UofA | | 10.999 | Agreement Dated 7/20/10 | 66,666 | |
| Miscellaneous | UofA | | 10.999 | | 442,003 | |
| Total R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE | | | | | 4,999,385 | 536,438 |
| <u>R&D Cluster for U.S. DEPARTMENT OF COMMERCE</u> | | | | | | |
| Ocean Exploration | UofA | | 11.011 | | 10,009 | |
| Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System) | UofA | | 11.400 | | 309,728 | 234,387 |
| Sea Grant Support | UofA | | 11.417 | | 126,595 | |
| Coastal Zone Management Administration Awards | UofA | | 11.419 | RSA ADN 45-09-0805 | (840) | |
| Coastal Zone Management Estuarine Research Reserves | UofA | | 11.420 | | 26,756 | |
| Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program | UofA | | 11.427 | | 125,298 | |
| Undersea Research | UofA | | 11.430 | | 1,088,465 | 505,216 |
| Climate and Atmospheric Research | UofA | | 11.431 | | 752,186 | |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative | UofA | | 11.432 | | 1,867,979 | 46,457 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | UofA | | 11.438 | ADN 1115958 | 48,281 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | UofA | | 11.438 | RSA 1115951 | 32,864 | |
| Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program | UofA | | 11.438 | RSA 1115959 | 28,132 | |
| Marine Mammal Data Program | UofA | | 11.439 | | 674,967 | |
| Special Oceanic and Atmospheric Projects | UofA | | 11.460 | | 212,553 | |
| ARRA-Habitat Conservation (Pass-through National Fish and Wildlife Foundation DC) | UofA | ARRA | 11.463 | 2008-0066-008 | 69,033 | |
| Meteorologic and Hydrologic Modernization Development | UofA | | 11.467 | | 2,796 | |
| Applied Meteorological Research (Pass-through University of Mississippi) | UofA | | 11.468 | UM 09-09-024 | 161,030 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 1004 | 152,990 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 1005 | 106,029 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 1008 | 15,773 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 1012 | 5,250 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 1022 | 53,789 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 614 | (993) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 702 | (3,086) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 708 | (223) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 714 | 17,240 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 804 | (787) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 805 | 142,587 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 814 | 42,928 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 821 | 18,995 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 828 | 10,116 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 901 | 3,867 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 904 | 16,138 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 908-A | 41,790 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 908-B | 33,682 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 909 | 9,012 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 912 | 20,582 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 913 | 12,072 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 915 | 8,269 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 916 | 22,697 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 918 | 46,775 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 920 | 74,900 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 923 | 18,608 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 927 | 75,721 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 928 | 10,288 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project 929 | 28,646 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B51 | 94,241 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B52 | 25,394 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B53 | 109,179 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B67 | 50,268 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B68 | (18,584) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B75 | (39,562) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project B77 | 64,906 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project G81 | 120,880 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | UofA | | 11.472 | Project G84 | 16,633 | |
| Unallied Science Program | UofA | | 11.472 | | 8,680 | |
| Coastal Services Center (Pass-through University of Maryland, UMCES) | UofA | | 11.473 | CA- 07-11 Z7315-1 | 24,830 | |
| Coastal Services Center (Pass-through University of Maryland, UMCES) | UofA | | 11.473 | CA 10-27 | 228,275 | |
| Coastal Services Center (Pass-through Seward Association for Advancement of Science) | UofA | | 11.473 | H-2201 | 557 | |
| Coastal Services Center (Pass-through Alaska Ocean Observing System) | UofA | | 11.473 | H2221-00 | 79,243 | |
| Coastal Services Center (Pass-through Alaska Ocean Observing System) | UofA | | 11.473 | H2223-00 | 140,349 | |
| Coastal Services Center (Pass-through Alaska Ocean Observing System) | UofA | | 11.473 | H222400/Pending | 136,760 | |
| Educational Partnership Program (Pass-through North Carolina A&T State University) | UofA | | 11.481 | Subagreement 270040E | 64,250 | |
| Miscellaneous | UofA | | 11.999 | | 65,370 | |
| Total R&D Cluster for U.S. DEPARTMENT OF COMMERCE | | | | | 7,691,156 | 786,060 |
| R&D Cluster for U.S. DEPARTMENT OF DEFENSE | | | | | | |
| Collaborative Research and Development (Pass-through University of | UofA | | 12.114 | UM 07-11-041 | 118,451 | |
| Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution) | UofA | | 12.300 | A100585 | 68,842 | |
| Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution) | UofA | | 12.300 | A100694 | 116,974 | 133,918 |
| Basic and Applied Scientific Research | UofA | | 12.300 | | 761,407 | |
| Military Medical Research and Development | UofA | | 12.420 | | 1,035,312 | 9,144 |
| Basic Scientific Research (Pass-through Mississippi State University) | UofA | | 12.431 | 060803-360295-01 | 208,206 | 408,893 |
| Basic Scientific Research (Pass-through Oklahoma State University) | UofA | | 12.431 | AE-5-48940 | 21,643 | |
| Basic Scientific Research | UofA | | 12.431 | | 1,126,289 | |
| Invitational Grants for Military-Connected Schools (Pass-through Anchorage School District) | UofA | | 12.557 | 11-1401 | 16,714 | |
| Basic, Applied, and Advanced Research in Science and Engineering | UofA | | 12.630 | | 92,719 | |
| Air Force Defense Research Sciences Program | UofA | | 12.800 | | 452,298 | |
| Research and Technology Development (Pass-through University of Florida) | UofA | | 12.910 | 1005018/1905-1100068429 | 13,461 | |
| Research and Technology Development | UofA | | 12.910 | | 671,040 | |
| Miscellaneous | UofA | | 12.999 | | 2,873,591 | |
| Total R&D Cluster for U.S. DEPARTMENT OF DEFENSE | | | | | 7,576,947 | 551,955 |
| R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR | | | | | | |
| Cultural Resource Management | UofA | | 15.224 | | 84,047 | |
| Recreation Resource Management | UofA | | 15.225 | | 78,081 | |
| Invasive and Noxious Plant Management | UofA | | 15.230 | | 55,986 | |
| ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe) | UofA | ARRA | 15.231 | BLM0F021-BLM0F025 to 1 | 289,009 | |
| ARRA-Fish, Wildlife and Plant Conservation Resource Management | UofA | ARRA | 15.231 | | 24,362 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through National Fish and Wildlife Foundation DC) | UofA | | 15.231 | 2009-0035-010 | 4,829 | |
| Fish, Wildlife and Plant Conservation Resource Management | UofA | | 15.231 | | 30,712 | |
| Wildland Fire Research and Studies Program (Pass-through University of Nevada, Reno) | UofA | | 15.232 | UNR-11-75 / PO 111GC000031 | 5,792 | |
| Environmental Quality and Protection Resource Management | UofA | | 15.236 | | 132,243 | |
| Rangeland Resource Management | UofA | | 15.237 | | 81,619 | |
| Alaska Coastal Marine Institute | UofA | | 15.421 | | 535,683 | |
| Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through Continental Shelf Association Inc) | UofA | | 15.423 | CSA JOB 2253 | (3,857) | |
| Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas, Austin) | UofA | | 15.423 | UTA-09-000282 | 58,337 | |
| Minerals Management Service (MMS) Environmental Studies Program (ESP) | UofA | | 15.423 | | 669,867 | |
| Fish and Wildlife Management Assistance | UofA | | 15.608 | | 19,146 | |
| Challenge Cost Share | UofA | | 15.642 | | 15,818 | |
| Research Grants (Generic) | UofA | | 15.650 | | 899,202 | 35,000 |
| Assistance to State Water Resources Research Institutes | UofA | | 15.805 | | 80,941 | 14,712 |
| Earthquake Hazards Reduction Program | UofA | | 15.807 | | 25,590 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|--|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| ARRA-U.S. Geological Survey-Research and Data Collection | UofA | ARRA | 15.808 | | 8,869 | |
| U.S. Geological Survey-Research and Data Collection (Pass-through America View, Incorporated) | UofA | | 15.808 | AV08-AK01 | 29,779 | |
| U.S. Geological Survey-Research and Data Collection | UofA | | 15.808 | | 1,441,068 | |
| National Cooperative Geologic Mapping Program | UofA | | 15.810 | | 15,639 | |
| Gap Analysis Program | UofA | | 15.811 | | 235,535 | |
| Cooperative Research Units Program | UofA | | 15.812 | | 1,555,075 | 6,593 |
| Minerals Resources External Research Program | UofA | | 15.816 | | 39,658 | 12,686 |
| ARRA-Volcano Hazards Program Research and Monitoring | UofA | ARRA | 15.818 | | 1,042,014 | |
| Disposal of Surplus Wildlife | UofA | | 15.900 | | 118,859 | |
| Outdoor Recreation-Acquisition, Development and Planning | UofA | | 15.916 | | 39,737 | |
| National Center for Preservation Technology and Training | UofA | | 15.923 | | 4,467 | |
| Pass-through University of Vermont | UofA | | 15.999 | 20118 Initial 2002 | 1,175 | |
| Pass-through Rutgers, The State University of New Jersey | UofA | | 15.999 | 419914-32767 | 815 | |
| Pass-through Hoonah Indian Association | UofA | | 15.999 | MOA Dated 02/01/10 | 912 | |
| Pass-through Rutgers, The State University of New Jersey | UofA | | 15.999 | PO S953776 0000326714-21833 | 33,744 | |
| Miscellaneous | UofA | | 15.999 | | 1,165,201 | 88,351 |
| Total R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR | | | | | 8,819,954 | 157,342 |
| <u>R&D Cluster for U.S. DEPARTMENT OF JUSTICE</u> | | | | | | |
| Title V - Delinquency Prevention Program | UofA | | 16.548 | EN 0611405 | 6,889 | |
| State Justice Statistics Program for Statistical Analysis Centers | UofA | | 16.550 | | 53,346 | |
| Total R&D Cluster for U.S. DEPARTMENT OF JUSTICE | | | | | 60,235 | - |
| <u>R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | | |
| Air Transportation Centers of Excellence | UofA | | 20.109 | | 169,821 | |
| University Transportation Centers Program (Pass-through Portland State) | UofA | | 20.701 | GCA 6384 | 13,336 | |
| University Transportation Centers Program | UofA | | 20.701 | | 2,390,119 | 260,907 |
| Research Grants (Pass-through University of Hawaii) | UofA | | 20.762 | PO Z894269 | 15,814 | |
| Total R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION | | | | | 2,589,090 | 260,907 |
| <u>R&D Cluster for U.S. DEPARTMENT OF TREASURY</u> | | | | | | |
| Miscellaneous | UofA | | 21.999 | | 378,739 | |
| Total R&D Cluster for U.S. DEPARTMENT OF TREASURY | | | | | 378,739 | - |
| <u>R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION</u> | | | | | | |
| Federal Citizen Information Center | UofA | | 39.009 | | 8,922,406 | 58,309 |
| Total R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION | | | | | 8,922,406 | 58,309 |
| <u>R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u> | | | | | | |
| ARRA-Science | UofA | ARRA | 43.001 | | 240,747 | |
| Science (Pass-through JPL) | UofA | | 43.001 | 1241499 | 92,989 | |
| Science (Pass-through Prince William Sound Science Center) | UofA | | 43.001 | 10-65-10 | 173,159 | |
| Science (Pass-through The Aerospace Corporation) | UofA | | 43.001 | PO 4600003770 | 25,091 | |
| Science (Pass-through JPL) | UofA | | 43.001 | Sub 1322658 | 34,022 | |
| Science (Pass-through University of Maryland) | UofA | | 43.001 | Sub Z631501 | 100,480 | |
| Science | UofA | | 43.001 | | 372,554 | |
| Aeronautics (Pass-through University of Colorado) | UofA | | 43.002 | 1545830REF:SPO70172 | 21,537 | |
| Miscellaneous (Pass-through Bermuda Institute of Ocean Sciences) | UofA | | 43.999 | 36800 | 66,908 | |
| Miscellaneous (Pass-through The John Hopkins University) | UofA | | 43.999 | 957706 | 173,561 | |
| Miscellaneous (Pass-through University of California, Berkeley) | UofA | | 43.999 | 1-0001080910 | (446) | |
| Miscellaneous (Pass-through University of South Florida) | UofA | | 43.999 | 2500-1441-00-B | 1,656 | |
| Miscellaneous (Pass-through Montclair State University) | UofA | | 43.999 | NNX09AL03G/PO-S102366 | 66,196 | |
| Miscellaneous (Pass-through SETI Institute) | UofA | | 43.999 | PO 08-SC-1019 | 8,700 | |
| Miscellaneous (Pass-through University of Pittsburgh) | UofA | | 43.999 | Sub 0008149 | 64,336 | |
| Miscellaneous (Pass-through University of New Hampshire) | UofA | | 43.999 | Sub 09-046 | 175,193 | |
| Miscellaneous (Pass-through JPL) | UofA | | 43.999 | Sub 1418562 | 55,413 | |
| Miscellaneous (Pass-through University of Washington) | UofA | | 43.999 | Subcontract 486547 | 101,360 | |
| Miscellaneous (Pass-through University of Maryland) | UofA | | 43.999 | Z627201 | 16,557 | |
| Miscellaneous | UofA | | 43.999 | | 13,816,717 | |
| Total R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | 15,606,730 | - |
| <u>R&D Cluster for NATIONAL SCIENCE FOUNDATION</u> | | | | | | |
| Development Testbed Center Visitor Program (Pass-through National Center for Atmospheric Research) | UofA | | 47.003 | Z11-87895 | 5,371 | |
| Engineering Grants (Pass-through Georgia Institute of Technology) | UofA | | 47.041 | RA0693-G1 / PO #2720014478 | 35,657 | |
| Engineering Grants | UofA | | 47.041 | | 8,393 | |
| Engineering Grants (Pass-through Stanford University) | UofA | | 47.049 | Subaward Number 30891-A | 8,118 | |
| Mathematical and Physical Sciences | UofA | | 47.049 | | 428,658 | |
| Geosciences (Pass-through University of Southern California) | UofA | | 47.050 | 149701 | 51,462 | |
| Geosciences (Pass-through Virginia Polytechnic Institute) | UofA | | 47.050 | 478052-19099 | 45,163 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|-------------|-------------|-----------------------------------|----------------------|-----------------------|
| Geosciences (Pass-through SRI International) | UofA | | 47.050 | 59-001127 | 462,279 | |
| Geosciences (Pass-through Cornell University) | UofA | | 47.050 | 62144-9481 | 14,988 | |
| Geosciences (Pass-through Rutgers University) | UofA | | 47.050 | PO 4150 / S1409651 | 457 | |
| Geosciences (Pass-through Woods Hole Oceanographic Institution) | UofA | | 47.050 | Subaward Number A100638 | 25,974 | |
| Geosciences | UofA | | 47.050 | | 5,939,930 | 244,351 |
| Computer and Information Science and Engineering | UofA | | 47.070 | | 257,638 | 31,426 |
| Biological Sciences (Pass-through University of Washington) | UofA | | 47.074 | 592485 | 18,312 | |
| Biological Sciences (Pass-through South Dakota State University) | UofA | | 47.074 | 3TC097 | 15,900 | |
| Biological Sciences (Pass-through Wright State University) | UofA | | 47.074 | DEB-0926162 | 12,590 | |
| Biological Sciences (Pass-through University of Notre Dame) | UofA | | 47.074 | Subaward Number 201717 | 11,312 | |
| Biological Sciences | UofA | | 47.074 | | 2,671,241 | 188,252 |
| Social, Behavioral, and Economic Sciences | UofA | | 47.075 | | 291,712 | |
| Education and Human Resources | UofA | | 47.076 | | 2,534,777 | |
| ARRA-Polar Programs | UofA | ARRA | 47.078 | | 214,859 | |
| Polar Programs (Pass-through San Diego State University) | UofA | | 47.078 | 53702A 7807 E006811 | 12,040 | |
| Polar Programs (Pass-through Bermuda Institute of Ocean Sciences) | UofA | | 47.078 | BIOS 072145 | 19,801 | |
| Polar Programs (Pass-through University of Maryland, UMCES) | UofA | | 47.078 | CA 08-09 | 145 | |
| Polar Programs (Pass-through Woods Hole Oceanographic Institution) | UofA | | 47.078 | PO S115043 | 1,179 | |
| Polar Programs (Pass-through University of Washington) | UofA | | 47.078 | Subcontract 573685 MOD 1 | 12,560 | |
| Polar Programs | UofA | | 47.078 | | 12,871,251 | 165,806 |
| International Science and Engineering (OISE) (Pass-through U.S. Civilian Research & Development Foundation) | UofA | | 47.079 | RUB22991NO10 | 13,490 | |
| International Science and Engineering (OISE) (Pass-through University of Hawaii, Manoa) | UofA | | 47.079 | Z946967 / PO 660191 | 3,250 | |
| International Science and Engineering (OISE) | UofA | | 47.079 | | 274,372 | |
| ARRA-Trans-NSF Recovery Act Research Support (Pass-through Lehigh | UofA | ARRA | 47.082 | 542068-78001 | 38,254 | |
| ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Washington) | UofA | ARRA | 47.082 | ARRA ARC-0908262 / 657596Z | 7,216 | |
| ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Colorado) | UofA | ARRA | 47.082 | ARRA SPO 0000069542 | 150,103 | |
| ARRA-Trans-NSF Recovery Act Research Support | UofA | ARRA | 47.082 | | 31,579,697 | |
| ARRA-Miscellaneous | UofA | ARRA | 47.999 | | 24,702 | |
| Total R&D Cluster for NATIONAL SCIENCE FOUNDATION | | | | | 58,062,851 | 629,835 |
| <u>R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION</u> | | | | | | |
| Prime Technical Assistance | UofA | | 59.050 | | 164,508 | |
| Total R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION | | | | | 164,508 | - |
| <u>R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | | | | |
| Water Pollution Control State, Interstate, and Tribal Program Support | UofA | | 66.419 | RS/1800017/EN 1800502 | 289 | |
| Water Pollution Control State, Interstate, and Tribal Program Support | UofA | | 66.419 | RS1810168/EN 1810521 | 20,722 | |
| P3 Award: National Student Design Competition for Sustainability | UofA | | 66.516 | | 6,718 | |
| Miscellaneous (Pass-through NatureServe) | UofA | | 66.999 | EP-W-07-080 (WA 3-20) | 47,747 | |
| Miscellaneous (Pass-through NatureServe) | UofA | | 66.999 | EPW-07-080(WA2-11&WA2-14) | 24,770 | |
| Miscellaneous (Pass-through Kenai Watershed Forum) | UofA | | 66.999 | KWF-UAF-001 | (34) | |
| Total R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | 100,212 | - |
| <u>R&D Cluster for U.S. DEPARTMENT OF ENERGY</u> | | | | | | |
| Office of Science Financial Assistance Program | UofA | | 81.049 | | 895,182 | |
| ARRA-Renewable Energy Research and Development | UofA | ARRA | 81.087 | | 529,734 | |
| Renewable Energy Research and Development (Pass-through Ocean Renewable Power Company-Alaska) | UofA | | 81.087 | Agreement Signed 06/10/2010 | 8,903 | |
| Renewable Energy Research and Development (Pass-through Electric Power Research Institute) | UofA | | 81.087 | EP-P36535/C16572 | 48,754 | |
| Renewable Energy Research and Development (Pass-through Electric Power Research Institute) | UofA | | 81.087 | EP-P37092/C16755 | 90,613 | |
| Fossil Energy Research and Development (Pass-through Sandia National Laboratories) | UofA | | 81.089 | Contract 643168 | 145,740 | |
| Fossil Energy Research and Development (Pass-through Sandia National Laboratories) | UofA | | 81.089 | Standard PO: 746154 | 19,698 | |
| Fossil Energy Research and Development | UofA | | 81.089 | | 955,291 | 48,008 |
| Energy Efficiency and Conservation Block Grant Program (EECBG) | UofA | | 81.128 | 400114 /EEC-10-ISR-1 | 37,766 | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) (Pass-through Fairbanks North Star Borough) | UofA | | 81.128 | PO 114239 | 18,839 | |
| ARRA-Geologic Sequestration Training and Research Grant Program | UofA | ARRA | 81.133 | | 241,009 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | UofA | | 81.999 | 9064 | 12,875 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | UofA | | 81.999 | 17560 | 51,903 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | UofA | | 81.999 | 128750 | 58,004 | |
| Miscellaneous | UofA | | 81.999 | | 217,776 | |
| Total R&D Cluster for U.S. DEPARTMENT OF ENERGY | | | | | 3,332,087 | 48,008 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency**

| Federal Program Title | State Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Federal Expenditures | Provided to Recipient |
|---|--------------|------|-------------|-----------------------------------|----------------------|-----------------------|
| R&D Cluster for U.S. DEPARTMENT OF EDUCATION | | | | | | |
| Alaska Native Educational Programs (Pass-through Alaska Pacific University) | UofA | | 84.356 | Agreement Dated 04/21/08 | 3,714 | |
| Alaska Native Educational Programs (Pass-through Association of Alaska School Boards) | UofA | | 84.356 | Amended PO 100-ISER-06 | (3,893) | |
| Miscellaneous (Pass-through Alaska Humanities Forum) | UofA | | 84.999 | Agreement Dated 6/06 Amend 05/09 | 53,154 | 10,979 |
| Miscellaneous (Pass-through Anchorage School District) | UofA | | 84.999 | PR/PO 9P13709 Amend 1 | (188) | |
| Total R&D Cluster for U.S. DEPARTMENT OF EDUCATION | | | | | 52,787 | 10,979 |
| R&D Cluster for DENALI COMMISSION | | | | | | |
| Denali Commission Program (Pass-through Chaninik Wind Group) | UofA | | 90.100 | CWG2011-001 | 8,008 | |
| Denali Commission Program (Pass-through Cordova Electric Cooperative) | UofA | | 90.100 | PO 000000971 | 80,176 | |
| Denali Commission Program (Pass-through Ocean Renewable Power Company - Alaska) | UofA | | 90.100 | UAF11-0017 | 35,430 | |
| Denali Commission Program | UofA | | 90.100 | | 4,119,619 | 33,223 |
| Total R&D Cluster for DENALI COMMISSION | | | | | 4,243,233 | 33,223 |
| R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | |
| Special Programs for the Aging - Title IV and Title II - Discretionary Projects | UofA | | 93.048 | | 190,794 | |
| Human Genome Research | UofA | | 93.172 | | 356,521 | 107,851 |
| Research on Healthcare Costs, Quality and Outcomes | UofA | | 93.226 | | 234,950 | 67,473 |
| Mental Health Research Grants | UofA | | 93.242 | | 694,081 | 30,268 |
| Occupational Safety and Health Program | UofA | | 93.262 | | 201,021 | 15,959 |
| Drug Abuse and Addiction Research Programs (Pass-through Pacific Institute for Research and Evaluation Louisville Center) | UofA | | 93.279 | 0049.02.01 MOD 2 DTD 5/16/11 | 17,293 | |
| Drug Abuse and Addiction Research Programs | UofA | | 93.279 | | 519,825 | |
| National Center for Health Workforce Analysis | UofA | | 93.300 | | 34,300 | |
| Minority Health and Health Disparities Research | UofA | | 93.307 | | 553,634 | 39,611 |
| National Center for Research Resources | UofA | | 93.389 | | 4,722,010 | 17,640 |
| Family Connection Grants (Pass-through OnTrack, Inc.) | UofA | | 93.605 | Agreement Dated 01/19/10 | 19,734 | |
| ARRA-Trans-NIH Recovery Act Research Support (Pass-through Harvard) | UofA | ARRA | 93.701 | 149728.386555.0207 | 255,852 | |
| ARRA-Trans-NIH Recovery Act Research Support (Pass-through Alaska Native Tribal Health Consortium) | UofA | ARRA | 93.701 | ANTHC-10-P-28245(ARRA) | 21,678 | |
| ARRA-Trans-NIH Recovery Act Research Support | UofA | ARRA | 93.701 | | 2,197,712 | 320,319 |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | UofA | | 93.847 | | 492,870 | 108,158 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium) | UofA | | 93.853 | 3U1NS048069-04S3 | 6,382 | |
| Extramural Research Programs in the Neurosciences and Neurological Allergy, Immunology and Transplantation Research (Pass-through J. Craig Venture Institute) | UofA | | 93.853 | | 283,619 | 101,205 |
| Allergy, Immunology and Transplantation Research (Pass-through J. Craig Venture Institute) | UofA | | 93.855 | IGSP Agreement 12/02/09 | 21,528 | |
| Biomedical Research and Research Training (Pass-through University of Washington) | UofA | | 93.859 | 697269/Pending | 114,790 | |
| Miscellaneous (Pass-through Southeast Alaska Regional Health Consortium) | UofA | | 93.999 | 78399-YR3 PO16523 | 116,239 | 5,896 |
| Miscellaneous (Pass-through Alaska Native Tribal Health Consortium) | UofA | | 93.999 | ANTHC-10-C29939 MOD 001 | 120,706 | |
| Miscellaneous (Pass-through Mount Sinai School of Medicine) | UofA | | 93.999 | HHSN266200700010C | 758,774 | |
| Total R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | 11,934,313 | 814,380 |
| R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | | |
| Centers for Homeland Security (Pass-through University of Hawaii) | UofA | | 97.061 | Z884255/Pending | 545,773 | 24,767 |
| Total R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | 545,773 | 24,767 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | | 3,478,450,297 | 466,170,286 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2011

Note 1: Purpose of the Schedule

The federal Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* requires a schedule of expenditures of federal awards showing total federal financial assistance for the period covered in the financial statements. Each federal financial assistance program must be identified as it is in the *Catalog of Federal Domestic Assistance* (CFDA) and its CFDA number. When CFDA information is not available, another federal identifying number must be used.

Note 2: Significant Accounting Policies

- A. Reporting Entity – The accompanying schedule includes the federal financial assistance programs administered by the State of Alaska for the fiscal year ended June 30, 2011.
- B. Fiscal Year Ends – The State of Alaska and component units of the State are reported using fiscal years, which end on June 30, except the Alaska Railroad Corporation whose fiscal year ends December 31.
- C. Basis of Accounting – The schedules were prepared using the modified accrual method of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- D. Basis of Presentation – The accompanying schedule presents expenditures of federal awards for each federal financial assistance program in accordance with OMB Circular A-133. Federal program titles are reported as presented in the CFDA whenever possible.

Expenditures of Federal Awards – As defined in OMB Circular A-133, federal financial assistance means assistance provided by a federal agency in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, or direct appropriations. However, it does not include direct federal cash assistance to individuals. Federal financial assistance includes awards received directly from federal agencies, or indirectly through other units of state and local government and private nonprofit agencies.

Program Clusters – OMB Circular A-133 identifies programs to be considered clusters of programs for auditing purposes. These clusters consist of related programs that share common compliance requirements.

Note 3: Non Cash Assistance

- A. **Federal Surplus Property Program** – All assistance provided to the Federal Surplus Property Program is in the form of donations of excess property to the Division of General Services. In FY11 the State processed federal property valued at \$348,851 donors acquisition cost. For OMB Circular A-133 purposes, the donated property is valued at 23.3% of donors cost. This is the expenditure amount shown on the schedule \$81,282. The ending inventory at June 30, 2011, carried at the donors' acquisition cost was \$59,458. (CFDA 39.003)
- B. **Commodities** – The Department of Education and Early Development administers federal commodities distribution through other governmental and nonprofit agencies. In FY11, commodities distributed totaled \$3,554,098 (\$3,554,098 regular [\$2,189,054 CFDA 10.555; \$28,151 CFDA 10.558, \$1,336,893 CFDA 10.569] and \$0 American Recovery and Reinvestment Act [ARRA] [CFDA 10.569]). Commodities are valued at cost. These commodities are not reported in the State of Alaska basic financial statements for the year ended June 30, 2011.
- C. **Immunization Grants** – Federal expenditures include vaccines received during FY11 valued at \$13,735,569. (CFDA 93.268)

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2011

- D. **Supplemental Nutrition Assistance Program (SNAP)** – At fiscal year end, June 30, 2011, \$172,009,747 of SNAP benefits were redeemed.

The reported expenditures for benefits under SNAP (CFDA 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of ARRA. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes.

As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2009. (CFDA 10.551).

Note 4: WIC Rebates

During FY11 the Alaska Department of Health and Social Services (DHSS) earned cash rebates of \$3,925,715 from infant formula manufacturers on sales of formula to participants in the WIC Program. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(a) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enables DHSS to extend program benefits to approximately 5,407 more persons than could have been served this fiscal year in the absence of the rebate contract. The number of additional persons provided benefits was determined by dividing the total amount of program benefits by the total annual case load to determine average individual benefits. Total rebate dollars were then divided by the average benefit, determining the increased food instruments issued. This result is divided by 12 months. (CFDA 10.557)

Note 5: Loans

- A. **AHFC Loan Guarantee Programs** – During FY11, AHFC owned mortgage loans with various federal insurance and guarantee agreements covering future losses. Coverage under the Veterans Affairs Mortgage Guarantee is subject to a loss limit. Those programs, and the related principal balance of the loans covered at June 30, 2011, are:

| | | |
|-------------|---|------------------|
| CFDA 14.117 | HUD FHA Mortgage Insurance | \$ 642,031,569 |
| CFDA 14.865 | HUD Loan Guarantees for Indian Housing | 89,118,090 |
| CFDA 64.114 | Department of Veterans' Affairs Mortgage Guarantees | 550,260,832 |
| CFDA 10.410 | Farmers Home Administration Mortgage Insurance | 178,522,499 |
| | Total Loan Guarantees and Insurance Programs | \$ 1,459,932,990 |

- B. **Federally Funded Student Loan Programs** – Paul Douglas Teacher Scholarship program requires scholarship recipients to pay back assistance received if certain program requirements are not fulfilled. As of June 30, 2011, there was one outstanding scholarship, which totaled \$1,522. (CFDA 84.176)

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2011

- C. Last Resort Housing Loans** – The Department of Transportation and Public Facilities (DOT/PF) made last resort housing loans in compliance with Uniform Relocation Assistance and Real Property Acquisition Act. FY11 loan disbursements, if any, are included in CFDA 20.205 and CFDA 20.106. The exact amount is not readily available. Loans outstanding at June 30, 2011, totaled \$36,244. Federal share of principal is \$34,204.
- D. Federal Family Education Loan Program (FFELP)** – FFELP loans are governed by the Higher Education Act (Act). The Act provides for federal: (a) insurance or reinsurance of eligible loans, (b) interest subsidy payment to eligible lenders with respect to certain subsidized loans (Stafford and Consolidation), and (c) special allowance payments (net of excess interest) paid by the Secretary of the U.S. Department of Education to holders of eligible loans. FFELP loans outstanding at year end were \$183,413,733. (CFDA 84.032L)
- E. Small Business Economic Development Loan Fund** – The U.S. Department of Commerce funds the Economic Development Assistance Revolving Loan Fund for the Department of Commerce, Community and Economic Development. The federal share of loans outstanding is estimated at \$4,742,924 as of June 30, 2011. (CFDA 11.307)

Note 6: Capitalization Grants

- A. Clean Water State Revolving Funds** – The U.S. Environmental Protection Agency jointly funds the Alaska Clean Water Fund with the State of Alaska. At fiscal year end June 30, 2011, 157 loan commitments totaling \$361,237,486 had been granted from the base loan program. Total loans against these commitments were \$249,945,681, consist of \$1,288 in disadvantage assistance and \$249,944,393 in loan assistance of which \$161,144,611 was federal participation. Of the \$161,144,611, \$2,769,126 was disbursed in FY11. In addition, 20 ARRA loan commitments totaling \$22,516,800 had been granted. Total ARRA loans against these commitments were \$18,492,103 of which \$17,156,301 was subsidized and \$1,335,802 was unsubsidized and require repayment. Repayment received during FY11 totaled \$11,819,306. Loans outstanding at June 30, 2011, totaled \$133,097,705 of which \$692,659 were ARRA. (CFDA 66.458)
- B. Drinking Water State Revolving Fund** – EPA jointly funds the Alaska Safe Drinking Water Loan Fund with the State of Alaska. At fiscal year end June 30, 2011, 126 loan commitments totaling \$227,814,001 had been granted which consists of \$7,821,000 in disadvantaged assistance and \$219,993,001 in loan assistance from the base loan program. Total loans against these commitments were \$167,968,816 of which \$103,225,719 was federal participation. Of the \$103,225,719, \$5,293,470 was disbursed in FY11. In addition, 26 American Recovery and Reinvestment Act (ARRA) loan commitments totaling \$17,515,400 had been granted. Total ARRA loans against these commitments were \$14,169,720 of which \$13,354,085 was subsidized and \$815,635 was unsubsidized and require repayment. Repayment received during FY11 totaled \$6,936,140. Loans outstanding at June 30, 2011, totaled \$135,887,311 of which \$573,438 were ARRA. (CFDA 66.468)

Note 7: Unemployment Insurance

Federal participation in FY11 Unemployment Insurance benefits was \$133,291,253 (this includes \$9,436,232 under the ARRA Federal Additional Unemployment Compensation Program). Federal participation for program administration was \$29,034,639 (this includes \$1,094,828 under the Extend Unemployment Compensation Program; and \$617,215 under ARRA Extended Unemployment Compensation Program. UI benefits paid by the State during FY11 were \$191,749,378 and REED Act distribution was \$948,291. (CFDA 17.225)

Note 8: Petroleum Violation Escrow

Department of Energy (ENERGY) programs were funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the Schedule of Expenditures of Federal Awards. PVE funds represent the State of Alaska's share of settlement proceeds in various lawsuits between the federal government and oil

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2011

producers. During FY11, Alaska Housing Finance Corporation expended \$0 from the trust fund in support of ENERGY programs. (CFDA 81.041)

Note 9: Medical Assistance Program Claims

Deferrals of school-based administrative claims of \$13.5 million exist for prior years (\$0.6 million for FY10, \$4.8 million for FY08, and \$8.1 million for prior years). The \$8.1 million in deferrals for years prior to FY08 were determined uncollectible by DHSS. Also, DHSS received \$6.9 million in supplemental general fund appropriations to offset a portion of the outstanding deferrals determined to be uncollectible.

Per the final report of the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) Review of School-Based Administrative Claiming Program, the outstanding prior year's deferrals will be resolved using a back-casting approach. After DHSS has generated valid time study results and claims for at least four consecutive quarters, DHSS may submit to CMS a proposed methodology for applying the time study results to adjust all prior period claims. The four consecutive quarters must be completed by December 31, 2011. At this time, DHSS believes valid time study results and claims have been generated for two consecutive reporting quarters. (CFDA 93.778)

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40004-04**
Finding Number: **25**
Fiscal Year: **2003**
Initial Finding Year: **2003**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$6,480,333**

Prior Audit Finding:

DHSS' Division of Health Care Services director and the Department of Education and Early Development's (DEED) Division of Teaching and Learning Support director should work together to improve procedures for claiming reimbursement of Medicaid school-based administrative costs to ensure costs are claimed in accordance with federal law.

Status/corrective action planned/reasons for no further action:

This recommendation has been partially resolved. The Medicaid School Based Services program has been transferred to the Division of Finance and Management Services. The program was conducted during SFY 2011; however, it was discontinued in SFY 2012 due to decrease in participating school districts.

DHSS continues to work with CMS to resolve the findings of the Financial Management Review and reach a settlement of costs claimed from 2003 through December 31, 2009.

Report: **02-40005-05**
Finding Number: **18**
Fiscal Year: **2004**
Initial Finding Year: **2003**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$5,505,244**

Prior Audit Finding:

DHSS' Division of Health Care Services director and the Department of Education and Early Development's (DEED) Division of Teaching and Learning Support director should work together to improve procedures for claiming reimbursement of Medicaid school-based administrative costs to ensure costs are claimed in accordance with federal law.

Status/corrective action planned/reasons for no further action:

Please refer to updated response on finding #25, report 02-40004-04.

Report: **02-40005-05**
Finding Number: **21**
Fiscal Year: **2004**
Initial Finding Year: **2004**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$1,155,982**

Prior Audit Finding:

We recommend the State Medicaid director improve internal controls over prescription drug payments.

Status/corrective action planned/reasons for no further action:

The Department has the new pharmacy regulations ready to implement with system programming complete, however legal difficulties from lawsuits have resulted in delayed implementation. Questioned costs have been researched and resolved.

Report: **02-40006-06**
Finding Number: **17**
Fiscal Year: **2005**
Initial Finding Year: **2002**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:

The State Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.

Status/corrective action planned/reasons for no further action:

The Department is working with Centers for Medicare and Medicaid Services on addressing the vulnerabilities in Alaska's program integrity practices. In FY12 the program Integrity functions have been realigned and now fall under the supervision of the Deputy Commissioner of Medicaid and Health Care Policy where they work in tandem with the Medicaid Divisions.

In addition, Health Care Services has engaged in multiple meetings with the fiscal agent, Affiliated Computer Services (ACS), to discuss progress and ACS has been able to correct some deficiencies. Health Care Services prepared and sent a cure letter to ACS on March 1, 2011. The cure letter reiterated the required SURS contract deliverables and gave the fiscal agent 90-days to achieve compliance. In July 2011, HCS began withholding contractual fees from ACS.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-4009-09**
Finding Number: **03**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS
and USDA**

State Agency: **DHSS**

CFDA: **10.551**

CFDA: **10.557**

CFDA: **10.561**

CFDA: **93.558**

CFDA: **93.568**

CFDA: **93.659**

CFDA: **93.767**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

DHSS' Assistant Commissioner should develop adequate controls to ensure data entered into Maximus Cost Allocation and Rate System (MAXCARS) is accurate and complete.

Status/corrective action planned/reasons for no further action:

Current management has implemented a corrective action plan and anticipates it will be completed during FFY2012. A considerable amount of documentation, draft processes and procedures exist providing guidance and controls supporting the types of documentation; internal controls; and processing schedules. This information is being reviewed; finalized and consolidated into an operating manual, which will be made available to stakeholders. An updated user's manual was obtained from MAXIMUS during the first quarter of FFY2012 and will be included.

Report: **02-4009-09**
Finding Number: **04**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS
and USDA**

State Agency: **DHSS**

CFDA: **10.551**

CFDA: **10.557**

CFDA: **10.561**

CFDA: **93.558**

CFDA: **93.568**

CFDA: **93.659**

CFDA: **93.767**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

DHSS' assistant commissioner of Finance Management Services should implement controls over federal revenue collections.

Status/corrective action planned/reasons for no further action:

Current management has implemented a corrective action plan and anticipates it will be completed by the end of FFY2012. In October, 2011 the Assistant Commissioner tasked section heads, with assistance from DHSS Stakeholders (i.e. Division AOM), to review and update as needed existing DHSS policies. If no policies previously existed, new policy is to be drafted and existing operating procedures documented. In the case of federal reporting and revenue collection, written policy is being drafted and procedures and internal controls documented. Additionally, the FMS fiscal section has been revamped to include three units-Finance; Revenue; and the Federal Allocation Management Unit. It is anticipated that with the new work model and a third Accountant V, there will be less reliance on any one fiscal manager.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40009-09**
Finding Number: **05**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS
and USDA**

State Agency: **DHSS**

CFDA: **10.551**

CFDA: **10.557**

CFDA: **10.561**

CFDA: **93.558**

CFDA: **93.568**

CFDA: **93.659**

CFDA: **93.767**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

DHSS' assistant commissioner of Finance and Management Services should ensure that staff are adequately trained and supervised.

Status/corrective action planned/reasons for no further action:

Current management recognizes the need for adequately trained and supervised staff and views this finding as a continuous process. A departmental training academy was held in SFY2011 during the fall of 2010, however, attendance was low. In addition to state-wide training courses through DOA, ongoing training is currently available to staff for Microsoft desk-top applications at their desks via "Meet Me" sessions; Federal Grant training was provided last June to DHSS managers and Federal Cost Allocation Training is scheduled for March, 2012.

Report: **02-40009-09**
Finding Number: **06**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS
and USDA**

State Agency: **DHSS**

CFDA: **93.558**

Questioned Costs: **\$418,573**

CFDA: **10.551**

CFDA: **10.557**

CFDA: **10.561**

CFDA: **93.568**

CFDA: **93.569**

CFDA: **93.767**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

DHSS Finance Officer should ensure that expenditures are supported by sufficient documentation.

Status/corrective action planned/reasons for no further action:

Current management has implemented a corrective action plan and anticipates it will be completed by the end of FFY2012. In October, 2011 the Assistant Commissioner tasked section heads, with assistance from DHSS Stakeholders (i.e. Division AOM), to review and update as needed existing DHSS policies. If no policies previously existed, new policy is to be drafted and existing operating procedures documented. In the case of expenditures, written policy is being updated and procedures and internal controls documented.

Report: **02-40009-09**
Finding Number: **08**
Fiscal Year: **2008**
Initial Finding Year: **2002**

Federal Agency: **USDHHS**

State Agency: **DHSS**

CFDA: **93.775**

CFDA: **93.778**

CFDA: **93.767**

Questioned Costs: **None**

Prior Audit Finding:

The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.

Status/corrective action planned/reasons for no further action:

Please refer to the response on finding #17, report 02-40006-06.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40009-09**
Finding Number: **11**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
Questioned Costs: **\$16,952**
CFDA: **93.778**
Questioned Costs: **\$211,835**

Prior Audit Finding:

We recommend the director of DHSS' Division of Behavioral Health take steps to ensure out-of-state providers of residential psychiatric treatment centers (RPTC) are paid in accordance with federal and state requirements.

Status/corrective action planned/reasons for no further action:

This audit finding was partially resolved in accordance with OMB Circular A-133 §_.315.

The department concurs with the need to better document negotiated RPTC rates.

The Division of Behavioral Health (DBH) has made progress in efforts to establish documented policies and procedures to support their negotiated rate agreements with providers. Documented policies and procedures are in place and affected DBH staff has received training to appropriately apply these policies and procedures. Rate negotiations are conducted in accordance with 7 AAC 43.380 (c) and files maintained for each out-of-state residential psychiatric treatment center (RPTC) provider include the cost information provided by the facility in support of their negotiated rates for the services provided. These new policies and procedures are not retroactively applied to rates previously established, and only apply to new and/or updated rates.

DHSS is currently working with the federal agency regarding questioned costs.

Report: **02-40009-09**
Finding Number: **20**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **HUD**
State Agency: **AHFC**
CFDA: **14.871**
Questioned Costs: **None**

Prior Audit Finding:

According to OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in procedures, two forms shall be placed in the client folder.

Status/corrective action planned/reasons for no further action:

This finding was resolved. Please refer to updated response on finding #24, report 02-40010-10.

Report: **02-40010-10**
Finding Number: **04**
Fiscal Year: **2009**
Initial Finding Year: **2008**

Federal Agency: **USDA and USDHHS**
State Agency: **DHSS**
CFDA: **10.561**
CFDA: **93.558**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:

The Department of Health and Social Services' (DHSS) assistant commissioner should develop adequate controls to ensure the data entered into Maximus Cost Allocation and Rate System (MAXCARS) is accurate and complete.

Status/corrective action planned/reasons for no further action:

Please refer to the response on finding #03, report 02-40009-09.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**
Finding Number: **05**
Fiscal Year: **2009**
Initial Finding Year: **2008**

Federal Agency: **USDA and USDHHS**
State Agency: **DHSS**
CFDA: **10.561**
CFDA: **93.558**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:

The DHSS assistant commissioner of Finance and Management Services (FMS) should design and implement internal controls over federal revenue collections.

Status/corrective action planned/reasons for no further action:

Please refer to the response on finding #04, report 02-40009-09.

Report: **02-40010-10**
Finding Number: **06**
Fiscal Year: **2009**
Initial Finding Year: **2008**

Federal Agency: **USDA and USDHHS**
State Agency: **DHSS**
CFDA: **10.561**
Questioned Costs: **\$16,697**
CFDA: **93.268**
Questioned Costs: **\$41,242**
CFDA: **93.558**
Questioned Costs: **\$4,101**
CFDA: **93.767**
Questioned Costs: **\$18,527**
CFDA: **93.778**
Questioned Costs: **\$104,901**

Prior Audit Finding:

The DHSS assistant commissioner should ensure that expenditures are supported by sufficient documentation.

Status/corrective action planned/reasons for no further action:

Please refer to the response on finding #06, report 02-40009-09.

Questioned costs for CFDA 93.268, CFDA 93.767 and CFDA 93.778 have been resolved. The department is working with the appropriate federal agencies to resolve the remaining questioned costs.

Report: **02-40010-10**
Finding Number: **09**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$120,509**

Prior Audit Finding:

DHSS' deputy commissioner for Medicaid and Health Care Policy Division should ensure that personal services expenditures charged to Medicaid program comply with federal cost principles.

Status/corrective action planned/reasons for no further action:

DHSS believes improvements have been made and the federal programs benefited by the employees time and effort. DHSS is a large agency with thousands of employees administrating several federal programs. This issue will be an ongoing challenge; however, DHSS issued written policy and guidelines in June, 2011. It is posted on the departmental website, as is the necessary reporting form. Furthermore, reminders are sent out quarterly to all Division and section heads when distributing instructions for completing statistics.

DHSS does not concur that questioned costs exists for this audit recommendation.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**
Finding Number: **11**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Prior Audit Finding:

The FMS assistant commissioner should improve the exchange of information between divisions to ensure that all necessary adjustments affecting federal draws and changes in the cost allocation processes are communicated to the Revenue Unit.

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.658**
Questioned Costs: **\$319,034**
CFDA: **93.659**
CFDA: **93.778**
Questioned Costs: **None**

Status/corrective action planned/reasons for no further action:

DHSS no longer believes these audit findings are valid. It has been over two years since the finding was issued, the federal agency is not following up on the finding, and no management decision has been issued. Additionally, we have supporting documentation showing that no questioned costs exist. The allocation issues have been addressed through the PACAP and MAXCARS. Communication issues have been addressed by FMS management.

Report: **02-40010-10**
Finding Number: **13**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Prior Audit Finding:

The DHSS assistant commissioner should establish internal controls over access to MAXCARS.

Federal Agency: **USDA and USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$119,525**
CFDA: **10.561**
CFDA: **93.767**
Questioned Costs: **None**

Status/corrective action planned/reasons for no further action:

DHSS believes this audit finding has been resolved and there is no follow up occurring with the federal oversight agency. Additionally, supporting documentation has been provided with previous responses reflecting no questioned costs exist; allocation issues addressed through PACAP and MAXCARS; and communication issues addressed by FMS management.

Report: **02-40010-10**
Finding Number: **14**
Fiscal Year: **2009**
Initial Finding Year: **2002**

Prior Audit Finding:

The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.775**
Questioned Costs: **None**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Status/corrective action planned/reasons for no further action:

Please refer to the response on finding #17, report 02-40006-06.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**
Finding Number: **16**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:

The Division of Health Care Services' (DHCS) director should improve internal controls over the processing and payment of durable medical equipment (DME) claims.

Status/corrective action planned/reasons for no further action:

Adjusted Claims

The Department concurs that there is room for improvement in the current adjustment process. Current practice allows an adjustment to increase units as long as the request is within the allowed amount on the prior authorization. The prior authorization is reflective of the physician's prescription. Not requiring a delivery receipt or other form of proof does leave room for providers to take advantage of the good faith system. As such, the Department intends to address this concern by implementing policy to require additional supporting documentation when a provider requests a positive adjustment to a claim.

Miscellaneous DME Items

The nature of the DME program and the lack sufficient codes to appropriately report specific pieces of DME make multiple payment methodologies and multiple claim adjustments necessary. The Department is required to use the standardized code set designated by the Center for Medicare and Medicaid Services (CMS). Automation of system edits and reimbursement rates is limited by the lack of adequate codes to report services rendered. The Department intends to address some of these concerns by providing policy guidance to providers on appropriate use of miscellaneous codes that will alleviate multiple pricing of the same or similar items under different miscellaneous codes.

Reimbursement Rates

The Department is still researching and developing the regulations regarding the DME program pricing. The methodologies utilized ensured Alaska Medicaid recipients received uninterrupted access to medically necessary DME and supplies. Clarification of the requirements for utilizing a payment methodology other than the standard methodology and implementing a regular schedule for updating the DME Fee Schedule are some examples of regulatory changes that will provide the Department better controls for the processing of DME claims.

Prescribing Physicians

While we concur that there are currently no checks to ensure that a prescribing physician is licensed, however entering the name of the requesting physician into the Medicaid information system would only enable verification of physicians enrolled with Alaska Medicaid. Not all prescribing physicians are enrolled with Medicaid and therefore licensing information is not obtainable through the Medicaid information system.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**
Finding Number: **17**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:

DHCS' director should improve and enforce policies, procedures, and processes over travel claims.

Status/corrective action planned/reasons for no further action:

This audit recommendation has been partially implemented.

To implement an automated process to match health care claims with corresponding travel will require new technology. We are hopeful that the new MMIS system will have the capability to systematically review and match travel with a health care claim.

In addition to the new MMIS system, DHSS is currently developing a new travel prior authorization system. This new system is expected allow the collection of data to support the medical necessity of the travel request. The system will require such information as the referring and receiving providers, dates of medical appointments, and diagnosis and medical symptoms.

The new travel prior authorization system is currently being tested and may be ready for pilot early calendar year 2012. This system will capture all updated PA information supplied by the requesting or receiving health aide or provider. Once implemented, HCS will examine ways to compare requested travel with a health care encounter.

Alaska requires travelers maintain a certain flexibility to harmonize the actual travel with breaks in weather, volcano activity and changes in medical appointment or carrier availability, the dates of travel should be reflected on the claim that is submitted to MMIS for payment. The department will continue to work with the travel contractor in developing procedures to ensure claim service dates match actual dates of travel. In all instances that we are aware of, the actual travel occurred within the dates approved on the prior authorization.

Report: **02-40010-10**
Finding Number: **24**
Fiscal Year: **2009**
Initial Finding Year: **2008**

Federal Agency: **HUD**
State Agency: **AHFC**
CFDA: **14.871**
Questioned Costs: **None**

Prior Audit Finding:

Department of Housing and Urban Development – Section 8 Housing Choice Vouchers. According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Status/corrective action planned/reasons for no further action:

This finding was resolved. Please refer to updated response on finding #27, report 02-40011-11.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**
Finding Number: **25**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **HUD**
State Agency: **AHFC**
CFDA: **14.871**
Questioned Costs: **None**

Prior Audit Finding:

Department of Housing and Urban Development – Section 8 Housing Choice Vouchers. According to OMB A-133 Compliance Supplement, the public housing agency (PHA) must use third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Status/corrective action planned/reasons for no further action:

This remains a finding in the current year. Please see updated response on finding #28, report 02-40011-11.

Report: **02-40011-11**
Finding Number: **05**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDOE and USDA**
State Agency: **DEED**
CFDA: **10.560**
CFDA: **84.027**
CFDA: **84.999**
CFDA: **84.369**
CFDA: **84.048**
Questioned Costs:
Indeterminate

Prior Audit Finding:

DEED’s Division of Teaching and Learning Support (TLS) director should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Status/corrective action planned/reasons for no further action:

The department feels this finding is resolved in accordance with OMB Circular A-133 §_.315.

The department has reviewed our timekeeping procedures and made corrections for tracking time for those employees who work on multiple federal programs.

Report: **02-40011-11**
Finding Number: **06**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDA**
State Agency: **DEED**
CFDA: **10.568**
CFDA: **10.569**
Questioned Costs: **None**

Prior Audit Finding:

DEED’s TLS director should develop and submit the required state distribution plan for the Emergency Food Assistance Cluster (EFAC) to ensure compliance with federal regulations.

Status/corrective action planned/reasons for no further action:

This finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40011-11**
Finding Number: **07**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDA and USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$153,205**
CFDA: **10.557**
Questioned Costs: **\$48,486**
CFDA: **93.658**
Questioned Costs: **\$52,472**

Prior Audit Finding:

The Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal costs principles.

Status/corrective action planned/reasons for no further action:

DHSS is a large agency with thousands of employees administrating several federal programs. This issue will be an ongoing challenge; however, DHSS issued written policy and guidelines in June, 2011. It is posted on the departmental website, as is the necessary reporting form. Furthermore, reminders are sent out quarterly to all Division and section heads when distributing instructions for completing statistics.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **08**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **DC and USDHHS**
State Agency: **DHSS**
CFDA: **90.100**
CFDA: **93.224**
CFDA: **93.575**
CFDA: **93.889**
Questioned Costs:
Indeterminate

Prior Audit Finding:

DHSS' internal audit manager should ensure that management decisions related to subrecipient audit findings are issued timely.

Status/corrective action planned/reasons for no further action:

Current management has implemented a corrective action plan with a tentative completion date by the end of FFY 2012. DHSS has continued to actively recruit the internal audit unit positions and had anticipated having one filled by January 1st, only to have candidate withdraw days earlier. Due to the uniqueness of the Internal Audit job class it has proven difficult to staff this unit and if the most recent recruitment is unsuccessful, FMS management will decide on an alternative approach to meeting the subrecipient audit requirements.

Report: **02-40011-11**
Finding Number: **09**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDA**
State Agency: **DHSS**
CFDA: **10.557**
Questioned Costs: **None**

Prior Audit Finding:

The Division of Public Assistance's (DPA) director should ensure vendors participating in WIC program are adequately monitored according to federal requirements.

Status/corrective action planned/reasons for no further action:

DHSS concurs with the findings. During FY11 an additional staff person was hired in the vendor management unit. Additionally, some procedures were developed to start addressing compliance issues. Also during FY11 vendor management staff increased the number of inventory audits in an attempt to meet the 5% minimum investigations required of high risk vendors.

Report: **02-40011-11**
Finding Number: **10**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.558**
Questioned Costs:
Indeterminate

Prior Audit Finding:

DHSS' DPA director should implement policies and procedures to ensure the accurate and timely documentation of client participation status.

Status/corrective action planned/reasons for no further action:

DPA is currently creating programmatic reports capturing the required information regarding client participation activities. The work request for the system operations team to develop the documentation demonstrating compliance has been submitted. The EIS system programmers are completing programming and will shortly begin implementation. Currently, DPA is conducting a business process review and exploring potential alternatives to the existing EIS database. The new EIS system will be developed to thoroughly document code line 49 of the ACF 199. DPA program management anticipates satisfying the corrective action plan upon completion of FFY2011 reporting.

Report: **02-40011-11**
Finding Number: **11**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHSS**
State Agency: **DHSS**
CFDA: **93.558**
Questioned Costs: **None**

Prior Audit Finding:

DHSS' TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

Status/corrective action planned/reasons for no further action:

The Division will update its program manual to provide clarification regarding welfare fraud convictions and program eligibility. Applications will be revised to include a question regarding felony convictions. Training for eligibility technicians will also be updated and guidance provided to staff directing them on the line of questions to pursue and clarify any disclosure by applicants about felony convictions that may affect program eligibility. DPA program management anticipates satisfying the corrective action plan by the end of FFY 2012.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **12**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.575**
CFDA: **93.596**
Questioned Costs: **None**

Prior Audit Finding:

DPA's administrative manager should improve procedures over the federal Child Care and Development Fund's (CCDF) program reporting requirements.

Status/corrective action planned/reasons for no further action:

The audit recommendation has been partially resolved. After some key staff turnover, DPA staff identified inaccuracies had occurred with the federal ACF-696 report. Subsequently, federal financial reports were adjusted for the differences. The current DPA staff worked with the Administration for Children and Families (ACF) representative to revise the reports. The revised information ensured that required MOE expenditures were reported. The ACF has determined that appropriate action has been taken to ensure compliance with MOE requirements. The ACF does not request the return of the questioned costs. DHSS is currently developing written policies and procedures for the preparation of CCDF's reporting requirements.

Report: **02-40011-11**
Finding Number: **13**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$121,938**

Prior Audit Finding:

FMS' assistant commissioner should ensure reimbursement of Health Facilities Licensing and Certification costs are claimed in accordance with federal regulation.

Status/corrective action planned/reasons for no further action:

DHSS believes these findings are no longer valid due to guidance from CMS that these costs may be claimed and reimbursed at 75% FFP.

This audit finding was resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40011-11**
Finding Number: **14**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **\$223,538**

Prior Audit Finding:

DHSS' deputy commissioner for Medicaid and Health Care Policy should ensure necessary changes occur to prevent over billing Medicaid for third party liability administrative costs.

Status/corrective action planned/reasons for no further action:

The required accounting structure change has been processed in the State of Alaska's accounting system. This corrective action should ensure the correct federal reimbursement rate is applied. The Department agrees with this finding, but still disputes the assertion that it overbilled Medicaid by \$223,538 of which \$199,299 were American Recovery and Reinvestment Act (ARRA) funds. DHSS is reviewing the support documentation from which the represented overbilling estimates were obtained. Once this information is reviewed and verified, DHSS will take the appropriate corrective action.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **15**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
CFDA: **93.767**
Questioned Costs:
Indeterminate

Prior Audit Finding:

The DHSS deputy commissioner for Medicaid and Health Care Policy should ensure compliance with program regulations concerning the enrollment of Personal Care Assistants (PCA) and the processing and payment of PCA program claims.

Status/corrective action planned/reasons for no further action:

Health Care Services and Senior and Disability Services jointly implemented a PCA enrollment effort in September 2010. The effort began with structural preparations so that MMIS would process the claims correctly. We then began preparing and educating the PCA agencies for their role including holding a “Town Hall Meeting” to solicit input and allay concerns. Based upon this input, we developed a streamlined enrollment process to minimize the administrative burden to the Agencies and individual rendering PCA’s.

The Medicaid program began an individual personal care attendant (PCA) enrollment effort late 2010. Effective March 15, 2011, we required rendering PCA identification numbers on all claims from PCA Agencies. As of January 24, 2012 we have 6,464 active PCA’s and 663 inactive PCA’s. We receive and process about 200 new PCA applications each month.

In FY12 System edits are in place to deny payment to any claim without a rendering provider (PCA) identified or a renderer with expired credentials. Additional edits have been implemented including better functionality to identify duplicate claims secondary to having the rendering provider on the claim.

Report: **02-40011-11**
Finding Number: **16**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.775**
Questioned Costs: **None**
CFDA: **93.767 and 93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:

The HCS director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

Status/corrective action planned/reasons for no further action:

Health Care Services has engaged in multiple meetings with the fiscal agent, Affiliated Computer Services (ACS), to discuss progress and ACS has been able to correct some deficiencies. Health Care Services prepared and sent a cure letter to ACS on March 1, 2011. The cure letter reiterated the required SURS contract deliverables and gave the fiscal agent 90-days to achieve compliance.

In FY12, ACS has come into compliance with providing the contractually required number of staff in their SURS program and has complied with providing quarterly reports and collaborating with HCS staff to develop selection criteria.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **17**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:

The HCS director should develop written policies and procedures for the alternative reimbursement methodology over durable medical equipment and supplies (DME).

Status/corrective action planned/reasons for no further action:

In response to this audit finding, HCS developed and distributed the following message to DME providers beginning on December 8, 2011:

Providers requesting positive adjustments to a paid claim may be required to submit documentation to support the positive adjustment. Documentation that would support such an adjustment may include, but is not limited to a delivery slip signed by the recipient. A provider shall retain records necessary to disclose fully to the department the extent of services provided to recipients. Information regarding a payment must be made available upon request to state and federal personnel agencies associated with the Medicaid program per 7 AAC 105.220 (a)-(f).

Beginning February 15, 2012, HCS will randomly select positive adjustments on claims with miscellaneous codes and request supporting documentation. Adjustments that do not have supporting documentation will be voided.

DHSS is still researching and developing the regulations regarding the DME program pricing.

Report: **02-40011-11**
Finding Number: **18**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **10.551**
CFDA: **10.561**
CFDA: **10.557**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.575**
CFDA: **93.596**
CFDA: **93.713**
CFDA: **93.658**
CFDA: **93.767**
CFDA: **93.775**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:

FMS' assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

Status/corrective action planned/reasons for no further action:

DHSS concurs with this recommendation.

Current management has implemented a corrective action plan and anticipates it will be completed by the end of FFY2012. In October, 2011 the Assistant Commissioner tasked section heads, with assistance from DHSS Stakeholders (i.e. Division AOM), to review and update as needed existing DHSS policies. If no policies previously existed, new policy is to be drafted and existing operating procedures documented. In the case of federal reporting and revenue collection, written policy is being drafted and procedures and internal controls documented.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **21**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDOL**
State Agency: **DLWD**
CFDA: **17.225**
Questioned Costs: **None**

Prior Audit Finding:

DLWD's information technology (IT) manager should address weaknesses over the Unemployment Compensation (UC) Information System.

Status/corrective action planned/reasons for no further action:

DLWD has remediated all audit findings based on implementation of policies, procedures, and initiatives. Due to the sensitive nature of these IT improvements, we are communicating the corrective action details under a separate communication.

Report: **02-40011-11**
Finding Number: **22**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDOE**
State Agency: **DCCED**
CFDA: **84.397**
Questioned Costs: **None**

Prior Audit Finding:

DCCED's commissioner should ensure that American Recovery and Reinvestment Act (ARRA) Section 1511 certificates are prepared and published on the State of Alaska ARRA website.

Status/corrective action planned/reasons for no further action:

This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(1).

Report: **02-40011-11**
Finding Number: **23**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDOE**
State Agency: **DCCED**
CFDA: **84.397**
Questioned Costs: **None**

Prior Audit Finding:

DCCED's director of the Division of Community and Regional Affairs (DCRA) should ensure ARRA 1512 reports are correctly prepared and adequately reviewed.

Status/corrective action planned/reasons for no further action:

This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(1).

Report: **02-40011-11**
Finding Number: **24**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDOJ**
State Agency: **DNR**
CFDA: **15.LAA040005**
Questioned Costs: **None**

Prior Audit Finding:

The director of DNR's Division of Support Services should implement procedures to ensure that the federal suspension and debarment requirements are met.

Status/corrective action planned/reasons for no further action:

This audit finding is resolved in accordance with OMB Circular A-133 §_.315.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **27**
Fiscal Year: **2010**
Initial Finding Year: **2008**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.881**
Questioned Costs: **None Identified**

Prior Audit Finding:

Lack of Documentation to Assess Rent Reasonableness – Eligibility – Compliance – Direct Program

According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Of the 60 participant files tested, three files were found to have deficiency in the documentation of a reasonable rent determination.

We reported a similar finding when we tested the files for this program in 2005, 2008, and 2009. At that time, AHFC revised the Unassisted Unit Comparability Survey form and trained staff on proper procedures for the program. During our current testing we still found that 3 of 60 files tested were deficient in this area.

Status/corrective action planned/reasons for no further action:

This finding was resolved in 2011.

Report: **02-40011-11**
Finding Number: **28**
Fiscal Year: **2010**
Initial Finding Year: **2009**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.881**
Questioned Costs: **None Identified**

Prior Audit Finding:

Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program

According to the OMB A-133 Compliance Supplement, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Of the 88 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.

Third party verification is required to determine if all income is included in the HAP payment calculation. Amounts not verified through a third party source could significantly change the income calculations.

We reported a similar finding when we tested the files for this program in 2009.

Status/corrective action planned/reasons for no further action:

Continues as a finding in the current year. See finding #35, report 02-40012-12.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **29**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.218**
CFDA: **14.239**
Questioned Costs: **None known**

Prior Audit Finding:

Subrecipient Monitoring – Compliance – Direct Program

Acquisitions financed with grant funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and its implementing regulations at 49 CFR Part 24. The grantee must ensure that the owner is informed in writing of what the grantee believes to be the market value of the property; and that the grantee will not acquire the property if negotiations fail to result in an amicable agreement (see 49 CFR 24.101(b)(1) & (b)(2)).

The HUD Regional Relocation Specialist found during her review of the Corporation's subrecipients that voluntary sales disclosure letters were not issued prior to the execution of purchase and sale agreements and often did not contain legitimate estimates of fair values. She also found that files did not sufficiently evidence compliance with the relocation requirements of 49 CFR Part 24.

Status/corrective action planned/reasons for no further action:

This finding was resolved in 2011.

Report: **02-40011-11**
Finding Number: **30**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.881**
Questioned Costs: **None Identified**

Prior Audit Finding:

Unexecuted Lease Agreement – Special Tests and Provisions – Compliance – Direct Program.

According to 24 CFR 982.308(b)(1) the tenant and the owner must enter into a written lease for the unit. The lease must be executed by the owner and the tenant.

Of the 100 participant files tested, we found two instances where Housing Assistance Payments (HAPs) were made on behalf of a participant to a landlord without documentation in the file of an executed lease between the tenant and landlord.

Status/corrective action planned/reasons for no further action:

This finding was resolved in 2011.

STATE OF ALASKA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2011

The State of Alaska is required by *OMB Circular A-133* to submit a corrective action plan for the findings in the *Statewide Single Audit for the Fiscal Year Ended June 30, 2011*. The corrective action plan is incorporated in the agencies' responses to the auditor's recommendations in Section II – Recommendations and Questioned Costs. The agency response for each recommendation immediately follows the auditor's recommendation. A complete copy of each agency's response letter including attachments, if any, is also contained in Section IV – APPENDICES.

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SECTION IV – APPENDICES

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| <u>ALASKA AEROSPACE CORPORATION</u> | | | | | | | |
| Military Construction, National Guard | USDOD | | 12.400 | W91ZRU-06-2-3038 | | 2,077,917 | |
| Total for ALASKA AEROSPACE CORPORATION | | | | | | 2,077,917 | - |
| <u>ALASKA COMMISSION ON POSTSECONDARY EDUCATION</u> | | | | | | | |
| Leveraging Educational Assistance Partnership | USDOE | | 84.069A | N069A100002 | | 51,811 | |
| Leveraging Educational Assistance Partnership | USDOE | | 84.069B | N069B100001 | | 70,660 | |
| College Access Challenge Grant Program | USDOE | | 84.378A | P378A090025 | | 330,000 | |
| College Access Challenge Grant Program | USDOE | | 84.378A | P378A100025 | | 14,434 | |
| Total for ALASKA COMMISSION ON POSTSECONDARY EDUCATION | | | | | | 466,905 | - |
| <u>ALASKA ENERGY AUTHORITY</u> | | | | | | | |
| Assistance to High Energy Cost Rural Communities | USDA | | 10.859 | Various | | 44,905 | 41,565 |
| ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | USDOL | ARRA | 17.275 | GJ-19959-10-55-A-2 | | 106,267 | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | EPA | | 66.034 | XA-960429-01 | | 7,536 | |
| State Clean Diesel Grant Program | EPA | | 66.040 | DS96077901 | | 46,733 | |
| ARRA-State Energy Program | ENERGY | ARRA | 81.041 | DE-EE0000217 | | 702,863 | 662,949 |
| State Energy Program | ENERGY | | 81.041 | DE-EE0004501 | | 53,811 | |
| State Energy Program | ENERGY | | 81.041 | DE-FOA0000308 | | 88,000 | |
| Renewable Energy Research and Development (Pass-through from University of Washington) | ENERGY | | 81.087 | DE-EE0001110 | | 8,674 | |
| Renewable Energy Research and Development | ENERGY | | 81.087 | DE-FG36-05GO85038 | | 395,883 | 393,618 |
| Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance | ENERGY | | 81.117 | DE-FG3604R021600 | | 638 | |
| ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) | ENERGY | ARRA | 81.128 | DE-EE0000827 | | 1,477,531 | 1,175,444 |
| Denali Commission Program | DC | | 90.100 | 366 | | 53,740 | |
| Denali Commission Program | DC | | 90.100 | Various | | 11,308,940 | 9,059,572 |
| Total for ALASKA ENERGY AUTHORITY | | | | | | 14,295,521 | 11,333,148 |
| <u>ALASKA HOUSING FINANCE CORPORATION</u> | | | | | | | |
| Mortgage Insurance - Homes | HUD | | 14.117 | | | 5,098,757 | |
| Section 8 Housing Assistance Payments Program | HUD | | 14.195 | | S8PBC | 8,958,095 | |
| Community Development Block Grants/Entitlement Grants | HUD | | 14.218 | | CEGC | 4,827,951 | 4,827,951 |
| Community Development Block Grants /Technical Assistance Program | HUD | | 14.227 | | | 55,871 | 55,871 |
| Emergency Shelter Grants Program | HUD | | 14.231 | | | 212,534 | 212,534 |
| Supportive Housing Program | HUD | | 14.235 | | | 14,673 | 12,357 |
| Shelter Plus Care | HUD | | 14.238 | | | 687,789 | 687,789 |
| HOME Investment Partnerships Program | HUD | | 14.239 | | | 2,079,163 | 2,079,163 |
| Housing Opportunities for Persons with AIDS | HUD | | 14.241 | | | 490,900 | 490,900 |
| Section 8 Moderate Rehabilitation Single Room Occupancy | HUD | | 14.249 | | S8PBC | 473,220 | 403,015 |
| ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded) | HUD | ARRA | 14.257 | | | 447,581 | 350,772 |
| ARRA-Tax Credit Assistance Program (Recovery Act Funded) | HUD | ARRA | 14.258 | | | 2,778,893 | 2,778,893 |
| Public and Indian Housing-Indian Loan Guarantee Program | HUD | | 14.865 | | | 667,588 | |
| Resident Opportunity and Supportive Services - Service Coordinators | HUD | | 14.870 | | | 91,434 | 67,015 |
| Section 8 Housing Choice Vouchers | HUD | | 14.871 | | HVC | 1,206,836 | |
| Moving to Work Demonstration Program | HUD | | 14.881 | | | 45,086,445 | |
| ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded | HUD | ARRA | 14.885 | | CFPC | 930,541 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Veterans Housing - Guaranteed and Insured Loans | USDVA | | 64.114 | | | 8,684,201 | |
| ARRA-State Energy Program | ENERGY | ARRA | 81.041 | | | 3,039,130 | 1,030,616 |
| State Energy Program | ENERGY | | 81.041 | | | 106,390 | |
| ARRA-Weatherization Assistance for Low-Income Persons | ENERGY | ARRA | 81.042 | | | 4,267,726 | 2,024,782 |
| Weatherization Assistance for Low-Income Persons | ENERGY | | 81.042 | | | 3,887,303 | 873,104 |
| ARRA-Energy Efficient Appliance Rebate Program (EEARP) | ENERGY | ARRA | 81.127 | | | 234,503 | |
| ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) | ENERGY | ARRA | 81.128 | | | 1,591,277 | 1,541,533 |
| Denali Commission Program | DC | | 90.100 | | | 3,482,667 | 3,482,667 |
| Low-Income Home Energy Assistance | USDHHS | | 93.568 | | | 700,000 | 700,000 |
| Total for ALASKA HOUSING FINANCE CORPORATION | | | | | | 100,101,468 | 21,618,962 |

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

| | | | | | | | |
|---|-------|--|--------|---------------|-----|------------------|----------|
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-04-0012-00 | FTC | 5,991,565 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-55-0001-00 | FTC | 1,541,924 | |
| Total for ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY | | | | | | 7,533,489 | - |

ALASKA RAILROAD CORPORATION

| | | | | | | | |
|---|-------|-------------|--------|----------------------|-----|------------|--|
| Forestry Research | USDA | | 10.652 | 05DG11100000226 | | 15 | |
| Access to Joint Tanana Training Complex-2008 (Pass-through from Federal Railroad Administration) | USDOD | | 12.999 | DTFR53-08-G-00008 | | 7,432,124 | |
| FY 2005-Military Installations Track Realignment - Elmendorf AFB and Ft. Richardson (Pass-through from Federal Railroad Administration) | USDOD | | 12.999 | DTFRDV-05-G-00005 | | 1,417 | |
| FY2006 Locomotives and Rail Cars to Support the Stryker Brigade (Pass-through from Federal Railroad Administration) | USDOD | | 12.999 | DTFRDV-06-G-00007 | | 627 | |
| Northern Line Realignment & Extension (Pass-through from Federal Railroad Administration) | USDOD | | 12.999 | DTFRDV-07-G-00006 | | 540,047 | |
| Track Realignment - Ft. Wainwright-2006 | USDOD | | 12.999 | DTFRDV-06-G-00008 | | 6,702 | |
| Railroad Development | USDOT | | 20.314 | FR-RLD-0002-09-01-00 | | 1,862,067 | |
| Railroad Development | USDOT | | 20.314 | FR-RLD-0005-10-01-00 | | 83,611 | |
| Railroad Development | USDOT | | 20.314 | FR-RRR-0005-08-01-00 | | 935,977 | |
| Railroad Development | USDOT | | 20.314 | FR-RRR-0010-08-01-01 | | 255,650 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-03-0035 | FTC | 51,986 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-03-0039 | FTC | 3,815 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-03-0052 | FTC | 1,911 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-03-0059 | FTC | 50,752 | |
| Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration) | USDOT | | 20.500 | AK-04-0003 | FTC | 31,728 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0007 | FTC | 15,133 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0009 | FTC | 51,576 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0010 | FTC | 16,637 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0011 | FTC | 172,340 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0015 | FTC | 1,485,940 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0016 | FTC | 1,622,428 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0017 | FTC | 795,238 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | AK-05-0018 | FTC | 11,120,210 | |
| Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration) | USDOT | | 20.500 | AK-55-0003 | FTC | 75,188 | |
| ARRA-Federal Transit - Formula Grants | USDOT | ARRA | 20.507 | AK-96-X001-00 | FTC | 12,020,856 | |
| Federal Transit - Formula Grants | USDOT | | 20.507 | AK-90-X043-00 | FTC | 92,208 | |
| Federal Transit - Formula Grants | USDOT | | 20.507 | AK-90-X050-00 | FTC | 594,232 | |
| Federal Transit - Formula Grants | USDOT | | 20.507 | AK-90-X053-00 | FTC | 589,240 | |
| Federal Transit - Formula Grants | USDOT | | 20.507 | AK-90-X057-00 | FTC | 14,874,700 | |
| Federal Transit - Formula Grants | USDOT | | 20.507 | AK-90-X058-00 | FTC | 2,325,058 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|-------------|-------------|---|---------|----------------------|-----------------------|
| Anchorage International Airport Rail Passenger Station 1999 | USDOT | | 20.999 | DTRFDV-99-G-60005 | | 33,691 | |
| State Clean Diesel Grant Program | EPA | | 66.040 | 2D-00JO4201-0 | | 509,915 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | USDHS | | 97.036 | 1663-DR-AK | | 13,050 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | USDHS | | 97.036 | 1669-DR-AK | | 1,200 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | USDHS | | 97.036 | 1796-DR-AK | | 1,249,415 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | USDHS | | 97.036 | 1843-DR-AK | | 308,292 | |
| Pre-Disaster Mitigation | USDHS | | 97.047 | HMGP-10PDM-GR34070 | | 371 | |
| ARRA-Port Security Grant Program | USDHS | ARRA | 97.056 | 2009-PU-RI-0180 | | 143 | |
| Port Security Grant Program | USDHS | | 97.056 | 2007-GB-T7-0208 | | 5,890 | |
| Port Security Grant Program | USDHS | | 97.056 | 2007-GB-T7-0249 | | 4,953 | |
| Port Security Grant Program | USDHS | | 97.056 | 2007-GB-T7-K078 | | 28,844 | |
| Port Security Grant Program | USDHS | | 97.056 | 2008-GB-T7-0026 | | 44,266 | |
| Port Security Grant Program | USDHS | | 97.056 | 2008-GB-T7-0027 | | 41,806 | |
| Port Security Grant Program | USDHS | | 97.056 | 2009-PU-T9-0006 | | 24,400 | |
| Port Security Grant Program | USDHS | | 97.056 | 2009-PU-T9-0007 | | 24,400 | |
| Total for ALASKA RAILROAD CORPORATION | | | | | | 59,400,049 | - |
| <u>ALASKA STUDENT LOAN CORPORATION</u> | | | | | | | |
| Federal Family Education Loans | USDOE | | 84.032L | | SFAC | (4,996,164) | |
| Total for ALASKA STUDENT LOAN CORPORATION | | | | | | (4,996,164) | - |
| <u>ALASKA SEAFOOD MARKETING INSTITUTE</u> | | | | | | | |
| Market Access Program | USDA | | 10.601 | AR 29592-10&11 AR 29825-10&11 CC 08713509 Fed Portion | | 4,326,334 | |
| Quality Samples Program | USDA | | 10.605 | AR 29592-11 AR 29824-11 CC 08713509 Fed Portion | | 828 | |
| Total for ALASKA SEAFOOD MARKETING INSTITUTE | | | | | | 4,327,162 | - |
| <u>ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL</u> | | | | | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | USDOT | | 20.601 | | HSC | 811,274 | |
| Fund for Justice and Education for the Color of Justice Program (Pass-through Council on Legal Education Opportunity) | USDOE | | 84.936 | | | 3,650 | |
| State Court Improvement Program | USDHHS | | 93.586 | 0901AKSCID | | 98,402 | |
| State Court Improvement Program | USDHHS | | 93.586 | 0901AKSCIP | | 46,081 | |
| State Court Improvement Program | USDHHS | | 93.586 | 0901AKSCIT | | 79,496 | |
| State Court Improvement Program | USDHHS | | 93.586 | 1001AKSCID | | 19,271 | |
| State Court Improvement Program | USDHHS | | 93.586 | 1001AKSCIP | | 99,101 | |
| Grants to States for Access and Visitation Programs | USDHHS | | 93.597 | 0902AKSAVP | | 29,277 | |
| Grants to States for Access and Visitation Programs | USDHHS | | 93.597 | 1002AKSAVP | | 72,908 | |
| Total for ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL | | | | | | 1,259,460 | - |
| <u>DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT</u> | | | | | | | |
| Schools and Roads - Grants to States | USDA | | 10.665 | National Forest Receipts | SRC | 15,857,565 | 15,857,565 |
| Community Facilities Loans and Grants | USDA | | 10.766 | Rural Broadband Internet Access Grant | | (660,984) | (668,745) |
| Community Facilities Loans and Grants | USDA | | 10.766 | Rural Broadband Internet Access Grant | | 700,857 | 668,745 |
| Economic Adjustment Assistance | USDOC | | 11.307 | 07-79-05719 | EDC | 16,800 | 16,800 |
| Economic Adjustment Assistance | USDOC | | 11.307 | | EDC | 478,658 | 647,763 |
| Economic Adjustment Assistance | USDOC | | 11.307 | 07-79-06232 | EDC | 13,628 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|---|---------|----------------------|-----------------------|
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | NA08NOS4190428 | | 11,129 | 11,129 |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | NA08NOS4190428 | | 26,931 | 26,931 |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | NA09NOS4190116 | | 69,659 | 68,561 |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | NA10NOS4190169 | | 5,000 | 5,000 |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | NA10NOS4190169 | | 29,938 | 29,938 |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | NA10NOS4190169 | | 529,400 | 529,400 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | NA07NMF4380288 | | 154,155 | 139,906 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | NA08NMF4380597 | | 5,791 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | NA10NMF4380355 | | 21,605 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | NA10NMF4380355 | | 1,519,072 | 1,505,482 |
| Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii | HUD | | 14.228 | B-05-DC-02-0001 | CSACC | 351,302 | 351,302 |
| Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii | HUD | | 14.228 | B-06-DC-02-0001 | CSACC | 56,937 | 56,937 |
| Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii | HUD | | 14.228 | B-07-DC-02-0001 | CSACC | 1,318,051 | 1,318,051 |
| Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii | HUD | | 14.228 | B-08-DC-02-0001 | CSACC | 948,787 | 920,994 |
| Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii | HUD | | 14.228 | B-09-DC-02-0001 | CSACC | 131,800 | |
| Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii | HUD | | 14.228 | B-10-DC-02-0001 | CSACC | 31,284 | |
| ARRA-Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii – (Recovery Act Funded) | HUD | ARRA | 14.255 | B-09-DY-02-0001 | CSACC | 747,372 | 747,372 |
| Forestry on Indian Lands | USDOI | | 15.035 | 8E00440122 | | 4,420 | |
| Payments in Lieu of Taxes | USDOI | | 15.226 | Payments in Lieu of Taxes | | 57,821 | 57,821 |
| Payments in Lieu of Taxes | USDOI | | 15.226 | Payments in Lieu of Taxes | | 9,740,770 | 9,740,770 |
| Distribution of Receipts to State and Local Governments | USDOI | | 15.227 | National Petroleum Reserve Alaska Impact Mitigation | | 10,171,708 | 10,171,708 |
| Coastal Impact Assistance Program (CIAP) | USDOI | | 15.426 | M09AF15484 | | | 9,092 |
| Coastal Impact Assistance Program (CIAP) | USDOI | | 15.426 | M09AF15484 | | | 11,100 |
| Coastal Impact Assistance Program (CIAP) | USDOI | | 15.426 | M09AF15484 | | | 27,859 |
| Coastal Impact Assistance Program (CIAP) | USDOI | | 15.426 | M09AF15484 | | | 36,594 |
| Coastal Impact Assistance Program (CIAP) | USDOI | | 15.426 | M11AF00065 | | 294 | |
| Harold Rogers Prescription Drug Monitoring Program | USDOJ | | 16.754 | 2009-PM-BX-0010 | | 1,248 | |
| Harold Rogers Prescription Drug Monitoring Program | USDOJ | | 16.754 | 2009-PM-BX-0010 | | 106,915 | |
| Highway Planning and Construction | USDOT | | 20.205 | MGS-003(100) | HPCC | | 1,206 |
| Rural Banking and Financial Services Education | USTreas | | 21.999 | 08PA041 | | 41,750 | 41,750 |
| Jobs and Growth Tax Relief Reconciliation Act of 2002 | USTreas | | 21.999 | Jobs and Growth Tax Relief Reconciliation Act of 2002 | | 8,450 | 8,450 |
| Jobs and Growth Tax Relief Reconciliation Act of 2002 | USTreas | | 21.999 | Jobs and Growth Tax Relief Reconciliation Act of 2002 | | 50,000 | 50,000 |
| Congressionally Mandated Projects | EPA | | 66.202 | XP00J26701 | | 1,622,179 | 84,103 |
| Congressionally Mandated Projects | EPA | | 66.202 | XP-96035001-6 | | 935 | |
| ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis | ENERGY | ARRA | 81.122 | DE-OE0000170 | | 94,555 | |
| Denali Commission Program | DC | | 90.100 | 0074-DC-2002-127 | | 64,007 | (1,206) |
| Denali Commission Program | DC | | 90.100 | 01315-00 | | 1,584 | |
| Denali Commission Program | DC | | 90.100 | 186-05 | | 78,385 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Community Services Block Grant | USDHHS | | 93.569 | G09B1AKCOSR | CSBGC | 6,277 | 1 |
| Community Services Block Grant | USDHHS | | 93.569 | G10B1AKCOSR | CSBGC | 2,225,746 | 2,101,776 |
| Community Services Block Grant | USDHHS | | 93.569 | G11B1AKCOSR | CSBGC | 522,743 | 522,743 |
| ARRA -Community Services Block Grant | USDHHS | ARRA | 93.710 | G-0901 AKCOS2 | CSBGC | 953,456 | 953,456 |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | USDHHS | | 93.777 | 05AK50000 | MC | (25,000) | |
| State Commissions | USCNCS | | 94.003 | 10CAHAK001 | | 1,516 | |
| State Commissions | USCNCS | | 94.003 | 10CAHAK001 | | 225,322 | |
| Learn and Serve America-School and Community Based Programs | USCNCS | | 94.004 | 09KSPAK001 | | 1,138 | |
| Learn and Serve America-School and Community Based Programs | USCNCS | | 94.004 | 09KSPAK001 | | 29,896 | 15,408 |
| ARRA -AmeriCorps | USCNCS | ARRA | 94.006 | 09RCHAK001 | | 35,827 | 35,827 |
| ARRA -AmeriCorps | USCNCS | ARRA | 94.006 | 09RFHAK001 | | 9,196 | 9,196 |
| AmeriCorps | USCNCS | | 94.006 | 06AFHAK001 | | 609,274 | 609,274 |
| AmeriCorps | USCNCS | | 94.006 | 07ACHAK001 | | 684,065 | 684,065 |
| AmeriCorps | USCNCS | | 94.006 | 10ACHAK001 | | 646,272 | 646,272 |
| AmeriCorps | USCNCS | | 94.006 | 10ESHAK001 | | 8,749 | 8,749 |
| Program Development and Innovation Grants | USCNCS | | 94.007 | 09CDHAK001 | | 21,358 | 5,329 |
| Program Development and Innovation Grants | USCNCS | | 94.007 | 09CDHAK001 | | 2,573 | |
| Training and Technical Assistance | USCNCS | | 94.009 | 08PTHAK001 | | 38,236 | 7,494 |
| Training and Technical Assistance | USCNCS | | 94.009 | 11PTHAK001 | | 33,910 | 18,771 |
| Community Assistance Program State Support Services Element (CAP-SSSE) | USDHS | | 97.023 | EMS-2010-GR-0004 | | 47,501 | |
| Community Assistance Program State Support Services Element (CAP-SSSE) | USDHS | | 97.023 | EMS-2011-GR-0004 | | 36,019 | |
| Cooperating Technical Partners | USDHS | | 97.045 | EMS-2009-GR-0014 | | 32,432 | |
| Cooperating Technical Partners | USDHS | | 97.045 | EMS-2010-GR-0016 | | 10,762 | |
| ARRA -State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act | USDOE | ARRA | 84.397A | S397A090002 | SFSFC | 4,698,125 | 4,660,046 |
| Total for DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT | | | | | | 55,265,151 | 52,750,785 |
| <u>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</u> | | | | | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | USDA | | 10.025 | | | 137,657 | |
| Food Safety Cooperative Agreements | USDA | | 10.479 | | | 19,527 | |
| Water and Waste Disposal Systems for Rural Communities | USDA | | 10.760 | | | 6,893,815 | 708,435 |
| Pesticide Recordkeeping | USDA | | 10.999 | 12-25-A-5266 | | 16,846 | |
| Forest Service Regulatory Oversight | USDA | | 10.999 | AG-0109-P-08-0028 | | 456 | |
| Miscellaneous Inspection Service | USDOC | | 11.999 | 45ABNAON0252 | | 989 | |
| NOAA Pribilof Island Restoration | USDOC | | 11.999 | AB133A10SE3096 | | 2,320 | |
| State Memorandum of Agreement Program for the Reimbursement of Technical Services | USDOD | | 12.113 | | | 2,715,891 | |
| USAF Elmendorf Site Cleanup | USDOD | | 12.999 | FA500007A0008 | | 2,083 | |
| Bureau of Land Management Oversight | USDOI | | 15.999 | L10PA00439 | | 44,404 | |
| Bureau of Land Management Oversight | USDOI | | 15.999 | L11PA00032 | | 51,104 | |
| National Park Service Oversight | USDOI | | 15.999 | P9917100001 | | 5,348 | |
| National Park Service Oversight | USDOI | | 15.999 | P9917110001 | | 25,234 | |
| Clean up Contaminated Sites in AK | USDOT | | 20.999 | DTFAAL-04X-8000 | | 94,179 | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | EPA | | 66.034 | | | 229,521 | |
| ARRA -State Clean Diesel Grant Program | EPA | ARRA | 66.040 | | | 933,644 | |
| State Clean Diesel Grant Program | EPA | | 66.040 | | | 65,158 | |
| Congressionally Mandated Projects | EPA | | 66.202 | | | 31,319,039 | 3,466,859 |
| State Environmental Justice Cooperative Agreement Program | EPA | | 66.312 | | | 23,659 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Water Pollution Control State, Interstate, and Tribal Program Support | EPA | | 66.419 | | | 329,781 | |
| State Public Water System Supervision | EPA | | 66.432 | | | 2,454,628 | |
| ARRA-Water Quality Management Planning | EPA | ARRA | 66.454 | | | 101,514 | |
| Water Quality Management Planning | EPA | | 66.454 | | | 123,000 | |
| ARRA-Capitalization Grants for Clean Water State Revolving Funds | EPA | ARRA | 66.458 | | | 13,772,032 | 13,332,462 |
| Capitalization Grants for Clean Water State Revolving Funds | EPA | | 66.458 | | | 2,954,223 | 2,769,126 |
| ARRA-Capitalization Grants for Drinking Water State Revolving Funds | EPA | ARRA | 66.468 | | | 9,747,547 | 9,115,455 |
| Capitalization Grants for Drinking Water State Revolving Funds | EPA | | 66.468 | | | 8,424,959 | 5,293,470 |
| Beach Monitoring and Notification Program Implementation Grants | EPA | | 66.472 | | | 240,610 | 39,963 |
| Water Protection Grants to the States | EPA | | 66.474 | | | 32,101 | |
| Office of Research and Development Consolidated Research/Training/Fellowships | EPA | | 66.511 | | | 40,286 | |
| Performance Partnership Grants | EPA | | 66.605 | | | 4,976,349 | 219,518 |
| Environmental Information Exchange Network Grant Program and Related Assistance | EPA | | 66.608 | | | 32,694 | |
| Consolidated Pesticide Enforcement Cooperative Agreements | EPA | | 66.700 | | | 303,295 | |
| Pollution Prevention Grants Program | EPA | | 66.708 | | | 117,357 | |
| Underground Storage Tank Prevention, Detection and Compliance Program | EPA | | 66.804 | | | 360,605 | |
| ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program | EPA | ARRA | 66.805 | | | 405,242 | |
| Leaking Underground Storage Tank Trust Fund Corrective Action Program | EPA | | 66.805 | | | 493,163 | |
| Superfund State and Indian Tribe Core Program Cooperative Agreements | EPA | | 66.809 | | | 116,681 | |
| State and Tribal Response Program Grants | EPA | | 66.817 | | | 688,245 | |
| LUST Trust Cost Recovery | EPA | | 66.999 | LUST Trust Cost Recovery | | 3,916 | |
| EPA-IPA for Al Schuler | EPA | | 66.999 | MO1110BDR052 | | 25,534 | |
| Amchitka Oversight Monitoring | USDOE | | 84.999 | DE-FG01-06LM00075 | | 143,415 | |
| Denali Commission Program | DC | | 90.100 | | | 45,628 | |
| Tribal Self-Governance Program: IHS | USDHHS | | 93.210 | | | 8,326,978 | |
| Compacts/Funding Agreements (Pass-through from ANTHC) | | | | | | | |
| ARRA-IHS Tribal Agreements (Pass-through from ANTHC) | USDHHS | ARRA | 93.722 | | | 6,378,174 | 126,024 |
| FDA Food Inspections | USDHHS | | 93.999 | HHSF223200100042C | | 924,614 | |
| FDA Food Inspections | USDHHS | | 93.999 | HHSF223200940021C | | 213 | |
| US Coast Guard Oversight - Kodiak | USDHS | | 97.999 | HSCG5010P643H12 | | 22,818 | |
| US Coast Guard Oversight - Juneau | USDHS | | 97.999 | HSCG8710P6XA001 | | 4,978 | |
| US Coast Guard Oversight - Juneau | USDHS | | 97.999 | HSCG8711P6XA001 | | 9,152 | |
| Total for DEPARTMENT OF ENVIRONMENTAL CONSERVATION | | | | | | 104,180,606 | 35,071,312 |
| DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT | | | | | | | |
| School Breakfast Program | USDA | | 10.553 | 17131 | CNC | 7,455,863 | 7,455,863 |
| National School Lunch Program - Food Commodities | USDA | | 10.555 | 17132 | CNC | 2,189,054 | 2,189,054 |
| National School Lunch Program | USDA | | 10.555 | 17132 | CNC | 29,098,297 | 29,098,297 |
| Special Milk Program for Children | USDA | | 10.556 | 17133 | CNC | 4,004 | 4,004 |
| Child and Adult Care Food Program - Food Commodities | USDA | | 10.558 | 17134 | | 28,151 | 28,151 |
| Child and Adult Care Food Program | USDA | | 10.558 | 17134 | | 8,065,818 | 8,004,316 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Summer Food Service Program for Children | USDA | | 10.559 | 17137 | CNC | 1,305,696 | 1,205,658 |
| State Administrative Expenses for Child Nutrition | USDA | | 10.560 | 17135 | | 725,850 | |
| ARRA -Emergency Food Assistance Program (Administrative Costs) | USDA | ARRA | 10.568 | 17196 | EFAC | 50,700 | 50,700 |
| Emergency Food Assistance Program (Administrative Costs) | USDA | | 10.568 | 17138 | EFAC | 153,110 | 134,983 |
| Emergency Food Assistance Program (Food Commodities) | USDA | | 10.569 | | EFAC | 1,336,893 | 1,336,893 |
| Team Nutrition Grants | USDA | | 10.574 | 17400 | | 37,277 | |
| ARRA -Child Nutrition Discretionary Grants Limited Availability | USDA | ARRA | 10.579 | 17195 | | 47,260 | 47,260 |
| Child Nutrition Discretionary Grants Limited Availability | USDA | | 10.579 | 17169 | | 95,091 | 68,235 |
| Fresh Fruit and Vegetable Program | USDA | | 10.582 | 17166 | | 1,056,082 | 1,034,575 |
| ARRA -Broadband Technology Opportunities Program (BTOP) | USDOC | ARRA | 11.557 | 17353 | | 137,039 | |
| Jobs and Growth Tax Relief Reconciliation Act of 2003 | USTreas | | 21.999 | 17100 | | 546,384 | |
| Promotion of the Arts-Grants to Organizations and Individuals | NEA | | 45.024 | 17212 | | 12,000 | |
| Promotion of the Arts-Partnership Agreements | NEA | | 45.025 | 17335 | | 787,538 | 312,210 |
| 21st Century Museum Professionals | IMLS | | 45.307 | 17276 | | 3,500 | |
| Grants to States | IMLS | | 45.310 | 17336 | | 955,657 | 741,635 |
| Laura Bush 21st Century Librarian Program | IMLS | | 45.313 | 17258 | | 69,731 | |
| Title I Grants to Local Educational Agencies | USDOE | | 84.010 | 17126 | TIAC | 36,244,706 | 35,900,493 |
| Migrant Education - State Grant Program | USDOE | | 84.011 | 17127 | | 7,829,990 | 7,187,190 |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | USDOE | | 84.013 | 17129 | | 247,696 | 245,751 |
| Special Education - Grants to States | USDOE | | 84.027 | 17232 | SEC | 33,923,266 | 30,249,366 |
| Impact Aid | USDOE | | 84.041 | 17238 | IAC | 39,625,809 | |
| Career and Technical Education - Basic Grants to States | USDOE | | 84.048 | 17244 | | 3,782,793 | 2,497,687 |
| Migrant Education - Coordination Program | USDOE | | 84.144 | 17167 | | 13,947 | |
| Rehabilitation Services - Client Assistance Program | USDOE | | 84.161 | 17152 | | 124,563 | |
| Special Education - Preschool Grants | USDOE | | 84.173 | 17242 | SEC | 1,208,266 | 1,164,775 |
| Safe and Drug-Free Schools and Communities - National Programs | USDOE | | 84.184 | 17220 | | 91,838 | |
| Byrd Honors Scholarships | USDOE | | 84.185 | 17254 | | 98,625 | |
| Safe and Drug-Free Schools and Communities - State Grants | USDOE | | 84.186 | 17255 | | 451,677 | 439,073 |
| Education for Homeless Children and Youth | USDOE | | 84.196 | 17257 | EHCY | 176,626 | 154,484 |
| Even Start - State Educational Agencies | USDOE | | 84.213 | 17264 | | 290,647 | 273,753 |
| Fund for the Improvement of Education | USDOE | | 84.215 | 17231 | | 95,666 | |
| Tech-Prep Education | USDOE | | 84.243 | 17246 | | 281,121 | |
| Twenty-First Century Community Learning Centers | USDOE | | 84.287 | 17271 | | 5,829,096 | 5,674,113 |
| Education Technology State Grants | USDOE | | 84.318 | 17241 | ETSGC | 1,569,885 | 1,539,396 |
| Special Education - State Personnel Development | USDOE | | 84.323 | 17159 | | 290,377 | 18,824 |
| Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants) | USDOE | | 84.330 | 17122 | | 31,794 | |
| Transition to Teaching | USDOE | | 84.350 | 17164 | | 599,968 | |
| Reading First State Grants | USDOE | | 84.357 | 17273 | | 90,869 | 86,706 |
| Rural Education | USDOE | | 84.358 | 17373 | | 73,434 | 51,503 |
| School Leadership | USDOE | | 84.363 | 17189 | | 134,000 | |
| English Language Acquisition Grants | USDOE | | 84.365 | 17175 | | 1,330,423 | 1,186,147 |
| Mathematics and Science Partnerships | USDOE | | 84.366 | 17252 | | 396,147 | 384,777 |
| Improving Teacher Quality State Grants | USDOE | | 84.367 | 17172 | | 16,103,990 | 15,725,360 |
| Grants for State Assessments and Related Activities | USDOE | | 84.369 | 17171 | | 4,226,728 | |
| Striving Readers | USDOE | | 84.371 | 17211 | | 74,758 | |
| School Improvement Grants | USDOE | | 84.377 | 17165 | SIGC | 985,154 | 864,818 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| ARRA-Education Technology State Grants, Recovery Act | USDOE | ARRA | 84.386 | 17197 | ETSGC | 1,248,649 | 1,248,649 |
| ARRA-Education for Homeless Children and Youth, Recovery Act | USDOE | ARRA | 84.387 | 17193 | EHCY | 140,225 | 140,225 |
| ARRA-State Improvement Grants, Recovery Act | USDOE | ARRA | 84.388 | 17198 | SIGC | 1,279,323 | 1,233,783 |
| ARRA-Title I Grants to Local Educational Agencies, Recovery Act | USDOE | ARRA | 84.389 | 17194 | TIAC | 17,353,821 | 17,353,821 |
| ARRA-Special Education Grants to States, Recovery Act | USDOE | ARRA | 84.391 | 17191 | SEC | 17,805,179 | 17,805,179 |
| ARRA-Special Education-Preschool Grants, Recovery Act | USDOE | ARRA | 84.392 | 17192 | SEC | 910,989 | 910,989 |
| ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act | USDOE | ARRA | 84.394 | 17398 | SFSFC | 64,232,288 | 59,697,276 |
| ARRA-Impact Aid -School Construction Formula Grants, Recovery Act | USDOE | ARRA | 84.404 | 17238 | IAC | 32,832 | |
| Education Jobs Fund | USDOE | | 84.410 | 17239 | | 1,497,752 | 1,494,383 |
| Consolidated Programs IASA Admin | USDOE | | 84.999 | 17300 | | 648,157 | |
| National Historical Publications and Records Grants | NARA | | 89.003 | 17141 | | 24,606 | |
| Head Start | USDHHS | | 93.600 | 17330 | HDSC | 157,745 | 20,000 |
| Medical Assistance Program | USDHHS | | 93.778 | 17304 | MC | 737,470 | 737,470 |
| Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | USDHHS | | 93.938 | 17308 | | 270,936 | 62,190 |
| Total for DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT | | | | | | 316,724,826 | 256,060,015 |

DEPARTMENT OF FISH AND GAME

| | | | | | | | |
|---|-------|--|--------|-------|--|------------|-----------|
| Plant and Animal Disease, Pest Control, and Animal Care | USDA | | 10.025 | | | 95,019 | |
| 2009 Aquaculture Grant Program | USDA | | 10.103 | | | 40,717 | 40,717 |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42003 | | 2,739 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42006 | | 2,768 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42007 | | 1,943 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42013 | | 24,900 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42015 | | 14,918 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42077 | | 16,644 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | USDA | | 10.999 | 42086 | | 202 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | USDA | | 10.999 | 42088 | | 64,192 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42099 | | 1,676 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42117 | | 4,970 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42118 | | 4,648 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42120 | | 15,803 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42121 | | 8,743 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | USDA | | 10.999 | 42123 | | 4,781 | |
| Miscellaneous US Forest Service-Salmon Stock Assessments/Research | USDA | | 10.999 | 42124 | | 35,415 | |
| Miscellaneous US Forest Service-Wildlife Research | USDA | | 10.999 | 42139 | | 5,075 | |
| Anadromous Fish Conservation Act Program | USDOC | | 11.405 | | | 7,838 | |
| Interjurisdictional Fisheries Act of 1986 | USDOC | | 11.407 | | | 165,230 | |
| Sea Grant Support | USDOC | | 11.417 | | | 21,092 | |
| Coastal Zone Management Estuarine Research Reserves | USDOC | | 11.420 | | | 654,051 | |
| Pacific Fisheries Data Program (Pass-Through from Pacific States Marine Fisheries Commission) | USDOC | | 11.437 | | | 2,161,880 | |
| Pacific Fisheries Data Program | USDOC | | 11.437 | | | 3,273,927 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | | | 23,181,286 | 3,064,798 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Marine Mammal Data Program | USDOC | | 11.439 | | | 1,672,516 | |
| Regional Fishery Management Council | USDOC | | 11.441 | | | 49,738 | |
| Unallied Science Program (Pass-through from North Slope Borough) | USDOC | | 11.472 | | | 21,785 | |
| Unallied Science Program (Pass-through from North Pacific Research Board) | USDOC | | 11.472 | | | 141,447 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41617 | | 4,966 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41627 | | 13,470 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41637 | | 83,011 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41639 | | 50,000 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41640 | | 3,173 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41707 | | 6,664 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41721 | | 2,287 | |
| Miscellaneous NOAA-Marine Mammal Research | USDOC | | 11.999 | 41726 | | 15,544 | |
| Miscellaneous NOAA-Federal Travel | USDOC | | 11.999 | 41732 | | 93,937 | |
| Miscellaneous NOAA-Federal Travel | USDOC | | 11.999 | 41738 | | 16,144 | |
| Miscellaneous NOAA-Federal Travel | USDOC | | 11.999 | 41739 | | 15,738 | |
| Miscellaneous NOAA-Research Vessel Charters | USDOC | | 11.999 | 41950 | | 46,331 | |
| Military Medical Research and Development | USDOD | | 12.420 | | | 27,669 | |
| Miscellaneous Army-Wildlife Research - Wolves | USDOD | | 12.999 | 42505 | | 3,975 | |
| Miscellaneous Army-Wildlife Research | USDOD | | 12.999 | 42507 | | 6,562 | |
| Miscellaneous Army-Fish Surveys | USDOD | | 12.999 | 42508 | | 7,592 | |
| Miscellaneous Army-Wildlife Research | USDOD | | 12.999 | 42509 | | 4,000 | |
| Miscellaneous Army-Wildlife Research - Bear | USDOD | | 12.999 | 42510 | | 1,010 | |
| Miscellaneous Army-Habitat Restoration | USDOD | | 12.999 | 42511 | | 33,084 | |
| Miscellaneous Army-Marine Mammal Research | USDOD | | 12.999 | 42512 | | 40,365 | |
| Miscellaneous Army-Wildlife Research - Moose | USDOD | | 12.999 | 42518 | | 51,352 | |
| Miscellaneous Army-Wildlife Research - Bear | USDOD | | 12.999 | 42530 | | 104,209 | |
| Miscellaneous Army-Wildlife Research | USDOD | | 12.999 | 42555 | | 29,556 | |
| Miscellaneous Army-Wildlife Research - Bear | USDOD | | 12.999 | 42557 | | 6,549 | |
| Miscellaneous Army-Marine Mammal Research | USDOD | | 12.999 | 42564 | | 24,963 | |
| Cooperative Inspection Agreements with States and Tribes | USDOI | | 15.222 | | | 7,168 | |
| Recreation Resource Management | USDOI | | 15.225 | | | 41,290 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation) | USDOI | | 15.231 | | | 7,042 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation) | USDOI | | 15.231 | | | 71,060 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation) | USDOI | | 15.231 | | | 99,230 | |
| Fish, Wildlife and Plant Conservation Resource Management | USDOI | | 15.231 | | | 154,181 | |
| Challenge Cost Share | USDOI | | 15.238 | | | 32,472 | |
| Sport Fish Restoration Program | USDOI | | 15.605 | | F&WC | 18,458,363 | 134,978 |
| Fish and Wildlife Management Assistance | USDOI | | 15.608 | | | 919,949 | |
| Wildlife Restoration and Basic Hunter Education | USDOI | | 15.611 | | F&WC | 15,569,867 | |
| Coastal Wetlands Planning, Protection and Restoration Act | USDOI | | 15.614 | | | 266,187 | |
| Cooperative Endangered Species Conservation Fund | USDOI | | 15.615 | | | 88,000 | |
| Sportfishing and Boating Safety Act | USDOI | | 15.622 | | | 1,500,000 | 1,500,000 |
| Enhanced Hunter Education and Safety Program | USDOI | | 15.626 | | | 64,863 | |
| Coastal Program | USDOI | | 15.630 | | | 68,857 | |
| Partners for Fish and Wildlife | USDOI | | 15.631 | | | 27,103 | |
| Landowner Incentive Program | USDOI | | 15.633 | | | 48,852 | |
| State Wildlife Grants | USDOI | | 15.634 | | | 3,260,910 | |
| Alaska Subsistence Management | USDOI | | 15.636 | | | 1,975,933 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Challenge Cost Share | USDOI | | 15.642 | | | 5,225 | |
| Migratory Bird Monitoring, Assessment and Conservation | USDOI | | 15.655 | | | 29,912 | |
| Miscellaneous US Fish & Wildlife Service - Salmon Harvest Assessment-Copper River | USDOI | | 15.999 | 41023 | | 31,636 | |
| Miscellaneous US Fish & Wildlife Service - Climate Change/Impact Studies | USDOI | | 15.999 | 41026 | | 38,353 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou | USDOI | | 15.999 | 41027 | | 16,500 | |
| Miscellaneous US Fish & Wildlife Service - Lake Herring Harvest Assessment | USDOI | | 15.999 | 41028 | | 3,519 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou | USDOI | | 15.999 | 41048 | | 22,700 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Deer | USDOI | | 15.999 | 41080 | | 5,763 | |
| Miscellaneous US Fish & Wildlife Service - Migratory Bird Regulation Committee Meetings | USDOI | | 15.999 | 41081 | | 4,166 | |
| Miscellaneous US Fish & Wildlife Service - Wildlife Research-Big Game | USDOI | | 15.999 | 41082 | | 19,611 | |
| Miscellaneous US Fish & Wildlife Service - Avian Flu Testing | USDOI | | 15.999 | 41092 | | 20,421 | |
| Miscellaneous US Fish & Wildlife Service - Subsistence Fishing Data | USDOI | | 15.999 | 41202 | | 2,688 | |
| Miscellaneous US Fish & Wildlife Service - Non-salmon Harvesting Assessment | USDOI | | 15.999 | 41306 | | 2,268 | |
| Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales | USDOI | | 15.999 | 41309 | | 146,657 | |
| Miscellaneous Minerals Management Service - Marine Mammal Research-Walrus | USDOI | | 15.999 | 41310 | | 209,908 | |
| Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales | USDOI | | 15.999 | 41317 | | 215,575 | |
| Miscellaneous BLM - Wildlife Population Monitoring | USDOI | | 15.999 | 41417 | | 3,476 | |
| Miscellaneous BLM - ARLIS | USDOI | | 15.999 | 41419 | | 34,000 | |
| Miscellaneous BLM - Wildlife Research-Caribou | USDOI | | 15.999 | 41446 | | 51,849 | |
| Miscellaneous BLM - Burbot and Pike Research | USDOI | | 15.999 | 41447 | | 75,319 | |
| Miscellaneous BLM - Wildlife Research-Mountain Goats | USDOI | | 15.999 | 41448 | | 22,193 | |
| Miscellaneous National Park Service - Burbot counts-Tanada/Copper Lakes | USDOI | | 15.999 | 41507 | | 1,434 | |
| Miscellaneous National Park Service - Historical Subsistence Methods Research | USDOI | | 15.999 | 41516 | | 15,507 | |
| Miscellaneous National Park Service - Harvest Assessments | USDOI | | 15.999 | 41517 | | 50,756 | |
| Miscellaneous National Park Service - Wildlife Surveys | USDOI | | 15.999 | 41518 | | 6,784 | |
| Miscellaneous National Park Service - Walrus Studies | USDOI | | 15.999 | 41520 | | 1,627 | |
| Miscellaneous National Park Service - Wildlife Research-Bear | USDOI | | 15.999 | 41545 | | 18,611 | |
| Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies | USDOI | | 15.999 | 41559 | | 29,799 | |
| Miscellaneous US Fish & Wildlife Service - Adak Oil Spill Response | USDOI | | 15.999 | 41581 | | 8,990 | |
| Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies | USDOI | | 15.999 | 41584 | | 595 | |
| Miscellaneous Homeland Security - M/V Selendang Oil Spill Response | USDHS | | 97.999 | 42708 | | 891 | |
| Total for DEPARTMENT OF FISH AND GAME | | | | | | 76,146,154 | 4,740,493 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| DEPARTMENT OF HEALTH AND SOCIAL SERVICES | | | | | | | |
| Supplemental Nutrition Assistance Program | USDA | | 10.551 | | SNAP | 172,009,747 | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | USDA | | 10.557 | | | 23,881,338 | 6,017,069 |
| ARRA -State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | USDA | ARRA | 10.561 | | SNAP | 157,700 | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | USDA | | 10.561 | | SNAP | 14,800,653 | 37,700 |
| Commodity Supplemental Food Program | USDA | | 10.565 | | | 285,935 | 143,220 |
| WIC Farmers Market Nutrition Program (FMNP) | USDA | | 10.572 | | | 193,756 | |
| Senior Farmers Market Nutrition Program | USDA | | 10.576 | | | 61,541 | 85,050 |
| ARRA -WIC Grants to States | USDA | ARRA | 10.578 | WISA-09-AK-01 | | 194,638 | |
| Juvenile Accountability Block Grants | USDOJ | | 16.523 | | | 256,591 | |
| Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities | USDOJ | | 16.529 | | | 191,758 | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | USDOJ | | 16.540 | | | 582,643 | 142,535 |
| Part E - Developing, Testing and Demonstrating Promising New Programs | USDOJ | | 16.541 | | | 118,351 | |
| Title V - Delinquency Prevention Program | USDOJ | | 16.548 | | | 289,759 | 80,060 |
| Enforcing Underage Drinking Laws Program | USDOJ | | 16.727 | | | 300,739 | 119,136 |
| WIA Youth Activities | USDOL | | 17.259 | | WIAC | | 163,000 |
| Disability Employment Policy Development | USDOL | | 17.720 | | | 119,180 | |
| Alcohol Open Container Requirements | USDOT | | 20.607 | | | 12,000 | 12,000 |
| Special Education - Grants for Infants and Families | USDOE | | 84.181 | | EISC | 1,872,005 | 1,315,200 |
| ARRA -Special Education-Grants for Infants and Families, Recovery Act | USDOE | ARRA | 84.393 | | EISC | 1,609,806 | 997,932 |
| Denali Commission Program | DC | | 90.100 | | | 544,166 | |
| Compassion Capital Fund | USDHHS | | 93.009 | | | 202,732 | |
| Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation | USDHHS | | 93.041 | | | 25,224 | |
| Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals | USDHHS | | 93.042 | | | 83,900 | |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | USDHHS | | 93.043 | | | 270,261 | 83,380 |
| Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | USDHHS | | 93.044 | | AC | 1,849,574 | 1,529,525 |
| Special Program for the Aging - Title III, Part C - Nutrition Services | USDHHS | | 93.045 | | AC | 3,336,290 | 2,752,551 |
| Special Programs for the Aging - Title IV and Title II - Discretionary Projects | USDHHS | | 93.048 | | | 195,153 | 154,572 |
| National Family Caregiver Support, Title III, Part E | USDHHS | | 93.052 | | | 719,964 | 732,916 |
| Nutrition Services Incentive Program | USDHHS | | 93.053 | | AC | 380,232 | |
| Public Health Emergency Preparedness | USDHHS | | 93.069 | | | 5,463,067 | 1,354,370 |
| ARRA -Medicare Enrollment Assistance Program | USDHHS | ARRA | 93.071 | | | 2,133 | |
| Emergency System for Advance Registration of Volunteer Health Professionals | USDHHS | | 93.089 | | | 92,140 | |
| Maternal and Child Health Federal Consolidated Programs | USDHHS | | 93.110 | | | 1,370,579 | |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | USDHHS | | 93.116 | | | 474,865 | 52,829 |
| Emergency Medical Services for Children | USDHHS | | 93.127 | | | 170,471 | |
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | USDHHS | | 93.130 | | | 684,768 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Injury Prevention and Control Research and State and Community Based Programs | USDHHS | | 93.136 | | | 167,224 | |
| Projects for Assistance in Transition from Homelessness (PATH) | USDHHS | | 93.150 | | | 297,623 | 363,140 |
| Grants to States for Loan Repayment Program | USDHHS | | 93.165 | | | 4,145 | |
| Urban Indian Health Services | USDHHS | | 93.193 | | | 58,284 | |
| Family Planning - Services | USDHHS | | 93.217 | | | 611,502 | 421,326 |
| Traumatic Brain Injury State Demonstration Grant Program | USDHHS | | 93.234 | | | 35,288 | |
| State Capacity Building | USDHHS | | 93.240 | | | 190,875 | |
| State Rural Hospital Flexibility Program | USDHHS | | 93.241 | | | 568,018 | 126,900 |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance | USDHHS | | 93.243 | | | 893,823 | 388,981 |
| Universal Newborn Hearing Screening | USDHHS | | 93.251 | | | 275,209 | 56,500 |
| Occupational Safety and Health Program | USDHHS | | 93.262 | | | | 25,000 |
| Immunization Grants | USDHHS | | 93.268 | | IC | 15,736,933 | 58,950 |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | USDHHS | | 93.283 | | | 7,655,712 | 15,500 |
| Teenage Pregnancy Prevention Program | USDHHS | | 93.297 | | | 173,740 | |
| Small Rural Hospital Improvement Grant Program | USDHHS | | 93.301 | | | 156,346 | |
| ARRA-State Primary Care Office | USDHHS | ARRA | 93.414 | | | 28,417 | |
| Strengthening Public Health Infrastructure for Improved Health Outcomes | USDHHS | | 93.507 | | | 34,611 | |
| The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC)and Emerging Infections Program (EIP) Cooperative Agreement | USDHHS | | 93.521 | | | 340,909 | |
| The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities | USDHHS | | 93.523 | | | 80,006 | |
| Promoting Safe and Stable Families | USDHHS | | 93.556 | | | 687,899 | 435,972 |
| Temporary Assistance for Needy Families | USDHHS | | 93.558 | | TANFC | 31,855,780 | |
| Low-Income Home Energy Assistance | USDHHS | | 93.568 | | | 12,356,459 | |
| Child Care and Development Block Grant | USDHHS | | 93.575 | | CCC | 23,344,688 | 6,530,999 |
| Community-Based Child Abuse Prevention Grants | USDHHS | | 93.590 | | | 279,635 | 263,987 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | USDHHS | | 93.596 | | CCC | 8,048,391 | |
| Chafee Education and Training Vouchers Program (ETV) | USDHHS | | 93.599 | | | 166,576 | |
| Adoption Incentive Payments | USDHHS | | 93.603 | | | 107,678 | |
| Developmental Disabilities Basic Support and Advocacy Grants | USDHHS | | 93.630 | | | 319,311 | |
| Children's Justice Grants to States | USDHHS | | 93.643 | | | 92,723 | |
| Stephanie Tubbs Jones Child Welfare Services Program | USDHHS | | 93.645 | | | 212,193 | |
| ARRA-Foster Care, Title IV-E | USDHHS | ARRA | 93.658 | | | 321,522 | |
| Foster Care, Title IV-E | USDHHS | | 93.658 | | | 15,040,617 | 1,397,500 |
| ARRA-Adoption Assistance | USDHHS | ARRA | 93.659 | | | 993,512 | |
| Adoption Assistance | USDHHS | | 93.659 | | | 10,064,834 | |
| Social Services Block Grant | USDHHS | | 93.667 | | | 9,195,495 | 865,018 |
| Child Abuse and Neglect State Grants | USDHHS | | 93.669 | | | 42,317 | |
| Chafee Foster Care Independence Program | USDHHS | | 93.674 | | | 332,120 | 87,543 |
| ARRA-Immunization | USDHHS | ARRA | 93.712 | | IC | 94,560 | |
| ARRA-Child Care and Development Block Grant | USDHHS | ARRA | 93.713 | | CCC | 2,012,681 | 72,000 |
| ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program | USDHHS | ARRA | 93.714 | | TANFC | 2,061,873 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| ARRA-Preventing Healthcare-Associated Infections | USDHHS | ARRA | 93.717 | | | 135,399 | |
| ARRA-State Grants to Promote Health Information Technology | USDHHS | ARRA | 93.719 | | | 2,385,368 | |
| ARRA-Prevention and Wellness-State, Territories and Pacific Islands | USDHHS | ARRA | 93.723 | | | 175,247 | |
| ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program | USDHHS | ARRA | 93.725 | | | 22,094 | 6,000 |
| Children's Health Insurance Program | USDHHS | | 93.767 | | | 20,215,542 | |
| Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities | USDHHS | | 93.768 | | | 742,346 | |
| Medicare - Hospital Insurance | USDHHS | | 93.773 | | | 610,685 | |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | USDHHS | | 93.777 | | MC | 483,465 | |
| ARRA-Medical Assistance Program | USDHHS | ARRA | 93.778 | | MC | 102,860,329 | |
| Medical Assistance Program | USDHHS | | 93.778 | | MC | 793,282,075 | |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | USDHHS | | 93.779 | | | 69,729 | 223,022 |
| Alternatives to Psychiatric Residential Treatment Facilities for Children | USDHHS | | 93.789 | | | 7,132 | |
| Specially Selected Health Projects | USDHHS | | 93.888 | | | 3,016 | |
| National Bioterrorism Hospital Preparedness Program | USDHHS | | 93.889 | | | 1,370,014 | 92,258 |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program | USDHHS | | 93.912 | | | 32,176 | |
| Grants to States for Operation of Offices of Rural Health | USDHHS | | 93.913 | | | 197,476 | |
| HIV Care Formula Grants | USDHHS | | 93.917 | | | 1,336,735 | 391,865 |
| HIV Prevention Activities - Health Department Based | USDHHS | | 93.940 | | | 1,780,951 | 664,111 |
| Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | USDHHS | | 93.944 | | | 145,006 | |
| Block Grants for Community Mental Health Services | USDHHS | | 93.958 | | | 770,582 | 510,490 |
| Block Grants for Prevention and Treatment of Substance Abuse | USDHHS | | 93.959 | | | 4,724,367 | 4,287,548 |
| Preventive Health Services - Sexually Transmitted Diseases Control Grants | USDHHS | | 93.977 | | | 394,474 | |
| Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems | USDHHS | | 93.988 | | | | 20,000 |
| Preventive Health and Health Services Block Grant | USDHHS | | 93.991 | | | 301,005 | |
| Maternal and Child Health Services Bock Grant to States | USDHHS | | 93.994 | | | 1,111,683 | 96,000 |
| Adult Lead Surveillance Data | USDHHS | | 93.999 | 030178D4D-CDC | | 15,364 | |
| NCHS Contract | USDHHS | | 93.999 | 200-2000-07201 | | 112,812 | |
| Mammography Inspection | USDHHS | | 93.999 | 223-03-4401 | | 9,310 | |
| NIOSH Trauma Registry | USDHHS | | 93.999 | 243-03-1045 | | 86,250 | |
| Total for DEPARTMENT OF HEALTH AND SOCIAL SERVICES | | | | | | 1,311,123,820 | 33,173,655 |
| DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT | | | | | | | |
| Census Special Tabulations and Services | USDOC | | 11.005 | 804 | | 14,163 | |
| Investments for Public Works and Economic Development Facilities | USDOC | | 11.300 | 805 | EDC | 681,063 | |
| Labor Force Statistics | USDOL | | 17.002 | 850 | | 659,807 | |
| Compensation and Working Conditions | USDOL | | 17.005 | 853 | | 110,333 | |
| ARRA-Employment Service/Wagner-Peyser Funded Activities | USDOL | ARRA | 17.207 | 953/960 | ESC | 550,296 | |
| Employment Service/Wagner-Peyser Funded Activities | USDOL | | 17.207 | 911/961 | ESC | 9,182,643 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| ARRA-Unemployment Insurance (EUC) | USDOL | ARRA | 17.225 | 987 | | 617,215 | |
| ARRA-Unemployment Insurance (FAC) | USDOL | ARRA | 17.225 | FU 33030 - AC 79544/69444 | | 9,436,232 | |
| Unemployment Insurance | USDOL | | 17.225 | 864 | | 344,021,822 | |
| Senior Community Service Employment Program | USDOL | | 17.235 | 955 | | 2,586,442 | 2,065,773 |
| Trade Adjustment Assistance | USDOL | | 17.245 | 871 | | 341,607 | |
| ARRA-WIA Adult Program | USDOL | ARRA | 17.258 | 997 | WIAC | 400,543 | 290 |
| WIA Adult Program | USDOL | | 17.258 | 922/923 | WIAC | 2,140,776 | 398 |
| ARRA-WIA Youth Activities | USDOL | ARRA | 17.259 | 999 | WIAC | 830,154 | 208,593 |
| WIA Youth Activities | USDOL | | 17.259 | 952 | WIAC | 2,856,930 | 1,329,488 |
| ARRA-WIA Dislocated Workers | USDOL | ARRA | 17.260 | 998 | WIAC | 1,521,835 | 151 |
| WIA Dislocated Workers | USDOL | | 17.260 | 932/933/937 | WIAC | 3,147,784 | 1,011,450 |
| Work Incentive Grants | USDOL | | 17.266 | 885 | | 15,480 | |
| Work Opportunity Tax Credit Program (WOTC) | USDOL | | 17.271 | 915 | | 60,012 | |
| Temporary Labor Certification for Foreign Workers | USDOL | | 17.273 | 856 | | 65,092 | |
| ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors | USDOL | ARRA | 17.275 | 899 | | 1,155,506 | 149,681 |
| WIA Dislocated Workers Formula Grants | USDOL | | 17.278 | 938/939 | WIAC | 1,508,326 | 223,569 |
| Occupational Safety and Health - State Program | USDOL | | 17.503 | 887 | | 1,390,821 | |
| Consultation Agreements | USDOL | | 17.504 | 888 | | 574,749 | |
| Disabled Veterans' Outreach Program (DVOP) | USDOL | | 17.801 | 893 | ESC | 287,022 | |
| Local Veterans' Employment Representative Program | USDOL | | 17.804 | 895 | ESC | 291,022 | |
| Transition Assistance Program | USDOL | | 17.807 | 897 | | 65,706 | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | 813/87046 | | 955,280 | 836,598 |
| Federal Pell Grant Program | USDOE | | 84.063 | 815 | SFAC | 414,263 | |
| Rehabilitation Services - Vocational Rehabilitation Grants to States | USDOE | | 84.126 | 819 | VRCC | 11,527,653 | 124,407 |
| Independent Living - State Grants | USDOE | | 84.169 | 823 | ILSC | 355,011 | 296,601 |
| Rehabilitation Services - Independent Living Services for Older Individuals who are Blind | USDOE | | 84.177 | 827 | ILOBC | 242,382 | 221,850 |
| Supported Employment Services for Individuals with the Most Significant Disabilities | USDOE | | 84.187 | 830 | | 320,802 | |
| Assistive Technology | USDOE | | 84.224 | 834 | | 430,289 | 425,000 |
| Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training | USDOE | | 84.265 | 836 | | 23,597 | |
| Federal Direct Student Loans | USDOE | | 84.268 | 837 | SFAC | 419,513 | |
| ARRA-Independent Living State Grants, Recovery Act | USDOE | ARRA | 84.398 | 890 | ILSC | 76,965 | 76,965 |
| ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act | USDOE | ARRA | 84.399 | 894 | ILOBC | 1,170 | |
| Denali Commission Program | DC | | 90.100 | 842 | | 1,361,708 | 758,232 |
| Affordable Care Act (ACA) State Health Care Workforce Development Grants | USDHHS | | 93.509 | 835 | | 47,493 | |
| Social Security - Disability Insurance | SSA | | 96.001 | 844 | DISSIC | 4,605,368 | |
| Supplemental Security Income | SSA | | 96.006 | 845 | DISSIC | 285,204 | |
| ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act | USDOE | ARRA | 84.390A | 892 | VRCC | 723,781 | 84,236 |
| Total for DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT | | | | | | 406,303,860 | 7,813,282 |
| DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS | | | | | | | |
| Meteorologic and Hydrologic Modernization Development | USDOC | | 11.467 | 35457 | | 605,286 | 144,721 |
| Applied Meteorological Research | USDOC | | 11.468 | 35458 | | 281,731 | 281,731 |
| Public Safety Interoperable Communications Grant Program | USDOC | | 11.555 | 34035 | | 1,681,758 | 1,030,593 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Military Construction, National Guard | USDOD | | 12.400 | 35400 | | 11,385,559 | |
| National Guard Military Operations and Maintenance (O&M) Projects | USDOD | | 12.401 | 35401 | | 16,114,944 | |
| National Guard ChalleNGe Program | USDOD | | 12.404 | 35404 | | 6,163,178 | |
| Counterdrug Support Program-Asset Forfeiture | USDOD | | 16.999 | 35160/AKQNGCDO | | 28,258 | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | USDOT | | 20.703 | 35703 | | 130,613 | |
| State Approving Agency | USDVA | | 64.999 | 35091/P-5101 | | 76,042 | |
| Pilot Demonstration or Earmarked Projects | USDHS | | 97.001 | 35916 | | 174,038 | 64,371 |
| Pre-Disaster Mitigation (PDM) Competitive Grants | USDHS | | 97.017 | 34013 | | 136,754 | |
| Emergency Management Institute - Training Assistance | USDHS | | 97.026 | 34052 | | 19,124 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | USDHS | | 97.036 | 35036 | | 11,146,790 | 10,223,064 |
| Hazard Mitigation Grant | USDHS | | 97.039 | 35039 | | 252,359 | 191,175 |
| Emergency Management Performance Grants | USDHS | | 97.042 | 35915 | | 2,769,742 | 694,444 |
| Pre-Disaster Mitigation | USDHS | | 97.047 | 34064 | | 189,083 | 24,814 |
| Emergency Operations Centers | USDHS | | 97.052 | 35925 | | 4,192 | 4,192 |
| Citizen Corps | USDHS | | 97.053 | 34030 | HLSC | 149,011 | 111,811 |
| Interoperable Emergency Communications | USDHS | | 97.055 | 35919 | | 124,888 | 124,888 |
| Metropolitan Medical Response System | USDHS | | 97.071 | 34040 | HLSC | 593,917 | 570,640 |
| State Homeland Security Program (SHSP) | USDHS | | 97.073 | 34050 | | 6,230,155 | 4,458,822 |
| Buffer Zone Protection Program (BZPP) | USDHS | | 97.078 | 35554 | | 89,073 | 64,657 |
| Earthquake Consortium | USDHS | | 97.082 | 35920 | | 108,883 | |
| Total for DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS | | | | | | 58,455,378 | 17,989,923 |

DEPARTMENT OF NATURAL RESOURCES

| | | | | | | | |
|--|-------|------|--------|--|--|-----------|--|
| Plant and Animal Disease, Pest Control, and Animal Care | USDA | | 10.025 | | | 239,989 | |
| Inspection Grading and Standardization | USDA | | 10.162 | | | 12,905 | |
| Market Protection and Promotion | USDA | | 10.163 | | | 143,580 | |
| Specialty Crop Block Grant Program | USDA | | 10.169 | | | 33,603 | |
| Specialty Crop Block Grant Program - Farm Bill | USDA | | 10.170 | | | 171,094 | |
| Cooperative Forestry Assistance | USDA | | 10.664 | | | 2,717,667 | |
| Forest Legacy Program | USDA | | 10.676 | | | 34,383 | |
| Forest Land Enhancement Program | USDA | | 10.677 | | | 112,015 | |
| Forest Health Protection | USDA | | 10.680 | | | 60,502 | |
| ARRA-Recovery Act of 2009: Wildland Fire Management | USDA | ARRA | 10.688 | 09DG11100489003; 09DG111100489011; 10DG11100489017 | | 2,431,368 | |
| Plant Materials for Conservation | USDA | | 10.905 | | | 245,495 | |
| Conservation Security Program | USDA | | 10.921 | | | 2,000 | |
| USFS Fire Suppression (AKDF070002) | USDA | | 10.999 | 07F11100100006 | | 427,577 | |
| Student Intern Program | USDA | | 10.999 | 10PA11100400087 | | 3,235 | |
| Sikes Act Environmental Consultation | USDA | | 10.999 | AG0116C110011 | | 2,317 | |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | | | 1,639,245 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | | | 550,000 | |
| Cultural Resource Management | USDOJ | | 15.224 | | | 500,090 | |
| National Fire Plan - Wildland Urban Interface | USDOJ | | 15.228 | | | 9,184 | |
| Community Fire Assistance | | | | | | | |
| Fish, Wildlife and Plant Conservation Resource Management | USDOJ | | 15.231 | | | 37,189 | |
| Environmental Quality and Protection Resource Management | USDOJ | | 15.236 | | | 8,119 | |
| Management Initiatives | USDOJ | | 15.239 | | | 263,489 | |
| Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | USDOJ | | 15.250 | | | 235,421 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Abandoned Mine Land Reclamation (AMLR) Program | USDOI | | 15.252 | | | 823,674 | |
| Coastal Impact Assistance Program (CIAP) | USDOI | | 15.426 | | | 2,591,332 | |
| Federal Oil and Gas Royalty Management | USDOI | | 15.427 | | | 113,045 | |
| Fish and Wildlife Management Assistance | USDOI | | 15.608 | | | 20,672 | |
| Coastal Wetlands Planning, Protection and Restoration Act | USDOI | | 15.614 | | | 999,431 | |
| Coastal Program | USDOI | | 15.630 | | | 10,000 | |
| Partners for Fish and Wildlife | USDOI | | 15.631 | | | 5,647 | |
| U.S. Geological Survey-Research and Data Collection | USDOI | | 15.808 | | | 437,296 | |
| National Cooperative Geologic Mapping Program | USDOI | | 15.810 | | | 213,948 | |
| National Geological and Geophysical Data Preservation Program | USDOI | | 15.814 | | | 33,685 | |
| Energy Cooperatives to Support the National Coal Resources Data System (NCRDS) | USDOI | | 15.819 | | | 11,205 | |
| Historic Preservation Fund Grants-In-Aid | USDOI | | 15.904 | | | 909,541 | |
| Outdoor Recreation-Acquisition, Development and Planning | USDOI | | 15.916 | | | 244,595 | |
| Save America's Treasures | USDOI | | 15.929 | | | 39,145 | |
| Tok Hazardous Fuels | USDOI | | 15.999 | 701817J675 | | 100,279 | |
| Portage River - Afognak Coastal Protection | USDOI | | 15.999 | AK-C-12-L-1 | | 40 | |
| Bureau of Indian Affairs Fire Suppression | USDOI | | 15.999 | E00440/2010/92310/AZA1 | | 100,000 | |
| USFWS Fire Suppression | USDOI | | 15.999 | Fire | | 264 | |
| Cook Inlet Tertiary Nonmarine Formations | USDOI | | 15.999 | G09PX01841 | | 16,000 | |
| Legacy Archival Photos | USDOI | | 15.999 | G10PX01780 | | 9,763 | |
| Consistency Review for Eastern Interior | USDOI | | 15.999 | L09PX02269 | | 891 | |
| Consistency Reviews | USDOI | | 15.999 | L10PX04502 | | 13,065 | |
| BLM Fire Suppression | USDOI | | 15.999 | LAA040005 | | 9,279,769 | |
| National Park Service Fire Suppression | USDOI | | 15.999 | P9865110028 | | 25,513 | |
| Planning Assistance | USDOI | | 15.999 | P9911110022 | | 30,000 | |
| RTCAP Banners & Brochures | USDOI | | 15.999 | R9911100041 | | 61,847 | |
| Recreational Trails Program | USDOT | | 20.219 | | HPCC | 1,324,099 | |
| Alaska Trails Initiative | USDOT | | 20.999 | DTHF70-05-E-00028 | | 1,391,170 | |
| Boating Safety Financial Assistance | USDHS | | 97.012 | | | 794,826 | |
| State Access to the Oil Spill Liability Trust Fund | USDHS | | 97.013 | | | 1,415 | |
| National Dam Safety Program | USDHS | | 97.041 | | | 34,554 | |
| Fire Management Assistance Grant | USDHS | | 97.046 | | | 2,850,344 | |
| Office of Federal Coordinator; Lidar Imaging | OFC | | 99.999 | E4036782 | | 300,000 | |
| Total for DEPARTMENT OF NATURAL RESOURCES | | | | | | 32,667,522 | - |
| DEPARTMENT OF ADMINISTRATION | | | | | | | |
| Victims of Child Abuse (Pass-through from National Court Appointed Special Advocate) | USDOJ | | 16.547 | AK10900-09-0710-S | | 55,000 | |
| Crime Victim Compensation | USDOJ | | 16.576 | | | 486,905 | |
| Crime Victim Assistance/Discretionary Grants | USDOJ | | 16.582 | AK11331-09-0610-T | | 36,370 | |
| Public Safety Partnership and Community Policing Grants | USDOJ | | 16.710 | | | 392,613 | |
| Commercial Driver's License Program Improvement Grant | USDOT | | 20.232 | RS 0210851 | | 541,833 | |
| Commercial Drivers License Information System (CDLIS) Modernization Program | USDOT | | 20.238 | | | 214,156 | |
| Donation of Federal Surplus Personal Property | GSA | | 39.003 | | | 81,282 | |
| State Underground Water Source Protection | EPA | | 66.433 | | | 130,000 | |
| Total for DEPARTMENT OF ADMINISTRATION | | | | | | 1,938,159 | - |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| DEPARTMENT OF CORRECTIONS | | | | | | | |
| State Criminal Alien Assistance Program | USDOJ | | 16.606 | 2010-AP-BX-0845 | | 116,873 | |
| Equitable Sharing Program | USDOJ | | 16.999 | Equitable Sharing Prog | | 5,053 | |
| Grants to States for Workplace and Community Transition Training for Incarcerated Individuals | USDOE | | 84.331 | Q331A100002 | | 54,483 | |
| Incentive Payment Agreement (IPMOU) between SSA and DOC | SSA | | 96.999 | IPMOU | | 36,400 | |
| Total for DEPARTMENT OF CORRECTIONS | | | | | | 212,809 | - |
| DEPARTMENT OF REVENUE | | | | | | | |
| ARRA-Child Support Enforcement | USDHHS | ARRA | 93.563 | | | 297,000 | |
| Child Support Enforcement | USDHHS | | 93.563 | | | 18,454,392 | |
| Total for DEPARTMENT OF REVENUE | | | | | | 18,751,392 | - |
| DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES | | | | | | | |
| Schools and Roads - Grants to States | USDA | | 10.665 | | SRC | 170,000 | |
| USDA Contract - Design 24' bridge on Forest Service Road | USDA | | 10.999 | USDA 05RO-11100100-120 | | 104 | |
| USFS Contract - Fish passage-ways on Mitkof, Hydaburg, and Yakutat Highways | USDA | | 10.999 | USFS 07-RO-11100100-076 | | 201,754 | |
| Investments for Public Works and Economic Development Facilities | USDOC | | 11.300 | 07-01-05925 | EDC | 800,000 | |
| Galena Airport Contract to maintain USAF safety | USDOD | | 12.999 | 12.F65501-95C0017 | | 26,350 | |
| King Salmon Airport Contract to maintain USAF safety | USDOD | | 12.999 | 12.F65501-96C0006 | | 465,561 | |
| US Army - Space & Missile Defense Command | USDOD | | 12.999 | MOA USASMDC | | 5,311 | |
| Funding from US Navy for Adak Airport Operations | USDOD | | 12.999 | N6871104MDC4010 | | 899,379 | |
| Sand Point School Loop Rd BIA | USDOI | | 15.999 | FRH53637 | | 215,961 | |
| Emmonak A/P Clinic Rd F&WS | USDOI | | 15.999 | FWS701818J718 | | 60,792 | |
| Drug Court Discretionary Grant Program | USDOJ | | 16.585 | | | 22,287 | |
| Drug Court Discretionary Grant Program | USDOJ | | 16.585 | | | 44,122 | |
| ARRA-Airport Improvement Program | USDOT | ARRA | 20.106 | | | 18,007,645 | |
| Airport Improvement Program | USDOT | | 20.106 | | | 160,120,393 | |
| ARRA-Highway Planning and Construction | USDOT | ARRA | 20.205 | | HPCC | 67,043,405 | |
| Highway Planning and Construction | USDOT | | 20.205 | WFL-DTFH70-09-E-00002 | HPCC | 4,042,918 | 2,447,923 |
| Highway Planning and Construction | USDOT | | 20.205 | | HPCC | 302,082,932 | |
| National Motor Carrier Safety | USDOT | | 20.218 | | | 862,945 | |
| Performance and Registration Information Systems Management | USDOT | | 20.231 | | | 32,807 | |
| Border Enforcement Grants | USDOT | | 20.233 | | | 322,214 | |
| Commercial Motor Vehicle Operator Training Grants | USDOT | | 20.235 | | | 1,279 | |
| Commercial Vehicle Information Systems and Networks | USDOT | | 20.237 | | | 53,403 | |
| Railroad Development | USDOT | | 20.314 | FRA-FR-RRR-0010-08-01-00 | | 123,602 | |
| Federal Transit - Capital Investment Grants | USDOT | | 20.500 | | FTC | 8,891,124 | 2,638,900 |
| Metropolitan Transportation Planning | USDOT | | 20.505 | | | 385,822 | 394,559 |
| ARRA-Formula Grants for Other Than Urbanized Areas | USDOT | ARRA | 20.509 | | | 2,565,189 | |
| Formula Grants for Other Than Urbanized Areas | USDOT | | 20.509 | | | 5,207,699 | 4,753,550 |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | USDOT | | 20.513 | | TSPC | 749,432 | 685,338 |
| Public Transportation Research | USDOT | | 20.514 | | | 2,280 | 213 |
| Job Access - Reverse Commute | USDOT | | 20.516 | | TSPC | 169,484 | 194,601 |
| New Freedom Program | USDOT | | 20.521 | | TSPC | 1,252 | 1,252 |
| State and Community Highway Safety | USDOT | | 20.600 | | HSC | 2,024,639 | 1,450,613 |
| Alcohol Impaired Driving Countermeasures Incentive Grants | USDOT | | 20.601 | | HSC | 785,998 | 265,358 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Occupant Protection Incentive Grants | USDOT | | 20.602 | | HSC | 126,579 | 98,010 |
| Alcohol Open Container Requirements | USDOT | | 20.607 | | | 2,166,932 | 1,226,473 |
| Safety Belt Performance Grants | USDOT | | 20.609 | | HSC | 29,356 | 28,660 |
| State Traffic Safety Information System Improvement Grants | USDOT | | 20.610 | | HSC | 560,729 | 20,890 |
| Incentive Grant Program to Increase Motorcyclist Safety | USDOT | | 20.612 | | HSC | 66,759 | 58,666 |
| Child Safety and Child Booster Seats Incentive Grants | USDOT | | 20.613 | | HSC | 156,488 | 108,110 |
| Mendenhall Spur Rd ITS Project FHWA | USDOT | | 20.999 | 09-RO-111001000-031 | | 72,464 | |
| SE Forest Highway Project FHWA | USDOT | | 20.999 | AK-PFH-43(8) & AK-PFH-40-1(1) | | 13,854 | |
| FAA Agreement - Deadhorse & Kotzebue Combined Facility | USDOT | | 20.999 | DTFA04-92-89229 | | 127,559 | |
| FAA P.O. - Goodnews Bay Airport runway edge lighting | USDOT | | 20.999 | DTFAA 05-A-00009 | | 351 | |
| Takotna A/P Electrical line extension FAA FRH52265 | USDOT | | 20.999 | DTFAA 05-A-00009 | | 211,929 | |
| Barrow A/P Access Rd & Parking Lot Rehab FAA | USDOT | | 20.999 | DTFAA 06-A-00006 | | 85,758 | |
| FAA P.O. - Nightmute Airport runway edge lighting | USDOT | | 20.999 | DTFAA 06-A-00009 | | 1,358 | |
| FAA P.O. - Atka Airport Lighting | USDOT | | 20.999 | DTFAA 06-X-00009 | | (51,343) | |
| FAA P.O. - Goodnews Bay Airport Install Papi & REILs | USDOT | | 20.999 | DTFAAL 05-X-00011 | | (548) | |
| FAA P.O. - Kongiganak Airport Lighting | USDOT | | 20.999 | DTFAWA-06-A00009 | | 443 | |
| | USDOT | | 20.999 | FAA -DTFAAL-09-C-00020 | | 529,373 | |
| Cue Based Pilot Training FAA FRH52510 | USDOT | | 20.999 | FAA-DTFAAL-05-A-00002 | | 290,916 | |
| Northern Region PAPI's and REIL's FFy05 | USDOT | | 20.999 | FAA-DTFAWA-04A-00003 | | (39,015) | |
| Perryville A/P Lighting FAA FRH57892 | USDOT | | 20.999 | FAA-DTFAWA-04-A-00003 | | (31,600) | |
| FAA P.O. - Kohkanok Airport Lighting | USDOT | | 20.999 | FAA-DTFAWA-05-A-000011 | | (23,974) | |
| FAA P.O. - Tuntutuliak Airport runway edge lighting | USDOT | | 20.999 | FAA-FAWA-26--A00009 | | 56,479 | |
| Contract with FHWA Office of Acquisition Management for CLARUS | USDOT | | 20.999 | FHWA-HAAM 40F | | 92 | |
| Motor Carrier Safety Assistance | USDOT | | 20.999 | FHWA-MN10021 | | 34,989 | |
| Metavik Evacuation Rd FHWA | USDOT | | 20.999 | FRH80611 | | 393,460 | |
| Klawock Causeway Fish Passage FHWA | USDOT | | 20.999 | NA09NMF4630301 | | 422,036 | |
| Traffic Mitigation in to new VA clinic | USDVA | | 64.999 | USDVA FRH 51790 | | 10,723 | |
| Denali Commission Program | DC | | 90.100 | | | 1,792,805 | 12,950 |
| Acquire Satellite imagery for processing into a cue based aviation simulation product. | USDHHS | | 93.999 | CDC-214-2010-M-32462 | | 26,289 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | USDHS | | 97.036 | 35036 | | 15,194,484 | |
| Port Security Grant Program | USDHS | | 97.056 | HS-2006-GB-T6-0033 | | 769 | |
| Homeland Security Grant Program | USDHS | | 97.067 | | HLSC | 832,297 | |
| National Explosives Detection Canine Team Program | USDHS | | 97.072 | | | 142,250 | |
| ARRA-Port Security Grant Program (ARRA) | USDHS | ARRA | 97.116 | HS 2009-PU-R1-0210 | | 5,374 | |
| Kodiak A/P USCG Soil Remediation USCG | USDHS | | 97.999 | FRH53594 | | 21,238 | |
| Total for DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES | | | | | | 599,615,736 | 14,386,066 |
| DEPARTMENT OF PUBLIC SAFETY | | | | | | | |
| National Marine Fisheries Joint Enforcement Agreement | USDOC | | 11.999 | 11.04 and 06/07/08-NMFS-JEA | | 1,638,926 | |
| Sexual Assault Services Formula Program | USDOJ | | 16.017 | | | 126,823 | 118,463 |
| Supervised Visitation, Safe Havens for Children | USDOJ | | 16.527 | | | 72,893 | 71,956 |
| National Criminal History Improvement Program (NCHIP) | USDOJ | | 16.554 | | | 422,261 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Crime Victim Assistance | USDOJ | | 16.575 | | | 1,367,388 | 1,295,507 |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | USDOJ | | 16.580 | | | 582,577 | |
| ARRA-Violence Against Women Formula Grants | USDOJ | ARRA | 16.588 | | | 638,782 | 269,939 |
| Violence Against Women Formula Grants | USDOJ | | 16.588 | | | 1,433,397 | 325,579 |
| Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program | USDOJ | | 16.589 | | | 224,634 | 203,542 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | USDOJ | | 16.590 | | | 353,015 | 341,479 |
| Residential Substance Abuse Treatment for State Prisoners | USDOJ | | 16.593 | | | 148,636 | |
| Project Safe Neighborhoods | USDOJ | | 16.609 | | | 12,340 | |
| Public Safety Partnership and Community Policing Grants | USDOJ | | 16.710 | | | 1,145,962 | |
| Drug Prevention Program | USDOJ | | 16.728 | | | 9,886 | |
| Edward Byrne Memorial Justice Assistance Grant Program | USDOJ | | 16.738 | | JAG | 1,277,165 | 680,140 |
| Paul Coverdell Forensic Sciences Improvement Grant Program | USDOJ | | 16.742 | | | 219,740 | |
| Forensic Casework DNA Backlog Reduction Program | USDOJ | | 16.743 | | | 313,843 | |
| Congressionally Recommended Awards | USDOJ | | 16.753 | CY09 | | 823,849 | |
| ARRA-Recovery Act-State Victim Assistance Formula Grant Program | USDOJ | ARRA | 16.801 | | | 157,370 | 157,233 |
| ARRA-Recovery Act-Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories | USDOJ | ARRA | 16.803 | | JAG | 1,114,984 | |
| Marijuana Eradication | USDOJ | | 16.999 | 16.05-2 & CY08/CY09 | | 108,430 | |
| Commercial Driver's License Program Improvement Grant | USDOT | | 20.232 | | | 519,383 | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | USDOT | | 20.601 | | HSC | 824,823 | |
| Alcohol Open Container Requirements | USDOT | | 20.607 | | | 894,520 | |
| Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes | USDHHS | | 93.671 | | | 735,429 | 695,612 |
| State Fire Training Systems Grants | USDHS | | 97.043 | | | 13,811 | |
| Total for DEPARTMENT OF PUBLIC SAFETY | | | | | | 15,180,867 | 4,159,450 |
| <u>KNIK ARM BRIDGE TOLL AUTHORITY</u> | | | | | | | |
| Highway Planning and Construction | USDOT | | 20.205 | PJ E 56047 | HPCC | 3,724,978 | |
| Total for KNIK ARM BRIDGE TOLL AUTHORITY | | | | | | 3,724,978 | - |
| <u>DEPARTMENT OF LAW</u> | | | | | | | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | USDOJ | | 16.580 | | | 292,356 | |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | USDOJ | | 16.590 | | | 111,291 | |
| Northern Border Prosecution Initiative Program | USDOJ | | 16.814 | | | 90,978 | |
| State Medicaid Fraud Control Units | USDHHS | | 93.775 | | MC | 601,125 | |
| Total for DEPARTMENT OF LAW | | | | | | 1,095,750 | - |
| <u>OFFICE OF THE GOVERNOR</u> | | | | | | | |
| ARRA-Recovery Act of 2009: Wildland Fire Management | USDA | ARRA | 10.688 | | | 414,241 | |
| ARRA-Recovery Act Funds-Habitat Enhancement, Restoration and Improvement | USDOI | ARRA | 15.656 | | | 29,043 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| ARRA-Volcano Hazards Program Research and Monitoring | USDOI | ARRA | 15.818 | | | 463,240 | |
| Employment Discrimination - State and Local Fair Employment Practices Agency Contracts | USEEOC | | 30.002 | | | 160,384 | |
| Election Reform Payments | GSA | | 39.011 | | | 219,213 | |
| Help America Vote Act Requirements Payments | EAC | | 90.401 | | | 434,119 | |
| Voting Access for Individuals with Disabilities - Grants to States | USDHHS | | 93.617 | | | 30,866 | |
| Total for OFFICE OF THE GOVERNOR | | | | | | 1,751,106 | - |
| UNIVERSITY OF ALASKA | | | | | | | |
| Agricultural Research-Basic and Applied Research | USDA | | 10.001 | | R&DC | 1,186,115 | 452,132 |
| Plant and Animal Disease, Pest Control, and Animal Care | USDA | | 10.025 | | R&DC | 31,974 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through Utah State University) | USDA | | 10.200 | 61553007 | R&DC | 1,676 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through University of California, Davis) | USDA | | 10.200 | 09-002101-UAF1 | | 417 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii) | USDA | | 10.200 | ADAP-121-UAF | R&DC | 2,054 | |
| Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii) | USDA | | 10.200 | Z936926 | R&DC | 5,240 | |
| Grants for Agricultural Research, Special Research Grants | USDA | | 10.200 | | R&DC | 878,516 | 84,306 |
| Grants for Agricultural Research, Special Research Grants | USDA | | 10.200 | | | 376,300 | |
| Cooperative Forestry Research | USDA | | 10.202 | | R&DC | 498,297 | |
| Payments to Agricultural Experiment Stations Under the Hatch Act | USDA | | 10.203 | | R&DC | 1,395,854 | |
| Grants for Agricultural Research-Competitive Research Grants | USDA | | 10.206 | | R&DC | 52,519 | |
| Grants for Agricultural Research-Competitive Research Grants | USDA | | 10.206 | | | 218,084 | |
| Sustainable Agriculture Research and Education (Pass-through Utah State University) | USDA | | 10.215 | 90758036 | | 14,325 | |
| Community Food Projects | USDA | | 10.225 | | | 64,395 | |
| Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants | USDA | | 10.226 | | | 51,122 | |
| Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants | USDA | | 10.228 | | | 1,408,901 | |
| Integrated Programs (Pass-through University of California, Davis) | USDA | | 10.303 | 07-001492-UAK | | 9,334 | |
| Integrated Programs (Pass-through University of Idaho) | USDA | | 10.303 | BJKH15 SB005 | | 83,568 | |
| Homeland Security-Agricultural (Pass-through University of California, Davis) | USDA | | 10.304 | 07-002558-12/Pending | | 32,596 | |
| Agriculture and Food Research Initiative (AFRI) (Pass-through University of Hawaii) | USDA | | 10.310 | Pending | | 25,782 | |
| Agriculture and Food Research Initiative (AFRI) | USDA | | 10.310 | | R&DC | 156,404 | |
| Agriculture and Food Research Initiative (AFRI) | USDA | | 10.310 | | | 1,622 | |
| Beginning Farmer and Rancher Development Program | USDA | | 10.311 | | | 59,218 | |
| ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF) (Pass-through University of Minnesota) | USDA | ARRA | 10.315 | H001344228 ARRA | | 62,193 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers | USDA | | 10.443 | | | 80,199 | 10,000 |
| Cooperative Extension Service (Pass-through University of Wyoming) | USDA | | 10.500 | 1000781 | | 2,415 | |
| Cooperative Extension Service (Pass-through University of Wyoming) | USDA | | 10.500 | 1000782 | | 877 | |
| Cooperative Extension Service (Pass-through Utah State University) | USDA | | 10.500 | 100906004 | | 7,393 | |
| Cooperative Extension Service (Pass-through Purdue University) | USDA | | 10.500 | 8000041653 | | 77,733 | |
| Cooperative Extension Service (Pass-through Washington State University) | USDA | | 10.500 | 104777-G00189_0 | | (1,717) | |
| Cooperative Extension Service (Pass-through Kansas State University) | USDA | | 10.500 | 2007-48661-03868 (S08023.03)/P | | 87,561 | |
| Cooperative Extension Service (Pass-through University of Idaho) | USDA | | 10.500 | BSK701-SB-001 / PO#0028400 | | 7,188 | |
| Cooperative Extension Service (Pass-through Kansas State University) | USDA | | 10.500 | S08107.01/.02/.03 | | 19,123 | |
| Cooperative Extension Service (Pass-through Kansas State University) | USDA | | 10.500 | S10144/P-THRU 2007-48661-03868 | | 32,677 | |
| Cooperative Extension Service (Pass-through Kansas State University) | USDA | | 10.500 | S11143 | | 14,056 | |
| Cooperative Extension Service (Pass-through Utah State University) | USDA | | 10.500 | Subcont 08-0861062, FW10-609 | | 1,998 | |
| Cooperative Extension Service (Pass-through University of Wyoming) | USDA | | 10.500 | UTSTUNV46467AK2 | | 694 | |
| Cooperative Extension Service (Pass-through University of Arizona) | USDA | | 10.500 | Y560309 | | 6,855 | |
| Cooperative Extension Service | USDA | | 10.500 | | R&DC | 72,309 | |
| Cooperative Extension Service | USDA | | 10.500 | | | 1,806,390 | 72,165 |
| Special Supplemental Nutrition Program for Women, Infants, and Children | USDA | | 10.557 | EN 0611422 | | 32,080 | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | USDA | | 10.557 | EN 611458 | | 7,153 | |
| Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through State of Oklahoma) | USDA | | 10.557 | PO3409015400 (Orig 3409014142) | | 14,297 | |
| Foreign Market Development Cooperator Program | USDA | | 10.600 | | R&DC | 47,357 | |
| Forestry Research | USDA | | 10.652 | | R&DC | 4,845 | |
| Forestry Research | USDA | | 10.652 | | | 4,056 | |
| Cooperative Forestry Assistance | USDA | | 10.664 | | R&DC | 53,520 | |
| Cooperative Forestry Assistance | USDA | | 10.664 | | | 234,042 | |
| Forest Health Protection (Pass-through Anchorage Park Foundation) | USDA | | 10.680 | Project 147 | R&DC | 1,955 | |
| Forest Health Protection | USDA | | 10.680 | | R&DC | 62,174 | |
| Forest Health Protection | USDA | | 10.680 | | | 19,510 | |
| Rural Business Enterprise Grants | USDA | | 10.769 | | | 259,286 | |
| Rural Cooperative Development Grants | USDA | | 10.771 | | | 224,044 | |
| Resource Conservation and Development | USDA | | 10.901 | | R&DC | 29,447 | |
| Soil and Water Conservation (Pass-through University of Idaho) | USDA | | 10.902 | Req 0015680 | R&DC | 10,460 | |
| Miscellaneous (Pass-through Alaska Association of Conservation Districts) | USDA | | 10.999 | Agreement Dated 7/20/10 | R&DC | 66,666 | |
| Miscellaneous (Pass-through Kansas State University) | USDA | | 10.999 | KSU S11106 | | 22,975 | |
| Miscellaneous | USDA | | 10.999 | | R&DC | 442,003 | |
| Miscellaneous | USDA | | 10.999 | | | 51,464 | |
| Ocean Exploration | USDOC | | 11.011 | | R&DC | 10,009 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Economic Development-Technical Assistance | USDOC | | 11.303 | | | 134,848 | |
| ARRA -Economic Adjustment Assistance | USDOC | ARRA | 11.307 | | EDC | 155,054 | |
| Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System) | USDOC | | 11.400 | | R&DC | 309,728 | 234,387 |
| Interjurisdictional Fisheries Act of 1986 | USDOC | | 11.407 | | | (2,602) | |
| Sea Grant Support (Pass-through University of Mississippi) | USDOC | | 11.417 | 10-03-058 | | 16,629 | |
| Sea Grant Support | USDOC | | 11.417 | ADN510407/EN511099 | | 9,557 | |
| Sea Grant Support | USDOC | | 11.417 | | R&DC | 126,595 | |
| Sea Grant Support | USDOC | | 11.417 | | | 2,112,111 | 137,203 |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | ADN 901017 | | 3,353 | |
| Coastal Zone Management Administration Awards | USDOC | | 11.419 | RSA ADN 45-09-0805 | R&DC | (840) | |
| Coastal Zone Management Estuarine Research Reserves | USDOC | | 11.420 | | R&DC | 26,756 | |
| Coastal Zone Management Estuarine Research Reserves | USDOC | | 11.420 | | | 13,710 | |
| Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program | USDOC | | 11.427 | | R&DC | 125,298 | |
| Undersea Research | USDOC | | 11.430 | | R&DC | 1,088,465 | 505,216 |
| Climate and Atmospheric Research | USDOC | | 11.431 | | R&DC | 752,186 | |
| National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes | USDOC | | 11.432 | | R&DC | 1,867,979 | 46,457 |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | ADN 1115958 | R&DC | 48,281 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | RS 1105970 | | 150,000 | |
| Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program | USDOC | | 11.438 | RSA 1115951 | R&DC | 32,864 | |
| Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program | USDOC | | 11.438 | RSA 1115959 | R&DC | 28,132 | |
| Marine Mammal Data Program | USDOC | | 11.439 | | R&DC | 674,967 | |
| Unallied Industry Projects | USDOC | | 11.452 | | | 19,953 | |
| Special Oceanic and Atmospheric Projects | USDOC | | 11.460 | | R&DC | 212,553 | |
| ARRA -Habitat Conservation (Pass-through National Fish and Wildlife Foundation DC) | USDOC | ARRA | 11.463 | 2008-0066-008 | R&DC | 69,033 | |
| Meteorologic and Hydrologic Modernization Development | USDOC | | 11.467 | | R&DC | 2,796 | |
| Applied Meteorological Research (Pass-through University of Mississippi) | USDOC | | 11.468 | UM 09-09-024 | R&DC | 161,030 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | 503 | | (174) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 1004 | R&DC | 152,990 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 1005 | R&DC | 106,029 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 1008 | R&DC | 15,773 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 1012 | R&DC | 5,250 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 1022 | R&DC | 53,789 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 614 | R&DC | (993) | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 702 | R&DC | (3,086) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 708 | R&DC | (223) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 714 | R&DC | 17,240 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 804 | R&DC | (787) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 805 | R&DC | 142,587 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 814 | R&DC | 42,928 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 821 | R&DC | 18,995 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 828 | R&DC | 10,116 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 901 | R&DC | 3,867 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 904 | R&DC | 16,138 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 908-A | R&DC | 41,790 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 908-B | R&DC | 33,682 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 909 | R&DC | 9,012 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 912 | R&DC | 20,582 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 913 | R&DC | 12,072 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 915 | R&DC | 8,269 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 916 | R&DC | 22,697 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 918 | R&DC | 46,775 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 920 | R&DC | 74,900 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 923 | R&DC | 18,608 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 927 | R&DC | 75,721 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 928 | R&DC | 10,288 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project 929 | R&DC | 28,646 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B51 | R&DC | 94,241 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B52 | R&DC | 25,394 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B53 | R&DC | 109,179 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B67 | R&DC | 50,268 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B68 | R&DC | (18,584) | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B75 | R&DC | (39,562) | |

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**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project B77 | R&DC | 64,906 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project G81 | R&DC | 120,880 | |
| Unallied Science Program (Pass-through North Pacific Research Board) | USDOC | | 11.472 | Project G84 | R&DC | 16,633 | |
| Unallied Science Program | USDOC | | 11.472 | | R&DC | 8,680 | |
| Unallied Science Program | USDOC | | 11.472 | | | 50,767 | |
| Coastal Services Center (Pass-through University of Maryland, UMCES) | USDOC | | 11.473 | CA- 07-11 Z7315-1 | R&DC | 24,830 | |
| Coastal Services Center (Pass-through University of Maryland, UMCES) | USDOC | | 11.473 | CA 10-27 | R&DC | 228,275 | |
| Coastal Services Center (Pass-through Seward Association for Advancement of Science) | USDOC | | 11.473 | H-2201 | R&DC | 557 | |
| Coastal Services Center (Pass-through Alaska Ocean Observing System) | USDOC | | 11.473 | H2221-00 | R&DC | 79,243 | |
| Coastal Services Center (Pass-through Alaska Ocean Observing System) | USDOC | | 11.473 | H2223-00 | R&DC | 140,349 | |
| Coastal Services Center (Pass-through Alaska Ocean Observing System) | USDOC | | 11.473 | H222400/Pending | R&DC | 136,760 | |
| Educational Partnership Program (Pass-through North Carolina A&T State University) | USDOC | | 11.481 | Subagreement 270040E | R&DC | 64,250 | |
| Educational Partnership Program | USDOC | | 11.481 | | | (114) | |
| ARRA-Broadband Technology Opportunities Program (BTOP) | USDOC | ARRA | 11.557 | | | 804,003 | 79,599 |
| Sea Grant Support (Pass-through Consortium for Oceanographic Research & Education) | USDOC | | 11.999 | SA 10-34 | | 17,500 | |
| Miscellaneous | USDOC | | 11.999 | | R&DC | 65,370 | |
| Miscellaneous | USDOC | | 11.999 | | | 93,033 | |
| Procurement Technical Assistance For Business Firms | USDOD | | 12.002 | | | 345,239 | |
| Collaborative Research and Development (Pass-through University of Mississippi) | USDOD | | 12.114 | UM 07-11-041 | R&DC | 118,451 | |
| Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution) | USDOD | | 12.300 | A100585 | R&DC | 68,842 | |
| Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution) | USDOD | | 12.300 | A100694 | R&DC | 116,974 | 133,918 |
| Basic and Applied Scientific Research | USDOD | | 12.300 | | R&DC | 761,407 | |
| Military Medical Research and Development | USDOD | | 12.420 | | R&DC | 1,035,312 | 9,144 |
| Basic Scientific Research (Pass-through Mississippi State University) | USDOD | | 12.431 | 060803-360295-01 | R&DC | 208,206 | 408,893 |
| Basic Scientific Research (Pass-through Oklahoma State University) | USDOD | | 12.431 | AE-5-48940 | R&DC | 21,643 | |
| Basic Scientific Research (Pass-through Academy of Applied Science) | USDOD | | 12.431 | Sbgmt; 08-48,49,50 DATE 8.7.8 | | 456 | |
| Basic Scientific Research | USDOD | | 12.431 | | R&DC | 1,126,289 | |
| Invitational Grants for Military-Connected Schools (Pass-through Anchorage School District) | USDOD | | 12.557 | 11-1401 | R&DC | 16,714 | |
| Basic, Applied, and Advanced Research in Science and Engineering | USDOD | | 12.630 | | R&DC | 92,719 | |
| Air Force Defense Research Sciences Program | USDOD | | 12.800 | | R&DC | 452,298 | |
| Research and Technology Development (Pass-through University of Florida) | USDOD | | 12.910 | 1005018/1905-1100068429 | R&DC | 13,461 | |
| Research and Technology Development | USDOD | | 12.910 | | R&DC | 671,040 | |
| Miscellaneous | USDOD | | 12.999 | | R&DC | 2,873,591 | |
| Miscellaneous | USDOD | | 12.999 | | | 25,502 | 12,616 |
| Alaska Native / Native Hawaiian Institutions Assisting Communities | HUD | | 14.515 | | | 1,371,703 | 522,509 |
| Indian Education-Higher Education Grant Program | USDOI | | 15.114 | | | 40,940 | |
| Cultural Resource Management | USDOI | | 15.224 | | R&DC | 84,047 | |

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**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Cultural Resource Management | USDOI | | 15.224 | | | 1,178,498 | |
| Recreation Resource Management | USDOI | | 15.225 | | R&DC | 78,081 | |
| Invasive and Noxious Plant Management | USDOI | | 15.230 | | R&DC | 55,986 | |
| ARRA -Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe) | USDOI | ARRA | 15.231 | BLM0F021-BLM0F025 to 1 | R&DC | 289,009 | |
| ARRA -Fish, Wildlife and Plant Conservation Resource Management | USDOI | ARRA | 15.231 | | R&DC | 24,362 | |
| Fish, Wildlife and Plant Conservation Resource Management (Pass-through National Fish and Wildlife Foundation DC) | USDOI | | 15.231 | 2009-0035-010 | R&DC | 4,829 | |
| Fish, Wildlife and Plant Conservation Resource Management | USDOI | | 15.231 | | R&DC | 30,712 | |
| Fish, Wildlife and Plant Conservation Resource Management | USDOI | | 15.231 | | | 154 | |
| Wildland Fire Research and Studies Program (Pass-through University of Nevada, Reno) | USDOI | | 15.232 | UNR-11-75 / PO 111GC000031 | R&DC | 5,792 | |
| Wildland Fire Research and Studies Program | USDOI | | 15.232 | | | 42,260 | |
| Environmental Quality and Protection Resource Management | USDOI | | 15.236 | | R&DC | 132,243 | |
| Rangeland Resource Management | USDOI | | 15.237 | | R&DC | 81,619 | |
| Alaska Coastal Marine Institute | USDOI | | 15.421 | | R&DC | 535,683 | |
| Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through Continental Shelf Association Inc) | USDOI | | 15.423 | CSA JOB 2253 | R&DC | (3,857) | |
| Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas, Austin) | USDOI | | 15.423 | UTA-09-000282 | R&DC | 58,337 | |
| Minerals Management Service (MMS) Environmental Studies Program (ESP) | USDOI | | 15.423 | | R&DC | 669,867 | |
| Fish and Wildlife Management Assistance (Pass-through National Fish and Wildlife Foundation) | USDOI | | 15.608 | 2007-0140-000 | | 102 | |
| Fish and Wildlife Management Assistance | USDOI | | 15.608 | | R&DC | 19,146 | |
| Coastal Program | USDOI | | 15.630 | | | 29,830 | |
| Challenge Cost Share | USDOI | | 15.642 | | R&DC | 15,818 | |
| Challenge Cost Share | USDOI | | 15.642 | | | 61,683 | |
| Service Training and Technical Assistance (Generic Training) | USDOI | | 15.649 | | | 3,639 | |
| Research Grants (Generic) | USDOI | | 15.650 | | R&DC | 899,202 | 35,000 |
| Research Grants (Generic) | USDOI | | 15.650 | | | 20,338 | |
| Assistance to State Water Resources Research Institutes | USDOI | | 15.805 | | R&DC | 80,941 | 14,712 |
| Earthquake Hazards Reduction Program | USDOI | | 15.807 | | R&DC | 25,590 | |
| Earthquake Hazards Reduction Program | USDOI | | 15.807 | | | 659,666 | |
| ARRA -U.S. Geological Survey-Research and Data Collection | USDOI | ARRA | 15.808 | | R&DC | 8,869 | |
| ARRA -U.S. Geological Survey-Research and Data Collection | USDOI | ARRA | 15.808 | | | 308,854 | |
| U.S. Geological Survey-Research and Data Collection (Pass-through America View, Incorporated) | USDOI | | 15.808 | AVO8-AK01 | R&DC | 29,779 | |
| U.S. Geological Survey-Research and Data Collection | USDOI | | 15.808 | | R&DC | 1,441,068 | |
| U.S. Geological Survey-Research and Data Collection | USDOI | | 15.808 | | | 82,323 | |
| National Cooperative Geologic Mapping Program | USDOI | | 15.810 | | R&DC | 15,639 | |
| Gap Analysis Program | USDOI | | 15.811 | | R&DC | 235,535 | |
| Cooperative Research Units Program | USDOI | | 15.812 | | R&DC | 1,555,075 | 6,593 |
| Minerals Resources External Research Program | USDOI | | 15.816 | | R&DC | 39,658 | 12,686 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
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| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| ARRA-Volcano Hazards Program Research and Monitoring | USDOI | ARRA | 15.818 | | R&DC | 1,042,014 | |
| Disposal of Surplus Wildlife | USDOI | | 15.900 | | R&DC | 118,859 | |
| Disposal of Surplus Wildlife | USDOI | | 15.900 | | | 101,449 | |
| Historic Preservation Fund Grants-In-Aid | USDOI | | 15.904 | | | 38,571 | |
| Outdoor Recreation-Acquisition, Development and Planning | USDOI | | 15.916 | | R&DC | 39,737 | |
| Native American Graves Protection and Repatriation Act | USDOI | | 15.922 | | | 18,588 | |
| National Center for Preservation Technology and Training | USDOI | | 15.923 | | R&DC | 4,467 | |
| Miscellaneous (Pass-through Michigan Technological University) | USDOI | | 15.999 | 100259Z1 PO083070 | | 40,946 | |
| Miscellaneous (Pass-through National Fish and Wildlife Foundation DC) | USDOI | | 15.999 | 2003-0265-018 | | 10,848 | |
| Pass-through University of Vermont | USDOI | | 15.999 | 20118 Initial 2002 | R&DC | 1,175 | |
| Pass-through Rutgers, The State University of New Jersey | USDOI | | 15.999 | 419914-32767 | R&DC | 815 | |
| Pass-through Hoonah Indian Association | USDOI | | 15.999 | MOA Dated 02/01/10 | R&DC | 912 | |
| Pass-through Rutgers, The State University of New Jersey | USDOI | | 15.999 | PO S953776 0000326714-21833 | R&DC | 33,744 | |
| Miscellaneous | USDOI | | 15.999 | | R&DC | 1,165,201 | 88,351 |
| Miscellaneous | USDOI | | 15.999 | | | 349,355 | |
| Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities | USDOJ | | 16.529 | EN 693070 RD 6312 | | (2,584) | |
| Title V - Delinquency Prevention Program | USDOJ | | 16.548 | EN 0611405 | R&DC | 6,889 | |
| State Justice Statistics Program for Statistical Analysis Centers | USDOJ | | 16.550 | | R&DC | 53,346 | |
| Miscellaneous | USDOJ | | 16.999 | | | 54,504 | |
| WIA Youth Activities | USDOL | | 17.259 | EN 716102 | WIAC | 112,391 | |
| WIA Dislocated Workers | USDOL | | 17.260 | ADN710649 | WIAC | 222,453 | |
| WIA Dislocated Workers | USDOL | | 17.260 | EN 716119 | WIAC | 250,000 | |
| WIA Dislocated Workers | USDOL | | 17.260 | EN 796100 | WIAC | (68) | |
| WIA Dislocated Workers | USDOL | | 17.260 | EN706113/700012/700531 | WIAC | 76 | |
| H-1B Job Training Grants | USDOL | | 17.268 | | | 72,388 | |
| Community Based Job Training Grants | USDOL | | 17.269 | | | 587,093 | 78,711 |
| Mine Health and Safety Grants | USDOL | | 17.600 | | | 1,686 | |
| Air Transportation Centers of Excellence (Pass-through Embry-Riddle Aeronautical University) | USDOT | | 20.109 | 61077-UAA PO 142015 Amend 1 | | 7,302 | |
| Air Transportation Centers of Excellence | USDOT | | 20.109 | | R&DC | 169,821 | |
| Highway Research and Development Program (Pass-through University of Idaho, NIATT) | USDOT | | 20.200 | KLK262 SB 002 | | 45,667 | |
| Highway Planning and Construction | USDOT | | 20.205 | EN.2573008 | HPCC | 775 | |
| Highway Planning and Construction | USDOT | | 20.205 | | HPCC | 72,588 | |
| Highway Training and Education | USDOT | | 20.215 | | | 295,416 | |
| Recreational Trails Program | USDOT | | 20.219 | 10795961 | HPCC | 123,982 | |
| Commercial Driver's License Program Improvement Grant | USDOT | | 20.232 | EN 0211034 | | 70,180 | |
| University Transportation Centers Program (Pass-through Portland State University) | USDOT | | 20.701 | GCA 6384 | R&DC | 13,336 | |
| University Transportation Centers Program | USDOT | | 20.701 | | R&DC | 2,390,119 | 260,907 |
| Research Grants (Pass-through University of Hawaii) | USDOT | | 20.762 | PO Z894269 | R&DC | 15,814 | |
| Miscellaneous (Pass-through Oil Spill Recovery Institute) | USDOT | | 20.999 | 39365 | | 17,500 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Miscellaneous | USTreas | | 21.999 | | R&DC | 378,739 | |
| Federal Citizen Information Center | GSA | | 39.009 | | R&DC | 8,922,406 | 58,309 |
| ARRA-Science | NASA | ARRA | 43.001 | | R&DC | 240,747 | |
| Science (Pass-through JPL) | NASA | | 43.001 | 1241499 | R&DC | 92,989 | |
| Science (Pass-through Prince William Sound Science Center) | NASA | | 43.001 | 10-65-10 | R&DC | 173,159 | |
| Science (Pass-through The Aerospace Corporation) | NASA | | 43.001 | PO 4600003770 | R&DC | 25,091 | |
| Science (Pass-through JPL) | NASA | | 43.001 | Sub 1322658 | R&DC | 34,022 | |
| Science (Pass-through University of Maryland) | NASA | | 43.001 | Sub Z631501 | R&DC | 100,480 | |
| Science | NASA | | 43.001 | | R&DC | 372,554 | |
| Science | NASA | | 43.001 | | | 184,385 | |
| Aeronautics (Pass-through University of Colorado) | NASA | | 43.002 | 1545830REF:SPO70172 | R&DC | 21,537 | |
| Miscellaneous (Pass-through Bermuda Institute of Ocean Sciences) | NASA | | 43.999 | 36800 | R&DC | 66,908 | |
| Miscellaneous (Pass-through The John Hopkins University) | NASA | | 43.999 | 957706 | R&DC | 173,561 | |
| Miscellaneous (Pass-through University of California, Berkeley) | NASA | | 43.999 | 1-0001080910 | R&DC | (446) | |
| Miscellaneous (Pass-through University of South Florida) | NASA | | 43.999 | 2500-1441-00-B | R&DC | 1,656 | |
| Miscellaneous (Pass-through University of Tennessee, Knoxville) | NASA | | 43.999 | A11-0338-S001 | | 4,812 | |
| Miscellaneous (Pass-through Montclair State University) | NASA | | 43.999 | NNX09AL03G/PO-S102366 | R&DC | 66,196 | |
| Miscellaneous (Pass-through SETI Institute) | NASA | | 43.999 | PO 08-SC-1019 | R&DC | 8,700 | |
| Miscellaneous (Pass-through Alaska Challenger Center For Space Science Technology, Inc.) | NASA | | 43.999 | S12985 | | 94,451 | |
| Miscellaneous (Pass-through University of Pittsburgh) | NASA | | 43.999 | Sub 0008149 | R&DC | 64,336 | |
| Miscellaneous (Pass-through University of New Hampshire) | NASA | | 43.999 | Sub 09-046 | R&DC | 175,193 | |
| Miscellaneous (Pass-through JPL) | NASA | | 43.999 | Sub 1418562 | R&DC | 55,413 | |
| Miscellaneous (Pass-through University of Washington) | NASA | | 43.999 | Subcontract 486547 | R&DC | 101,360 | |
| Miscellaneous (Pass-through University of Maryland) | NASA | | 43.999 | Z627201 | R&DC | 16,557 | |
| Miscellaneous | NASA | | 43.999 | | R&DC | 13,816,717 | |
| Miscellaneous | NASA | | 43.999 | | | 459,864 | 155,014 |
| Promotion of the Arts-Partnership Agreements | NEA | | 45.025 | FY10CAD0040 | | 73 | |
| Promotion of the Arts-Partnership Agreements | NEA | | 45.025 | FY11CAD0033 | | 3,500 | |
| Museums for America | IMLS | | 45.301 | | | 49,726 | |
| Grants to States | IMLS | | 45.310 | ADN510238 | | 12,571 | |
| Grants to States | IMLS | | 45.310 | EN 510263 | | 52,066 | |
| Grants to States | IMLS | | 45.310 | EN510264 | | 9,023 | |
| Grants to States | IMLS | | 45.310 | Grant Dated 7/14/10 | | 85,028 | |
| Grants to States | IMLS | | 45.310 | InterLibrary Cooperation Grant | | 12,459 | |
| Grants to States | IMLS | | 45.310 | LS-00-10-0002-10/Pending | | 19,716 | |
| Development Testbed Center Visitor Program (Pass-through National Center for Atmospheric Research) | NSF | | 47.003 | Z11-87895 | R&DC | 5,371 | |
| Engineering Grants (Pass-through Georgia Institute of Technology) | NSF | | 47.041 | RA0693-G1 / PO #2720014478 | R&DC | 35,657 | |
| Engineering Grants | NSF | | 47.041 | | R&DC | 8,393 | |
| Engineering Grants | NSF | | 47.041 | | | 146,456 | 49,529 |
| Engineering Grants (Pass-through Stanford University) | NSF | | 47.049 | Subaward Number 30891-A | R&DC | 8,118 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Mathematical and Physical Sciences | NSF | | 47.049 | | R&DC | 428,658 | |
| Geosciences (Pass-through University of Southern California) | NSF | | 47.050 | 149701 | R&DC | 51,462 | |
| Geosciences (Pass-through WGBH Educational Foundation) | NSF | | 47.050 | 2008000779A | | 7,392 | |
| Geosciences (Pass-through Virginia Polytechnic Institute) | NSF | | 47.050 | 478052-19099 | R&DC | 45,163 | |
| Geosciences (Pass-through SRI International) | NSF | | 47.050 | 59-001127 | R&DC | 462,279 | |
| Geosciences (Pass-through Cornell University) | NSF | | 47.050 | 62144-9481 | R&DC | 14,988 | |
| Geosciences (Pass-through Rutgers University) | NSF | | 47.050 | PO 4150 / S1409651 | R&DC | 457 | |
| Geosciences (Pass-through Woods Hole Oceanographic Institution) | NSF | | 47.050 | Subaward Number A100638 | R&DC | 25,974 | |
| Geosciences | NSF | | 47.050 | | R&DC | 5,939,930 | 244,351 |
| Geosciences | NSF | | 47.050 | | | 898,334 | |
| Computer and Information Science and Engineering (Pass-through Carnegie Mellon University) | NSF | | 47.070 | 1120822-184882 | | 29,400 | |
| Computer and Information Science and Engineering | NSF | | 47.070 | | R&DC | 257,638 | 31,426 |
| Computer and Information Science and Engineering | NSF | | 47.070 | | | 161,964 | |
| Biological Sciences (Pass-through University of Washington) | NSF | | 47.074 | 592485 | R&DC | 18,312 | |
| Biological Sciences (Pass-through South Dakota State University) | NSF | | 47.074 | 3TC097 | R&DC | 15,900 | |
| Biological Sciences (Pass-through Wright State University) | NSF | | 47.074 | DEB-0926162 | R&DC | 12,590 | |
| Biological Sciences (Pass-through University of Notre Dame) | NSF | | 47.074 | Subaward Number 201717 | R&DC | 11,312 | |
| Biological Sciences | NSF | | 47.074 | | R&DC | 2,671,241 | 188,252 |
| Biological Sciences | NSF | | 47.074 | | | 284,487 | |
| Social, Behavioral, and Economic Sciences | NSF | | 47.075 | | R&DC | 291,712 | |
| Social, Behavioral, and Economic Sciences | NSF | | 47.075 | | | 88,968 | |
| Education and Human Resources | NSF | | 47.076 | | R&DC | 2,534,777 | |
| Education and Human Resources | NSF | | 47.076 | | | 1,858,873 | |
| ARRA-Polar Programs | NSF | ARRA | 47.078 | | R&DC | 214,859 | |
| Polar Programs (Pass-through Columbia University) | NSF | | 47.078 | 3 (ACCT 5-24906) | | 6,843 | |
| Polar Programs (Pass-through San Diego State University) | NSF | | 47.078 | 53702A 7807 E006811 | R&DC | 12,040 | |
| Polar Programs (Pass-through Bermuda Institute of Ocean Sciences) | NSF | | 47.078 | BIOS 072145 | R&DC | 19,801 | |
| Polar Programs (Pass-through University of Maryland, UMCES) | NSF | | 47.078 | CA 08-09 | R&DC | 145 | |
| Polar Programs (Pass-through Woods Hole Oceanographic Institution) | NSF | | 47.078 | PO S115043 | R&DC | 1,179 | |
| Polar Programs (Pass-through University of Washington) | NSF | | 47.078 | Subcontract 573685 MOD 1 | R&DC | 12,560 | |
| Polar Programs | NSF | | 47.078 | | R&DC | 12,871,251 | 165,806 |
| Polar Programs | NSF | | 47.078 | | | 660,031 | |
| International Science and Engineering (OISE) (Pass-through U.S. Civilian Research & Development Foundation) | NSF | | 47.079 | RUB22991NO10 | R&DC | 13,490 | |
| International Science and Engineering (OISE) (Pass-through University of Hawaii, Manoa) | NSF | | 47.079 | Z946967 / PO 660191 | R&DC | 3,250 | |
| International Science and Engineering (OISE) | NSF | | 47.079 | | R&DC | 274,372 | |
| International Science and Engineering (OISE) | NSF | | 47.079 | | | 1,219 | |
| Office of Experimental Program to Stimulate Competitive Research | NSF | | 47.081 | | | 93,021 | |
| ARRA-Trans-NSF Recovery Act Research Support (Pass-through Lehigh University) | NSF | ARRA | 47.082 | 542068-78001 | R&DC | 38,254 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Washington) | NSF | ARRA | 47.082 | ARRA ARC-0908262 / 657596Z | R&DC | 7,216 | |
| ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Colorado) | NSF | ARRA | 47.082 | ARRA SPO 0000069542 | R&DC | 150,103 | |
| ARRA-Trans-NSF Recovery Act Research Support | NSF | ARRA | 47.082 | | R&DC | 31,579,697 | |
| ARRA-Trans-NSF Recovery Act Research Support | NSF | ARRA | 47.082 | | | 878,836 | |
| ARRA-Miscellaneous | NSF | ARRA | 47.999 | | R&DC | 24,702 | |
| Miscellaneous | NSF | | 47.999 | | | 151,111 | |
| 8(a) Business Development Program | USSBA | | 59.006 | | | 84,783 | |
| Small Business Development Centers | USSBA | | 59.037 | | | 722,845 | |
| Prime Technical Assistance | USSBA | | 59.050 | | R&DC | 164,508 | |
| Congressionally Mandated Projects | EPA | | 66.202 | | | 209,346 | |
| Water Pollution Control State, Interstate, and Tribal Program Support | EPA | | 66.419 | RS/1800017/EN 1800502 | R&DC | 289 | |
| Water Pollution Control State, Interstate, and Tribal Program Support | EPA | | 66.419 | RS1810168/EN 1810521 | R&DC | 20,722 | |
| P3 Award: National Student Design Competition for Sustainability | EPA | | 66.516 | | R&DC | 6,718 | |
| Miscellaneous (Pass-through NatureServe) | EPA | | 66.999 | EP-W-07-080 (WA 3-20) | R&DC | 47,747 | |
| Miscellaneous (Pass-through NatureServe) | EPA | | 66.999 | EPW-07-080(WA2-11&WA2-14) | R&DC | 24,770 | |
| Miscellaneous (Pass-through Kenai Watershed Forum) | EPA | | 66.999 | KWF-UAF-001 | R&DC | (34) | |
| Miscellaneous (Pass-through Venetie Village Council) | EPA | | 66.999 | S00013808 | | 4,288 | |
| Office of Science Financial Assistance Program | ENERGY | | 81.049 | | R&DC | 895,182 | |
| ARRA-Renewable Energy Research and Development | ENERGY | ARRA | 81.087 | | R&DC | 529,734 | |
| Renewable Energy Research and Development (Pass-through Ocean Renewable Power Company-Alaska) | ENERGY | | 81.087 | Agreement Signed 06/10/2010 | R&DC | 8,903 | |
| Renewable Energy Research and Development (Pass-through Electric Power Research Institute) | ENERGY | | 81.087 | EP-P36535/C16572 | R&DC | 48,754 | |
| Renewable Energy Research and Development (Pass-through Electric Power Research Institute) | ENERGY | | 81.087 | EP-P37092/C16755 | R&DC | 90,613 | |
| Fossil Energy Research and Development (Pass-through Sandia National Laboratories) | ENERGY | | 81.089 | Contract 643168 | R&DC | 145,740 | |
| Fossil Energy Research and Development (Pass-through Sandia National Laboratories) | ENERGY | | 81.089 | Standard PO: 746154 | R&DC | 19,698 | |
| Fossil Energy Research and Development | ENERGY | | 81.089 | | R&DC | 955,291 | 48,008 |
| Fossil Energy Research and Development | ENERGY | | 81.089 | | | 257,460 | |
| ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) | ENERGY | ARRA | 81.128 | 02/10-01 ARRA | | 2,884 | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) | ENERGY | | 81.128 | 400114 /EEC-10-ISR-1 | R&DC | 37,766 | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) (Pass-through Fairbanks North Star Borough) | ENERGY | | 81.128 | PO 114239 | R&DC | 18,839 | |
| ARRA-Geologic Sequestration Training and Research Grant Program | ENERGY | ARRA | 81.133 | | R&DC | 241,009 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | ENERGY | | 81.999 | 9064 | R&DC | 12,875 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | ENERGY | | 81.999 | 17560 | R&DC | 51,903 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | ENERGY | | 81.999 | 128750 | R&DC | 58,004 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|-------------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Miscellaneous | ENERGY | | 81.999 | Pending | | 1,933 | |
| Miscellaneous (Pass-through Battelle Pacific Northwest Lab) | ENERGY | | 81.999 | Subcontract #4000098845 | | 39,218 | |
| Miscellaneous | ENERGY | | 81.999 | | R&DC | 217,776 | |
| Miscellaneous | ENERGY | | 81.999 | | | 3,000 | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | ADN 710564 | | 119,885 | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | ADN 770016 | | (5) | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | EN 705601 | | (286) | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | EN 715601 | | 58,826 | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | EN 715602 | | 30,025 | |
| Adult Education - Basic Grants to States | USDOE | | 84.002 | EN 715603 | | 24,653 | |
| Federal Supplemental Educational Opportunity Grants | USDOE | | 84.007 | | SFAC | 980,262 | |
| Special Education - Grants to States | USDOE | | 84.027 | ADN 0500136/10.157.02 | SEC | (26) | |
| Special Education - Grants to States | USDOE | | 84.027 | EN 510035 | SEC | 32,111 | |
| Special Education - Grants to States | USDOE | | 84.027 | EN 510262 | SEC | 6,614 | |
| Special Education - Grants to States | USDOE | | 84.027 | EN0510658 FS11.156.03 | SEC | 28,475 | |
| Higher Education - Institutional Aid | USDOE | | 84.031 | | | 12,033,767 | 22,500 |
| Federal Work-Study Program | USDOE | | 84.033 | | SFAC | 420,147 | |
| TRIO - Student Support Services | USDOE | | 84.042 | | TRIOC | 488,551 | |
| TRIO - Talent Search | USDOE | | 84.044 | | TRIOC | 700,623 | |
| TRIO - Upward Bound | USDOE | | 84.047 | | TRIOC | 1,338,373 | 161,905 |
| Career and Technical Education - Basic Grants to States | USDOE | | 84.048 | 45-11-0805 | | 1,850 | |
| Career and Technical Education - Basic Grants to States | USDOE | | 84.048 | EN 510107 Amend 1 | | 2,745 | |
| Career and Technical Education - Basic Grants to States | USDOE | | 84.048 | EN 510145 | | 12,969 | |
| Career and Technical Education - Basic Grants to States | USDOE | | 84.048 | EN 510429 | | 98,327 | |
| Career and Technical Education - Basic Grants to States | USDOE | | 84.048 | EN 510590 | | 47,994 | |
| ARRA -Federal Pell Grant Program | USDOE | ARRA | 84.063 | | SFAC | (509,486) | |
| Federal Pell Grant Program | USDOE | | 84.063 | | SFAC | 24,572,867 | |
| TRIO - Educational Opportunity Centers | USDOE | | 84.066 | | TRIOC | 634,188 | |
| Fund for the Improvement of Postsecondary Education | USDOE | | 84.116 | | | 463,520 | |
| Fund for the Improvement of Education | USDOE | | 84.215 | | | (85) | |
| Tech-Prep Education | USDOE | | 84.243 | EN 510108 | | 279,058 | |
| Tech-Prep Education | USDOE | | 84.243 | EN500150 | | 882 | |
| Federal Direct Student Loans | USDOE | | 84.268 | | SFAC | 76,097,269 | |
| Indian Education, Special Programs for Indian Children | USDOE | | 84.299 | | | 246,751 | |
| Education Research, Development and Dissemination | USDOE | | 84.305 | | | 452,343 | |
| Special Education - State Personnel Development | USDOE | | 84.323 | ADN 0500138/FS10.168.01 | | 2,230 | |
| Special Education - State Personnel Development | USDOE | | 84.323 | ADN 510312 | | 216,527 | |
| Teacher Quality Partnership Grants | USDOE | | 84.336 | | TQPG | 864,706 | 250,390 |
| Alaska Native Educational Programs (Pass-through Alaska Pacific University) | USDOE | | 84.356 | Agreement Dated 04/21/08 | R&DC | 3,714 | |
| Alaska Native Educational Programs (Pass-through Alaska Native Heritage Center) | USDOE | | 84.356 | Agreement Dated 12/08/10 | | 9,225 | |
| Alaska Native Educational Programs (Pass-through Association of Alaska School Boards) | USDOE | | 84.356 | Amended PO 100-ISER-06 | R&DC | (3,893) | |
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | USDOE | | 84.356 | MOA Dtd 07/14/10 | | 7,972 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | USDOE | | 84.356 | MOA Dtd 08/17/10 | | 8,306 | |
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | USDOE | | 84.356 | MOA Dtd 10/01/09 E-mail Dtd5/10 | | 832 | |
| Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula) | USDOE | | 84.356 | MOA Dtd 11/06/09 E-mail Dtd5/10 | | 1,175 | |
| Alaska Native Educational Programs | USDOE | | 84.356 | | | 4,339,381 | 277,647 |
| Native Hawaiian Education (Pass-through Pacific Tsunami Museum, Inc.) | USDOE | | 84.362 | MOA PTM 09/01/10 | | 28,658 | |
| Improving Teacher Quality State Grants | USDOE | | 84.367 | HE 11.159.01 | | 16,448 | |
| Grants for State Assessments and Related Activities | USDOE | | 84.369 | 510294 | | 5,119 | |
| Grants for State Assessments and Related Activities | USDOE | | 84.369 | EN 510669 | | 2,414 | |
| Academic Competitiveness Grants | USDOE | | 84.375 | | SFAC | 154,111 | |
| National Science and Mathematics Access to Retain Talent (SMART) Grants | USDOE | | 84.376 | | SFAC | 516,039 | |
| Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | USDOE | | 84.379 | | SFAC | 63,569 | |
| ARRA-Special Education - Grants for Infants and Families, Recovery Act | USDOE | ARRA | 84.393 | EN 0611465 | EISC | 20,000 | |
| ARRA-Special Education - Grants for Infants and Families, Recovery Act | USDOE | ARRA | 84.393 | EN 611455 | EISC | 119,029 | |
| ARRA-Special Education - Grants for Infants and Families, Recovery Act | USDOE | ARRA | 84.393 | EN 611464 | EISC | 34,501 | |
| Transition Programs for Students with Intellectual Disabilities into Higher Education | USDOE | | 84.407 | | | 57,808 | |
| Miscellaneous (Pass-through Alaska Humanities Forum) | USDOE | | 84.999 | Agreement Dated 6/06 Amend 05/09 | R&DC | 53,154 | 10,979 |
| Miscellaneous (Pass-through National Writing Project Corporation) | USDOE | | 84.999 | Contract 09-AK02 | | 89,997 | |
| Miscellaneous | USDOE | | 84.999 | PNWPC001 | | 38,154 | |
| Miscellaneous (Pass-through Anchorage School District) | USDOE | | 84.999 | PR/PO 9P13709 Amend 1 | R&DC | (188) | |
| Miscellaneous (Pass-through WestEd) | USDOE | | 84.999 | S11-030 | | 56,156 | |
| Denali Commission Program (Pass-through Alaska Public Broadcasting, Incorporated) | DC | | 90.100 | 174-05 Denali Commission | | 44,108 | |
| Denali Commission Program (Pass-through Chaninik Wind Group) | DC | | 90.100 | CWG2011-001 | R&DC | 8,008 | |
| Denali Commission Program (Pass-through Cordova Electric Cooperative) | DC | | 90.100 | PO 00000971 | R&DC | 80,176 | |
| Denali Commission Program (Pass-through Ocean Renewable Power Company - Alaska) | DC | | 90.100 | UAF11-0017 | R&DC | 35,430 | |
| Denali Commission Program | DC | | 90.100 | | R&DC | 4,119,619 | 33,223 |
| Denali Commission Program | DC | | 90.100 | | | 576,291 | |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | USDHHS | | 93.043 | EN 0604882 | | (3,205) | |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | USDHHS | | 93.043 | EN 693076 | | (2,354) | |
| Special Programs for the Aging - Title IV and Title II - Discretionary Projects | USDHHS | | 93.048 | | R&DC | 190,794 | |
| Maternal and Child Health Federal Consolidated Programs (Pass-through Children's Hospital Los Angeles) | USDHHS | | 93.110 | Sub Agreement# 228 Amend 2 | | (1,390) | |
| Maternal and Child Health Federal Consolidated Programs | USDHHS | | 93.110 | | | 137,671 | 7,726 |
| Environmental Health | USDHHS | | 93.113 | | | 534,523 | 116,343 |
| Human Genome Research | USDHHS | | 93.172 | | R&DC | 356,521 | 107,851 |
| Research on Healthcare Costs, Quality and Outcomes | USDHHS | | 93.226 | | R&DC | 234,950 | 67,473 |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|---|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Mental Health Research Grants | USDHHS | | 93.242 | | R&DC | 694,081 | 30,268 |
| Mental Health Research Grants | USDHHS | | 93.242 | | | 434,509 | |
| Occupational Safety and Health Program | USDHHS | | 93.262 | | R&DC | 201,021 | 15,959 |
| Alcohol Research Programs | USDHHS | | 93.273 | | | 67 | |
| Drug Abuse and Addiction Research Programs (Pass-through Pacific Institute for Research and Evaluation Louisville Center) | USDHHS | | 93.279 | 0049.02.01 MOD 2 DTD 5/16/11 | R&DC | 17,293 | |
| Drug Abuse and Addiction Research Programs | USDHHS | | 93.279 | | R&DC | 519,825 | |
| Drug Abuse and Addiction Research Programs | USDHHS | | 93.279 | | | 4,784 | |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | USDHHS | | 93.283 | | | 294,415 | |
| National Center for Health Workforce Analysis | USDHHS | | 93.300 | | R&DC | 34,300 | |
| Minority Health and Health Disparities Research | USDHHS | | 93.307 | | R&DC | 553,634 | 39,611 |
| Advanced Nursing Education Traineeships | USDHHS | | 93.358 | | | 26,795 | |
| Nurse Education, Practice and Retention Grants (Pass-through University of Washington) | USDHHS | | 93.359 | 699947 | | 4,315 | |
| National Center for Research Resources | USDHHS | | 93.389 | | R&DC | 4,722,010 | 17,640 |
| National Center for Research Resources | USDHHS | | 93.389 | | | 312,398 | |
| ARRA-Equipment to Enhance Training for Health Professionals | USDHHS | ARRA | 93.411 | | | 295,144 | |
| ARRA-Nursing Workforce Diversity | USDHHS | ARRA | 93.417 | | | 311,879 | |
| Family Connection Grants (Pass-through OnTrack, Inc.) | USDHHS | | 93.605 | Agreement Dated 01/19/10 | R&DC | 19,734 | |
| University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For Research) | USDHHS | | 93.632 | Subcontract FY2009-034 | | (2,567) | |
| University Centers for Excellence in Developmental Disabilities Education, Research, and Service | USDHHS | | 93.632 | | | 561,526 | |
| Foster Care, Title IV-E | USDHHS | | 93.658 | EN 0604850 | | 7,404 | |
| Foster Care, Title IV-E | USDHHS | | 93.658 | EN 0611406 Amend 1 | | 119,241 | |
| Foster Care, Title IV-E | USDHHS | | 93.658 | EN 0683053 Amend 1 | | (22) | |
| ARRA-Trans-NIH Recovery Act Research Support (Pass-through Harvard College) | USDHHS | ARRA | 93.701 | 149728.386555.0207 | R&DC | 255,852 | |
| ARRA-Trans-NIH Recovery Act Research Support (Pass-through Alaska Native Tribal Health Consortium) | USDHHS | ARRA | 93.701 | ANTHC-10-P-28245(ARRA) | R&DC | 21,678 | |
| ARRA-Trans-NIH Recovery Act Research Support | USDHHS | ARRA | 93.701 | | R&DC | 2,197,712 | 320,319 |
| ARRA-Trans-NIH Recovery Act Research Support | USDHHS | ARRA | 93.701 | | | 659,320 | |
| ARRA-National Center for Research Resources, Recovery Act Construction Support | USDHHS | ARRA | 93.702 | | | 570,338 | |
| ARRA-Community Services Block Grant (Pass-through Rural Alaska Community Action Program) | USDHHS | ARRA | 93.710 | Project 1781 | CSBGC | 15,288 | |
| ARRA-Health Information Technology Professionals in Health Care (Pass-through Dakota State University) | USDHHS | ARRA | 93.721 | DS1000003-2-ALASKA | | 31,685 | |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | USDHHS | | 93.779 | RSA 0610626 | | 100,078 | |
| Health Careers Opportunity Program (Pass-through University of Washington) | USDHHS | | 93.822 | Subcontract 169916 | | (438) | |
| Area Health Education Centers Infrastructure Development Awards | USDHHS | | 93.824 | | | 1,477,244 | 1,207,135 |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | USDHHS | | 93.847 | | R&DC | 492,870 | 108,158 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium) | USDHHS | | 93.853 | 3U1NS048069-04S3 | R&DC | 6,382 | |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency**

| Federal Program Title | Federal Agency | ARRA | CFDA Number | Grant or Other Identifying Number | Cluster | Federal Expenditures | Provided to Recipient |
|--|----------------|------|-------------|-----------------------------------|---------|----------------------|-----------------------|
| Extramural Research Programs in the Neurosciences and Neurological Disorders | USDHHS | | 93.853 | | R&DC | 283,619 | 101,205 |
| Allergy, Immunology and Transplantation Research (Pass-through J. Craig Venture Institute) | USDHHS | | 93.855 | IGSP Agreement 12/02/09 | R&DC | 21,528 | |
| Biomedical Research and Research Training (Pass-through University of Washington) | USDHHS | | 93.859 | 697269/Pending | R&DC | 114,790 | |
| Specially Selected Health Projects | USDHHS | | 93.888 | | | 419,383 | |
| Block Grants for Prevention and Treatment of Substance Abuse (Pass-through University of Washington) | USDHHS | | 93.959 | 660357 | | 1,136 | |
| Block Grants for Prevention and Treatment of Substance Abuse | USDHHS | | 93.959 | 602-11-009 | | 60,082 | |
| Geriatric Education Centers | USDHHS | | 93.969 | | | 40,325 | |
| Miscellaneous (Pass-through University of Texas, San Antonio) | USDHHS | | 93.999 | 3902-65UAF | | 13,920 | |
| Miscellaneous (Pass-through Southeast Alaska Regional Health Consortium) | USDHHS | | 93.999 | 78399-YR3 PO16523 | R&DC | 116,239 | 5,896 |
| Miscellaneous (Pass-through Alaska Native Tribal Health Consortium) | USDHHS | | 93.999 | ANTHC-10-C29939 MOD 001 | R&DC | 120,706 | |
| Miscellaneous (Pass-through Alaska Network on Domestic Violence & Sexual Assault) | USDHHS | | 93.999 | Contract DTD 2/25/11 | | 4,050 | |
| Miscellaneous (Pass-through Mount Sinai School of Medicine) | USDHHS | | 93.999 | HHSN266200700010C | R&DC | 758,774 | |
| Miscellaneous (Pass-through Iowa State University) | USDHHS | | 93.999 | Partnership Agreement I.S. | | 23,743 | |
| Miscellaneous | USDHHS | | 93.999 | | | 34,883 | |
| Learn and Serve America - Higher Education (Pass-through Princeton University) | USCNCS | | 94.005 | Sub 00001316 MOD 3 | | 7,493 | |
| Volunteers in Service to America | USCNCS | | 94.013 | | | 3,723 | |
| Social Security - Work Incentives Planning and Assistance Program | SSA | | 96.008 | | | 76,471 | |
| State and Local Homeland Security National Training Program (Pass-through University of Hawaii) | USDHS | | 97.005 | Z976302 | | 15,677 | |
| Centers for Homeland Security (Pass-through University of Hawaii) | USDHS | | 97.061 | Z884255/Pending | R&DC | 545,773 | 24,767 |
| Total for UNIVERSITY OF ALASKA | | | | | | 290,846,376 | 7,073,195 |
| Total Federal Financial Assistance | | | | | | 3,478,450,297 | 466,170,286 |

(Intentionally left blank)

STATEWIDE ABBREVIATIONS

A

| | |
|---------|---|
| AAC | Alaska Administrative Code <i>or</i> Alaska Aerospace Corporation |
| AA I | Administrative Assistant I |
| AAL | Actuarial Accrued Liabilities |
| AAM | Alaska Administrative Manual |
| ABE/GED | Adult Basic Education/General Education Degree |
| AC | Aging Cluster |
| ACA | Affordable Care Act |
| ACES | Alaska's Clear and Equitable Share |
| ACF | Administration for Children and Families |
| ACPE | Alaska Commission on Postsecondary Education |
| ACS | Alaska Court System <i>or</i> Affiliated Computer Systems, Inc. |
| ADN | Associate Degree of Nursing |
| ADP | Automated Data Processing |
| AEA | Alaska Energy Authority |
| AF | Agency Fund |
| AFRI | Agriculture and Food Research Initiative |
| AGDC | Alaska Gasline Development Corporation |
| AGIA | Alaska Gasline Inducement Act |
| AHCC | Alaska Housing Capital Corporation |
| AHFC | Alaska Housing Finance Corporation |
| AIDEA | Alaska Industrial Development and Export Authority |
| AIDS | Acquired Immunodeficiency Virus Syndrome |
| AIGA | Alaska Insurance Guarantee Association |
| AK | Alaska |
| AKSAS | Alaska State Accounting System |
| ALSC | Alaska Legal Services Corporation |
| AMBBA | Alaska Municipal Bond Bank Authority |
| AMHT | Alaska Mental Health Trust |
| AMHTA | Alaska Mental Health Trust Authority |
| AMLR | Abandoned Mine Land Reclamation |
| ANGDA | Alaska Natural Gas Development Authority |
| ANTHC | Alaska Native Tribal Health Consortium |
| AOC | OPEB Cost |
| AOM | Administrative Operations Manager |
| APC | Annual Pension Cost |

| | |
|----------|--|
| APFC | Alaska Permanent Fund Corporation |
| APM | Alaska Procedures Manual |
| AR | Accounts Receivable |
| ARHCT | Alaska Retiree Health Care Trust |
| ARLF | Agriculture Revolving Loan Fund |
| ARMB | Alaska Retirement Management Board |
| ARMC | U.S. Army, Material Command |
| ARMY | Department of the Army, Office of the Chief of Engineers |
| ARMY MC | U.S. Army Medical Command |
| ARO/SERO | Anchorage Regional Office/Southeast Regional Office |
| ARPA | Advanced Research Projects Agency |
| ARRA | American Recovery and Reinvestment Act |
| ARRC | Alaska Railroad Corporation |
| AS | Alaska Statute |
| ASLC | Alaska Student Loan Corporation |
| ASMI | Alaska Seafood Marketing Institute |
| ASPIB | Alaska State Pension Investment Board |
| AWP | Average Wholesale Cost |

B

| | |
|------|---|
| B2F | The proposed Beluga to Fairbanks route for transporting North Slope natural gas |
| BC | British Columbia, Canada |
| BIA | Bureau of Indian Affairs |
| BJS | Bureau of Justice Statistics |
| BLM | Bureau of Land Management |
| BLS | Bureau of Labor Statistics |
| BTOP | Broadband Technology Opportunities Program |
| BZPP | Buffer Zone Protection Program |

C

| | |
|-------|---|
| CAEF | Commercial Assistance Enterprise Fund |
| CAFR | Comprehensive Annual Financial Report |
| CAP | Cost Allocation Plan |
| CBRF | Constitutional Budget Reserve Fund (Alaska) |
| CC | Collocation Code |
| CCC | Child Care Cluster |
| CCDBG | Child Care and Development Block Grant |
| CCDF | Child Care Development Fund |

| | |
|-----------|---|
| CCPO | Child Care Program Office |
| CDBG | Community Development Block Grants |
| CDC | Center for Disease Control |
| CDFI | Community Development Financial Institutions Cluster |
| CDLIS | Commercial Drivers License Information System |
| CEGC | CDBG – Entitlement Grants Cluster |
| CFP | Public Housing Capital Fund |
| CFDA | Catalog of Federal Domestic Assistance |
| CFPC | CFP Cluster |
| CFR | Code of Federal Regulations |
| Ch | Chapter |
| ChalleNGE | A DMVA administered life and educational skills program |
| CIAP | Coastal Impact Assistance Program |
| CILC | Centers for Independent Living Cluster |
| CIP | Capital Improvement Projects |
| CMP | Care Management Program |
| CMS | Centers for Medicare and Medicaid Services |
| CNC | Child Nutrition Cluster |
| COPs | Certificates of Participation |
| COURT | Alaska Court System/Alaska Judicial Council |
| CPA | Certified Public Accountant |
| CPF | Capital Project Fund |
| CPD | Office of Community Planning and Development |
| CPO | Corrections Program Office |
| CSACC | CDBG - State Administered CDBG Cluster |
| CSBGC | Community Services Block Grant Cluster |
| CSED | Child Support Enforcement Division |

D

| | |
|-------|---|
| (D) | Democrat |
| DAS | Division of Administrative Services |
| DBH | Division of Behavioral Health |
| DBP | Division of Business Partnerships |
| DC | Denali Commission |
| DCA | Division of Cost Allocation |
| DCCED | Department of Commerce, Community, and Economic Development (Alaska) |
| DCP | Deferred Compensation Plan |
| DCRA | Division of Community and Regional Affairs |

| | |
|--------|---|
| DEA | Drug Enforcement Administration |
| DEC | Department of Environmental Conservation (Alaska) |
| DEED | Department of Education and Early Development (Alaska) |
| DFG | Department of Fish and Game (Alaska) |
| DFISX | DFA International Small Company Portfolio managed by Dimensional Fund Advisors LP |
| DGS | Division of General Services |
| DHCS | Division of Health Care Services |
| DHSS | Department of Health and Social Services (Alaska) |
| DISSIC | Disability Insurance/Supplemental Security Income Cluster |
| DISVX | DFA International Small Cap Value Portfolio managed by Dimensional Fund Advisors LP |
| DLA | Defense Logistics Agency <i>or</i> Division of Legislative Audit |
| DLWD | Department of Labor and Workforce Development (Alaska) |
| DNA | Deoxyribonucleic Acid |
| DMA | Division of Medical Assistance |
| DME | Durable Medical Equipment |
| DMVA | Department of Military and Veterans' Affairs (Alaska) |
| DNR | Department of Natural Resources (Alaska) |
| DOA | Department of Administration (Alaska) |
| DOC | Department of Corrections (Alaska) |
| DOF | Division of Finance |
| DOR | Department of Revenue (Alaska) |
| DOTPF | Department of Transportation and Public Facilities (Alaska) |
| DOT&PF | Department of Transportation and Public Facilities (Alaska) |
| DPU | Data Processing Unit |
| DPA | Division of Public Assistance |
| DPCU | Discretely Presented Component Unit |
| DPH | Division of Public Health |
| DPS | Department of Public Safety (Alaska) |
| DRB | Division of Retirement and Benefits |
| DRF | Disaster Relief Fund |
| DSDS | Division of Senior and Disability Services |
| DSF | Debt Service Fund |
| DSMAF | Deposits, Suspense, and Miscellaneous Agency Funds |
| DSS | Division of Senior Services |
| DUA | Disaster Unemployment Assistance |
| DUR | Drug Utilization Review |
| DVOP | Disabled Veterans' Outreach Program |

DVR Division of Vocational Rehabilitation
DW A Department-Wide Cost Allocation Methodology

E

EAC Election Assistance Commission
EAEF Energy Assistance Enterprise Fund
EDA Economic Development Administration
EDC Economic Development Cluster
EEARP Energy Efficient Appliance Rebate Program
EECBG Energy Efficient Conservation Block Grant
EF Enterprise Fund
EFAC Emergency Food Assistance Cluster
EFSPC Emergency Food and Shelter Program Cluster
EHYC Education of Homeless Children and Youth Cluster
EIP Emergency Infections Program
EIS Environmental Impact Statement *or* Eligibility Information System
EISC Early Intervention Services (IDEA) Cluster
ELC Epidemiology and Laboratory Capacity for Infectious Disease
ELF Economic Limit Factor
EMGF Emerging Markets Growth Fund
EMS Emergency Medical Services
ENERGY U.S. Department of Energy
EPA U.S. Environmental Protection Agency
EPORS Elected Public Officers Retirement System
ERISA Employee Retirement Income Security Act of 1974
ERP Enterprise Resource Planning
ESC Employment Service Center
ESEA Elementary and Secondary Education Act
ESD Employment Security Division
ESP Environmental Studies Program
ESS Education Support Services
ETA Employment and Training Administration
ETS Enterprise Technology Services Division
ETSGC Educational Technology State Grants Cluster
ETV Education and Training Vouchers
EVOS Exxon Valdez Oil Spill

F

| | |
|-----------|---|
| F&M | Facilities and Maintenance |
| F&WC | Fish and Wildlife Cluster |
| FAA | Federal Aviation Administration |
| FAS | Foreign Agricultural Service |
| FASB | Financial Accounting Standards Board |
| FAS – GOV | Fixed Assets Software-Government |
| FDIC | Federal Deposit Insurance Corporation |
| FDA | Food and Drug Administration |
| FE | Funding Excess |
| FEMA | Federal Emergency Management Agency |
| FFADC | Foreign Food Aid Donation Cluster |
| FFATA | Federal Funding Accountability and Transparency Act |
| FFEL | Federal Family Education Loan |
| FFP | Federal Financial Participation |
| FFY | Federal Fiscal Year |
| FG/SCC | Foster Grandparent/Senior Companion Cluster |
| FHSC | First Health Services Corporation |
| FHWA | Federal Highway Administration |
| FI | Food Instrument |
| FIA | Fairbanks International Airport |
| FICA | Federal Insurance Contributions Act |
| FIFO | First In, First Out |
| FMCSA | Federal Motor Carrier Safety Administration |
| FMNP | Food Market Nutrition Program |
| FMS | Finance and Management Services |
| FNMA | Federal National Mortgage Association |
| FNS | Food and Nutrition Service |
| FPC | Food for Peace Cluster |
| Forestry | Division of Forestry (Alaska) |
| FRA | Federal Railroad Administration |
| FSA | Farm Service Agency |
| FSRS | FFATA Subaward Reporting System |
| FTA | Federal Transit Administration |
| FTC | Federal Transit Cluster |
| FTE | Full-time Equivalent |
| FSSLA | First Special Session Law of Alaska |
| Fund | Alaska Permanent Fund |
| FVPSP | Family Violence Prevention and Services Program |

| | |
|------------|---|
| FX | Foreign currency |
| FX Forward | Foreign currency forward exchange contracts |
| FY | Fiscal Year |

G

| | |
|---------|---|
| GAAP | Generally Accepted Accounting Principles |
| GAAS | Generally Accepted Auditing Standards |
| GASB | Governmental Accounting Standards Board |
| GASBS | Governmental Accounting Standards Board Statement |
| GeFONSI | General Fund and Other Non-Segregated Investments |
| GF | General Fund |
| GFOA | Government Finance Officers Association |
| GOV | Office of the Governor (Alaska) |
| GNMA | Government National Mortgage Association |
| GSA | U.S. General Services Administration |

H

| | |
|------|--|
| HAP | Housing Assistant Plan |
| HCBA | Home- and Community-Based Agency |
| HCBS | Home and Community Based Services |
| HCC | Health Center Cluster |
| HCFA | Health Care Financing Administration |
| HCS | Health Care Services |
| HDSC | Head Start Cluster |
| HIV | Human Immunodeficiency Virus |
| HLSC | Homeland Security Cluster |
| HMS | Health Management Services |
| HPCC | Highway Planning and Construction Cluster |
| H.R. | House Resolution |
| HRA | Health Reimbursement Arrangement |
| HRSA | Health Resources and Services Administration |
| HSC | Highway Safety Cluster |
| HUD | U.S. Department of Housing and Urban Development |
| HVC | Housing Voucher Cluster |

I

| | |
|-----|----------------------------|
| IAC | Impact Aid Cluster |
| IAF | International Airport Fund |

| | |
|-------|---|
| IASA | Improving America's Schools Act of 1994 |
| IC | Immunization Cluster |
| ICPC | Indian CDBG Program Cluster |
| IDEA | Individuals with Disabilities Education Act |
| IHBGC | Indian Housing Block Grants Cluster |
| IHS | Indian Health Service |
| ILOBC | Independent Living Services for Older Individuals Who Are Blind Cluster |
| ILP | Infant Learning Program |
| ILSC | Independent Living State Grants Cluster |
| IMLS | Institute of Museum and Library Services |
| Inc. | Incorporated |
| IPA | Intergovernmental Personnel Act Mobility Program |
| IRS | Internal Revenue Service |
| ISF | Information Services Fund |
| IT | Information Technology |
| ITA | International Trade Administration |
| ITQSG | Improving Teacher Quality State Grants |

J

| | |
|--------|--|
| JAG | Justice Assistance Grant Program Cluster |
| JGTRRA | Job Growth Relief Reconciliation Act |
| JRS | Judicial Retirement System |
| JUCE | Juneau Claims Eligibility |

K

| | |
|-------|---|
| K-12 | Kindergarten through 12 th Grade |
| KABTA | Knik Arm Bridge and Toll Authority |
| KD&A | Knowledge, Development, and Application Program |
| KLC | Kodiak Launch Complex |

L

| | |
|-------|---|
| LA | Local Administrators |
| LAW | Department of Law (Alaska) |
| LBA | Legislative Budget and Audit Committee (Alaska) |
| LC | Library of Congress <i>or</i> Ledger Code |
| LETPP | Law Enforcement Terrorism Prevention Program |
| LHCC | Lead Hazard Control Cluster |

| | |
|-------|-----------------------------------|
| LIBOR | London Interbank Offered Rate |
| LIHEA | Low-Income Home Energy Assistance |
| LLC | Limited Liability Company |
| LMCS | Liquidity Management Cash System |
| LP | Limited Partnership |
| LSC | Legal Services Corporation |
| Ltd | Limited Company |
| LUST | Leaking Underground Storage Tanks |

M

| | |
|-----------|--|
| MAXCARS | Maximus Cost Allocation and Rate System |
| MBIA | Municipal Bond Insurance Association |
| MC | Medicaid Cluster |
| MD&A | Management's Discussion and Analysis |
| MEBA | Marine Engineers' Beneficial Association (Pension Plan) |
| Medicaid | Medical Assistance Program |
| MEHS | Mt. Edgecumbe High School |
| MFCU | Medicaid Fraud Control Unit |
| MHTA | Alaska Mental Health Trust Authority |
| MIS | Management Information System |
| MMIS | Medicaid Management Information Systems |
| MMS | Minerals Management Service |
| MOA | Memorandum of Agreement |
| MOE | Maintenance of Effort |
| MOU | Memorandum of Understanding |
| MSA | Master Settlement Agreement and Final Judgment |
| MSCI EAFE | Morgan Stanley Capital International - Europe, Australasia, and Far East |
| MSHA | Mine Safety and Health Administration |

N

| | |
|--------|--|
| NA | Not Applicable |
| NAC | Network Access Control |
| NARA | National Archives and Records Administration |
| NASA | National Aeronautics and Space Administration |
| NAVY | U.S. Department of the Navy, Office of the Chief of Naval Research |
| NBCC | National Breast and Cervical Cancer |
| NCCCCP | National Comprehensive Cancer Control Program |
| NCHIP | National Criminal History Improvement Program |
| NCHS | National Center for Health Statistics |

| | |
|----------|--|
| NCLB | No Child Left Behind |
| NCRDS | National Coal Resources Data System |
| NEA | National Endowment for the Arts |
| NEH | National Endowment for the Humanities |
| NFAH | National Foundation on the Arts and the Humanities |
| NGA | Notice of Grant Award |
| NGB | National Guard Bureau |
| NGNMRS | National Guard and Alaska Naval Militia Retirement System (Alaska) |
| NHHC | Native Hawaiian Housing Cluster |
| NHSD | National Highway System Designation |
| NHTSA | National Highway Traffic Safety Administration |
| NIH | National Institute of Health |
| NIJ | National Institute of Justice |
| NIOSH | National Institute for Occupational Safety and Health |
| NIST | National Institute of Standards and Technology |
| NMRT | Northwest Marine Retirement Trust |
| No. | Number |
| NOAA | National Oceanic and Atmospheric Administration |
| NOICC | National Occupational Information Coordinating Committee |
| Nos. | Numbers |
| NPCR | National Program of Cancer Registries |
| NPI | National Provider Identification |
| NPO | Net Pension Obligation |
| NPR | National Petroleum Reserve |
| NPRB | North Pacific Research Board |
| NPS | National Park Service |
| NR | Not Reported |
| NRCS | Natural Resources Conservation Service |
| NRO/SCRO | Northern Regional Office/Southcentral Regional Office |
| NRSRO | Nationally Recognized Statistical Rating Organization |
| NSF | National Science Foundation |
| NTIA | National Telecommunications and Information Administration |
| NTS | Nutrition, Transportation, and Support Services Program |
| NTSC | Northern Tobacco Securitization Corporation |

O

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|--------|--|
| O&M | Operations and Maintenance |
| OA | Office of Administration <i>or</i> Operational Adjustment |
| OAEF | Other Agencies Enterprise Fund |
| OAH | Office of Administrative Hearings |
| OAR | Office of Air and Radiation |
| OASH | Office of the Assistant Secretary for Health |
| OASVET | Office of the Assistant Secretary for Veterans Employment and Training |
| OCOPS | Office of Community Oriented Policing Services |
| OD&D | Occupation Death & Disability |
| OCS | Office of Children's Services |
| ODEP | Office of Disability Employment Policy |
| OEA | Office of Economic Adjustment (USDOD) |
| OECA | Office of Enforcement and Compliance Assurance |
| OEE | Office of Environmental Education |
| OESE | Office of Elementary and Secondary Education |
| OFC | Office of the Federal Coordinator |
| OG | Office of the Governor (Alaska) |
| OGRA | Oil and Gas Revenue Auditor |
| OIG | Office of Inspector General |
| OJJDP | Office of Juvenile Justice and Delinquency Prevention |
| OJP | Office of Justice Programs |
| OLDC | Online Data Collection |
| OMB | U.S. Office of Management and Budget |
| OPA | Office of Population Affairs |
| OPDR | Office of Policy Development and Research |
| OPEB | Other Post-Employment Benefits |
| OPM | Office of Personnel Management |
| OPPTS | Office of Prevention, Pesticides, and Toxic Substances |
| ORCA | Online Resources for the Children of Alaska |
| ORD | Office of Research and Development |
| OSDFS | Office of State and Drug-Free Schools |
| OSERS | Office of Special Education and Rehabilitative Services |
| OSHA | Occupational Safety and Health Administration |
| OSMRE | Office of Surface Mining Reclamation and Enforcement |
| OSWER | Office of Solid Waste and Emergency Response |
| OTC | Over-the-Counter Securities Market |
| OTIS | On-Line Tax Information System |
| OVC | Office of Victims of Crime |

OW Office of Water
OWL Online with Libraries

P

| | |
|---------------|---|
| PA | Prior Authorization |
| PACAP | Public Assistance Cost Allocation Plan |
| PAPI | Precision Approach Path Indicator |
| PARIS | Public Assistance Reporting Information System |
| PATH | Projects for Assistance in Transition from Homelessness |
| PBF | Public Building Fund (Alaska) |
| PCA | Personal Care Assistant |
| PCs | Personal Computers |
| PDM | Pre-Disaster Mitigation |
| Pension Funds | Pension Trust Funds' Investments |
| PERM | Payment Error Rate Measurement |
| PERS | Public Employees' Retirement System |
| PERS-DB | Public Employees' Retirement System – Defined Benefits |
| PERS-DCR | Public Employees' Retirement System – Defined Contribution Retirement |
| PF | Permanent Funds |
| PHA | Public Housing Agency |
| PHD | Public Housing Division |
| PHMSA | Pipeline and Hazardous Materials Safety Administration |
| PIH | Office of Public and Indian Housing |
| PL | Public Law |
| PMO | Property Management Office |
| PO | Purchase Order |
| POS | Point of Sell |
| PPA | Prior Period Adjustments |
| PPT | Petroleum Profit Tax |
| PSF | Public School Fund |
| PTF | Pension and Other Employee Benefit Trust Fund |
| PVE | Petroleum Violation Escrow |
| PWEDC | Public Works and Economic Development Center |

Q

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| QSP | Quality Sample Program – Forest Service |
|-----|---|

R

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|-------|---|
| (R) | Republican |
| R&DC | Research and Development Cluster |
| RBCS | Rural Business-Cooperative Services |
| RD | Responsibility/Distribution codes |
| RDI | Resource Data Incorporated |
| REIL | Runway End Identifier Lights |
| REIT | Real Estate Investment Trust |
| REOMB | Recipient Explanations of Medical Benefits |
| RFP | Request for Proposal |
| RHF | Retiree Health Fund |
| RHS | Rural Housing Service |
| RICR | Restricted Indirect Cost Rate |
| RMP | Retiree Major Medical Insurance |
| RMTS | Random Motion Time Study |
| RPL | Revised Program/Legislative |
| RPTC | Residential Psychiatric Treatment Centers |
| RRHC | Rural Rental Housing Cluster |
| RSA | Reimbursable Services Agreement |
| RTCAP | Rivers, Trails, and Conservation Assistance Program |
| RUS | Rural Utilities Service |
| Rx | Medical Prescription |

S

| | |
|--------|---|
| S&P | Standard & Poors Corporation |
| S8PBG | Section 8 Project-Based Cluster |
| SAMHSA | Substance Abuse and Mental Health Services Administration |
| SAS | Statement on Auditing Standards |
| SB | Senate Bill |
| SBA | Small Business Administration |
| SBJPA | Small Business Job Protection Act of 1996 |
| SBRF | Statutory Budget Reserve Fund |
| SBS | Supplemental Benefits System (Alaska) |
| SCHIP | State Children’s Health Insurance Program |
| SDM | Service Desk Manager |

| | |
|-----------------|--|
| SDSC | State Data Systems Cluster |
| SEA | State Education Agency |
| SEARCH | Student/Resident Experiences and Rotations in Community Health |
| Sec. | Section |
| SEC | Special Education Cluster |
| SEF | State Equipment Fleet |
| SEFA | Schedule of Expenditures of Federal Awards |
| SEP | Senior Employment Program |
| SF | Division of School Finance <i>or</i> Sport fishing |
| SFA | Student Financial Assistance |
| SFAC | Student Financial Assistance Program Cluster |
| SFAG | State Family Assistance Grant |
| SF Rev Bond | Sport Fishing Revenue Bonds |
| SFSF | State Fiscal Stabilization Fund |
| SFSFC | State Fiscal Stabilization Fund Cluster |
| SFY | State Fiscal Year |
| SGBG | Social Services Block Grant |
| SHSGP | Statewide Homeland Security Grant Program |
| SHSP | Statewide Homeland Security Program |
| SIFMA | Securities Industry and Financial Markets Association |
| SIGC | School Improvement Grants Cluster |
| SIR | Self-Insured Retention |
| SJI | State Justice Institute |
| SL | Money Market Fund |
| SLA | Session Laws of Alaska |
| SMART | National Science and Mathematics Access to Retain Talent Grant |
| SNAP | Supplemental Nutrition Assistance Program Cluster |
| Social Security | Social Security System |
| SRC | Schools and Roads Cluster |
| SRF | Special Revenue Fund |
| SRS | Software Requirements Specification |
| SSA | Social Security Administration |
| SSD | Support Services Division |
| SSgA | State Street Global Advisors |
| SSL | Special Session Law |
| SSSLA | Second Special Session Law of Alaska |
| STAR | Science to Achieve Results |
| STARBASE | A DMVA administered math and science program for 6 to 18 year olds |
| State | State of Alaska |

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|------|---------------------------------------|
| STEP | State Training and Employment Program |
| SUR | Surveillance and Utilization Review |
| SW | Statewide |
| SWSA | Statewide Single Audit |

T

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|--------------|---|
| TA | Travel Authorization |
| TAAF | Trade Adjustment Assistance for Farmers Training Program |
| TANF | Temporary Assistance for Needy Families |
| TANFC | TANF Cluster |
| TAPS | Trans-Alaska Pipeline System |
| TBA | To-Be-Announced |
| TEACH | Teacher Assistance for College and Higher Education Grants |
| The Act | American Recovery and Reinvestment Act |
| The Bank | Bank of New York Mellon |
| The Fund | Alaska Permanent Fund |
| The State | State of Alaska |
| The Trustees | APFC's Board Members |
| TIAC | Title I, Part A Cluster |
| TIFC | Teacher Incentive Fund Cluster |
| TIPS | Treasury Inflation-Protected Securities |
| TLS | Teaching and Learning Support |
| TQPG | Teacher Quality Partnership Grants Cluster |
| TRIOC | TRIO Cluster |
| TRS | Teachers' Retirement System |
| TRS-DB | Teachers' Retirement System – Defined Benefits |
| TRS-DCR | Teachers' Retirement System – Defined Contribution Retirement |
| TSA | Treasury State Agreement |
| TSPC | Transit Services Program Cluster |
| TSRs | Tobacco Settlement Revenues |
| Treasury | Treasury Division, Department of Revenue (Alaska) |
| Trusts | Common Trust Funds |

U

| | |
|------|---|
| UA | University of Alaska |
| UAAL | Unfunded Actuarial Accrued Liabilities |
| UC | Unemployment Compensation |
| UCF | Unitized Cash Fund <i>and/or</i> Unemployment Compensation Fund |
| UI | Unemployment Insurance |

| | |
|----------|--|
| U of A | University of Alaska |
| UPL | Upper Payment Limit |
| URA | Urban Relocation Assistance and Real Property Acquisition Policies Act |
| U.S. | United States |
| USAF | United States Air Force |
| USAID | U.S. Agency for International Development |
| USC | United States Code |
| USCG | U.S. Coast Guard |
| USCNCS | U.S. Corporation for National and Community Service |
| USD | Unicenter Service Desk |
| USDA | U.S. Department of Agriculture |
| USDHHS | U.S. Department of Health and Human Services |
| USDHS | U.S. Department of Homeland Security |
| USDOC | U.S. Department of Commerce |
| USDOD | U.S. Department of Defense |
| USDOE | U.S. Department of Education |
| USDOJ | U.S. Department of the Interior |
| USDOJ | U.S. Department of Justice |
| USDOL | U.S. Department of Labor |
| USDOS | U.S. Department of State |
| USDOT | U.S. Department of Transportation |
| USDVA | U.S. Department of Veterans Affairs |
| USEEOC | U.S. Equal Employment Opportunity Commission |
| USFS | U.S. Forest Service |
| USFWS | U.S. Fish and Wildlife Service (USDOJ) |
| USGS | U.S. Geological Survey (USDOJ) |
| USGSA | U.S. General Services Administrator |
| USIA | U.S. Information Agency |
| USSBA | U.S. Small Business Administration |
| USTREAS | U.S. Treasury |
| USSTURAA | U.S. Surface Transportation and Uniform Relocation Assistance Act |

V

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|-------|--------------------------------------|
| VAWA | Violence Against Women Act |
| VAWGO | Violence Against Women Grants Office |
| VBA | Veterans Benefits Administration |
| VRCC | Vocational Rehabilitation Cluster |
| VSW | Village Safe Water |

W

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|-------------|---|
| WA | Washington State |
| WAN | Wide Area Network |
| WAFD | Western Alaska Fisheries Disaster |
| WAI | Wostman & Associates |
| Wells Fargo | Wells Fargo Insurance Services |
| WIA | Workforce Investment Act |
| WIAC | Workforce Investment Act Cluster |
| WIC | Women, Infants, and Children Special Supplemental Nutrition Program |
| WOTC | Work Opportunity Tax Credit Program |

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STATE OF ALASKA

Department of Administration
Becky Hultberg, Commissioner

Sean Parnell,
GOVERNOR

P.O. Box 110200
Juneau, AK 99811-0200
Phone: (907) 465-2200
Fax: (907) 465-2135

March 22, 2012

RECEIVED

MAR 22 2012

LEGISLATIVE AUDIT

Ms. Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Re: State of Alaska, Single Audit for Fiscal Year Ended June 30, 2011

Dear Ms. Curtis:

Thank you for the opportunity to respond to the State of Alaska, Single Audit for Fiscal Year Ended June 30, 2011, Department of Administration (DOA).

Recommendation No. 1:

The DOA Enterprise Technology Service (ETS) director should implement procedures to properly account for capital assets owned by the Information Services Fund (ISF).

Agency Response:

The Department of Administration (DOA), Division of Enterprise Technology Services (ETS) concurs with this recommendation.

ETS concurs that formal procedures and a comprehensive inventory are needed. We have provided guidance to the ETS staff to draft procedures and to begin to account for the physical inventory assets within this calendar year.

With the upcoming implementation of the Service Desk Manager (SDM) ticketing system, replacing the USD ticketing system, and with the use of the FAS GOV accounting module to capture and assign depreciation methods to purchased assets, we will now have the ability to draft instructions and formulate procedures. Additionally, ETS has recently reorganized and hired key personnel in the business office, which will assist us in making further progress in implementing procedures and properly accounting for ISF capital assets in order to ensure accurate financial reporting.

Recommendation No. 2:

DOA's ETS director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit anonymous access to the State's wide area network (WAN).

Agency Response:

The Department of Administration (DOA), Division of Enterprise Technology (ETS) and the Department of Labor and Workforce Development (DLWD) both concur with this recommendation.

DLWD understands that the security situation has changed and has been working with ETS to find a solution that is secure, continues to provide the same level of service and is fiscally sound.

DLWD and ETS will continue to work together until an acceptable solution is found.

Recommendation No. 3:

The DOA commissioner and the State's chief procurement officer should consider amending the procurement rules contained in the *Alaska Administrative Manual (AAM)*, Section 82, Appendix 1.

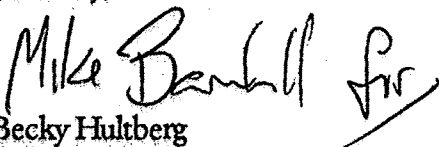
Agency Response:

The Department of Administration (DOA), the Commissioner, and the State's chief procurement officer concurs with Recommendation No. 3.

However, it should be noted that AAM Section 82, Appendix 1 is not a rule, but rather a supplement to the rules contained in AAM Section 82, which clarifies circumstances in which the procurement code does not apply. Therefore, amending Appendix 1 will not change any procurement rules. We agree that Appendix 1 should be clarified, and that language regarding documentation and the prudent expenditure of State funds should be added. DOA is currently working on draft language for this provision with the Attorney General's office.

If you have any questions or need any additional information, please contact Gary Zepp at 465-5653. Thank you.

Sincerely,


Becky Hultberg
Commissioner

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



SEAN PARNELL, GOVERNOR

333 Willoughby Avenue, 11th Floor

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Juneau, Alaska 99811-0400

Phone: (907) 465-2300

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Kris Curtis, Legislative Auditor
Legislative Budget & Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

March 15, 2012

MAR 15 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis:

Thank you for your agency's review of the Department of Revenue, Tax Division, as part of the FY2011 Statewide Single Audit. We appreciate the opportunity to respond to the recommendation contained in your letter dated February 27, 2012. The deficiencies identified in your letter are itemized and addressed below for the Tax Division.

Recommendation No. 4

The DOR commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

We agree with Legislative Audit's position that management needs to continue to improve audit oversight by standardizing audit procedures and controls. As stated in your agency's letter, written standard procedures were drafted and implemented in FY 11. However, as further stated, the audits which your agency reviewed were not conducted under those new written standards as those audits were started and closed prior to implementation of the new written standards. In FY 12, we expect to conduct current and new audits under the written standards and also expect to refine those audit standards as we move forward. We further plan to have those written audit policies and procedures fully implemented by the end of FY 12.

We also agree with Legislative Audit's concern regarding the annual tax return reporting template. We are in the final vetting stages of completing the tax return form, and it will be discussed with all interested companies prior to the Tax Division requiring its use. We did send out a notice to everyone on our interested parties list and posted on our website that 2011 tax returns should be filed using the summary page that is being incorporated into the return. Finally, we plan to have the tax return ready for our production tax audit group to use to compare and verify company filings and computations.

Legislative Budget & Audit Committee
March 15, 2012
Page 2

We believe that we have addressed the findings and recommendation presented in your February 27, 2012 letter and welcome any additional comments or questions from you or your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Butcher", written over a horizontal line.

Bryan Butcher
Commissioner

Cc: Bruce Tangeman, Deputy Commissioner, DOR
Matthew Fonder, Director, Tax Division, DOR
Johanna Bales, Deputy Director, Tax Division, DOR
Jerry Burnett, Director, Administrative Services Division, DOR

STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

SEAN PARNELL, GOVERNOR

Goldbelt Place
801 West Tenth Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
(907) 465-2800
(907) 465-4156 Fax

March 16, 2012

RECEIVED

MAR 19 2012

LEGISLATIVE AUDIT

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the preliminary audit report on the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011.

Recommendation No. 5

The DEED Teaching and Learning Support (TLS) director should strengthen review procedures to ensure compliance with period of availability requirements.

The department agrees with recommendation No. 5 and is in the process of strengthening our review procedures to ensure compliance with the period of availability requirements of the Title II, Part A, Improving Teacher Quality program. In addition, the department has processed an adjustment moving the questioned costs to an available grant.

Recommendation No. 6

The DEED Division of Administrative Services (DAS) director should implement procedures to ensure federal suspension and debarment requirements are met.

The department agrees with recommendation No. 6 and is in the process of implementing procedures to ensure federal suspension and debarment requirements are met for both contracts and discretionary grants receiving federal funding. The department has modified our Standard Agreement Form for contracts to include an appendix with the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion. In addition, the department will provide an Assurances section for discretionary grants that includes the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion.

Recommendation No. 7

The TLS director and the DAS director should develop and implement procedures to ensure federal procurement documentation meets minimum requirements.

The department understands the requirements for federal procurement documentation and agrees with the importance of meeting the minimum requirements. The department will review our procurement procedures and develop written procedures to include oversight and verification

Letter, Kris Curtis, Legislative Auditor
March 16, 2012
Page 2 of 2

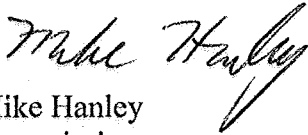
that the minimum requirements are met and to ensure compliance with federal procurement regulations.

Recommendation No. 8

The TLS director should develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 report.

The department is aware of the requirement to monitor the accuracy of subrecipient information and has developed and implemented procedures to monitor the accuracy of subrecipient data reported on the 1512 quarterly reports. The department, however, cannot correct the erroneous number of retained or created jobs in the SFSF program's 1512 report for the quarter ending March 31, 2011 since the time period for corrections on that quarter have passed.

Sincerely,

A handwritten signature in cursive script that reads "Mike Hanley". The signature is written in black ink and is positioned above the printed name and title.

Mike Hanley
Commissioner

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
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March 19, 2012

Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
Alaska State Legislature
P.O. Box 113300
Juneau, Alaska 99811-3300

RECEIVED

MAR 19 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis:

RE: Confidential Preliminary Audit Report dated February 27, 2012 on the Statewide Single Audit for the Fiscal Year Ended June 30, 2011

Below is the response for each of the sixteen recommendations reported in the preliminary report:

Recommendation No.9:

The FMS assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.

DHSS Response:

DHSS concurs with the recommendation. The WIC Unit has implemented internal control policies to ensure that all program staff will perform positive timekeeping to the collocation code. Supervisors will verify charges are captured appropriately. The newly hired WIC Administrative Assistance I will perform AKPAY input for each pay-period of all timesheets that identify work completed under each program code. The AA I will track and prepare for signature the semi-annual certifications for any employee that works under a single federal program code.

Recommendation No.10:

The FMS assistance commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

DHSS Response:

DHSS concurs with the FY 11 recommendation. Effective October 1, 2011 management within the revenue unit changed. Since that time, the unit has been evaluating its federal reporting practices resulting in federal revenues recorded in AKSAS. Currently, the revenue staff is

working on developing appropriate reconciliation tools for the federal entitlement programs. We expect these additional tools will help assure that quarterly reconciliations are performed timely and accurately.

Currently, all FMS units are tasked with complete, written updates to policies and procedures. While the process is collaborative and deliberative, we anticipate completion of most unit procedures by the end of FY 12. Concentrated efforts are placed on those processes with no written procedures, many of which are being developed anew.

Recommendation No.11:

The FMS assistant should ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

DHSS Response:

DHSS concurs with this recommendation. DHSS long-time internal audit staff both retired in April of 2011 and after ten months of active recruitment efforts FMS successfully recruited one of the two positions in February of 2012. DHSS continues to actively recruit the remaining position while addressing both current and backlog subrecipient reports.

Recommendation No. 12:

DPA's director should ensure only valid expenditures are charged for the (WIC) program.

DHSS Response:

DHSS partially concurs with the recommendation. The transaction totaling \$119,819 did not result in a duplicate charge on the federal report. The transaction was posted through the Alaska State Accounting System (AKSAS) in an account which was not picked up on the federal report and although this type of error occurred only once in FY 2011, DPA has looked at this as a learning opportunity. DPA has implemented a new process to ensure monthly reconciliations are placed in a "tickler" file for followed-up. In addition, weekly discussions will occur with the direct line supervisor to ensure loops are closed when identified, so now two staff hold this responsibility for ensuring corrective actions are taken.

Recommendation No.13:

The FMS assistant commissioner should develop procedures to comply with subaward reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA).

DHSS Response:

DHSS partially concurs with this recommendation. FFATA is an unfunded federal mandate and the department must absorb the related workload and costs. DHSS estimates that as a prime awardee, it may have to evaluate at a minimum, 250 individual subawardees and no system exists that provides the required information to assist with this assessment.

DHSS is evaluating existing resources to determine how to implement.

Recommendation No.14:

The DPA director should ensure reports are monitored and there is follow-up as required for the WIC program.

DHSS Response:

DHSS concurs with the recommendation. The WIC Vendor Unit has implemented corrective action measures to ensure that Food Instrument (FI) disposition reports, FI price enforcement, and error reports are adequately reviewed with appropriate follow-up action within the required timeframes. Corrective action measures have also been developed to ensure that reviews and follow-up actions are sufficiently documented.

Procedures have been written for each type of report review, including the timing and disposition for the reports. The reviewer dates and initials the report and documentation of any follow-up is notated and attached. The reviewer's name and the review date are entered into an electronic tracking spreadsheet, which is itself reviewed by the Vendor Manager prior to quarterly compliance review meetings. Quarterly compliance review meetings have been established to ensure that all required compliance is timely and there is an opportunity for issues to be identified and addressed. The Vendor Manager reports to the WIC Program Manager after each quarterly meeting, confirming that all review activities have been completed as required.

Written procedures for reviewing and acting upon FI disposition reports and FI price enforcement and error reports are attached. These procedures are in draft form; a more formalized version will be prepared for inclusion in the Vendor Unit Desk Manual later this year. The reports include:

FI disposition

- Dual participation AKWIC 504-A
- Duplicate Social Security Number – AKWIC 504-D
- Void Redeemed – AKWIC 504-E
- Unmatched Warrant – AKWIC 442

FI price enforcement and error

- Weekly Reimbursement Report

On December 12, 2011, a second Project Assistant was hired by the WIC Program. The addition of this staff member enabled the Vendor Unit to fulfill the requirements under 7 CFR 246.12 for report review, action, and documentation.

Recommendation No.15:

The DPA director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

DHSS Response:

DHSS concurs with the recommendation. The Vendor Unit has developed procedures for conducting a high-risk vendor assessment for the 186 currently authorized Alaska WIC vendors according to the criteria listed in the State Plan:

- Warrant redemptions show low variance within the same food instrument.
- Warrant redemptions show a high mean value.
- Warrant redemptions show a high volume or frequency of monetary errors.
- Vendor has a high number of complaints against the store.

Ten high-risk vendors have been identified and prioritized for compliance investigations. The Vendor Manager will conduct a review of each compliance investigation and write a memo to the file certifying that the investigation and disposition are complete and all documentation is included in the record of the investigation. Results will be reported to the Alaska WIC Program Manager.

Recommendation No. 16:

DHSS TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

DHSS Response:

DHSS concurs with the recommendation that procedures to ensure compliance with 42 USC 608(a)(8) be improved. There is no national record or database the Department can access to verify felony convictions specific to public assistance fraud. There are currently two methods used by Division of Public Assistance staff to determine whether applicants or recipients are receiving benefits from another state.

The general application asks applicants if they received public assistance in another state including TANF, Food Stamps, Medicaid or other cash programs. If the answer is positive, the applicant is asked to list any states they received benefits in including who in the household received the benefit as well as the dates benefits were received. DPA staff will then contact the other state to determine whether the benefits are still being received, the number of countable TANF months used and whether there were any penalties put in place in the other state.

The Division of Public Assistance also takes part in the Public Assistance Reporting Information System (PARIS) match. The PARIS match provides states with information about benefits clients may be receiving from other states including payments from the Veteran's Administration, the Department of Defense and Interstate Match files. When the PARIS match

shows a recipient is receiving benefits from another state, further investigation is conducted by staff and fraud penalties instituted as needed.

The Division of Public Assistance is implementing several strategies to ensure no caretaker relative who has been convicted of a felony for misrepresenting their state of residence in order to fraudulently receive welfare benefits at any time during the past 10 years receives benefits in Alaska. In the absence of third party verification, the division's general application for assistance is being updated to include a question requiring applicants and caretaker relatives to self-certify that they have not been convicted in the past 10 years of this crime. In addition, the division's core training will be updated to ensure all eligibility staff are trained on this requirement. Both policy and procedure manuals will be updated to support this process in FY 2012.

Recommendation No.17:

The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

DHSS Response:

DHSS does not concur. Quarterly direct expenditures are based on underlying accounting records in the Alaska Statewide Accounting System (AKSAS). DHSS only relies on the MAXCARS system for indirect costs which reports .01% of total expenditures in any given quarter.

Child Care Development Fund (CCDF) has four different funding sources (Mandatory, Matching, Discretionary and Maintenance of Effort) available for each quarter. The CCDF report requires the quarterly expenditures be reported at the quarterly allocation within the ceilings of each expenditure rate (E.g., 70% of mandatory must be spent on direct services, not more than 5% of total funds can be spent on Administrative, etc). All these factors must be considered when preparing each quarterly report. Additionally the Administration for Children and Families (ACF) Online Data Collection (OLDC) has built in edit checks that prevent the report from being submitted if these funding restrictions are not followed.

It is the DPA's management decision on how to finance the program within the Federal rules and regulations. During SFY 11, Finance Management Services (FMS) prepared the Federal reports, supplement review was performed by DPA's Administrative Operations Manager (AOM), the Revenue unit reviewed and entered into OLDC, and DPA's AOM certified the report in OLDC. During the FFY10 Statewide Single Audit, the Division of Legislative Audit discovered report errors and omissions (see SWSA FY10, Recommendation #12) that were corrected during SFY11 with the concurrence of ACF program manager. DHSS/DPA believes it's these corrections that lead auditors to believe the reports are not supported by accounting records.

Recommendation No.18:

The DPA director should identify and recover unallowable child care payments for the CCDF program.

DHSS Response:

DHSS partially concurs with the recommendation. The Division of Public Assistance, Child Care Program Office (CCPO) prioritized current referrals over older referrals to remain compliant with Child Care Development Fund (CCDF) requirements in FY 12. CCPO staff will be working into their workload all FY 11 potential overpayments of program benefits or intentional program violations.

The process to identify potential overpayments of program benefits or intentional program violations is as follows: Incorrect payments may be identified through the annual monitor review process of grantees, review of monthly files by the Division's Quality Assessment/Quality Assurance staff or by the Local Administrator's office. When an incorrect payment totaling \$100 or more is suspected, grantees submit the incorrect payment and any supporting documentation to the CCPO for review and determination. Child Care Assistance Program policy section 150 (attached) provides information about Incorrect Payments for grantees. The CCPO has developed internal processes and procedures for review and determination of incorrect payments.

In the event the CCPO experiences significant staff turnover within our Child Care Assistance Team, the Child Care Assistance Program Coordinator and CCPO Manager will collaborate to explore options for maintaining timeliness in processing and recovery of incorrect payments. Options include re-prioritizing projects and work, shifting workloads, utilizing staff members from other CCPO teams, or hiring a non-perm short term employee to focus only on potential overpayments of program benefits or intentional program violations.

Recommendation No.19:

The FMS assistant commissioner should improve procedures over the reporting of Medicaid program expenditures.

DHSS Response:

DHSS partially concurs. Current management has revamped the fiscal administration from two to three units. The third unit, Federal Allocation Management Unit, oversees the preparation of the CMS-64 report and recruited an additional Accountant as of March 1, 2012 to manage the federal reporting responsibilities associated with the Medicaid program.

A plan has also been implemented to review and update, as needed, existing DHSS policies. In the case of federal reporting, written policy is being drafted with procedures and internal controls documented. The existing excel spreadsheets are under review and will be updated with improved cross controls.

Recommendation No.20:

The DSDS director should establish written procedures and provide oversight to ensure that provider files include complete requirements for certification.

DHSS Response:

DHSS concurs with the recommendation. The division has since taken action to develop and implement procedures to ensure all certification files are complete and support the certification of home and community based service providers.

Improvements include use of a standardized provider file table of contents, conversion of an application into new content order, notice to providers to submit evidence of compliance, and no renewal of certification without all evidence of compliance in the provider file. The division has taken action to remediate missing certification records and to adopt the new procedures for all existing and future files.

Recommendation No.21:

The DHCS director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

DHSS Response:

DHSS concurs with the findings as documented in Recommendation. The goal of DHCS is to hold the Medical Assistance Program (Medicaid) fiscal agent accountable for contract requirements related to surveillance and utilization reviews. To this end, efforts are underway to restructure the surveillance and utilization review (SURS) program and to ensure fiscal agent contract compliance. During FY 10, the fiscal agent did conduct SURS activities. The following describes those activities that supported DHCS activities to control fraud and abuse in the Medicaid program.

During FY10 the fiscal agent performed focused reviews. These reviews targeted duplication of services and services billed for procedures after a recipient's date of death. Although these reviews do not encompass a comprehensive review of all provider types, these activities did result in collection of monies paid by the Medicaid program.

The fiscal agent received, reviewed, researched, and dispositioned more than 100 complaints from providers and recipients. The fiscal agent also conducted activities, including generation, collection, and reporting of findings, to process Recipient Explanation of Medicaid Benefits (REOMB's) each month.

The program experienced growth in the Care Management Program (CMP). Regulatory changes in 2007 imposed a provision for review of a recipient's medical records, which significantly slowed the number of recipients assigned to the CMP.

Efforts to redesign the control files for the SURS activities required collaboration between DHCS and ACS. Had we not worked in collaboration with ACS to redesign the SURS program, any providers selected for review during FY 10 would have been selected from a control file built with incomplete metrics. This could have resulted in inappropriate selection of providers for review.

Recommendation No.22:

The FMS assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

DHSS Response:

DHSS partially concurs with the recommendation. Overall, FMS is in the process of updating its policy and procedure manual(s). Within the revenue unit, this includes desk manuals for various tasks and assignments. The revenue section manager will ensure the SEFA preparation procedures are included in this ongoing project.

However, DHSS disagrees with the referenced five percent or greater errors found within six programs identified as being corrected. Five of the items identified relate the federally allowable TANF transfers to the CCDF and SSBG programs. These amounts were reported within the revenue and expenditure cells of the SEFA rather than the adjustments column. This action was considered necessary as the SEFA excel spreadsheet did not allow for any adjustments to locked and formatted columns. DHSS believes the substance of the information was included within the content of the schedule.

Recommendation No.23:

The DHSS commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

DHSS Response:

DHSS partially concurs with this FY 11 recommendation. DHSS current management is aware of MAXCARS deficiencies regarding federal reporting and revenue collections. Potential updates and/or new systems are being explored as resources allow.

Current management is developing procedures and implementing practices that provide for adequate internal controls. However, DHSS shares the distinction with few other states as an “umbrella” agency where every major federal public assistance program, whether it is an entitlement program or a block grant, is administered within the same governmental department. All of these programs must be under a Public Assistance Cost Allocation Plan (PACAP) and all of these programs are subject to mandated changes-many times multiple changes in any given

year. In order to maintain compliance with federal regulation changes or directives from federal granting agencies while maximizing federal revenue, changes to the assigned program codes are necessary and need to continue. Program code changes that are valid and appropriate will occur during the State's fiscal year and will appear to have been in place effective July 1, of the fiscal year because the State's current accounting system (AKSAS) does not provide any alternative.

DHSS has made significant improvements in adding ample, qualified certifiers throughout the department to ascertain that time sensitive documents, as well as routine documents, will be adequately and properly certified. Training is on-going with fiscal staff to ensure compliance with State of Alaska Policy and Procedures and DHSS internal controls.

DHSS anticipates timeliness and accuracy to improve as significant staff turnovers and vacancy rates improve. In FY 11, FMS Revenue and Fiscal Units experienced vacancy rates of up to 50% for a good portion of the year. Currently, the Fiscal Unit has 1 vacancy out of 19 positions. The Revenue Unit has 1 out of 8 positions vacant.

Recommendation No.24:

The FMS assistant commissioner should take measures to resolve revenue shortfall issues.

DHSS Response:

DHSS concurs with the recommendation. FMS management is aware of revenue shortfalls being calculated due to ineffective yearend financial closeout processes in prior years. The FMS revenue section in coordination with the FMS budget section and the Division of Finance is in the process of correcting prior year accounting system transactions and expects to be completed by the end of SFY 2012. For those appropriations that cannot be corrected by AKSAS transactions and remain in revenue shortfall status, DHSS will need to seek ratification.

Thank you for providing this opportunity for a final review of the SFY 2011 issues.

Sincerely,



William J. Streur
Commissioner

Cc: Nancy Rolfzen, Assistance Commissioner
Rhea Sailor, Deputy Commissioner
Kimberli Poppe-Smart, Deputy Commissioner

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STATE OF ALASKA

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

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FAX: (907) 465-2784

March 23, 2012

Ms. Kris Curtis
Alaska State Legislature
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

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MAR 23 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis,

This letter provides a response from the Department of Labor and Workforce Development (DLWD) related to the Division of Legislative Audit recommendations detailed in the Preliminary Report of the Single Audit for the Fiscal Year 2011.

Recommendation No. 25

The DLWD Employment Security Division (ESD) director should ensure personal service expenditures charged to federal programs comply with federal cost principles.

DLWD Response to Recommendation No. 25

The Department concurs with the recommendation. The ESD director has worked with ESD management to ensure that written procedures are in place that addresses charging personal services expenditures to federal programs and that they comply with federal cost principles. The ESD director has met with senior management to ensure that program staff immediately received additional instruction on procedures for positive timekeeping.

Recommendation No. 26

DLWD's Division of Business Partnerships (DBP) director should ensure annual performance progress reports for the Workforce Investment Act (WIA) program are accurate.

DLWD Response to Recommendation No. 26

The Department concurs with the recommendation. The auditors' recommendation focuses on the 73 of 320 program outcomes with an "error" rate exceeding the United States Department of Labor's (USDOL) tolerable threshold. The auditors indicate that the error rates are caused by an unknown programming issue within the system used to produce the annual performance report. The recommendation ends with comments on regulations that require accurate reporting.

The discrepancies are the result of two different calculation models applied to the raw performance data. In 2009, the state used its own model, while USDOL used a generic model developed by a software vendor it contracted to gather its performance data. The reason USDOL allows any variance is due to the different interpretations of outcome measure definitions. The division was aware its calculation model was exceeding these thresholds at the time the WIA annual report was submitted. At that time, the Department contacted the proper representatives from USDOL. The Department indicated its intent to revise its calculation model with the development of the new performance management system. While USDOL agreed to these terms, the Department has subsequently made the decision to adopt the generic calculation model to eliminate all variances and ensure compliance.

The Department concurs with the auditor's recommendation, and considers the issue resolved.

Recommendation No. 27

DLWD's DBP director should review and update procedures as necessary to ensure grantee monitoring complies with federal requirements.

DLWD Response to Recommendation No. 27

The auditors reported that two of five grantees tested did not submit required monthly reports for at least five months during the fiscal year. Federal regulations at 20 CFR 667.400(c)(1) and 29 CFR 97.40(a) require the state to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To accomplish this end, the division established a grant monitoring policy that grantees submit monthly reports to the division.

The missing grantee reports were primarily a result of staff turnover. The division has hired a new staff person who ensures that the monthly reports are submitted timely as required. This person reviews the reports to ensure appropriate compliance and performance is achieved and provides any assistance to the grantees when required. The division believes appropriate corrective action to this portion of the recommendation has been taken and considers the issue resolved.

The auditors' recommendation states, in part, that DBP staff did not ensure within the required timeframe that a sub-recipient took appropriate corrective action in response to noncompliance identified in the sub-recipient's OMB Circular A-133 single audit. The recommendation further states, in part, that "established procedures were not followed to ensure the division verified appropriate corrective action was taken timely after receiving the sub-recipient's audit report."

The Department believes it has adequate systems and procedures for ensuring appropriate corrective action is taken when sub-recipient audit reports identify findings of noncompliance. When sub-recipient audit findings are identified, the division routinely completes its audit resolution procedures to ensure appropriate corrective action is taken, when necessary. The division believes the sub-recipient audit report identified by the Legislative Auditors was an isolated incident. However, the division has implemented audit resolution procedures, and subsequently issued an Initial

Determination in which additional corrective action or explanation is required of the sub-recipient. The Department considers this issue resolved.

The Preliminary Report continues to state "...a recommendation related to this department, which requires cooperation with the Department of Administration, is included as Recommendation No. 2".

Recommendation No. 2

DOA's ETS director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit anonymous access to the State's wide area network (WAN).

DLWD Response to Recommendation No. 2

DLWD agrees with the recommendation to limit anonymous access to the State's WAN. The Department understands that we need to work with the ETS to find a solution to eliminate anonymous access from the state network. The Department will continue to work with ETS until a solution is found to resolve this issue.

Thank you for the opportunity to respond to these recommendations.

Sincerely,


Clark Bishop
Commissioner

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sean Parnell, Governor
Susan K. Bell, Commissioner

Office of the Commissioner

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MAR 05 2012

LEGISLATIVE AUDIT

March 1, 2012

Ms. Kris Curtis
Acting Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011 Preliminary Report
Audit Control Number 02-40012-12

Dear Ms. Curtis,

Thank you for the opportunity to respond to the recommendation issued in the preliminary report, State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011.

Recommendation No. 28

We concur that the department should develop and implement policies and procedures to ensure that management decisions on subrecipient A-133 audit findings are issued timely. The department has drafted a written procedure for subrecipient A-133 audits that is being reviewed by appropriate parties for approval and implementation. We anticipate issuance and distribution of these procedures this fiscal year.

Again, thank you for an opportunity to respond to the auditor's recommendation. If you have any additional questions please contact me at 465-2500.

Regards,

A handwritten signature in black ink that reads "Susan K. Bell".

Susan K. Bell
Commissioner

cc: JoEllen Hanrahan, Director, ASD, DCCED

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Sean Parnell, GOVERNOR

P. O. BOX 5800
JBER, ALASKA 99505-5800
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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE COMMISSIONER

March 19, 2012

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MAR 19 2012

LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RE: Preliminary Audit Report State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011, Department of Military and Veterans' Affairs (DMVA)

Mrs. Curtis,

I have reviewed the findings and recommendations in the above referenced management letter and appreciate the opportunity to respond.

Recommendation No. 29

DMVA concurs with the recommendation. Division of Administrative Services staff will develop and implement procedures to ensure federal suspension and debarment requirements are met. DMVA will implement a process effective May 1, 2012 to ensure federal suspension and debarment compliance documentation is retained. DMVA will implement a policy to ensure all vendors, as required by OMB A-133, whom we intend to do business with are not suspended or debarred. We will check the Excluded Parties List and keep the appropriate support noting the vendor is not on the list.

Recommendation No. 30

DMVA concurs with the recommendation. Division of Administrative Services staff is in the process of implementing procedures to ensure appropriate procurement documentation is retained for all the divisions in the department. DMVA will implement a process effective May 1, 2012 to ensure that document retention for Alaska Procurement processes and procedures are in place and documented. DMVA Procurement Officer will send out the procurement procedures to all procurement staff notifying them of the current procedures, including document retention for the solicitation, bid responses, and award justification.

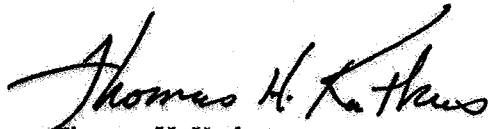
Recommendation No. 31

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure that Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted. DMVA will implement a policy effective May 1, 2012 to ensure timely processing of FFATA reports. Once a Disaster Grant, that qualifies under Federal 2 CFR 170 reaches or exceeds \$25,000 awarded on or after October 1, 2010, the Disaster Relief Fund (DRF) Accountant III will run a report to identify all grants that meet the criteria as noted above. The DRF Accountant III will log onto the FFATA Subaward Reporting System (FSRS) at www.FSRS.com and verify all grant recipients listed on the report are in the FSRS and input the subrecipient information for those not already in the FSRS for which the prime recipient awarded any sub-grant greater than or equal to \$25,000.

Recommendation No. 32

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement policies and procedures to ensure that management decisions on audit findings are issued in a timely manner. DMVA will implement a process effective May 1, 2012 to ensure subrecipient's management decisions on audit findings are issued within a timely manner. The process will include notification to the DMVA Finance Officer from the State Single Audit point of contact, once notified the DMVA Finance Officer will draft a memo to notify the sub-recipient that per OMB Circular A-133 they "must issue a management decision on audit findings within six months after the receipt of the subrecipient's audit report." Included in the memo the DMVA Finance Officer will request correspondence from the subrecipient regarding management decisions on audit findings to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. DMVA Finance Officer will note that in cases of continued inability or unwillingness of a subrecipient to address audit findings or have required audits, DMVA will take appropriate actions using sanctions. DMVA Finance Officer will include the DMVA Grant Administrator on all aforementioned correspondence to subrecipient.

Sincerely,



Thomas H. Katkus
Commissioner

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

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March 6, 2012

Kris Curtis
Acting Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

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MAR 06 2012

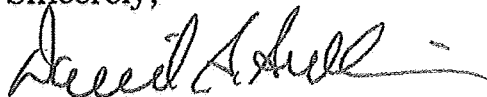
LEGISLATIVE AUDIT

Dear Ms. Curtis:

Thank you for the opportunity to respond to the preliminary audit report for the statewide single audit for the fiscal year ended June 30, 2011. I note that there were no findings or recommendations for the Department of Natural Resources identified in the audit and I concur with those results.

The department appreciates the time and effort you and your staff put into the completion of this annual audit.

Sincerely,



Daniel S. Sullivan
Commissioner

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State of Alaska Department of Public Safety

Sean Parnell, Governor
Joseph A. Masters, Commissioner

March 16, 2012

Kristin Curtis
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

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MAR 16 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis,

Thank you for allowing me to respond to the finding and recommendation contained in the draft audit report for the FY11 Statewide Single Audit. The department's response to the recommendation follows:

Recommendation No. 1

DPS's finance officer should take measures to resolve revenue shortfall issues.

DPS agrees with this recommendation.

The management letter identified two areas with revenue shortfalls. It is worth noting that each of these are technical "shortfalls" in that no revenue actually due was under-collected, however the correct accounting transactions were either not entered, or were entered incorrectly and did not process timely. Neither of these issues resulted in any over-expenditure of funds.

The department agrees that potential revenue shortfalls should be identified and appropriate measures should be taken in a timely and accurate manner. The department experienced significant turnover and absences in the budget and finance offices. We are continuing to train staff to prevent future occurrences of this situation.

If you have any questions, please contact Dan Spencer, Director of Administrative Services, at 465-5488.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Masters", with a long horizontal stroke extending to the right.

Joseph Masters
Commissioner

Office of the Commissioner
5700 E. Tudor Road – Anchorage, AK 99507 – Voice (907) 269-5086 – Fax (907) 269-4543
Juneau Office – Voice (907) 465-4322 – Fax (907) 465-4362

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STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

ADMINISTRATIVE SERVICES DIVISION

SEAN PARNELL, GOVERNOR

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March 19, 2012

Kristin K. Curtis
Alaska State Legislature, Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

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MAR 19 2012

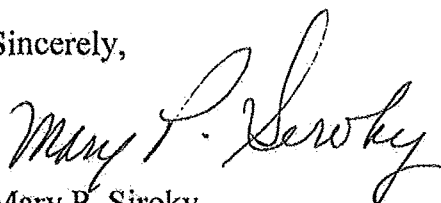
LEGISLATIVE AUDIT

Dear Ms. Curtis:

The Commissioner asked that I respond on his behalf. The Department of Transportation and Public Facilities has reviewed the FY 11 Statewide Single Audit. The Department agrees with your recommendation. I as the Administrative Services Director will work with Diana Rotkis to revise the year-end adjustments manual. Additionally, the department's Fiscal Officer will be responsible for reviewing the year-end adjustments for accuracy.

If you have any questions please do not hesitate to contact me at 465-8974.

Sincerely,

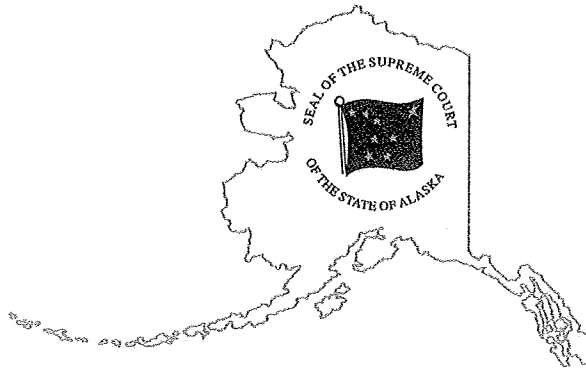


Mary P. Siroky
Director, Division of Administrative Services

cc: Marc Luiken, Commissioner
Marian Sweet, Finance Officer
Diana Rotkis, State Equipment Fleet Manager
Mike Coffey, Division Operations Manager.

"Get Alaska Moving through service and infrastructure."

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CHRISTINE E. JOHNSON
Administrative Director

Alaska Court System

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FAX (907) 264-0881

March 13, 2012

Ms. Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

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MAR 16 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis:

We have reviewed the preliminary FY11 Single Audit Report compiled by you and your staff. The court system is in agreement with the outcome of "no recommendations" for this audit period.

Thank you for the opportunity to review this information prior to finalization. If you require any additional financial information from the court system, please feel free to contact me at 264-0528 or the court system's chief financial officer, Rhonda McLeod at 264-8215.

Sincerely,



Christine E. Johnson
Administrative Director

cc: The Honorable Walter L. Carpeneti, Chief Justice
Rhonda McLeod, Chief Financial Officer

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

March 21, 2012

Members of the Legislative Budget
and Audit Committee:

Agency responses to audit recommendations have been incorporated into this report twice. Agency responses are first paired with the audit recommendations in Section II. The responses then reappear in Section IV of this report.

We have reviewed the responses submitted by various agencies to the recommendations made in this report. Generally, the agencies concur with the recommendations. There are, however, responses to two of these recommendations which we believe warrant further comments.

Recommendation No. 17

The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

As a point of clarification, DPA's reliance on a worksheet for the financial report is insufficient accounting support because the worksheet numbers do not reconcile to the accounting records from AKSAS in FY 11. Each quarterly financial ACF-696 report for each grant should be supported by AKSAS at the time of filing. Reconciling items should be clearly documented.

Recommendation No. 23

The DHSS commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. DHSS has failed to maintain an audit trail of changes to program codes. Without an audit trail, costs charged to federal programs may be unallowable as they are not supported by the State's accounting system.

In summary, we reaffirm the findings and recommendations presented in this report.



Kris Curtis, CPA, CISA
Legislative Auditor