ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Audit

P.O. Box 113300
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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019

PURPOSE 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 $4.5 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 Uniform Guidance.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 19, findings and 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

With the exception of General Fund accounts rents and royalties and due to other funds, and Note 2 relating to the State's Constitutional Budget Reserve Fund, 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.

We were unable to obtain sufficient appropriate audit evidence to provide assurance over tax revenues. Department of Revenue management denied auditors access to relevant financial records and the department's commissioner refused to provide written representations over the financial statement preparation and fair presentation of tax revenue accounts, and the completeness of information provided to auditors.

With the exception of the United States Forest Service Fire Suppression program, the Bureau of Land Management Fire Suppression program, the Temporary Assistance for Needy Families cluster, the Medicaid cluster, and the Children's Health Insurance program, 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 findings regarding material noncompliance with the provisions of laws and regulations, and material weaknesses and significant deficiencies in the State's internal control over financial reporting and internal control over federal compliance.

FINDINGS AND RECOMMENDATIONS

This report contains 89 findings, of which 35 are unresolved issues from last year. 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 prior financial and federal program related audit findings not resolved as of June 30, 2019.

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February 26, 2020

Honorable Members of the
Alaska State Legislature

The Honorable Michael J. Dunleavy
Governor
State of Alaska

The Honorable Christi Grimm
Principal Deputy 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, 2019. 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 United States Office of Management and Budget's Uniform Guidance.

The report includes an opinion on the basic financial statements of the State of Alaska for FY 19, findings and 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 and compliance findings not fully corrected by the departments. Our FY 18 single audit contained 74 findings; this report presents a total of 89 findings, 35 of which were presented, at least in part, last year. With your active support and encouragement, we hope to see improvement in the implementation of corrective action for these findings by the State agencies.

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 Audit

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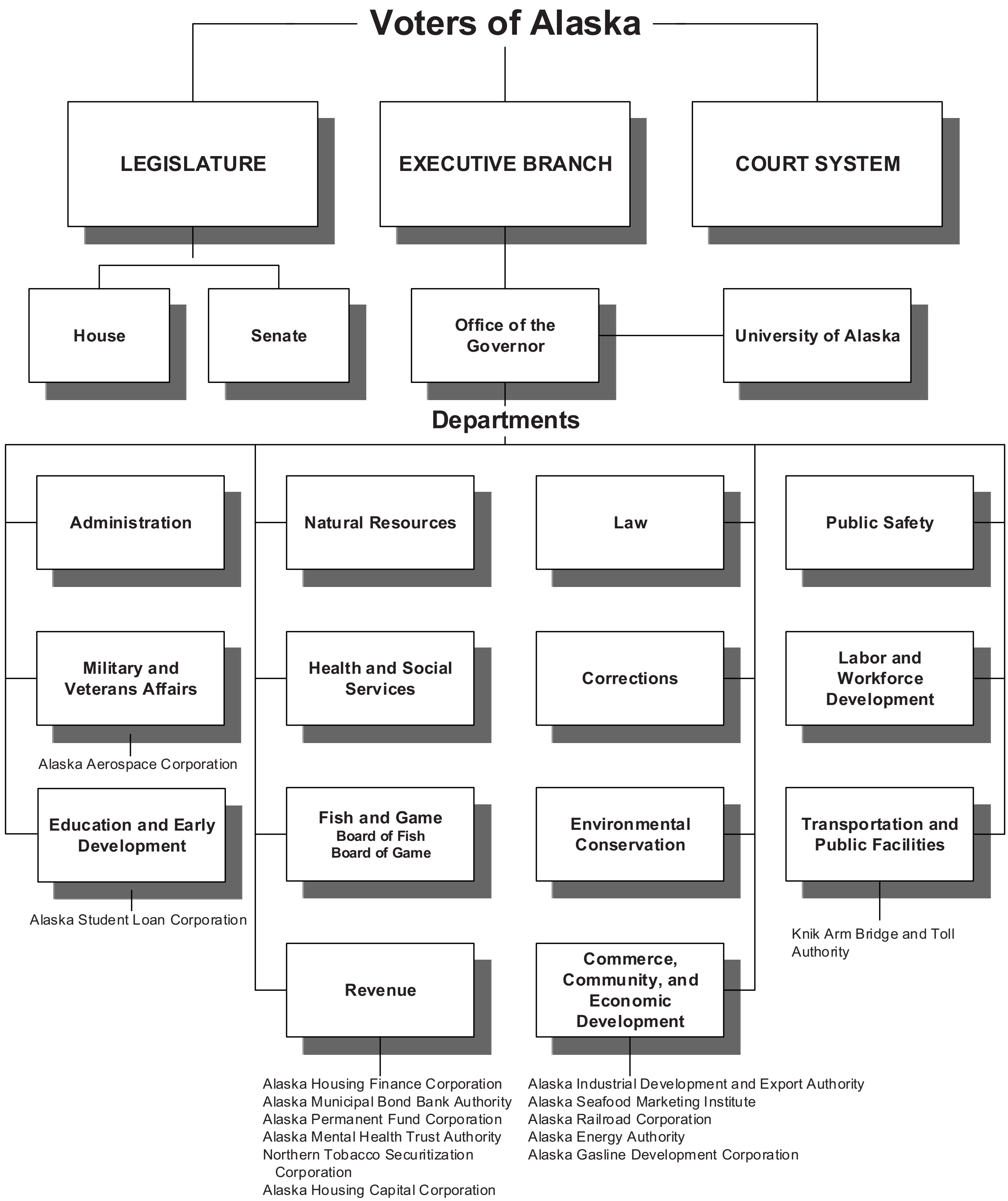
Voters of Alaska
LEGISLATURE
EXECUTIVE BRANCH
COURT SYSTEM
House
Senate
Office of the Governor
University of Alaska
Departments
Administration
Natural Resources
Law
Public Safety
Military and Veterans Affairs
Alaska Aerospace Corporation
Health and Social Services
Corrections
Labor and Workforce Development
Education and Early Development
Alaska Student Loan Corporation
Fish and Game
Board of Fish
Board of Game
Environmental Conservation
Transportation and Public Facilities
Knik Arm Bridge and Toll Authority
Revenue
Alaska Housing Finance Corporation
Alaska Municipal Bond Bank Authority
Alaska Permanent Fund Corporation
Alaska Mental Health Trust Authority
Northern Tobacco Securitization Corporation
Alaska Housing Capital Corporation
Commerce, Community, and Economic Development
Alaska Industrial Development and Export Authority
Alaska Seafood Marketing Institute
Alaska Railroad Corporation
Alaska Energy Authority
Alaska Gasline Development Corporation

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SECTION I - AUDITOR'S REPORT AND FINANCIAL STATEMENTS

ALASKA STATE LEGISLATURE
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Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

Report on the Financial Statements

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 year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of: Alaska Permanent Fund; International Airports Fund; University of Alaska; Alaska Housing Finance Corporation; Alaska Industrial Development and Export Authority; Alaska Railroad Corporation; Alaska Energy Authority; Alaska Municipal Bond Bank Authority; Alaska Clean Water Fund; Alaska Drinking Water Fund; Retiree Health Fund; the Invested Assets Under the Investment Authority of the Commissioner of Revenue; and the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund. As shown on the following page, those financial statements reflect assets and revenues of the indicated opinion units.

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	88%	37%
Business-Type Activities	77%	74%
Aggregate Discretely Presented Component Units	91%	93%
Major Funds:		
General Fund	69%	2%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining Fund Information	93%	86%

Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for those accounts, funds, retirement plans, and component units, are based solely on the report of the 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 from 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); the Retiree Health Fund (a proprietary fund); the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund (fiduciary funds); and Invested Assets Under the Investment Authority of the Commissioner of the Department of Revenue (certain cash and investment accounts).

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

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

Basis for Qualified Opinions on General Fund and Governmental Activities

State of Alaska's General Fund rents and royalties are not reported in accordance with generally accepted accounting principles and management declined to correct the misstatements. Misstatements include an overstatement to General Fund royalty revenues of $99.2 million, an unreported prior period adjustment of $99.8 for overstated General Fund royalty revenues in FY 18, and an understatement of $199.0 million due to other funds. The misstatement was caused by the Department of Natural Resources' failure to transfer all statutorily dedicated revenues to the Alaska Permanent Fund. The statutory dedications of royalty revenues are required by law to be deposited in the Permanent Fund.

Note two relating to the State's Constitutional Budget Reserve Fund, a subfund of the General Fund also referred to as the State's rainy day fund or savings account, is materially misstated by $1.6 billion and management declined to correct the misstatement. The overstatement is the result of not correcting for the $199.0 million misstatement discussed above and the State's attorney general's guidance to the Department of Revenue and the Department of Natural Resources that taxes, royalties, and interest received as a result of decisions by the Federal Energy Regulatory Commission are not required to be deposited in the Constitutional Budget Reserve Fund. Historically the receipts have been deposited in the Constitutional Budget Reserve Fund. Additionally, taxes due as a result of Federal Energy Regulatory Commission decisions were permitted to be offset against tax credits owed to taxpayers, which further misstated the Constitutional Budget Reserve Fund balance. The attorney general also asserted that similar monies received in prior years that were deposited in the Constitutional Budget Reserve Fund should be reclassified as General Fund monies thereby reducing the amount that the General Fund must repay the Constitutional Budget Reserve Fund in the future. Legal analysis does not support the attorney general's position. The failure to properly deposit monies received during the fiscal years ended June 30, 2018, and June 30, 2019, and the reclassification of prior year monies, violates State law and provides misleading information to users of the financial statements.

We are unable to obtain sufficient appropriate audit evidence to provide assurance over tax revenues because Department of Revenue management denied auditors sufficient access to Department of Revenue oil and gas production tax-related settlement/appeal files during the audit fieldwork period. The files were needed to verify the proper usage of oil and gas production tax credits in the settlement of oil and gas production taxes. Consequently, we were unable to determine whether adjustments to tax amounts were necessary. Additionally, we were unable to obtain sufficient appropriate audit evidence due to the Department of Revenue Commissioner's refusal to provide written representations over the financial statement preparation and fair presentation of the tax revenue accounts and written representations for the completeness of the information provided to auditors. General Fund FY 19 tax revenues in the General Fund Statement of Revenues, Expenditures and Changes in Fund balance are approximately $1.56 billion. Governmental Activities severance tax revenues in the Government-wide Statement of Activities are $792 million.

Qualified Opinions

In our opinion, based on our audit and the report of other auditors, except for the effects of the matter described in the "Basis for Qualified Opinions on General Fund and Governmental Activities" paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Governmental Activities information of the State of Alaska, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, Alaska Permanent Fund, Alaska International Airports, and the aggregate remaining fund information of the State of Alaska, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison and the Corresponding Notes, and Pension and Other Postemployment Benefit Plans Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. Although our opinions on the basic financials statements are not affected, material departures from prescribed guidelines over the Budgetary Comparison Schedule were identified and not corrected by management. Incorrect report parameters and unclear procedures led to incorrect amounts in the Budgetary Comparison Schedule. We do not express an opinion or provide any assurance on the Required Supplementary Information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated February 21, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Alaska's internal control over financial reporting and compliance.

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 21, 2020 except for our report on the Schedule of Expenditures of Federal Awards, which is dated February 26, 2020.

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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, 2019. 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 and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the close of FY 19 by $76.7 billion (net position). Of this amount, $8.2 billion represents net investment in capital assets, $49.8 billion is restricted for various purposes, and unrestricted net position is $18.7 billion. Unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $72.1 billion, with $23.3 billion unrestricted (includes committed, assigned, and unassigned), $48.5 billion nonspendable, and $256.9 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $47.8 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, 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 $4.7 billion. This is an increase of $905.4 million from FY 18. The increase is mainly due to sweeping the Power Cost Equalization Fund's unobligated balance into the Constitutional Budget Reserve Fund, a subfund of the General Fund. The sweep was reversed effective July 1, 2019.

Long-term debt

- As a result of this year's activity, the State's total long-term debt decreased by $382 million (4.96 percent). Long-term debt decreased primarily due to a decrease in general obligation debt and a decrease in the net pension liability which was partially offset by an increase in the postemployment benefits other than pension (OPEB) liability. Additional information regarding long-term debt can be found in Note 6.

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 position presents information on all of the State's assets, liabilities and deferred outflows and inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.
- Pension and OPEB assets, and claims and judgments are not current available resources and are not reported in the governmental fund statements.
- Deferred outflows and deferred inflows are not reported in the 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 net pension liability, net OPEB liability, capital lease obligations, compensated absences, litigation, notes and bonds payable, 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 other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.
- Capital lease arrangements are considered a source of financing in the governmental funds but are reported as a liability in the Statement of Net Position.
- Certain expenditures are reported in the funds but either increase or decrease long-term liabilities or deferred outflows on the Statement of Net Position and have been eliminated from the Statement of Activities.

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 four major component units, the University of Alaska, Alaska Housing Finance Corporation, Alaska Energy Authority 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 96.5 percent of total government-wide cash and investments and 92.7 percent of total government-wide net position (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 3.9 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 Position and Statement of Changes in Fiduciary Net Position. These funds, which include pension (and other employee benefits) 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 (RSI)

In addition to the basic financial statements and accompanying notes, this report includes additional required supplementary information. Included in the RSI is 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). Also included are schedules displaying the proportionate share of the net pension and OPEB liability/asset, employer contribution amounts, the sources of changes in the net pension and OPEB liability/asset, components of the net pension and OPEB liability/asset and related ratios, and the net pension and OEPB liability/asset as a percentage of covered-employee payroll.

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 position should serve over time as a useful indicator of a government's financial position. State assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $76.7 billion at the close of FY 19 (see table below). By far the largest portion of the State's net position (86.3 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 ($47.8 billion) may not be spent.

The remainder of the State's net position (13.7 percent) represents net investment in capital assets ($8.2 billion), resources that are subject to external restrictions of how they may be used ($1.9 billion), and the remaining is unrestricted net position.

Net Position
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY19	FY18	FY19	FY18	FY19	FY18
Current and Other Noncurrent Assets	$ 77,926	$ 74,895	$ 2,172	$ 2,034	$ 80,098	$ 76,929
Capital Assets	7,860	7,826	1,210	1,205	9,070	9,031
Total Assets	85,786	82,721	3,382	3,239	89,168	85,960
Deferred Outflows of Resources	761	889	11	8	772	897
Long-term Liabilities	6,811	7,171	505	526	7,316	7,697
Other Liabilities	5,294	4,490	44	41	5,338	4,531
Total Liabilities	12,105	11,661	549	567	12,654	12,228
Deferred Inflows of Resources	537	414	6	13	543	427
Net Position:						
Net Investment in Capital Assets	7,330	7,248	879	847	8,209	8,095
Restricted	48,698	46,900	1,059	1,007	49,757	47,907
Unrestricted	17,877	17,387	900	814	18,777	18,201
Total Net Position	$ 73,905	$ 71,535	$ 2,838	$ 2,668	$ 76,743	$ 74,203

The net position of governmental activities increased $2,370 million and business-type activities increased $170 million. The increase in the governmental activities net position was due to revenues exceeding expenses by $2.4 billion as a result of this year's operations. A total of $1.053 billion in revenue was the result of the sweep of the Power Cost Equalization Fund's unobligated balance into the Constitutional Budget Reserve Fund, a subfund of the General Fund. The sweep was reversed July 1, 2019. The increase in business type activities is a result of this year's operations.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during FY 19.

Changes in Net Position
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY19	FY18	FY19	FY18	FY19	FY18
Revenues						
Program Revenues						
Charges for Services	$ 1,941	$ 1,859	$ 345	$ 363	$ 2,286	$ 2,222
Operating Grants	2,751	2,599	—	1	2,751	2,600
Capital Grants	753	632	103	59	856	691
General Revenues						
Taxes	1,544	1,362	—	—	1,544	1,362
Interest and Investment Income/(Loss)	4,199	5,830	52	21	4,251	5,851
Payments In from Component Units	1,101	13	—	—	1,101	13
Other Revenues	69	103	—	—	69	103
Total Revenues	12,358	12,398	500	444	12,858	12,842
Expenses						
General Government	621	734	—	—	621	734
Alaska Permanent Fund Dividend	1,015	698	—	—	1,015	698
Education and University	2,322	2,330	—	—	2,322	2,330
Health and Human Services	3,333	3,161	—	—	3,333	3,161
Law and Justice	222	222	—	—	222	222
Public Protection	722	719	—	—	722	719
Natural Resources	314	313	—	—	314	313
Development	130	192	—	—	130	192
Transportation	1,148	987	—	—	1,148	987
Intergovernmental	112	100	—	—	112	100
Debt Service	51	66	—	—	51	66
Loans	—	—	9	5	9	5
Insurance	—	—	164	194	164	194
Airports	—	—	155	158	155	158
Total Expenses	9,990	9,522	328	357	10,318	9,879
Excess (Deficiency) of Revenues						
Over Expenditures	2,368	2,876	172	87	2,540	2,963
Transfers	2	—	(2)	—	—	—
Change in Net Position	2,370	2,876	170	87	2,540	2,963
Net Position - Beginning of Year (Restated)	71,535	68,676	2,668	2,581	74,203	71,257
Prior Period Adjustment	—	(17)	—	—	—	(17)
Net Position - End of Year	$ 73,905	$ 71,535	$ 2,838	$ 2,668	$ 76,743	$ 74,203

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 $72.1 billion, an increase of $2.3 billion in comparison with the prior year.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of $3.2 billion, and $1.6 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an unrestricted fund balance of $18.5 billion of which $12.5 billion is assigned, $4.0 billion in committed to the corpus of the Permanent Fund, and $1.9 billion is committed to other purposes. The remaining nonmajor governmental funds had committed fund balances of $47.2 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 ($47.8 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal ($753 million), and amounts restricted for a variety of other purposes ($257 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 $4.7 billion, while total fund balance reached $4.9 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 48.6 percent of total General Fund expenditures, while total fund balance represents 49.8 percent of that same amount.

The fund balance of the State's General Fund increased by $875.1 million during the current fiscal year. For FY 19, the most significant source of revenue was federal revenues (43.3 percent) followed by taxes (19.5 percent). With the decline in petroleum related revenues, Rents and Royalties and Taxes continue to be a significant concern. FY 19 showed a slight decrease from 39.5 percent of total revenues for FY 18 compared to 33.8 percent of total revenues for FY 19.

General Fund revenues for FY 19 were $8.0 billion, an increase of $1.9 billion compared to revenues of $6.1 billion for FY 18. Revenues by source for FY 19 are compared to FY 18 in the following schedule (in millions):

Revenue Source	FY19	Percent	FY18	Percent
Taxes	$ 1,556.7	19.5%	$ 1,315.9	21.6%
Rents and Royalties	1,136.9	14.3	1,094.0	17.9
Interest and Investment Income/(Loss)	300.6	3.8	145.7	2.4
Federal	3,445.8	43.3	3,124.6	51.2
Miscellaneous	1,526.4	19.1	420.1	6.9
Total Revenue	$ 7,966.4	100.0%	$ 6,100.3	100.0%

The primary component of this revenue increase are miscellaneous revenues, federal revenues, and taxes compared to the previous year. The General Fund received $1,106.3 million more in miscellaneous revenue due primarily to the sweep of the Power Cost Equalization Fund into the Constitutional Budget Reserve Fund, a subfund of the General Fund, $321.2 million more in federal revenue, and $240.8 million more in taxes revenues during FY 19. The sweep of the Power Cost Equalization Fund into the Constitutional Budget Reserve Fund was reversed effective July 1, 2019.

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 three 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, 2019, this amounted to $41.5 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $17.3 billion in dedicated mineral revenues; $17.2 billion of fund realized earnings transferred to principal for inflation proofing; $6.9 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 $6.3 billion.

- **Committed Fund Balances:** The committed fund balances are realized earnings of the Fund which have been designated by appropriation for a specific purpose and meet other criteria as defined by Generally Accepted Accounting Principles. During FY 19, legislation was passed which provides for a transfer from the Earning Reserve Account to the General Fund for the payment of unrestricted General Fund expenditures, including the dividend. The amount of the transfer is based upon a percentage of the average market value of the Fund at the end of the first five of the preceding six fiscal years. The legislation took effect on July 1, 2019. The FY 19 balance sheet reflects a commitment of fund balance of $1.9 billion for transfer during FY 20. This amount represents a $1.0 billion reduction line item veto to the statutorily calculated amount. This amount was restored by legislation subsequent to the end of the fiscal year. The committed amount on the balance sheet as of June 30, 2019 reflects the year end legislation and does not contain the subsequent $1.0 billion line item veto restoration.

  During FY 19, legislation was passed to transfer $4.0 billion from the Earnings Reserve Account to the corpus in FY 20. This transfer will take place in FY 20 and the amount is reflected as committed fund balance on the June 30, 2019 balance sheet.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of $10.1 billion in realized earnings of the fund and $2.4 billion in accumulated unrealized appreciation.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was a net increase of $692 million in appropriations (or 3.9 percent). The net effect of increases and decrease in appropriations can be briefly summarized as follows:

- $1,266 million increase allocated to health and human services
- $681 million decrease allocated to transportation
- $142 million increase allocated to public protection
- The balance is allocated across several expenditure functions

The overall increase in appropriated expenditures was funded out of an increase in interagency receipts (purchases between departments) of $166.6 million. The remaining increase was funded with money transferred from the Constitutional Budget Reserve Fund (CBR). Please see Note 2 for additional information on the CBR.

The difference between the final amended budget and actual expenditures was a $7.0 billion decrease (or 38.1 percent) primarily due to a $5.0 billion decrease in transportation expenditures and a $0.9 billion decrease in health and human services expenditures.

Capital Assets and Debt Administration

Capital assets

The State's net investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to $8.2 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 19 totaled $607 million for governmental activities and $72 million for business-type activities.

Capital Assets
(Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY19	FY18	FY19	FY18	FY19	FY18
Land	$ 1,053	$ 1,043	$ 31	$ 31	$ 1,084	$ 1,074
Buildings	1,598	1,656	624	660	2,222	2,316
Equipment	540	553	35	36	575	589
Infrastructure	3,288	3,182	454	460	3,742	3,642
Construction in Progress	1,381	1,393	66	18	1,447	1,411
Total Capital Assets	$ 7,860	$ 7,827	$ 1,210	$ 1,205	$ 9,070	$ 9,032

In FY 19, increases were primarily in land, infrastructure, and construction in progress with an increase of $10 million, $100 million, and $36 million respectively. These increases were offset with decrease in buildings and equipment in the amount of $94 million and $14 million. 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 $1,424 million. Of this amount, $728 million was general obligation bonds, and $696 million of revenue bonds payable comprised of $312 million issued by the Northern Tobacco Securitization Corporation (NTSC), $14 million of sport fishing revenue bonds, and $370 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 $370 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	
	FY19	FY18	FY19	FY18	FY19	FY18
Revenue Bonds Payable	$ 326	$ 329	$ 370	$ 402	$ 696	$ 731
General Obligation Debt	728	794	—	—	728	794
Notes Payable	9	12	—	—	9	12
Capital Leases Payable	238	254	—	—	238	254
Unearned Revenue	51	45	33	24	84	69
Certificates of Participation	26	28	—	—	26	28
Compensated Absences	169	166	4	5	173	171
Claims and Judgments	161	164	—	—	161	164
Pollution Remediation	127	126	6	5	133	131
Other Noncurrent Liabilities	3	3	23	24	26	27
Net OPEB Liability	806	652	12	9	818	661
Net Pension Liability	4,167	4,598	56	57	4,223	4,655
Total	$ 6,811	$ 7,171	$ 504	$ 526	$ 7,315	$ 7,697

The State's total long-term debt decreased by $382 million (4.96 percent) during FY 19. The decreased in debt is primarily due to a decrease in the net pension liability and partially offset by an increase in the OPEB liability.

With the implementation of GASB Statement 68 and 75, the State of Alaska reported net pension and net OPEB liabilities in relation to a special funding situation in the amount of $2,001.1 million ($1,699.7 million for pensions and $301.4 million for OPEB). The State of Alaska, Department of Law issued a legal opinion that the State of Alaska is not legally responsible for this portion of the net pension liability. Regardless, the financial statements must be reported under generally accepted accounting principles.

During FY 19 the State of Alaska's bond rating remained at Aa3 and a stable outlook by Moody's Investor's Service. Fitch Ratings and Standard's & Poor both grade Alaska credit at a AA rating with a stable outlook.

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

Significant Facts

The Public Employee's Retirement System's (PERS) investment income decreased $346.8 million to $1,096.0 million during fiscal year 2019. The Teacher's Retirement System's (TRS) net investment income decreased $178.3 million to $525.3 million during fiscal year 2019.

In FY 18 the Alaska Permanent Fund (APF) experienced an investment income and gain of $5.7 billion, compared to income and gain of $3.9 billion in FY 19. The APF experienced a total fund return of 6.32 percent for FY 19. FY 19's results were not as strong as the 10.74 percent of FY 18 and is significantly lower than the average over the Fund's history. Total fund return for FY 19 underperformed the performance benchmark of 7.51 percent by more than 119 basis points.

FY 19's results are substantially above the mid-point of the range of returns since 1985, which have ranged from -17.96 percent to 25.58 percent. Please see Note 1 for further information regarding this blended component unit and how to obtain the separately issued financial statements.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 19 was 6.5 percent, slightly lower than the adjusted average unemployment rate for FY 18. Alaska's five year average (2015 to 2019) was 6.7 percent. The United States unemployment rate for FY 19 was 3.5 percent.

- Total General Fund revenue for FY 19 was $8.0 billion. Three sources of revenue accounted for 77.1 percent of total state revenue; federal, taxes, and rents and royalties. Federal accounted for 43.3 percent, taxes accounted for 19.5 percent, and rents and royalties accounted for 14.3 percent of general fund revenue. The State's budget is primarily structured around petroleum and federal revenue. Federal funds are generally restricted for use for federal programs and therefore cannot be used to balance the State budget. Petroleum revenues continue to be of concern with fluctuating oil prices and lawmakers continuing to use State reserves to close budget gaps.

- FY 19 crude oil and natural gas liquids production in the State of Alaska for the North Slope averaged 497 thousand barrels per day. This is 21 thousand barrels per day less than in the prior year. In Cook Inlet, production averaged approximately 15 thousand barrels per day; an decrease of about one thousand barrels per day compared to the prior year.

- The State of Alaska FY 19 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 ($1,600/resident) was paid to each qualifying Alaskan for a total of $ 1,015 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.

Basic Financial Statements

STATE OF ALASKA **STATEMENT 1.01**

Statement of Net Position

Government-wide

June 30, 2019

(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 72,323,260	$ 1,509,632	$ 73,832,892	$ 2,098,446
Accounts Receivable - Net	668,382	12,363	680,745	54,116
Interest and Dividends Receivable	190,896	14,191	205,087	47,479
Internal Balances	(11,526)	11,526	—	—
Due from Primary Government	—	—	—	15,231
Due from Component Units	1,056,363	—	1,056,363	6,507
Due from Other Governments	715,682	40,622	756,304	54,273
Loans, Notes, and Bonds Receivable	17,660	498,131	515,791	5,259,744
Inventories	27,028	—	27,028	17,291
Repossessed Property	—	910	910	—
Net Investment in Direct Financing Leases	—	—	—	140,000
Restricted Assets	4	82,208	82,212	2,150,889
Securities Lending Collateral	2,840,792	—	2,840,792	22,889
Net Pension Asset	17,813	—	17,813	—
Net OPEB Asset	23,797	275	24,072	30,016
Other Assets	55,288	2,335	57,623	30,143
Capital Assets:				
Equipment, Net of Depreciation	539,998	34,829	574,827	344,811
Buildings, Net of Depreciation	1,598,404	624,480	2,222,884	1,230,670
Library Books, Net of Depreciation	—	—	—	7,780
Infrastructure, Net of Depreciation	3,287,970	453,514	3,741,484	905,173
Museum Collections	—	—	—	7,358
Land / Right-of-Way	1,053,218	31,202	1,084,420	120,614
Construction in Progress	1,381,031	66,221	1,447,252	639,894
Total Assets	85,786,060	3,382,439	89,168,499	13,183,324
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	761,432	10,403	771,835	265,731
LIABILITIES				
Accounts Payable and Accrued Liabilities	2,432,477	35,969	2,468,446	113,674
Obligations Under Securities Lending	2,840,792	—	2,840,792	22,889
Due to Primary Government	—	—	—	1,067,797
Due to Component Units	5,694	—	5,694	19,384
Due to Other Governments	—	3,908	3,908	605
Interest Payable	15,404	4,255	19,659	31,154
Derivative Instruments	—	—	—	158,349
Other Current Liabilities	—	256	256	81,270

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.01**

Statement of Net Position

Government-wide

June 30, 2019

(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES (Continued)				
Long-Term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	212,094	7,038	219,132	15,947
Unearned Revenue	30,351	32,512	62,863	45,962
Notes, Bonds, and Leases Payable	74,715	13,175	87,890	215,830
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	243,960	3,607	247,567	4,346
Unearned Revenue	20,665	—	20,665	—
Notes, Bonds, and Leases Payable	1,252,230	357,176	1,609,406	3,991,019
Net Pension Liabilities	4,167,303	56,021	4,223,324	322,483
Net OPEB Liabilities	806,385	11,750	818,135	57,691
Other Noncurrent Liabilities	3,052	23,161	26,213	22,768
Total Liabilities	12,105,122	548,828	12,653,950	6,171,168
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows or Resources	536,840	5,986	542,826	606,584
NET POSITION				
Net Investment in Capital Assets	7,330,252	878,911	8,209,163	2,197,440
Restricted for:				
Permanent Funds				
Nonexpendable	48,498,990	—	48,498,990	557,951
Expendable	—	—	—	126,874
Education	14,523	—	14,523	464,233
Development	113,041	—	113,041	132,146
Unemployment Compensation	—	473,733	473,733	—
Health and Human Services	18,381	541,825	560,206	—
Debt Service	49,359	13,528	62,887	739,959
Other Purposes	4,303	29,898	34,201	312,012
Unrestricted	17,876,681	900,133	18,776,814	2,140,688
Total Net Position	$ 73,905,530	$ 2,838,028	$ 76,743,558	$ 6,671,303

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

STATE OF ALASKA **STATEMENT 1.02**

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ 620,897	$ 22,497	$ 24,652	$ 73
Alaska Permanent Fund Dividend	1,014,677	—	—	—
Education	1,925,088	3,988	266,796	—
University	396,466	—	—	—
Health and Human Services	3,333,061	52,477	2,089,129	21,355
Law and Justice	221,526	5,770	21,559	893
Public Protection	721,990	187,916	89,890	3,766
Natural Resources	314,241	1,600,076	94,967	11,353
Development	129,888	948	61,952	1,786
Transportation	1,148,805	67,016	79,218	713,827
Intergovernmental Revenue Sharing	111,869	—	20,478	—
Debt Service	51,496	—	2,743	—
Total Governmental Activities	9,990,004	1,940,688	2,751,384	753,053
Business-type Activities:				
Loans	8,656	11,268	383	25,365
Insurance	164,323	192,375	—	—
Airports	155,313	141,265	—	78,185
Total Business-type activities	328,292	344,908	383	103,550
Total Primary Government	$ 10,318,296	$ 2,285,596	$ 2,751,767	$ 856,603
Component Units:				
University of Alaska	$ 798,994	$ 187,966	$ 232,541	$ 32,649
Alaska Housing Finance Corporation	223,306	158,204	60,448	17,884
Alaska Industrial Development and Export Authority	38,249	47,807	688	3,326
Alaska Energy Authority	1,170,076	21,426	24,744	1
Nonmajor Component Units	334,518	227,276	95,310	—
Total Component Units	$ 2,565,143	$ 642,679	$ 413,731	$ 53,860

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.02**

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ (573,675)		$ (573,675)	
Alaska Permanent Fund Dividend	(1,014,677)		(1,014,677)	
Education	(1,654,304)		(1,654,304)	
University	(396,466)		(396,466)	
Health and Human Services	(1,170,100)		(1,170,100)	
Law and Justice	(193,304)		(193,304)	
Public Protection	(440,418)		(440,418)	
Natural Resources	1,392,155		1,392,155	
Development	(65,202)		(65,202)	
Transportation	(288,744)		(288,744)	
Intergovernmental Revenue Sharing	(91,391)		(91,391)	
Debt Service	(48,753)		(48,753)	
Total Governmental Activities	(4,544,879)		(4,544,879)	
Business-type Activities:				
Loans		$ 28,360	28,360	
Insurance		28,052	28,052	
Airports		64,137	64,137	
Total Business-type activities		120,549	120,549	
Total Primary Government	(4,544,879)	120,549	(4,424,330)	
Component Units:				
University of Alaska				$ (345,838)
Alaska Housing Finance Corporation				13,230
Alaska Industrial Development and Export Authority				13,572
Alaska Energy Authority				(1,123,905)
Nonmajor Component Unit				(11,932)
Total Component Units				(1,454,873)
General Revenues				
Taxes:				
Severance Taxes	792,016	—	792,016	—
Selective Sales/Use	293,945	—	293,945	—
Income Taxes	333,828	—	333,828	—
Property Taxes	121,462	—	121,462	—
Other Taxes	2,577	—	2,577	—
Interest and Investment Income (Loss)	4,198,869	51,665	4,250,534	165,127
Tobacco Settlement	19,740	—	19,740	—
Payments in from Component Units	1,101,258	—	1,101,258	—
Payments In from Primary Government	—	—	—	344,738
Other Revenues	49,312	349	49,661	6,934
Transfers - Internal Activity	2,117	(2,117)	—	—
Total General Revenues	6,915,124	49,897	6,965,021	516,799
and Extraordinary items				
Change in Net Position	2,370,245	170,446	2,540,691	(938,074)
Net Position - Beginning of Year (Restated)	71,535,285	2,667,582	74,202,867	7,607,211
Prior Period Adjustment	—	—	—	2,166
Net Position - End of Year	$ 73,905,530	$ 2,838,028	$ 76,743,558	$ 6,671,303

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

STATE OF ALASKA **STATEMENT 1.11**

Balance Sheet

Governmental Funds

June 30, 2019

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 4,703,473	$ 66,534,919	$ 937,430	$ 72,175,822
Accounts Receivable - Net	202,191	457,747	2,746	662,684
Interest and Dividends Receivable	5,501	185,016	379	190,896
Due from Other Funds	43,543	30,830	7,368	81,741
Due from Component Units	1,056,363	—	—	1,056,363
Due from Other Governments	714,275	—	127	714,402
Loans, Notes, and Bonds Receivable	17,585	—	75	17,660
Inventories	22,605	—	—	22,605
Securities Lending Collateral	—	2,840,792	—	2,840,792
Other Assets	40,765	—	10,553	51,318
Total Assets	6,806,301	70,049,304	958,678	77,814,283
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,455,591	$ 879,776	$ 9,838	$ 2,345,205
Obligations Under Securities Lending	—	2,840,792	—	2,840,792
Due to Other Funds	140,295	28,469	3,843	172,607
Due to Component Units	5,694	—	—	5,694
Unearned Revenue	50,618	—	398	51,016
Other Liabilities	2,443	—	609	3,052
Total Liabilities	1,654,641	3,749,037	14,688	5,418,366
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	294,335	—	—	294,335
FUND BALANCES				
Nonspendable:				
Inventory	22,605	—	—	22,605
Principal	—	47,819,610	679,380	48,498,990
Advances and Prepaid Items	40,718	—	10,523	51,241
Restricted for:				
Debt Service	4,678	—	45,426	50,104
Education	15,787	—	8,586	24,373
Health and Human Services	557	—	17,824	18,381
Development	24,830	—	134,903	159,733
Other Purposes	4,111	—	192	4,303
Committed to:				
Education	309,903	—	3,571	313,474
Health and Human Services	183,346	—	—	183,346
Public Protection	135,566	—	1,505	137,071
Permanent Fund	1,537	4,000,000	—	4,001,537
Development	868,269	—	42,080	910,349
Other Purposes	91,853	1,933,084	—	2,024,937
Assigned to:				
Permanent Fund	—	12,547,573	—	12,547,573
Unassigned:	3,153,565	—	—	3,153,565
Total Fund Balances	4,857,325	66,300,267	943,990	72,101,582
Total Liabilities, Deferred Inflows, and Fund Balances	$ 6,806,301	$ 70,049,304	$ 958,678	$ 77,814,283

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

STATE OF ALASKA **STATEMENT 1.12**

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2019

(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 72,101,582
Amounts reported for governmental activities in the Statement of Net Position 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	368,697	
Buildings, net of depreciation	1,461,833	
Infrastructure, net of depreciation	3,287,970	
Land / right-of-way	1,053,218	
Construction in progress	1,360,712	
		7,532,430
Some of the state's assets are not current available resources and are not reported in the funds.		
Claims and judgments, net of federal reimbursement	1,280	
Net pension asset (Note 7)	17,813	
Other post employment benefits asset (Note 7)	23,559	
		42,652
Deferred outflows of resources that are not reported in the funds.		
Losses on bond refunding	7,185	
Related to pensions	517,659	
Related to OPEB	227,603	
		752,447
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 Position (See Statement 1.21).		413,583
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		294,335
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	(160,702)	
Compensated absences	(164,166)	
Pollution remediation	(126,646)	
Capital lease obligations	(237,928)	
Net pension liability	(4,118,923)	
Net OPEB liability	(796,238)	
		(5,604,603)
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	(1,079,821)	
Accrued interest payable	(15,404)	
		(1,095,225)
Deferred inflows of resources related to pensions that are not reported in the funds.		(531,671)
Net Position of Governmental Activities		$ 73,905,530

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

STATE OF ALASKA **STATEMENT 1.13**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,556,683	$ —	$ 17,117	$ 1,573,800
Licenses and Permits	135,212	—	43,441	178,653
Charges for Services	178,994	—	605	179,599
Fines and Forfeitures	31,964	—	112	32,076
Rents and Royalties	1,136,886	385,231	19,825	1,541,942
Premiums and Contributions	21,103	—	11,330	32,433
Interest and Investment Income (Loss)	300,555	3,907,024	54,089	4,261,668
Federal Grants in Aid	3,445,839	—	725	3,446,564
Payments In from Component Units	1,101,223	—	—	1,101,223
Other Revenues	57,958	—	15,879	73,837
Total Revenues	7,966,417	4,292,255	163,123	12,421,795
EXPENDITURES				
Current:				
General Government	358,574	132,661	3,961	495,196
Alaska Permanent Fund Dividend	1,014,677	—	—	1,014,677
Education	1,792,361	—	62,404	1,854,765
University	384,090	—	1,147	385,237
Health and Human Services	3,340,407	—	3,484	3,343,891
Law and Justice	243,279	2,644	—	245,923
Public Protection	772,552	—	984	773,536
Natural Resources	290,662	6,045	44,393	341,100
Development	124,848	—	1,855	126,703
Transportation	1,294,651	—	16,247	1,310,898
Intergovernmental Revenue Sharing	109,666	—	—	109,666
Debt Service:				
Principal	26,312	—	59,450	85,762
Interest and Other Charges	11,369	—	50,343	61,712
Total Expenditures	9,763,448	141,350	244,268	10,149,066
Excess (Deficiency) of Revenues Over Expenditures	(1,797,031)	4,150,905	(81,145)	2,272,729
OTHER FINANCING SOURCES (USES)				
Capital Leases	8,140	—	—	8,140
Transfers In from Other Funds	2,747,100	—	96,068	2,843,168
Transfers (Out to) Other Funds	(83,139)	(2,744,983)	(20,406)	(2,848,528)
Total Other Financing Sources and Uses	2,672,101	(2,744,983)	75,662	2,780
Net Change in Fund Balances	875,070	1,405,922	(5,483)	2,275,509
Fund Balances - Beginning of Year	3,982,255	64,894,345	949,473	69,826,073
Fund Balances - End of Year	$ 4,857,325	$ 66,300,267	$ 943,990	$ 72,101,582

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

STATE OF ALASKA **STATEMENT 1.14**

Reconciliation of the Change in Fund Balances to the Statement of Activities

Governmental Funds

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$	2,275,509
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	605,815		
Depreciation expense	(578,115)		
			27,700
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 Position (Statement 1.22).			
Net current year revenue			(6,597)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.			(70,976)
Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position (See Statement 1.02).			
Accrued interest	(684)		
Repayment of bond principal	71,441		
			70,757
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 Position (See Statement 1.01), the lease obligation is reported as a liability.			(8,140)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities or deferred outflows reported on the Statement of Net Position (See Statement 1.01) and have been eliminated from the Statement of Activities (See Statement 1.02).			
Claims and judgments	1,383		
Compensated absences	(1,114)		
Pollution remediation	(1,051)		
Capital lease payments	24,537		
Pension	112,004		
Other post employment benefits	(53,767)		
			81,992
Change in Net Position of Governmental Activities		$	2,370,245

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

STATE OF ALASKA **STATEMENT 1.21**

Statement of Net Position

Proprietary Funds

June 30, 2019

(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 113,751	$ 1,395,881	$ 1,509,632	$ 147,442
Accounts Receivable - Net	3,352	9,011	12,363	1,362
Interest and Dividends Receivable	—	6,134	6,134	—
Due from Other Funds	15,419	2,086	17,505	19,941
Due from Other Governments	39,772	850	40,622	—
Loans, Notes, and Bonds Receivable	—	35,735	35,735	—
Inventories	—	—	—	4,423
Restricted Assets	7,230	—	7,230	—
Other Current Assets	—	—	—	3,970
Total Current Assets	179,524	1,449,697	1,629,221	177,138
Noncurrent Assets:				
Interest and Dividends Receivable	—	8,057	8,057	—
Loans, Notes, and Bonds Receivable	—	462,396	462,396	—
Repossessed Property	—	910	910	—
Restricted Assets	74,978	—	74,978	—
Net OPEB Asset	263	12	275	238
Other Noncurrent Assets	—	2,335	2,335	—
Capital Assets:				
Equipment, Net of Depreciation	34,829	—	34,829	171,301
Buildings, Net of Depreciation	624,480	—	624,480	136,571
Infrastructure, Net of Depreciation	453,514	—	453,514	—
Land / Right-of-Way	31,202	—	31,202	—
Construction in Progress	66,221	—	66,221	20,319
Total Noncurrent Assets	1,285,487	473,710	1,759,197	328,429
Total Assets	1,465,011	1,923,407	3,388,418	505,567
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	9,913	490	10,403	8,985

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.21**

Statement of Net Position

Proprietary Funds

June 30, 2019

(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	17,960	18,009	35,969	23,494
Due to Other Funds	5,138	841	5,979	43
Due to Other Governments	—	3,908	3,908	—
Interest Payable	4,255	—	4,255	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	6,864	174	7,038	2,830
Unearned Revenue	25,408	7,104	32,512	—
Notes, Bonds, and Leases Payable	13,175	—	13,175	2,618
Other Current Liabilities	—	256	256	—
Total Current Liabilities	72,800	30,292	103,092	28,985
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	3,607	—	3,607	1,710
Notes, Bonds, and Leases Payable	357,176	—	357,176	6,578
Net Pension Liabilities	53,378	2,643	56,021	48,380
Net OPEB Liabilities	11,195	555	11,750	10,147
Other Noncurrent Liabilities	—	23,161	23,161	—
Total Noncurrent Liabilities	425,356	26,359	451,715	66,815
Total Liabilities	498,156	56,651	554,807	95,800
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	5,702	284	5,986	5,169
NET POSITION				
Net Investment in Capital Assets	878,911	—	878,911	318,994
Restricted for:				
Unemployment Compensation	—	473,733	473,733	—
Health and Human Services	—	541,825	541,825	—
Debt Service	13,528	—	13,528	—
Other Purposes	29,664	234	29,898	—
Unrestricted	48,963	851,170	900,133	94,589
Total Net Position	$ 971,066	$ 1,866,962	$ 2,838,028	$ 413,583

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

STATE OF ALASKA **STATEMENT 1.22**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES				
Premiums and Contributions	$ —	$ 192,072	$ 192,072	$ 130,195
Charges for Goods and Services	140,692	1,871	142,563	117,951
Allowances for Uncollectible Revenues	—	—	—	—
Interest and Investment Income	—	9,398	9,398	—
Allowance for Uncollectible Interest	—	325	325	—
Fines and Forfeitures	—	316	316	—
Allowance for Uncollectible Fines	—	45	45	—
Other Operating Revenues	573	175	748	3,441
Total Operating Revenues	141,265	204,202	345,467	251,587
OPERATING EXPENSES				
Benefits	—	161,402	161,402	121,700
Operating	82,059	8,436	90,495	124,017
Depreciation	72,139	—	72,139	28,722
Provision for Loan Losses and Forgiveness	—	868	868	—
Total Operating Expenses	154,198	170,706	324,904	274,439
Operating Income (Loss)	(12,933)	33,496	20,563	(22,852)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	6,423	58,598	65,021	872
Interest and Investment Expense	(13,225)	(130)	(13,355)	(24)
Gain (Loss) on Disposal of Capital Assets	(1,115)	—	(1,115)	(194)
Other Nonoperating Revenues (Expenses)	173	(2,274)	(2,101)	7
Total Nonoperating Revenues (Expenses)	(7,744)	56,194	48,450	661
Income Before Capital Contributions and Transfers	(20,677)	89,690	69,013	(22,191)
Capital Contributions	78,185	25,365	103,550	8,117
Transfers In from Other Funds	—	—	—	7,477
Transfers (Out to) Other Funds	—	(2,117)	(2,117)	—
Change in Net Position	57,508	112,938	170,446	(6,597)
Total Net Position - Beginning of Year	913,558	1,754,024	2,667,582	420,180
Total Net Position - End of Year	$ 971,066	$ 1,866,962	$ 2,838,028	$ 413,583

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

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STATE OF ALASKA **STATEMENT 1.23**

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ —	$ 710	$ 710	$ —
Receipts from Customers	146,411	166	146,577	167
Receipts for Interfund Services Provided	—	—	—	109,377
Receipt of Principal from Loan Recipients	—	55,736	55,736	—
Receipt of Interest and Fees from Loan Recipients	—	11,896	11,896	—
Receipts from Insured	—	196,145	196,145	130,180
Payments to Employees	(51,530)	(4,585)	(56,115)	(44,849)
Payments to Suppliers	(30,175)	(3,521)	(33,696)	(48,841)
Payments to Other Governments	—	(1,384)	(1,384)	—
Payments to Loan Recipients	—	(92,952)	(92,952)	—
Claims Paid	—	(158,727)	(158,727)	(122,954)
Payments for Interfund Services Used	—	(684)	(684)	(5,494)
Other Receipts	—	184	184	3,336
Other Payments	—	(447)	(447)	—
Net Cash Provided (Used) by Operating Activities	64,706	2,537	67,243	20,922
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	—	(4,324)	(4,324)	—
Operating Subsidies and Transfers In from Other Funds	—	—	—	7,477
Federal Grants	173	—	173	—
Proceeds from Issuance of Short-term Debt	—	4,143	4,143	—
Payments on Short-term Debt	—	(4,143)	(4,143)	—
Interest and Fees Paid on Borrowing	—	(8)	(8)	—
Net Cash Provided (Used) by Noncapital Financing Activities	173	(4,332)	(4,159)	7,477
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	—	—	—	2,860
Acquisition and Construction of Capital Assets	(86,590)	—	(86,590)	(29,742)
Principal Paid on Capital Debt	(28,990)	—	(28,990)	(2,545)
Interest and Fees Paid on Capital Debt	(16,104)	—	(16,104)	(289)
Passenger Facility Charges	7,216	—	7,216	—
Federal Grants	58,648	25,365	84,013	—
Other Receipts (Payments)	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(65,820)	25,365	(40,455)	(29,716)

This statement continues on the next page.

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	184,729	147,810	332,539	—
Purchase of Investments	(178,306)	(183,808)	(362,114)	—
Interest and Dividends on Investments	—	29,270	29,270	872
Change in Restricted Cash and Investments	(1,545)	—	(1,545)	—
Net Cash Provided (Used) by Investing Activities	4,878	(6,728)	(1,850)	872
Net Increase (Decrease) in Cash	3,937	16,842	20,779	(445)
Cash and Cash Equivalents - Beginning of Year	67,103	816,737	883,840	147,887
Cash and Cash Equivalents - End of Year	$ 71,040	$ 833,579	$ 904,619	$ 147,442
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (12,933)	$ 33,496	$ 20,563	$ (22,852)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	72,139	—	72,139	28,722
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable - Net	3,560	4,043	7,603	(1,109)
Due from Other Funds	—	(713)	(713)	(7,021)
Due from Other Governments	—	(635)	(635)	—
Loans, Notes, and Bonds Receivable - Net	—	(36,373)	(36,373)	—
Repossessed Property	—	(61)	(61)	—
Interest and Dividends Receivable - Net	—	522	522	—
Inventories	—	—	—	(8)
Net OPEB Asset	(65)	(3)	(68)	(19)
Other Assets	—	67	67	5,260
Deferred Outflows of Resources	(2,553)	(132)	(2,685)	(4,612)
Due to Other Funds	—	(652)	(652)	43
Due to Other Governments	—	1,401	1,401	—
Accounts Payable and Accrued Liabilities	7,387	1,438	8,825	2,211
Net Pension Liability	(791)	15	(776)	16,184
Net OPEB Liability	2,268	121	2,389	4,741
Other Liabilities	2,303	312	2,615	1,530
Deferred Inflows of Resources	(6,609)	(309)	(6,918)	(2,148)
Net Cash Provided (Used) by Operating Activities	$ 64,706	$ 2,537	$ 67,243	$ 20,922
Reconciliation of Cash to the Statement of Net Position				
Total Cash and Investments per the Statement of Net Position	$ 113,751	$ 1,395,881	$ 1,509,632	$ 147,442
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(42,711)	(562,302)	(605,013)	—
Cash, End of Year	$ 71,040	$ 833,579	$ 904,619	$ 147,442
Noncash Investing, Capital, and Financing Activities				
Contributed Capital Assets	—	—	—	8,082

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

STATE OF ALASKA **STATEMENT 1.31**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 513,465	$ 343,903
Investments:		189,095
Fixed Income	2,818,806	—
Broad Domestic Equity	6,179,869	—
Global Equity ex-US	5,864,145	—
Opportunistic	2,599,996	—
Private Equity Pool	2,810,696	—
Absolute Return Pool	1,538,195	—
Real Assets	4,409,015	—
Pooled Investment Funds	3,811,608	—
Collective Investment Funds	2,387,284	—
Synthetic Investment Contracts	645,751	—
Investment Loss Trust Fund Assets	2,049	—
Accounts Receivable - Net	5,054	12
Contributions Receivable	23,700	—
Securities Lending Collateral	45,653	—
Due from Other Funds	58,332	6,319
Other Assets	1,303	—
Total Assets	33,714,921	539,329
LIABILITIES		
Accounts Payable and Accrued Liabilities	24,988	5,655
Obligations Under Securities Lending	45,653	—
Forfeiture Payable to Employer	3,037	—
Claims Payable	59,163	—
Trust Deposits Payable	—	531,141
Due to Other Funds	2,676	2,533
Total Liabilities	135,517	539,329
NET POSITION		
Restricted for:		
Pension Benefits	15,226,925	—
Other Postemployment Benefits	11,478,969	—
Individuals, Organizations, and Other Governments	6,873,510	—
Total Net Position	$ 33,579,404	$ —

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

STATE OF ALASKA **STATEMENT 1.32**

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	$ 750,315
Member	383,490
Other	200,131
Total Premiums and Contributions	1,333,936
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	1,483,885
Interest	76,773
Dividends	405,631
Total Investment Income	1,966,289
Less Investment Expense	13,601
Net Investment Income	1,952,688
Securities Lending Income	2,254
Less Securities Lending Expense	404
Net Securities Lending Income	1,850
Other Additions	
Other	87,838
Total Additions	3,376,312
DEDUCTIONS	
Benefits Paid	2,191,238
Refunds of Premiums and Contributions	75,297
Administrative Expenses	44,071
Total Deductions	2,310,606
Net Increase (Decrease) in Net Position Restricted for:	
Pension Benefits	231,310
Other Postemployment Benefits	328,734
Individuals, Organizations, and Other Governments	505,662
Net Position - Beginning of the Year	32,513,698
Net Position - End of the Year	$ 33,579,404

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

STATE OF ALASKA **STATEMENT 1.41**

Statement of Net Position

Component Units

June 30, 2019

(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
ASSETS						
Cash and Investments	$ 193,357	$ 400,676	$ 528,687	$ —	$ 975,726	$ 2,098,446
Accounts Receivable - Net	30,583	—	271	298	22,964	54,116
Interest and Dividends Receivable	764	15,831	5,435	1,122	24,327	47,479
Due from Primary Government	7,094	2,071	9	44	6,013	15,231
Due from Component Units	18	2,526	3,851	112	—	6,507
Due from Other Governments	38,753	2,955	—	2,197	10,368	54,273
Loans, Notes, and Bonds Receivable	1,058	3,342,961	649,051	24,742	1,241,932	5,259,744
Inventories	5,573	—	—	—	11,718	17,291
Net Investment in Direct Financing Leases	—	24,780	115,220	—	—	140,000
Restricted Assets	528,527	236,254	104,152	1,204,632	77,324	2,150,889
Securities Lending Collateral	—	—	—	—	22,889	22,889
Net OPEB Asset			48	—	29,968	30,016
Other Assets	9,395	13,703	3,263	465	3,317	30,143
Capital Assets:						
Equipment, Net of Depreciation	198,276	755	—	962	144,818	344,811
Buildings, Net of Depreciation	1,060,086	73,053	44,802	—	52,729	1,230,670
Library Books, Net of Depreciation	7,780	—	—	—	—	7,780
Infrastructure, Net of Depreciation	109,447	—	22,018	150,324	623,384	905,173
Museum Collections	7,358	—	—	—	—	7,358
Land / Right-of-Way	38,966	20,228	3,165	11,212	47,043	120,614
Construction in Progress	281,538	—	16,447	213,474	128,435	639,894
Total Assets	2,518,573	4,135,793	1,496,419	1,609,584	3,422,955	13,183,324
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	50,167	186,739	4,722	6	24,097	265,731
LIABILITIES						
Accounts Payable and Accrued Liabilities	42,013	10,774	1,315	22,519	37,053	113,674
Obligations Under Securities Lending	—	—	—	—	22,889	22,889
Due to Primary Government	—	199	1,470	1,062,193	3,935	1,067,797
Due to Component Units	15,363	—	—	4,021	—	19,384
Due to Other Governments	—	457	—	—	148	605
Interest Payable	3,370	8,388	1,908	1,744	15,744	31,154
Derivative Instruments	—	158,349	—	—	—	158,349
Other Current Liabilities	18,977	49,469	725	—	12,099	81,270

This statement continued on next page.

STATE OF ALASKA **STATEMENT 1.41**

Statement of Net Position

Component Units

June 30, 2019

(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
Long-term Liabilities:						
Portion Due or Payable Within One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	11,232	2,273	—	—	2,442	15,947
Unearned Revenue	30,055	9,153	—	—	6,754	45,962
Notes, Bonds, and Leases Payable	15,281	83,225	6,125	11,596	99,603	215,830
Portion Due or Payable After One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	2,044	—	—	2,302	4,346
Notes, Bonds, and Leases Payable	307,274	2,377,900	90,805	64,382	1,150,658	3,991,019
Net Pension Liabilities	228,091	35,515	9,772	—	49,105	322,483
Net OPEB Liabilities	45,310	7,286	2,049	—	3,046	57,691
Other Noncurrent Liabilities	9,280	2,358	11,025	105	—	22,768
Total Liabilities	726,246	2,747,390	125,194	1,166,560	1,405,778	6,171,168
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	22,304	3,719	1,044	—	579,517	606,584
NET POSITION						
Net Investment in Capital Assets	1,364,079	94,036	89,632	320,387	329,306	2,197,440
Restricted for:						
Permanent Funds						
Nonexpendable	—	—	—	—	557,951	557,951
Expendable	—	—	—	—	126,874	126,874
Education	464,233	—	—	—	—	464,233
Development	—	—	817	—	131,329	132,146
Debt Service	12,735	657,891	—	26,431	42,902	739,959
Other Purposes	—	199,320	—	96,212	16,480	312,012
Unrestricted	(20,857)	620,176	1,284,454	—	256,915	2,140,688
Total Net Position	$ 1,820,190	$ 1,571,423	$ 1,374,903	$ 443,030	$ 1,461,757	$ 6,671,303

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

STATE OF ALASKA **STATEMENT 1.42**

Statement of Activities

Component Units

For the Fiscal Year Ended June 30, 2019

(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units				
University of Alaska	$ 798,994	$ 187,966	$ 232,541	$ 32,649
Alaska Housing Finance Corporation	223,306	158,204	60,448	17,884
Alaska Industrial Development and Export Authority	38,249	47,807	688	3,326
Alaska Energy Authority	1,170,076	21,426	24,744	1
Nonmajor Component Units	334,518	227,276	95,310	—
Total Component Units	$ 2,565,143	$ 642,679	$ 413,731	$ 53,860

This statement continued on the next page.

Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2019
(Stated in Thousands)

	Net (Expense) Revenue and Changes in Net Position					
	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total Component Units
FUNCTIONS/PROGRAMS						
Component Units						
University of Alaska	$ (345,838)	$	$	$	$	$ (345,838)
Alaska Housing Finance Corporation		13,230				13,230
Alaska Industrial Development and Export Authority			13,572			13,572
Alaska Energy Authority				(1,123,905)		(1,123,905)
Nonmajor Component Units					(11,932)	(11,932)
Total Component Units	(345,838)	13,230	13,572	(1,123,905)	(11,932)	(1,454,873)
General Revenues:						
Interest and Investment Income (Loss)	29,037	16,288	32,330	78,008	9,464	165,127
Payments In from Primary Government	334,607	—	—	—	10,131	344,738
Other Revenues	—	3,209	356	—	3,369	6,934
Total General Revenues and Contributions	363,644	19,497	32,686	78,008	22,964	516,799
Change in Net Position	17,806	32,727	46,258	(1,045,897)	11,032	(938,074)
Net Position - Beginning of Year	1,802,384	1,538,696	1,328,645	1,488,927	1,448,559	7,607,211
Prior Period Adjustment	—	—	—	—	2,166	2,166
Net Position - End of Year	$ 1,820,190	$ 1,571,423	$ 1,374,903	$ 443,030	$ 1,461,757	$ 6,671,303

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

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Notes to the Basic Financial Statements

STATE OF ALASKA
INDEX
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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. Preparation of financial statements in conformity with GAAP requires the use of estimates, as disclosed in the applicable notes.

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 60 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. The determination that a discretely presented component unit is "major" is based on the nature and significance of its relationship to the primary government. Fiduciary component units are reported in the fiduciary section of the fund financial statements and are not included in the government-wide financial statements. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

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, Alaska Statute (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 90 percent of the total cash and investments and 86 percent of total government-wide net position 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 **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 position 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 **Alaska State Council on the Arts** (ASCA) is a public corporation and an instrumentality of the State within the Department of Education and Early Development, but with a legal existence independent of and separate from the State (AS 44.27.040). The Governor appoints members of the ASCA board of directors. The Legislature approves ASCA's budget. ASCA was created for the purpose of stimulating and encouraging throughout the State the study and presentation of the performing, visual, literary, and fine arts and public interest, participation, and investment in the arts. ASCA financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Special Revenue Funds as supplementary information. There are no separately issued financial statements for ASCA.

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Corporation** (AAC) is a public corporation of the State located for administrative purposes within the Department of Military and Veterans Affairs (AS 26.27.010). 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), and is a major component unit. 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. 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 Gasline Development Corporation** (AGDC) is a public corporation and governmental instrumentality within the Department of Commerce, Community, and Economic Development, but having a legal existence independent and separate from the State (AS 31.25.010). Currently, the commissioners of the departments of Commerce, Community and Economic Development; and Labor and Workforce Development, and five independent public members appointed by the Governor and confirmed by the Legislature comprise the AGDC board of directors. The Legislature appropriates the budget for AGDC for the purpose of planning, constructing, and financing in-state natural gas pipeline projects. The corporation has the power to borrow money and issue bonds on its own behalf. AGDC financial statements may be obtained from the Alaska Gasline Development Corporation, 3201 C Street, Suite 201, Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation, a government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020), and is a major component unit. 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, a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020), and is a major component unit. 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 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, P.O. Box 110505, Juneau, AK 99811-0505.

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040), and is a major component unit. 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. The Alaska Seafood Marketing Institute financial statements may be obtained from Alaska Seafood Marketing Institute, 311 N. Franklin Street, Suite 200, Juneau, AK 99801.

FIDUCIARY COMPONENT UNITS

The **Public Employees' Retirement System** (PERS) was established by 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. ARMB is the fiduciary of PERS and consists of nine trustees: the Commissioners of the Department of Administration and Revenue; two members of the general public; one member who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS); two members of PERS; and two members of TRS. All members of ARMB are appointed by and serve at the pleasure of the Governor.

The **Teachers' Retirement System** 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. 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. ARMB is the fiduciary of TRS.

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. ARMB is the fiduciary of JRS.

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 **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 **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 DCP.

Copies of the audited financial statements for the retirement systems (excluding NGNMRS), 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 or from their website at http://doa.alaska.gov/drb/.

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 current 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 Position 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 Position presents the reporting entity's nonfiduciary assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other borrowing that are attributed to the acquisition, construction, or improvement of those assets.

- **Restricted Net Position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position** consists of net position that does not meet the definition of the two preceding categories. The unrestricted net position often is designated to indicate management does not consider them available for general operations (see note 1.F.). The unrestricted net position often has 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 is 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 measurement 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). When an asset is recorded in governmental fund financial statements but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available. 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.

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, 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 whose fiscal year ends on December 31.

F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCE

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

The amounts shown on the statements of net position 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.

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

Private equity investments are valued quarterly by the general partners and investment sponsors. Underlying assets comprise venture capital, buyout, restructuring and special situation investments through limited partnership agreements. Each manager independently determines the limited partnerships to invest in.

Absolute return investments are valued monthly by the general partners. Underlying assets comprise hedge fund investments through limited partnership agreements. Each manager independently determines the limited partnerships to invest in.

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

Real estate, farmland, private infrastructure and timber investments are valued quarterly by investment managers and are appraised annually by independent appraisers or valued by valuation specialists.

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, the Short-term Fixed Income Pool, and the Short-term Treasury Fixed Income Pool, operate as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. As of June 30, 2019, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool, and 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 does 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 AND PREPAID ITEMS

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 University of Alaska is carried at the lower of cost or market. The Alaska Railroad Corporation carries their inventories at the lower of weighted average cost or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as other assets in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Position at cost or estimated historical cost. Donated capital assets are recorded at acquisition 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, library reserve, 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. This liability is recognized and reported in the government-wide and proprietary fund financial statements. As of June 30, 2019, the State’s estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is $168.7 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 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.

DEFERRED OUTFLOW/INFLOW OF RESOURCES

A deferred outflow of resources represents a consumption of net position applicable to a future reporting period and therefore is not recognized as a current year expense. A deferred inflow of resources is an acquisition of net position applicable to a future reporting period and therefore is not recognized as current year revenue.

NET POSITION / FUND BALANCE

Fund assets and deferred outflows less liabilities and deferred inflows is "net position" 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 are 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 has 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. The Alaska Legislature is the body authorized by the Alaska State Constitution to assign amounts to a specific purpose. Alaska Statute 37.13.020 authorizes the Legislature to assign the funds in the Earnings Reserve Account, a component of the Alaska Permanent Fund.

- 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 1004) 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 and a Capital Project fund as 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 are 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, 2019 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	$ 22,605	$ —	$ —	$ —	$ —
Principal	—	48,498,990	—	—	—
Advances and Prepaid Items	40,718	—	10,523	—	—
Total Nonspendable	63,323	48,498,990	10,523	—	—
Restricted:					
Debt Service	4,678	—	—	45,426	—
Education	15,787	—	2,164	—	6,422
Health & Human Services	557	—	17,824	—	—
Development	24,830	—	43,762	—	91,141
Other Purposes	4,111	—	192	—	—
Total Restricted	49,963	—	63,942	45,426	97,563
Committed:					
Education					
School Foundation Support	12,811	—	—	—	—
Pupil Transportation	855	—	—	—	—
Education Services	165,892	—	3,522	—	—
Construction & Maintenance	130,345	—	—	—	—
Public School Program Support	—	49	—	—	—
Health & Human Services	183,346	—	—	—	—
Public Protection	135,566	—	1,505	—	—
Permanent Fund					
Dividend Payments	1,537	4,000,000	—	—	—
Development					
Natural Resources	86,827	—	—	—	—
Transportation	529,644	—	—	—	—
Other	251,798	—	42,080	—	—
Other Purposes	91,853		—	—	—
Earnings Reserve Transferable to the General Fund	—	1,933,084	—	—	—
Total Committed	1,590,474	5,933,133	47,107	—	—
Assigned:					
Assigned for Future Appropriations					
Realized Earnings	—	10,121,532	—	—	—
Unrealized Appreciation on Invested Assets	—	2,426,041	—	—	—
Total Assigned	—	12,547,573	—	—	—
Unassigned	3,153,565	—	—	—	—
Total Fund Balance	$ 4,857,325	$ 66,979,696	$ 121,572	$ 45,426	$ 97,563

NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $49.8 billion of restricted net position for the primary government, of which $20.4 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 within restricted, committed or assigned fund balance based upon the resources that eventually will fund those grants or contracts, and do not constitute expenditures or liabilities. See Note 12 for additional information on encumbrances within the governmental funds. 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. Generally, 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 19, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 19 operating budget was $201.4 million, of which $74.2 million was from the General Fund, $1.1 million was from other funds, and $126.1 million was appropriated from federal funds. In addition, total supplemental appropriations for the FY 19 capital budget was $145.8 million, of which $30.8 million was appropriated from the General Fund and $1.1 million was appropriated from other funds, and $113.9 million was 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. Appropriations for permanent fund dividends, revenue bond proceeds, general obligation bond debt, and money received from non-state entities held in trust for a specific purpose are excluded from the limit. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 19, the Office of Management and Budget estimated the appropriation limit to be approximately $10.3 billion. The FY 19 budget, not counting the excluded appropriations, was $5.9 billion, or $4.4 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 through FY 14.

The following is a schedule of amounts appropriated from the CBRF, the amounts transferred back to the CBRF from the General Fund as provided in section 17(d) (in thousands). The paragraphs following the schedule provide an explanation of the entries.

Chapter 18, SLA 2014, Section 48	$ 3,000,000
Subtotal FY 15	3,000,000
Chapter 1, SSLA 2015, Section 12(b)	3,617,867
Article IX, Section 17(d) Alaska Constitution (FY 16)	(522,510)
Subtotal FY 16	3,095,357
Chapter 3, 4SSLA 2016, Section 35(a)	522,510
Chapter 3, 4SSLA 2016, Section 35(b)	3,033,935
Article IX, Section 17(d) Alaska Constitution (FY 17)	(479,729)
Subtotal FY 17	3,076,716
Chapter 1, SSSLA 2017, Section 45(a)	479,729
Chapter 1, SSSLA 2017, Section 45(b) and (c)	1,866,095
Correction of Prior Year Error	(1,170,209)
Article IX, Section 17(d) Alaska Constitution (FY 18)	(431,688)
Subtotal FY 18	743,927
Chapter 17, SLA 2018, sec. 29(a)	431,688
Chapter 17, SLA 2018, sec. 29(b) and (c)	504,530
Article IX, Section 17(d) Alaska Constitution (FY 19)	(1,728,029)
Subtotal FY 19	$ (791,811)
Total appropriated from the CBRF	$ 9,124,189

The schedule above shows the effect of Article IX, Section 17(d), of the Alaska Constitution, which provides that 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 until the amount appropriated is repaid. The amount was fully repaid at the end of FY 10, so this schedule shows the repayment activity that has occurred since then.

SLA 2014, Chapter 18, Section 48 (a) appropriated the sum of $1 billion to the defined benefit plan account in the Public Employees Retirement and (b) appropriated $2 billion to the defined benefit plan account in the Teachers' Retirement System from the CBRF as additional state contributions for FY 15, which results in a liability of the General Fund.

SSLA 2015, Chapter 1, Section 12(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 16.

SSLA 2016, Chapter 3, Section 35(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 17.

SSSLA 2017, Chapter 1, Section 45(b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 18.

SLA 2018, Chapter 29 (b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 19.

Appropriations totaling $3.2 million were made directly from the CBRF for FY 19.

During prior tax years 1997 through 2017, amounts paid to the State of Alaska as a result of Federal Regulatory Commission (FERC) disputes were erroneously deposited into the CBRF. As determined by the Alaska Attorney General, a FERC case is not an administrative proceeding or litigation involving production tax or royalty for the purposes of the CBRF fund amendment. The amount due to be repaid to the CBRF from the General Fund has been reduced by these amounts.

The CBRF fund balance as of June 30, 2019, was $13,303 million.

STATUTORY BUDGET RESERVE FUND

The Statutory Budget Reserve Fund (SBRF) was created through Alaska Statute 37.05.540. Once the full debt of CBRF was repaid in FY 10, the legislature began to make appropriated transfers from the General Fund into the SBRF in addition to directing any year-end available fund balance of the General Fund to be transferred to the SBRF. As the balance of this fund continued to increase so did the political and public interest; therefore, the presentation of SBRF was added to the Combining Balance Sheet for the General Fund for Statements 3.01 and 3.02.

A legislative transfer from the General Fund to SBRF totaling $250 million was made at the beginning of FY 13 in accordance with SLA 2012, Chapter 15, Section 32(b). Section 32(c) states that if the unrestricted amount available for appropriation in the fiscal year ending June 30, 2013, is insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund is appropriated from the SBRF to the General Fund. For FY 13, this resulted in a year-end transfer from the SBRF to the General Fund for $776 million, for a net impact to the SBRF of $526 million.

SLA 2013, Chapter 14, Section 34, outlines the appropriation to the General Fund giving authority to take from the SBRF if the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2014, is insufficient to cover General Fund appropriations made for the fiscal year ending June 30, 2014, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund. For FY 14, this resulted in a year-end transfer from the SBRF to the General Fund for $1,920 million.

SLA 2014, Chapter 16, Section 34, states that if the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2015, is insufficient to cover General Fund appropriations made for the fiscal year ending June 30, 2015, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the General Fund is appropriated from the budget reserve fund (AS 37.05.540(a)) to the General Fund. For FY 15, this resulted in a year-end transfer from the SBRF to the General Fund for $2,503 million.

Article IX, Section 17(d), of the Alaska Constitution, which provides that 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 until the amount appropriated is repaid. For FY 19, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of $177 million.

NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of $294,335 thousand as this amount represents revenues that are earned and measurable, but not available within two months of the end of the reporting period.

Deferred Outflows and Inflows of Resources reported in the government-wide Statement of Net Position as of June 30, 2019 consisted of the following (in thousands):

Deferred Outflows and Inflows of Resources

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Discrete Component Units**
Deferred Outflows:			
Change in Fair Value-Interest Rate Swaps	$ —	$ —	$ 156,790
Deferred Charge on Bond Refundings	7,185	—	24,362
Deferred Lease Obligation	—	—	2,703
Deferred Outflows Related to Postretirement Benefits	231,098	4,046	28,711
Deferred Outflows Related to Pensions	523,149	6,357	53,165
Total Deferred Outflows	$ 761,432	$ 10,403	$ 265,731
Deferred Inflows:			
Unearned Grant Revenue	$ —	$ —	$ 570,235
Deferred Inflows Related to Postretirement Benefits	319,263	4,579	26,812
Deferred Inflows Related to Pensions	217,577	1,407	9,537
Total Deferred Inflows	$ 536,840	$ 5,986	$ 606,584

Internal service funds predominantly serve the governmental funds. Accordingly, deferred outflows and deferred inflows for internal service funds are included as part of the above totals for governmental activities. Note 6 provides additional information on these deferred outflows/inflows.

The deferred outflows for the internal service funds is made up of the following (in thousands):

	Related to Postretirement Benefits	Related to Pensions
Highways Equipment Working Capital Fund	1,233	1,938
Information Services Fund	2,220	3,487
Alaska Public Building Fund	42	65

The deferred inflows for the internal service funds is made up of the following (in thousands):

	Related to Postretirement	Related to Pensions
Highways Equipment Working Capital Fund	1,395	429
Information Services Fund	2,512	771
Alaska Public Building Fund	47	15

The deferred outflows for the business-type activities is made up of the following (in thousands):

	Related to Postretirement	Related to Pensions
International Airports Fund	3,856	6,057
Agricultural Revolving Loan Fund	5	10
Commercial Fishing Revolving Loan Fund	154	242
Fisheries Enhancement Revolving Loan Fund	22	34
Alaska Capstone Avionics Revolving Loan Fund	5	8
Commercial Charter Fisheries Revolving Loan Fund	1	1
Mariculture Revolving Loan Fund	1	1
Alaska Microloan Revolving Loan Fund	—	1
Bulk Fuel Loan Fund	2	3

The deferred inflows for the business-type activities is made up of the following (in thousands):

	Related to Postretirement	Related to Pensions
International Airports Fund	4,362	1,340
Agricultural Revolving Loan Fund	7	2
Commercial Fishing Revolving Loan Fund	175	54
Fisheries Enhancement Revolving Loan Fund	25	8
Alaska Capstone Avionics Revolving Loan Fund	5	2
Commercial Charter Fisheries Revolving Loan Fund	1	—
Mariculture Revolving Loan Fund	1	—
Alaska Microloan Revolving Loan Fund	1	—
Bulk Fuel Loan Fund	2	1

Note 6 provides additional information on the business-type activities deferred outflows/inflows.

The deferred outflows for the component units is made up of the following (in thousands):

	Change in Fair Value-Interest Rate Swaps	Deferred Charge on Bond Refundings	Deferred Lease Obligation	Deferred Outflows Related to Postretirement Benefits	Deferred Outflows Related to Pensions
Alaska Railroad Corporation	—	—	—	5,415	16,104
Alaska Housing Finance Corporation	156,790	22,978	—	2,822	4,149
Alaska Energy Authority	—	6	—	—	—
Alaska Aerospace Corporation	—	—	—	201	316
Alaska Gasline Development Corporation	—	—	—	161	449
Alaska Industrial Development Export Authority	—	94	2,703	706	1,219
Alaska Seafood and Marketing Institute	—	—	—	91	142
University of Alaska	—	1,284	—	18,841	30,042
Alaska Mental Health Trust Authority	—	—	—	474	744

The deferred inflows for the component units is made up of the following (in thousands):

	Unearned Grant Revenue	Deferred Inflows Related to Postretirement Benefits	Deferred Inflows Related to Pensions
Alaska Railroad Corporation	570,235	5,405	2,126
Alaska Housing Finance Corporation	—	2,828	891
Alaska Aerospace Corporation		227	70
Alaska Gasline Development Corporation		434	185
Alaska Industrial Development Export Authority	—	799	245
Alaska Seafood and Marketing Institute	—	103	31
University of Alaska	—	16,480	5,824
Alaska Mental Health Trust Authority	—	536	165

Note 6 provides additional information on the component units activity for deferred outflows/inflows related to postretirement benefits and pensions.

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

Invested assets under the fiduciary responsibility of the Commissioner are comprised of the General Fund and Other Non-Segregated Investments (GeFONSI), Constitutional Budget Reserve Fund, International Airports Fund, Retiree Health Insurance Fund, Power Cost Equalization Endowment Fund, General Obligation Bond Fund, Mine Reclamation Trust Fund, as well as the Public School 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, and the International Equity Pools are managed externally. Treasury manages the Short-term Fixed Income Pool, Short-term Treasury Fixed Income Pool, Non-interest Bearing Deposits, Intermediate-term Fixed Income Pool, Broad Market Fixed Income Pool, High Yield Fixed Income Pool, and Real Estate Investment Trust 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://treasury.dor.alaska.gov/.

Combined schedule of invested assets as of June 30, 2019 is as follows:

	Fair Value (in thousands)								
Investment Type	Short-term Fixed Income Pool	Non-interest Bearing Deposits	Intermediate -term Fixed Income Pool	Broad Market Fixed Income Pool	Domestic Equity Pool	International Equity Pool	Real Estate Investment Trust Pool	Tobacco Revenue Fixed Income	Income Receivable (Payable)
General Fund and GeFONSI	$ 1,485,702	$ 8,325	$ 1,558,590	$ 227,428	$ 247,833	$ 153,082	$ 16,752	$ 11,695	$ 3,709,407
Constitutional Budget Reserve Fund	1,234,290	—	—	467,613	72,707	36,740	17,484	—	1,828,834
Public School Trust Fund									
Principle	1	—	—	208,613	272,058	164,953	32,714	—	678,339
Income	56	—	—	—	—	—	—	—	56
Investment Loss Trust Fund	4,126	—	—	—	—	—	—	—	4,126
General Obligation Bond Fund	102,051	—	—	—	—	—	—	—	102,051
International Airports Construction Fund	38,927	—	—	—	—	—	—	—	38,927
International Airports Fund	88,079	—	—	33,592	5,223	2,642	1,254	—	130,790
Power Cost Equalization Endowment Fund	10	—	—	329,874	430,292	260,908	51,741	—	1,072,825
Retiree Health Insurance Fund									
Major Medical	18,368	—	—	—	—	—	—	—	18,368
Long-Term Care	2,592	—	—	313,174	141,373	91,430	16,325	—	564,894
Mine Reclamation Fund	—	—	—	367	479	290	58	—	1,194
Total Invested Assets	$ 2,974,202	$ 8,325	$ 1,558,590	$ 1,580,661	$ 1,169,965	$ 710,045	$ 136,328	$ 11,695	$ 8,149,811

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 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2019, the expected average life of individual fixed rate securities ranged from 14 days to 1.7 years and the expected average life of floating rate securities ranged from 14 days to 3.0 years.

Short-term Treasury Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to the trade date, except for securities bought at new issues, for which settlement date applies. At June 30, 2019, this pool held no securities or cash.

Intermediate, Broad Market, and High Yield 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 considers 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 - ± 20% of the Barclays 1-3 Year Government Bond Index.

Broad Market Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Bond Index.

High Yield Fixed Income Pool - ± 20% of the US High Yield Ba ex 144As 2% Cap Bond Index.

At June 30, 2019, the effective duration by investment type was as follows:

	Effective Duration (in years)
Corporate Bonds	6.76
Mortgage-backed	3.24
Municipal Bonds	14.09
Other Asset-backed	0.45
U.S. Government Agency	7.70
U.S. Treasury Issuances	2.85
Yankee Corporate	4.68
Yankee Government	5.94
Portfolio Effective Duration	3.58

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. Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard and Poor's. 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.

Short-term Treasury Pool investments are limited to U.S. Treasury obligations or other U.S. Government securities issued in full faith or guaranteed by agencies and instrumentalities of the U.S. Government, obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars, and the State's internally-managed Short-Term Fixed Income Pool.

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.

High Yield Fixed Income Pool investments are limited to no more than 10 percent of the portfolio's assets in securities rated A3 or higher by any rating agency (including government instruments). Cash held in the portfolio will be included in this limitation. Treasury may not invest more than 5 percent in securities rated below B3 or equivalent at the time of investment. Additionally, Treasury may not invest more than 5 percent of the portfolio's assets in unrated securities. Unrated securities shall be assumed to be rated below B3. The High Yield Fixed Income Pool was liquidated during fiscal year 2019.

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. Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2019 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, in thousands):

	Short-term Fixed Income Pool	Intermediate -term Fixed Income Pool	Broad Market Fixed Income Pool
AAA	$ 1,100,718	$ 59,516	$ 70,583
AA	42,140	28,084	69,504
A	81,870	121,914	197,530
A-1	19,334	—	—
BBB	—	43,689	215,025
U.S. Government Agency	—	—	20,190
U.S. Treasury Bills, Notes, Bonds, and TIPS	1,943,517	1,249,832	527,225
Not Rated	471,439	35,728	556,994
No Credit Risk	(22,867)	19,827	27,190
Other Fiduciary	(661,949)	—	(103,580)
	$ 2,974,202	$ 1,558,590	$ 1,580,661

Custodial Credit Risk - Deposits

Treasury's investment policy requires the State's depository banks to collateralize State deposits to the extent they exceed insurance coverage provided by the Federal Deposit Insurance Corporation (the FDIC provides $250 thousand of coverage). In accordance with Treasury policy, they are required to retain collateral equal to 100 percent of uninsured deposits.

The bond indentures governing the investment of tobacco revenue related bond proceeds do not establish a policy with regard to custodial credit risk.

At June 30, 2019 the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	$ 77

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, 2019, no pool had exposure to any one issuer greater than 5 percent of total invested assets.

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 19 and invested assets included the following holdings at June 30, 2019 for the funds invested in the International Equity Pool:

	Policy	Actual
GeFONSI II	5% +/- 5%	5.16%
Constitutional Budget Reserve Fund	2% - 2% /+ 5%	2.01%
Higher Education Fund	24% ± 5%	24.33%
Illinois Creek Mine Reclamation Fund	24% ± 5%	24.32%
AIA Revenue Fund	2% - 2%/ + 5%	2.03%
Power Cost Equalization Endowment Fund	24% ± 5%	24.32%
Public School Trust Fund, Principal	24% ± 5%	24.32%
Retiree Health Insurance Fund, Long Term Care	16% ± 5%	16.19%

At June 30, 2019, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

Currency	Deposits	Equity
Australian Dollar	$ —	$ 1,507
Canadian Dollar	6	6,634
Danish Krone	—	2,334
Euro Currency	4	36,716
Japanese Yen	73	15,780
New Israeli Sheqel	—	1,498
Norwegian Krone	—	2,936
Pound Sterling	—	24,501
Singapore Dollar	—	3,310
Swedish Krona	—	5,556
Swiss Franc	—	5,698
Subtotal	83	106,470
Other Fiduciary Responsibility	(6)	(7,333)
Total Commissioner Responsibility	$ 77	$ 99,137

Fair Value Measurements

Various inputs are used in valuing the investments held by the Commissioner. Generally Accepted Accounting Principles establishes a hierarchy of inputs used to value investment emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 - Quoted prices for identical assets in an active market

Level 2 - Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly

Level 3 - Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

The Commissioner categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Commissioner has the following recurring fair value measurements as of June 30, 2019 (in thousands):

Investment by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificates of Deposits	$ 40,020	$ —	$ 40,020	$ —
Deposits	30,577	30,577	—	—
Money Market	18,231	—	18,231	—
Repurchase Agreement	407,343	—	407,343	—
Total Cash Equivalents	496,171	30,577	465,594	—
Debt Securities				
Corporate Bonds	625,685	—	625,685	—
Mortgage Backed	556,132	—	556,132	—
Municipal Bonds	16,632	—	16,632	—
Other Asset Backed	1,260,069	—	1,260,069	—
U.S. Government Agency	20,190	—	20,190	—
U.S. Treasury Bills, Notes, Bonds and TIPS	3,720,574	—	3,720,574	—
Yankee Corporate	181,757	—	181,757	—
Yankee Government	26,430	—	26,430	—
Total Debt Securities	6,407,469	—	6,407,469	—
Equity Securities				
Commingled Equity Funds	1,893,907	1,893,907	—	—
Common and Preferred Stock	110,717	110,717		
Depository Receipts	3,968	3,968	—	—
Real Estate Inv Trust	135,514	135,514	—	—
Total Equities Securities	2,144,106	2,144,106	—	—
Total Investments by Fair Value Level		$ 2,174,683	$ 6,873,063	$ —
Total Investments Measured at Fair Value	$ 9,047,746			
Other Fiduciary Responsibility	(900,738)			
Net Receivables/(Payables) from Investment Activity	2,803			
Total Commissioner Invested Assets	$ 8,149,811			

Debt and equity securities classified as level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing. Pricing is obtained from various sources.

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 or contingencies. The International Equity Pool's investments include the following income from derivative investments at June 30, 2019 (in thousands):

	Changes in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Income	$ (3,026)	Long-term Instruments	$ —	$ —

The International Equity Pools includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance 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, 2019, the International Equity Pools had no outstanding contracts.

Tax Credit Loans and Related Parties

In 2015, the Commissioner of Revenue contemplated creating a Tax Credit Loan Program (program). In lieu of the program, a line of credit was extended to an entity majority owned by the Alaska Industrial Development and Export Authority (AIDEA), a major component unit of the State of Alaska. The tax credits issued to the company were used as collateral for the loan which was paid off during FY19. The Commissioner of Revenue (or his designee) serves on the AIDEA board, as appointed by the Governor of Alaska.

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

The Alaska Retirement Management Board (ARMB) is the investment oversight authority for the State of Alaska's Retirement and Benefits Plans (Plans). These Plans are made up of six systems: the Public Employees' Retirement System (PERS), Teachers Retirement System (TRS), Judicial Retirement System (JRS), National Guard and Naval Militia Retirement Systems (NGNMRS), Supplemental Benefits System (SBS), and Deferred Compensation Plan (DCP). The systems comprise a mix of individual Defined Benefit and Defined Contribution Retirement Plans. Fiduciary responsibility for the ARMB's invested assets is pursuant to Alaska Statutes 37.10.210-390.

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.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These schedules of invested assets and of investment income and changes in invested assets are those of the six systems' invested assets and not the systems as a whole and are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at http://treasury.dor.alaska.gov/armb/.

Investments and Related Policies

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. Fair values of investments that have no readily determinable fair value are generally reported by using the net asset value per share (or its equivalent) of the investment. Pooled participant directed accounts and the collective investment funds, held in trust, are valued based on a unit value determined by the Trustees multiplied by the total units held by the Plan. The unit value is determined by the Trustees based on the fair value of the underlying assets.

Fair Value Measurements

Various inputs are used in valuing the investments held by the ARMB. U.S. generally accepted accounting principles (GAAP) establishes a hierarchy of inputs used to value investment emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 - Quoted prices for identical assets in an active market
Level 2 - Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly
Level 3 - Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

The ARMB categorizes fair value measurements with the fair value hierarchy established by GAAP. The ARMB has the following fair value measurements at June 30, 2019 (in thousands):

	Totals	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Cash Equivalents				
Certificates of Deposit	$ 8,041	$ —	$ 8,041	$ —
Deposits	63,028	63,028	—	—
Money Market	218,730	—	218,730	—
Repurchase Agreement	73,293	—	73,293	—
Short-term Investment Fund	837	—	837	—
Total Cash Equivalents	363,929	63,028	300,901	—
Debt Securities				
Bank Loans	562	—	562	—
Commingled Debt Funds	1,204,494	1,085,675	110,021	8,798
Convertible Bonds	698	—	698	—
Corporate Bonds	338,628	—	338,628	—
Foreign Government Bonds	79,299	—	79,299	—
Mortgage Backed	26,963	—	26,963	—
Municipal Bonds	62,297	—	62,297	—
Other Asset Backed	363,933	—	350,360	13,573
U.S. Government Agency	3,933	—	3,933	—
U.S. Treasury Bills, Notes, and Bonds	2,612,995	—	2,612,995	—
Yankee Corporate Bonds	91,720	—	90,688	1,032
Yankee Government Bonds	27,375	—	27,375	—
Total Debt Securities	4,812,896	1,085,675	3,703,819	23,403
Equity				
Commingled Equity Funds	4,604,308	4,604,308	—	—
Common and Preferred Equity	10,058,927	10,058,738	13	176
Depository Receipts	221,099	221,099	—	—
Futures	(1,623)	(1,623)	—	—
Master Limited Partnership	537,082	537,082	—	—
Options	(6,351)	(6,351)	—	—
Real Estate Investment Trust	712,963	712,963	—	—
Rights	106	103	—	3
Warrants	18,511	18,511	—	
Total Equities	16,145,022	16,144,830	13	179
Other				
Balanced Funds	2,004,727	—	2,004,727	—
Target Date Funds	1,799,955	—	1,799,955	—
Securities Lending Collateral Invested	45,654	—	45,654	—
Total Other	3,850,336	—	3,850,336	—
Total Investments by Fair Value Level	$ 25,172,184	$ 17,293,533	$ 7,855,069	$ 23,582
Investments Measured at the NAV				
Absolute Return	$ 1,538,194			
Energy	90,006			
Farmland	856,427			
Infrastructure	567,959			
Private Equity	2,804,389			
Real Estate	1,517,068			
Timber	364,937			
Total Investments Measured at NAV	7,738,980			
Total Investments Measured at Fair Value	$ 32,911,163			
Synthetic Investment Contract at Cost	$ 644,686			
Net Payable	(5,125)			
Total Invested Assets	$ 33,550,724			

Securities classified as level 1 are valued using prices quoted in active markets for those securities. Securities classified as level 2 are valued using matrix pricing. Each balanced and target date options classified as level 2 are priced daily by the investment managers based on the prevailing market values of the underlying security portfolios. Pricing is sourced from various sources. Securities classified as level 3 are valued using the last traded price or a price determined by the investment manager's valuation committee.

Investments in absolute return, energy, farmland, infrastructure, private equity, real estate, and timber are measured at net asset value (NAV) with additional information listed in the following table (in thousands):

	Fair Value	Redemption Frequency (if currently available)
Absolute Return	$ 1,538,194	Quarterly
Energy	90,006	No redemptions
Farmland	856,427	Unlimited
Infrastructure	567,959	Quarterly
Private Equity	2,804,389	No redemptions
Real Estate	1,517,068	Varied
Timber	364,937	Unlimited
Total Investments Measured at NAV	$ 7,738,980	

Absolute Return: This type includes investments in eight fund of funds. Investment strategies include pooled investment vehicles and securities in a variety of markets including structured notes and swaps. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Absolute return investments undergo annual independent financial statement audits.

Energy: This type includes investments in three energy funds which invest in the debt and equity of energy related companies. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Energy fund investments undergo annual independent financial statement audits. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through the fiscal year 2022.

Farmland: This type includes investments in two wholly owned agriculture funds. These two funds are for the purpose of owning and managing real estate property devoted to agricultural use. Investment properties include row crops, permanent crops and vegetable crops. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. These investments are funds of one, therefore they can be liquidated at any time. Farmland investments undergo annual independent financial statement audits.

Infrastructure (Private): This type includes investments in two open-ended infrastructure funds. Investments include electricity generation, transmission, toll roads, pipelines, bridges, and other infrastructure-related assets. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Infrastructure investments undergo annual independent financial statement audits. Funds can be redeemed on a quarterly basis with proper notice.

Private Equity: This type includes investments in 23 private equity funds including two gatekeeper managers who invest on behalf of the ARMB. These funds are diversified in various sectors including but not limited to venture capital, acquisitions, debt, and special situations. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity funds undergo annual independent financial statement audits. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through the fiscal year 2028.

Real Estate: This type includes investments in 20 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Real estate investments undergo annual independent financial statement audits. Three of these funds are funds of one, therefore can be liquidated at any time. For the remaining 16 funds , investments an never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assests of the funds. These investments are expected to be funded through fiscal year 2031.

Timber: This type includes investments in two wholly owned timber funds that invest, acquire, manage, and dispose of timberland property and associated timber. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. These investments are fund of one, therefore they can be liquidated at any time. Timber investments undergo annual independent financial statement audits.

Synthetic Investment Contracts (SICs): The ARMB's investment manager entered into investment contracts, on behalf of the ARMB, with four financial institutions, these institutions provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. The contracts are included in the ARMB's statements at contract value. They are fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration. Accounts and terms of SICs in effect at June 30, 2019 are as follows (in thousands):

	Contract Provider	Alaska Retirement Management Board
Contract Value of Investment Contract	Prudential Insurance Company of America	$ 176,767
Market Value of Portfolio	Prudential Insurance Company of America	180,957
Average Crediting Rate	Prudential Insurance Company of America	2.62%
Contract Value of Investment Contract	Royal Bank of Canada	106,698
Market Value of Portfolio	Royal Bank of Canada	107,915
Average Crediting Rate	Royal Bank of Canada	2.62%
Contract Value of Investment Contract	Pacific Life Insurance Co.	131,180
Market Value of Portfolio	Pacific Life Insurance Co.	134,505
Average Crediting Rate	Pacific Life Insurance Co.	2.73%
Contract Value of Investment Contract	State Street Bank & Trust Co.	177,562
Market Value of Portfolio	State Street Bank & Trust Co.	182,062
Average Crediting Rate	State Street Bank & Trust Co.	2.73%

Interest Rate Risk

The ARMB invests its cash in the State of Alaska, Treasury Division's (Treasury) 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 to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. At June 30, 2019, the expected average life of individual fixed rate securities ranged from 2 days to 1.7 years and the expected average life of floating rate securities ranged from 14 days to 3.0 years.

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 is the average fair value weighted duration of each security taking into account all related cash flows. At June 30, 2019, the effective duration of the ARMB's fixed income by investment type, was as follows:

	Effective Duration (in years)
Corporate Bonds	2.51
Foreign Government Bonds	8.15
Mortgage-backed	3.35
Municipal Bonds	9.58
Other Asset Backed	0.30
U.S. Government Agency	5.90
U.S. Treasury Bills, Notes, and Bonds	4.17
Yankee Corporate Bonds	3.06
Yankee Government Bonds	6.66
Total Portfolio	3.93

Synthetic Investment Contracts

The ARMB contracts with an external investment manager who is given the authority to invest funds in SICs and a reserve. This external manager also manages the securities underlying the SICs. In the case of the ARMB's constant duration SICs, 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 Plan's structured payout SICs is the weighted average maturity of the contract payments. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on SICs as follows:

> For constant duration SICs, 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 SICs was 3.57 years at June 30, 2019. The duration of the Barclays Capital Intermediate Aggregate Index was 3.62 years at June 30, 2019. The ARMB does not have a policy to limit interest rate risk for the reserve. The balance of the reserve is invested in the custodian's Institutional Treasury Money Market Fund.

Credit Risk

At June 30, 2019, ARMB's invested assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (in thousands, using Standard & Poor's Corporation rating scale); securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated:

Rating	U.S. Dollar	Foreign
AAA	$ 304,303	$ 1,291
AA	141,783	4,467
A	228,266	7,348
A-1	3,479	—
BBB	90,890	3,510
BB	33,037	4,769
B	7,956	—
CCC	209	—
D	617	—
U.S. Government Agency	3,932	—
U.S. Treasury Bills, Notes, and Bonds	2,612,995	—
Not Rated	183,847	57,914
	$ 3,611,314	$ 79,299

Synthetic Investment Contracts

The ARMB's investment policy has the following credit risk limitations for SICs, 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 rate 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 rating 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.

Custodial Credit Risk - Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2019, the ARMB's invested assets had uncollateralized and uninsured foreign currency deposits of $9,128 thousand.

Foreign Currency Risk

The ARMB's Stable Value Fund policy requires that all investments underlying a synthetic investment contract be denominated in U.S. dollars. For all other funds, through its asset allocation, the ARMB limits total investments in foreign currencies to the following:

Pension System	Opportunistic	Global Equity Ex-U.S.	Private Equity Pool	Real Assets Pool
Public Employees' Retirement System	15%	26%	14%	25%
Teachers' Retirement System	15	26	14	25
Judicial Retirement System	15	26	14	25
Alaska National Guard and Naval Militia Retirement System	15	21	—	—

At June 30, 2019, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

Currency	Deposits	Equity	Foreign Government Bonds	Rights & Warrants	Private Equity
Argentine Peso	$ —	$ —	$ 137	$ —	$ —
Australian Dollar	79	80,421	2,139	—	1,335
Brazilian Real	133	60,557	2,595	—	—
Canadian Dollar	180	81,853	1,208	3	—
Chilean Peso	—	1,129	1,094	23	—
Columbian Peso	—	—	1,929	—	—
Czech Koruna	—	—	1,050		
Danish Krone	14	61,668	113	—	—
Euro Currency	1,312	999,945	21,103	81	174,503
Hong Kong Dollar	235	141,256	—	—	—
Hungarian Forint	3	2,366	1,085	—	—
Indian Rupee	354	25,275	—	—	—
Indonesian Rupiah	1	409	2,656	12	—
Japanese Yen	2,663	501,084	18,799	—	—
Malaysian Ringgit	—	4,198	2,725	—	—
Mexican Peso	15	26,422	4,299	—	—
New Israeli Sheqel	9	16,580	—	—	—
New Taiwan Dollar	88	46,337	—	—	—
New Zealand Dollar	32	12,838	4,208	—	—
Norwegian Krone	3	27,238	83	—	—
Peruvian Sol	—	—	1,049	—	—
Philippine Peso	1	1,177	526	—	—
Polish Zloty	26	686	2,382	—	—
Pound Sterling	1,335	571,281	2,650	—	39,078
Russian Ruble	—	10,760	1,839	—	—
Singapore Dollar	27	35,160	—	—	—
South African Rand	5	15,277	2,174	—	—
South Korean Won	—	92,596	—	—	—
Swedish Krona	116	78,197	—	—	6,732
Swiss Franc	6	195,553	—	—	—
Thailand Baht	—	3,029	2,027	—	—
Turkish Lira	10	1,297	1,429	—	—
UAE Dirham	3	—	—	—	—
Yuan Renminbi	2,478	24,029	—	—	—
	$ 9,128	$ 3,118,618	$ 79,299	$ 119	$ 221,648

Concentration of Credit Risk

At June 30, 2019, the ARMB's Invested Assets did not have exposure to any one issuer greater than 5% of total invested assets.

Synthetic Investment Contracts

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 thirty-five percent of the synthetic investments contracts' total value.
>
> No investment will be made if, at the time of the purchase, the investment could cause any single issuer or all issuers of the securities held as supporting investments under synthetic investment contracts to exceed thresholds in the table below. The maximum exposure to securities rated BBB is limited to twenty percent of the total value underlying 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
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

For the reserve, the total investment of any single issuer of money market instruments may not exceed 5 percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

Derivatives, Foreign Exchange, 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, 2019, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Commodity Futures Long	Investment Income	$ (12)	Futures	$ —	$ 1,450
Fixed Income Futures Long	Investment Income	(106)	Futures	—	—
Fixed Income Futures Short	Investment Income	(217)	Futures	—	(7,100)
FX Forwards	Investment Income	458	Long Term Instruments	(438)	125,831
Index Futures Long	Investment Income	34,567	Futures	—	172
Index Futures Short	Investment Income	21,967	Futures	—	(225)
Index Options Bought	Investment Income	5,557	Options	—	—
Index Options Written	Investment Income	(37,978)	Options	(6,351)	(133)
Rights	Investment Income	837	Common Stock	106	1,715
Warrants	Investment Income	(1,651)	Common Stock	18,511	3,475

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, 2019, the ARMB had the following foreign currency risk related to derivatives (in thousands):

Currency Name	Right & Warrant Options	Net Receivable	Net Payables	Total Exposure
Australian Dollar	$ —	$ 14	$ 9	$ 23
Canadian Dollar	3	51	(42)	12
Chilean Peso	23	—	—	23
Danish Krone	—	—	(5)	(5)
Euro Currency	80	257	(265)	72
Indian Rupee	—	16	—	16
Indonesian Rupiah	12	—	—	12
Japanese Yen	—	87	(517)	(430)
New Zeland Dollar	—	—	(59)	(59)
Norwegian Krone	—	—	(2)	(2)
Polish Zloty	—	—	(11)	(11)
Pound Sterling	—	20	(6)	14
Singaport Dollar	—	—	(1)	(1)
South African Rand	—	—	(10)	(10)
Swedish Krona	—	7	—	7
Yuan Renminbi Offshore	—	19	—	19
	$ 118	$ 471	$ (909)	$ (320)

At June 30, 2019 the ARMB had no counterparty credit and counterparty concentration risk associated with its investment derivative positions.

Securities Lending

Alaska Statute 37.10.071 authorizes the ARMB to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The ARMB lends marketable debt and equity securities through a contract with State Street Bank and

Trust (the Bank). International equity security loans were collateralized at not less than 105 percent of their fair value. All other security loans were collateralized at not less than 102 percent of their fair value. Loaned securities and collateral were marked to market daily and collateral was received or delivered the following day, as necessary, to maintain collateral levels. The ARMB cannot pledge or sell collateral received until and unless a borrower defaults. At June 30, 2019, the ARMB has no credit risk exposure to the borrowers because the amounts the ARMB owes to the borrowers exceeded the amounts the borrowers owe the ARMB.

The fair value of securities on loan at June 30, 2019, was approximately $43.5 million. At June 30, 2019, cash collateral received totaling $45.7 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling $45.7 million is reported as security lending collateral invested in the Schedule of Invested Assets.

Cash collateral was invested in a registered 2(a)-7 money market fund. Maturities of investments in the money market fund generally did not match the maturities of the loaned securities because the lending agreements were terminable at will. Securities under loan, cash collateral and cash collateral payable are recorded on the financial schedules at fair value. The Bank and the ARMB received a fee from earnings on invested collateral. The Bank and the ARMB shared the fee paid by the borrower.

There was limited credit risk associated with the lending transactions since the ARMB was indemnified by the Bank against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnified the ARMB against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications were subject to limitation relating to a force majeure event as outlined in the contract.

For the year ended June 30, 2019 there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities.

DEFERRED COMPENSATION PLAN

The State's Internal Revenue Code Section 457 Deferred Compensation Plan (DCP) holds investments in several collective investment funds, Pooled Investments Funds, Interest Income Fund, and Stable Value Fund. The interest Income Fund was closed in fiscal year 2019 and assets rolled over to the Stable Value Fund. At June 30, 2019, Deferred Compensation Plan investments totaled $987.5 million.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

The carrying values of participant-directed investments at June 30, 2019 are as follows (in thousands):

	FY 2019
S&P 500 Stock Index Fund	$ 219,141
Stable Value Fund	183,482
U.S. Small Cap Trust	118,956
Alaska Long-Term Balanced Trust	87,336
Passive U.S. Bond Index Fund	62,020
Russell 3000 Index Fund	48,473
International Equity Fund	34,183
Alaska Balanced Trust	31,198
Alaska Target Date Retirement 2020 Trust	25,040
Environmental, Social, and Governance Fund	23,553
World Equity Ex-U.S. Index Fund	22,002
Alaska Target Date Retirement 2025 Trust	20,807
U.S. TIPS Index Fund	18,964
U.S. Real Estate Investment Trust Index Fund	14,974
State Street Institutional Treasury Money Market Fund	14,814
Alaska Target Date Retirement 2030 Trust	13,248
Alaska Target Date Retirement 2015 Trust	9,421
Alaska Target Date Retirement 2040 Trust	8,882
Alaska Target Date Retirement 2035 Trust	8,158
Alaska Target Date Retirement 2045 Trust	6,463
Alaska Target Date Retirement 2050 Trust	4,656
Alaska Target Date Retirement 2055 Trust	4,484
Alaska Target Date Retirement 2010 Trust	4,060
Mass Mutual Equity Fund	2,188
Alaska Target Date Retirement 2060 Trust	932
Mass Mutual Bond Fund	49
	$ 987,484

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/.

Risk and Uncertainty

DCP invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net position.

DCP may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, a Stable Value Fund and the Pooled Investment Funds. At June 30, 2019, SBS investments totaled $4.118 billion.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

The carrying values of participant-directed investments at June 30, 2019 are as follows (in thousands):

	FY 2019
Alaska Balanced Trust	$ 1,142,898
Alaska Long-term Balanced Trust	686,764
S&P 500 Stock Index Fund	479,723
Stable Value Fund	392,937
U.S. Small Cap Trust	195,075
Passive U.S. Bond Index Fund	123,502
Alaska Target Date Retirement 2020 Trust	99,420
Alaska Target Date Retirement 2025 Trust	85,664
Alaska Target Date Retirement 2015 Trust	83,366
Alaska Target Date Retirement 2050 Trust	79,151
Russell 3000 Index Fund	76,179
Alaska Target Date Retirement 2055 Trust	70,325
Alaska Target Date Retirement 2045 Trust	70,241
World Equity Ex-U.S. Index Fund	69,755
Alaska Target Date Retirement 2030 Trust	65,211
International Equity Fund	63,716
Alaska Target Date Retirement 2040 Trust	61,931
Alaska Target Date Retirement 2035 Trust	61,654
Allianz/RCM Socially Responsible Investment Fund	58,909
State Street Institutional Treasury Money Market Fund	48,325
U.S. Treasury Inflation Protected Security Index Fund	47,908
U.S. Real Estate Investment Trust Index Fund	40,550
Alaska Target Date Retirement 2010 Trust	10,227
Alaska Target Date Retirement 2060 Trust	4,146
	$ 4,117,577

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/.

Risk and Uncertainty

SBS invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes would materially affect participant's account balances and the amounts reported in the statement of fiduciary net position. SBS may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

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 maintain 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 considers all of its ownership interests in securities and other assets to be investments because they are held for the purpose of income or profit and have a present service capacity based solely on their ability to generate cash or be sold to generate cash. Investments are reported at fair value in the financial statements. Investments without a readily determinable fair value are generally reported by using the NAV per share (or its equivalent) of the investment. 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.

State investment regulations

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.

Investment policy - Asset allocation

The Trustees have established a long-term goal of achieving a five percent real rate of return over time on the Fund's investment portfolio. To help achieve this goal, the Trustees allocate the Fund's investments among various asset classes.

At June 30, 2019, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public Equities	38%
Fixed Income Plus	22
Private Equity and Special Opportunities	12
Real Estate	11
Infrastructure and Private Income	7
Absolute Return	5
Asset Allocation	5

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 dollar allocation for the public equities class is 38 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to ten percent beyond the green zone, and red zone range set at greater than ten percent beyond the green zone. 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.

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 five percent.

At June 30, 2019, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $1,923,423 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 61 percent.

Credit Risk

The APFC requires that its investment grade fixed income managers, both internal and external, 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. 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/decrease 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/decrease 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.

Futures

Certain equity and fixed income managers for the Fund are permitted to buy and sell equity and interest rate index futures. The gross contract and fair value of futures do 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.

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 approximatley two percent in 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, 2019 (in thousands):

Cash	$	121,377
Pooled Funds		2,728,476
Commercial Paper		456,893
U.S. Treasury Bills		1,279,175
Total Cash and Temporary Investments	$	4,585,921

Uninvested cash was held at the custodian, sub-custodian, or futures broker banks, primarily in interest-bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government.

Marketable Debt Securities

Marketable debt securities at June 30, 2019, 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	$ 1,546,459	$ 1,564,359	$ 17,900
Mortgage-backed Securities	1,127,812	1,136,605	8,793
Corporate Bonds	6,012,209	6,264,994	252,785
Commercial Mortgage/Asset-backed Securities	287,649	292,357	4,708
Non-U.S. Treasury and Government Bonds	2,367,247	2,400,936	33,689
Non-U.S. Corporate Bonds	1,048,517	1,076,962	28,445
Bond-backed Exchange Traded Funds	984,350	988,820	4,470
Total Marketable Debt Securities	$ 13,374,243	$ 13,725,033	$ 350,790

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, issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates 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 NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2019, 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	$ 363,468	$ 252,101	$ 615,569	4.49%
AA	561,328	428,536	989,864	7.21
A	1,711,426	649,178	2,360,604	17.20
BBB	2,540,931	940,481	3,481,412	25.37
BB	670,796	265,379	936,175	6.82
B	516,658	229,200	745,858	5.43
CCC	90,163	37,552	127,715	0.93
CC	6,270	—	6,270	0.05
C	1,087	7,080	8,167	0.06
D	—	38,110	38,110	0.28
Total Fair Value of Rated Debt Securities	6,462,127	2,847,617	9,309,744	67.84
Commingled Bond Funds	691,132	366,504	1,057,636	7.70
Not Rated	36,927	630,279	667,206	4.86
U.S. Government Explicitly Backed by the U.S. Government (AA)	1,894,674	—	1,894,674	13.80
U.S. Government Implicitly Backed by the U.S. Government (AA)	795,773	—	795,773	5.80
Total Fair Value Debt Securities	$ 9,880,633	$ 3,844,400	$ 13,725,033	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, 2019, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasury and Government Notes/Bonds	15.83%	5.30
Mortgage-backed Securities	11.50	3.94
Corporate Bonds	63.41	7.34
Commercial Mortgage and Asset-backed Securities	2.96	3.65
Bond-Backed Exchange Traded Funds	6.30	—
Total Domestic Bonds	100.00%	6.06
Non-domestic Bonds		
Non-U.S.Treasury and Government Bonds	62.45%	7.67
Non-U.S. Corporate Bonds	28.02	6.11
Bond-Backed Exchange Traded Funds	9.53	—
Total Non-domestic Bonds	100.00%	6.50

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 also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

Preferred and common stocks and commingled stock funds at June 30, 2019 are summarized as follows (in thousands) which include the net fair value of equity index futures of $1.3 million:

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Direct Investments			
Domestic Stock	$ 9,632,786	$ 11,805,605	$ 2,172,819
Non-domestic Stock	10,974,207	11,948,439	974,232
Commingled Funds	452,859	499,161	46,302
Total Preferred and Common Stock	$ 21,059,852	$ 24,253,205	$ 3,193,353

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, 2019, the Fund's cash holdings, foreign currency forward contracts, 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 and Equivalents	Foreign Exchange Forward Contracts	Public/Private Equity, Real Estate, Infrastructure	Debt	Total Foreign Currency Exposure
Argentina Peso	$ 180	$ —	$ —	$ 7,135	$ 7,315
Australian Dollar	9,958	168,217	454,061	9,956	642,192
Brazil Real	2,420	(1,084)	195,644	44,708	241,688
Canadian Dollar	1,278	132,570	620,326	17,034	771,208
Chilean Peso	528	(23,887)	12,526	30,186	19,353
Chinese Yuan Renminbi	1,827	(263)	222,150	—	223,714
Columbian Peso	813	—	3,486	29,116	33,415
Czech Koruna	128	(16,128)	1,484	15,953	1,437
Danish Krone	7,683	(14,557)	125,119	—	118,245
Dominican Republic Peso	—	—	—	9,217	9,217
Egyptian Pound	7,450	—	164	2,331	9,945
Euro Currency	19,194	(829,602)	3,053,354	601,432	2,844,378
Ghanaian Cedi	163	—	—	3,287	3,450
Hong Kong Dollar	14,736	(17,295)	1,127,638	—	1,125,079
Hungarian Forint	808	(14,923)	6,584	14,492	6,961
Indian Rupee	5,234	(25,097)	303,880	31,775	315,792
Indonesian Rupiah	1,142	(10,880)	83,138	45,952	119,352
Israeli Shekel	1,817	(64,260)	58,125	27,063	22,745
Japanese Yen	14,232	(640,404)	1,505,058	587,391	1,466,277
Malaysian Ringgit	(6,881)	(10,273)	59,232	27,376	69,454
Mexican Peso	685	(15,535)	69,747	61,218	116,115
New Taiwan Dollar	704	(857)	245,350	—	245,197
New Zealand Dollar	(2,684)	83,975	30,751	5,754	117,796
Nigerian Naira	8,101	—	—	3,634	11,735
Norwegian Krone	1,243	26,439	64,950	30,334	122,966
Peruvian Sol	41	—	—	10,549	10,590
Phillipines Peso	86	22	10,672	—	10,780
Polish Zloty	1,373	(4,116)	19,146	22,618	39,021
Pound Sterling	14,454	(185,061)	1,496,997	116,960	1,443,350
Qatari Riyal	25	—	18,349	—	18,374
Romanian Leu	26	—	—	2,850	2,876
Russian Ruble	1,667	(5,841)	427	46,215	42,468
Singapore Dollar	2,741	67,068	106,360	10,563	186,732
South African Rand	1,908	187	144,058	35,682	181,835
South Korean Won	884	(45,112)	328,287	47,919	331,978
Swedish Krona	1,892	(23,351)	196,352	1,606	176,499
Swiss Franc	10,116	(337,542)	423,336	—	95,910
Thailand Baht	1,296	(1,764)	114,972	25,199	139,703
Turkish Lira	1,397	(87)	28,767	16,364	46,441
UAE Dirham	111	—	24,239	—	24,350
Uruguayan Peso	—	—	—	2,231	2,231
Total foreign currency exposure	$ 128,776	$ (1,809,441)	$ 11,154,729	$ 1,944,100	$ 11,418,164

Cash amounts in the schedule include receivables, payables, certificates of deposit, 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. The remaining Fund assets are invested in U.S. cash, equities, and debt, as well as in direct real estate properties, absolute return and similar funds, and infrastructure, all of which are denominated in U.S. dollars, and are not included in the schedule presented on the prior page.

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, multi-family and industrial real estate operating companies, private real estate funds, and other entities in which the assets consist primarily of real property. The Fund's directly owned real estate is 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.

The APFC periodically reviews real estate investments for other than temporary impairment. There was an impairment recognized in FY 19. It was determined that two direct real estate holdings were impaired because it was more likely than not the Fund would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, $138.9 million of unrealized losses were realized through a write-down of cost to fair value.

Real estate investments at June 30, 2019 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Real Estate Investment Trusts	$ 1,367,325	$ 1,541,897	$ 174,572
Real Estate Funds and Notes	130,655	125,621	(5,034)
American Homes 4 Rent II	135,603	155,256	19,653
Directly Owned Real Estate			
Retail	749,920	1,766,138	1,016,218
Office	1,125,817	1,366,596	240,779
Hotel	59,252	73,481	14,229
Industrial	287,206	407,955	120,749
Multifamily	219,680	318,912	99,232
Total Real Estate	$ 4,075,458	$ 5,755,856	$ 1,680,398

Alternative Investments

Alternative investments include the Fund's investments in absolute return and risk parity strategies, private equity, infrastructure, and private credit. The APFC periodically reviews alternative investments for other than temporary impairment.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market driven asset classes. The Fund is invested in three absolute return limited partnerships in which the Fund was the only limited partner ("fund-of-one"). One of these fund-of-one investments was fully liquidated in FY 19 and the two remaining are currently in liquidation. The Fund also holds direct hedge fund investments, in which the Fund is one of many limited partners. Risk parity strategies also seek to deliver returns that are largely uncorrelated with global public markets, however they do so through allocation of risk rather than allocation of capital. External investment management services for both strategies are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Fund. Because of the off-exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Risk parity strategy investments are generally more liquid but may also not have readily determinable fair value depending on the underlying investments of a given fund. For both strategies, each manager provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit.

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 assist in the selection of private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the APFC staff , 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 determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 19 it was determined that seventeen private equity funds were impaired and would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, $61.5 million of unrealized losses were realized through a write-down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase (decrease) in the fair value of private equity investments.

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, as well as through securities listed on public exchanges. The limited partnerships undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 19 it was determined that no infrastructure funds were impaired.

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

During FY 19 it was determined that one private credit fund was impaired and it was more likely than not the Fund would not recover its carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, $41.7 million of unrealized losses were realized through a write-down of cost to fair value.

Alternative investments at June 30, 2019 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains
Absolute Return	$ 4,086,304	$ 4,327,475	$ 241,171
Private Equity	6,376,004	8,770,247	2,394,243
Infrastructure	2,618,523	3,300,904	682,381
Private Credit	1,644,463	1,816,276	171,813
Total Alternative Investments	$ 14,725,294	$ 18,214,902	$ 3,489,608

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 certain marketable securities. 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, 2019, 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, 2019 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan, Secured by Cash Collateral	$	2,784,825
Cash Collateral		2,840,792
Fair Value of Securities on Loan, Secured by Non-cash Collateral		6,431,804
Non-cash Collateral		6,976,507

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2019, the Fund incurred no losses from securities lending transactions. The Fund received income of $27.0 million from securities lending for the year ended June 30, 2019, which is recorded in real estate and other income on the statements of revenues, expenditures and changes in fund balances.

Fair Value Measurement

Various inputs are used in valuing the investments held by the Fund. GAAP establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These input levels are summarized as follows:

Level 1 - Quoted prices for identical assets in an active market

Level 2 - Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly

Level 3 - Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Investments measured using NAV per share as a practical expedient to fair value are not categorized into input levels. The input levels used to measure Fund's investments and derivative instruments at June 30, 2019 are summarized as follows (in thousands):

	Measured Using Input Levels			Measured Using	
	Level 1	Level 2	Level 3	NAV	Total
Marketable Debt Securities	$ 2,557,871	$ 11,065,117	$ 102,045	$ —	$ 13,725,033
Preferred and Common Stock	24,253,205	—	—	—	24,253,205
Real Estate	1,546,464	—	—	4,209,392	5,755,856
Absolute Return	—	—	—	4,327,475	4,327,475
Private Equity	—	—	—	8,770,247	8,770,247
Infrastructure	793,183	—	—	2,507,721	3,300,904
Private Credit	—	—	—	1,816,276	1,816,276
Total Investments	$ 29,150,723	$ 11,065,117	$ 102,045	$ 21,631,111	$ 61,948,996

Marketable debt securities and preferred and common stock classified as level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing. Pricing is sourced from various sources. Marketable debt securities valued at level 3 are term loans.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly owned real estate through ownership of interests in corporations, limited liability companies and partnerships that hold title to real estate are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. The underlying directly owned real estate investments are subject to annual appraisals and audits. American Homes 4 Rent II is reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions, and does not allow redemptions until the company is wound-up and dissolved.

Absolute return investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Former External Chief Investment Officer (ECIO) investments are grouped with Absolute return investments and liquidated during FY 19. These investments have readily determinable fair values and are therefore reported by level. Level 2 valuations were a result of liquidity terms as well as the pricing transparency of the investments held. Level 3 valuations are provided by managers and audited by third party auditing firms. Absolute return investments undergo annual independent financial statement audits. The redemption notice period is from 1-91 days and the frequency of redemption is daily to quarterly. In FY 19, ECIOs were divested, thereby removing levels 1, 2 and 3 valuations from absolute return.

Private equity investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is 10-12 years.

Publicly traded infrastructure investments are classified as level 1 and are valued using prices quoted in active markets for those securities. The majority of infrastructure investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Infrastructure investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is 5-7 years.

Private credit investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private credit investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments in 5-7 years.

Investment Income by Source

Investment income during the year ended June 30, 2019, is summarized as follows (in thousands):

Interest		
Marketable Debt Securities	$	481,213
Short-term Domestic and Other		82,850
Total Interest	$	564,063
Dividends	$	590,980
Real Estate and Other Income		
Directly Owned Real Estate Net Rental Income	$	121,337
Real Estate Investment Trust Dividends		60,498
Real Estate Fund and Notes		(3,842)
Absolute Return Dividend and Interest Income, Net of Management Expenses		6,457
Private Credit Interest Income, Net of Fees		48,246
Infrastructure Interest and Dividend Income, Net of Fees		58,903
Private Equity Dividend Income, Net of Management Expenses		76,439
Class Action Litigation Income		3,773
Loaned Securities, Commission Recapture, and Other Income		27,894
Total Real Estate and Other Income	$	399,705

Foreign Exchange Contracts, Futures 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, 2019 ranged between one and 169 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, 2019 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 FY 19 are summarized as follows (in thousands):

Balances at June 30, 2019:		
Face Value of FX Forward Contracts	$	5,470,398
Net Unrealized Holding Gains (losses) on FX Forward Contracts		(21,501)
Fair Value of FX Forward Contracts	$	5,448,897
Activity for Fiscal Year Ending June 30, 2019		
Change in Unrealized Holding Losses	$	(42,730)
Realized Gains		92,635
Net Increase (decrease) in Fair Value of FX Forward Contracts	$	49,905

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

Activity and balances related to futures in equity accounts for FY 19 are summarized as follows (in thousands):

Balances at June 30, 2019:		
Face Value of Equity Index Futures	$	76,167
Net Unrealized Holding Gains on Futures		1,258
Fair Value of Equity Index Futures	$	77,425
Activity for Fiscal Year Ending June 30, 2019		
Change in Unrealized Holding Gains	$	9,157
Realized Losses		(16,828)
Net Decrease in Fair Value of Equity Index Futures	$	(7,671)

Activity and balances related to futures in fixed income accounts for FY 19 is summarized as follows (in thousands):

Balances at June 30, 2019:		
Face Value of U.S. Treasury Index Futures	$	335,184
Net Unrealized Holding Losses on Futures		(4,049)
Fair Value of U.S. Treasury Index Futures	$	331,135
Activity for Fiscal Year Ending June 30, 2019		
Change in Unrealized Holding Gains	$	38,447
Realized Losses		(3,043)
Net Increase in Fair Value of U.S. Treasury Index Futures	$	35,404

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 activity amounts shown above are included in the Fund's financial statements in the Foreigh currency forward exchange contracts and futures line on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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. Intangibles are reported separately in the notes to the financial statements; however, on the face of the financial statements, intangibles are grouped with the asset class they most resemble. Easements and right of way are grouped with land, and software is grouped with equipment.

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

	Governmental Activities		Business-type Activities	
Capital Asset	Capitalize at Value	Useful Life	Capitalize At Value	Useful Life
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	15	All	5-40
Machinery/Equipment	100,000	3-60	5,000	5-10
Construction in Progress				

When a proprietary or fiduciary fund has its own capitalization policy, capital assets will be capitalized under that policy rather than in accordance with the above table.

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, 2019, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 664	$ 9	$ —	$ 673
Land	379	1	—	380
Construction in progress	1,393	519	(531)	1,381
Total capital assets not being depreciated	2,436	529	(531)	2,434
Capital assets being depreciated:				
Buildings	2,481	28	(13)	2,496
Intangible - Software	272	46	—	318
Equipment	999	55	(20)	1,034
Infrastructure	9,118	516	(11)	9,623
Total capital assets being depreciated	12,870	645	(44)	13,471
Less accumulated depreciation for:				
Buildings	(825)	(96)	23	(898)
Intangible - Software	(133)	(65)	(5)	(203)
Equipment	(585)	(40)	16	(609)
Infrastructure	(5,936)	(406)	7	(6,335)
Total accumulated depreciation	(7,479)	(607)	41	(8,045)
Total capital assets being depreciated, net	5,391	38	(3)	5,426
Capital assets, net	$ 7,827	$ 567	$ (534)	$ 7,860

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for internal service 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	$ 31	$ —	$ —	$ 31
Construction in Progress	18	84	(36)	66
Total capital assets not being depreciated	49	84	(36)	97
Capital assets being depreciated:				
Buildings	1,136	3	(10)	1,129
Equipment	127	7	(1)	133
Infrastructure	991	26	—	1,017
Total capital assets being depreciated	2,254	36	(11)	2,279
Less accumulated depreciation for:				
Buildings	(476)	(31)	2	(505)
Equipment	(91)	(8)	1	(98)
Infrastructure	(531)	(32)	—	(563)
Total accumulated depreciation	(1,098)	(71)	3	(1,166)
Total capital assets being depreciated, net	1,156	(35)	(8)	1,113
Capital assets, net	$ 1,205	$ 49	$ (44)	$ 1,210

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), 100.6 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):

Governmental Activities:		Amount
General Government	$	42
Education		31
Health and Human Services		48
Law and Justice		6
Natural Resources		4
Development		2
Public Protection		18
Transportation		425
Intergovernmental Revenue Sharing		2
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.		29
Total Depreciation Expense - Governmental Activities	$	607
Business-type Activities:		
Enterprise	$	72

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. Intangibles, except for easements and right-of-way, are reported separately in the notes to the financial statements; however, on the face of the financial statements, all intangibles are grouped with the asset class they most resemble. Software and Right of Use are grouped with equipment. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2019 (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 114	$ 4	$ —	$ 118
Museum collections	7	—	—	7
Construction in Progress	582	143	(85)	640
Total capital assets not being depreciated	703	147	(85)	765
Capital assets being depreciated/depleted:				
Intangible - Software	2	—	—	2
Intangible - Right of Use	21	—	—	21
Land	4	—	—	4
Library Books	56	—	—	56
Buildings	2,444	38	(1)	2,481
Equipment	877	26	(7)	896
Infrastructure	1,807	24	(7)	1,824
Total capital assets being depreciated/depleted	5,211	88	(15)	5,284
Less accumulated depreciation/depletion for:				
Intangible - Software	(2)	—	—	(2)
Intangible - Right of Use	(9)	(1)	—	(10)
Land	(1)	—	—	(1)
Library Books	(48)	(1)	—	(49)
Buildings	(1,179)	(71)	—	(1,250)
Equipment	(523)	(45)	6	(562)
Infrastructure	(861)	(60)	2	(919)
Total accumulated depreciation/depletion	(2,623)	(178)	8	(2,793)
Total capital assets being depreciated/depleted, net	2,588	(90)	(7)	2,491
Capital assets, net	$ 3,291	$ 57	$ (92)	$ 3,256

The Alaska Industrial Development and Export Authority possesses $3.2 million in infrastructure assets held for sale which is not included in the above table.

University of Alaska art and museum collections, which are capitalized but not depreciated, 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.

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 19 totaling $1,921 thousand and $2,222 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.

Long-Term liabilities

The following table summarizes changes in long-term liabilities for Governmental Activities for the fiscal year ended June 30, 2019 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 329,304	$ 1,572	$ 5,050	$ 325,826	$ 3,261
General obligation debt	793,698	—	66,087	727,611	45,267
Notes from direct borrowings and direct placements	11,756	70	2,630	9,196	2,618
Capital leases payable	254,325	8,140	24,537	237,928	21,526
Unearned revenue	45,303	245,521	239,808	51,016	30,351
Certificates of participation	28,214	—	1,830	26,384	2,043
Compensated absences	166,177	160,877	158,348	168,706	160,139
Claims and judgments	163,505	32,547	35,350	160,702	38,096
Pollution remediation	125,595	18,803	17,752	126,646	13,859
Other noncurrent liabilities	2,795	32,005	31,748	3,052	—
Net pension liability	4,598,212	30,731	461,640	4,167,303	—
Net OPEB liability	651,796	158,635	4,046	806,385	—
Total	$ 7,170,680	$ 688,901	$ 1,048,826	$ 6,810,755	$ 317,160

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.

The following table summarizes changes in long-term liabilities for Business-type Activities for the fiscal year ended June 30, 2019 (in thousands):

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 402,048	$ —	$ 31,697	$ 370,351	$ 13,175
Unearned revenue	24,058	8,454	—	32,512	32,512
Compensated absences	4,335	3,922	4,102	4,155	3,952
Pollution remediation	5,370	2,486	1,366	6,490	3,086
Other Noncurrent Liabilities	23,672	11,325	11,836	23,161	—
Net pension liability	56,799	43	821	56,021	—
Net OPEB liability	9,361	2,390	1	11,750	—
Total	$ 525,643	$ 28,620	$ 49,823	$ 504,440	$ 52,725

B. NET PENSION LIABILITY

Net Pension Liability is recorded in the schedule of long-term liabilities above. The PERS and TRS total pension liability for the June 30, 2018 measurement date was determined by actuarial valuations as of June 30, 2017, which were rolled forward to June 30, 2018. The JRS and NGNMRS total pension liability for the June 30, 2018 measurement date was determined by actuarial valuations as of June 30, 2018. The actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

System	Investment Rate of Return	Inflation Rate	Salary Scale Increases
PERS	8%, net of pension plan investment expenses. This is based on an average inflation of 3.12% and a real return of 4.88%	3.12%	Graded by service, from 9.66% to 4.92% for Peace Officer/Firefighter Graded by age and service from 8.55% to 4.34% for all others
TRS	8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real return of 4.88%	3.12%	Graded by service, from 8.11% to 3.87%
JRS	8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return 4.88%	3.12%	3.62% per year, compounded annually
NGNMRS	7%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 3.88%	3.12%	None

PERS post-termination mortality rates were based on 96 percent of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60 percent of male and 65 percent of female post-termination rates. Deaths are assumed to be occupational 70 percent of the time for Peace Officer/Firefighters, 50 percent of the time for others. The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 actuarial valuation.

TRS post-termination mortality rates were based on 94 percent of the male rates and 97 percent of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68 percent of the male and 60 percent of female post-termination mortality rates. Deaths are assumed to be non-occupational causes 85 percent of the time. The actuarial assumption used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 actuarial valuation.

JRS post-termination mortality rates were based on 94 percent of the male rates and 97 percent of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68 percent of the male and 60 percent of female post-termination mortality rates. The actuarial assumption used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013.

NGNMRS post-termination mortality rates were based on 96 percent of all rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB. The rates for pre-termination mortality were 60 percent of the male and 65 percent of female rates of the post-termination healthy mortality rates. The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions effective for the June 30, 2014 actuarial valuation adopted by the Alaska Retirement Management Board to better reflect future experience. The assumptions used in the June 30, 2016 actuarial valuation are the same as those used in the June 30, 2014 actuarial valuation.

For PERS, TRS, JRS, and NGNMRS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the next table (note that the rates shown exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Domestic Equity	8.90%	24.00%	+/- 6%
	Global ex-U.S. equity	7.85	22.00	+/- 4
	Fixed Income	1.25	10.00	+/- 5
	Opportunistic	4.76	10.00	+/- 5
	Real assets	6.20	17.00	+/- 8
	Absolute return	4.76	7.00	+/- 4
	Private equity	12.08	9.00	+/- 5
	Cash Equivalents	0.66	1.00	+3/-1
JRS	Domestic Equity	8.90	24.00	+/- 6
	Global ex-U.S. equity	7.85	22.00	+/- 4
	Fixed Income	1.25	10.00	+/- 5
	Opportunistic	4.76	10.00	+/- 5
	Real assets	6.20	17.00	+/- 8
	Absolute return	4.76	7.00	+/- 4
	Private equity	12.08	9.00	+/- 5
	Cash Equivalents	0.66	1.00	+1/-3
NGNMRS	Domestic Equity	8.90		
	Global Equity (non-U.S.)	7.85		
	Fixed Income Composite	1.25		
	Opportunistic	4.76		

The discount rate used to measure the total pension liability was 8 percent for PERS, TRS and JRS. The discount rate used to measure the total pension liability was 7 percent for NGNMRS. The projection of cash flows used to determine the discount rate assumed that the employer and the nonemployer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the System Pension Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the System Pension Plans' fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.98 percent as of June 30, 2018.

The following presents the net pension liability/(asset) for each plan as of June 30, 2018, calculated using the discount rate, as well as what the respective plans' net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
Primary Government's proportionate share of the PERS net pension (asset) liability	$ 3,259,036	$ 2,461,037	$ 1,786,029
Discrete Component Units' proportionate share of the PERS net pension (asset) liability	338,965	255,967	185,761
Primary Government's proportionate share of the TRS net pension (asset) liability	18,321	12,807	8,167
Discrete Component Units' proportionate share of the TRS net pension (asset) liability	45,871	32,065	20,449
Primary Government's JRS net pension (asset) liability	75,175	49,765	28,311

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Primary Government's NGNMRS net pension (asset) liability	$ (15,901)	$ (17,813)	$ (19,468)

The State's proportion of the net pension liability for the defined benefits multiple employer plans were based on projections of the present value of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers from July 1, 2018 to a projected fully funded year of 2039. At June 30, 2018 the proportionate share of the net pension liability attributed to the State was 54.68 percent (49.53 percent for the primary government and 5.15 percent for the discrete component units) for the Public Employee's Retirement System (PERS) and 2.35 percent (0.67 for the primary government and 1.68 for the discrete component units) for the Teacher's Retirement System (TRS). This was a decrease of 0.68 percent (1.09 percent decrease for the primary government and 0.41 percent increase for the discrete component units) for PERS and a increase of 0.07 percent (0 percent increase for the primary government and 0.07 percent increase for the discrete component units) for TRS from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the State recognized pension expense of $55,504 thousand ($52,288 thousand for the primary government and $3,216 thousand for the discrete component units) broken out by plan as follows (in thousands):

Systems	Pension Expense
Public Employees' Retirement System - Primary Government	$ 50,409
Public Employees' Retirement System - Discrete Component Units	6,364
Teachers' Retirement System - Primary Government	(167)
Teachers' Retirement System - Discrete Component Units	(3,148)
Judicial Retirement System - Primary Government	6,135
Alaska National Guard and Alaska Naval Militia Retirement System - Primary Government	(4,089)

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS			
Primary Government	Difference Between Expected and Actual Experience	$ —	$ 61,767
	Difference Between Projected and Actual Investment Earnings	54,353	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	—	23,280
	Contributions Subsequent to the Measurement Date	207,815	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	6,424
	Difference Between Projected and Actual Investment Earnings	5,653	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	10,610	84
	Contributions Subsequent to the Measurement Date	17,718	—
TRS			
Primary Government	Difference Between Expected and Actual Experience	—	361
	Difference Between Projected and Actual Investment Earnings	423	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	21
	Contributions Subsequent to the Measurement Date	1,095	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	904
	Difference Between Projected and Actual Investment Earnings	1,060	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	286	—
	Contributions Subsequent to the Measurement Date	1,735	—
JRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	1,556	—
	Difference Between Expected and Actual Experience	—	7,431
	Changes in Assumptions	6,365	—
	Contributions Subsequent to the Measurement Date	10,257	—
NGNMRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	1,480	—
	Difference Between Expected and Actual Experiences	72	12,072
	Changes in Assumptions	8	125
	Contributions Subsequent to the Measurement Date	852	—

$239,472 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2020 ($220,019 thousand for the primary government and $19,453 thousand for discrete component units).

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for each plan as follows (in thousands):

Year Ending June 30	PERS - Primary Government	PERS - Discrete Component Units	TRS - Primary Government	TRS - Discrete Component Units	JRS - Primary Government	NGNMRS - Primary Government
2020	$ (15,918)	$ 11,292	$ 156	$ 730	$ 1,597	$ (4,294)
2021	29,720	3,091	248	621	497	(4,414)
2022	(42,114)	(4,380)	(342)	(856)	(1,533)	(2,067)
2023	(2,383)	(248)	(21)	(53)	(71)	138
2024	—	—	—	—	—	—
Thereafter	—	—	—	—	—	—

SPECIAL FUNDING SITUATION

Under Governmental Accounting Standards Board Statement No. 68, a special funding situation exists when a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan.

In an opinion dated August 3, 2015, the Department of Law advised that AS 39.35.280 and AS 14.25.085 did not create “legal responsibility” in the State to make contributions for non-State PERS and TRS participating employers, and that a “special funding situation” did not exist for purposes of GASB 68. The Department of Law further advised that the State should only report on its balance sheet those net pension liabilities attributable to the State as a participating employer. That opinion is incorporated by reference to this note.

On November 25, 2015, however, GASB staff advised the Department of Administration and the Department of Law that the term “legally responsible” for purposes of GASB 68 should not be construed in a legally enforceable sense, and that the reporting of net pension liability attributable to special funding situations on the State’s balance sheet does not mean that the State is legally obligated for such underlying net pension liabilities. Rather, the reporting of such amounts merely reflects an “economic reality” that the State is making state assistance payments on behalf of participating employers pursuant to AS 39.35.280 and AS 14.25.085. Nevertheless, GASB staff advised that the existence of such statutes, irrespective of their constitutional validity, required the State to report these amounts as liabilities on its balance sheet. Moreover, in a memo dated December 16, 2015, the Division of Legislative Audit stated that the constitutional prohibition against dedicated revenue and limitations on one legislature binding the appropriation power of a subsequent legislature are not permissible exceptions to this accounting rule.

Accordingly, the State is reporting such amounts on its balance sheet, but the State affirmatively disclaims any and all legal responsibility or obligation, in a legally enforceable sense, for the non-State employer GASB 68 net pension liabilities reported as liabilities on the basic financial statements herein. The State acknowledges that municipalities and school districts have taken the position that they are not claiming responsibility for liabilities beyond the obligations they report in their financial statements.

The assumptions for the portion of the net pension liability attributed to the special funding situation for both the PERS and TRS plans are the same as those previously listed. The proportionate share of the net pension liability attributed to the special funding situation was based on a projection of the present value of the State’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers from July 1, 2019 to a projected fully funded year of 2039.

The following presents the State’s proportionate share of the net pension liability calculated using the discount rate, as well as what the State’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for the special funding situation portion (in thousands):

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
PERS net pension liability	$ 745,403	$ 562,886	$ 408,499
TRS net pension liability	1,626,277	1,136,829	724,980

At June 30, 2018 the proportionate share of the net pension liability attributed to the State for the special funding situation was 11.33 percent for the Public Employee's Retirement System (PERS) and 59.39 percent for the Teacher's Retirement System (TRS), which was an decrease of 2.07 percent and 3.75 percent from its proportion measured as of June 30, 2017 for PERS and TRS respectively.

For the year ended June 30, 2019, the State recognized expenses of $255,752 thousand in relation to the special funding situation broken out by plan as follows (in thousands):

Systems	Pension Expense
Public Employees' Retirement System	$ 144,442
Teachers' Retirement System	111,310

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans for the special funding situation amounts from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	$ —	$ 14,127
	Difference Between Projected and Actual Investment Earnings	12,432	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	45,941
	Contributions Subsequent to the Measurement Date	67,857	—
TRS	Difference Between Expected and Actual Experience	—	32,056
	Difference Between Projected and Actual Investment Earnings	37,575	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	21,800
	Contributions Subsequent to the Measurement Date	127,365	—

$195,222 thousand reported as deferred outflows of resources related to the special funding situation resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the special funding situation will be recognized as expenses for each plan as follows (in thousands):

Year Ending June 30	PERS	TRS
2020	$ (44,258)	$ (6,080)
2021	6,798	22,021
2022	(9,632)	(30,337)
2023	(545)	(1,885)
2024	—	—
Thereafter	—	—

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net pension liability/(asset) for the JRS and NGNMRS defined benefit pension plan as of the measurement date, June 30, 2018 are below (in thousands):

JRS	**Increase (Decrease)**		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a)-(b)**
Balances at June 30, 2018	$ 216,635	$ 164,033	$ 52,602
Changes for the year:			
Service Cost	6,452	—	6,452
Interest	17,331	—	17,331
Differences between expected and actual experience	(12,076)	—	(12,076)
Changes in assumptions	10,344	—	10,344
Contributions - employer	—	10,528	(10,528)
Contributions - employee	—	833	(833)
Net investment income	—	13,590	(13,590)
Benefit payments, including refunds of employee contributions	(12,126)	(12,126)	—
Administrative expense	—	(63)	63
Net Changes	9,925	12,762	(2,837)
Balances at June 30, 2019	$ 226,560	$ 176,795	$ 49,765

NGNMRS	**Increase (Decrease)**		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Asset (a)-(b)**
Balances at June 30, 2018	$ 32,480	$ 38,132	$ (5,652)
Changes for the year:			
Service Cost	611	—	611
Interest	2,266	—	2,266
Differences between expected and actual experience	(12,218)		(12,218)
Changes in assumptions	(174)		(174)
Contributions - employer	—	907	(907)
Net investment income	—	1,965	(1,965)
Benefit payments, including refunds of employee contributions	(1,360)	(1,360)	—
Administrative expense	—	(226)	226
Net Changes	(10,875)	1,286	(12,161)
Balances at June 30, 2019	$ 21,605	$ 39,418	$ (17,813)

NON-STATE ADMINISTERED SINGLE EMPLOYER PLANS

The Alaska Railroad Corporation (ARRC) is a component unit of the State of Alaska. The ARRC has a single-employer defined benefit pension plan administered by the Tax Deferred Savings and Pension Committee covering all regular represented and nonrepresented employees who are not covered by the Civil Service Retirement System. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	**December 31, 2018**
Inflation	2.8%
Salary increases	3.0% CPI plus merit based rates
Cost of living allowance	1.4%
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	0.65% of payroll, based on current year actual expense

Mortality rates were based on the Society of Actuaries RP-2000 combined mortality table (65%/35% blended blue/white collar) and the Scale AA generational mortality improvement in longevity that management expects to occur in the future.

The long-term expected rate of return on pension plan investments of 7.5 percent was determined using a building-block method which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target allocation**	**Long-term expected real rate of return**
Cash	—%	0.50%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	2.00
Total Return Bond	13.00	2.50
Global Bond	5.00	2.50
High Yield Bond	7.00	4.00
Domestic Large Cap	20.00	7.00
Domestic Mid Cap	12.00	8.00
Domestic Small Cap	8.00	9.00
International Equity	13.00	7.25
Commodities	2.00	1.50
Real Estate	15.00	4.75
Total	100.00%	

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the ARRC contributions will be made based on the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate (in thousands):

	1% Decrease (6.5%)	**Current discount rate (7.5%)**	**1% Increase (8.5%)**
Net pension liability	$ 64,523	$ 34,452	$ 9,704

For the year ended December 31, 2018, the ARRC recognized pension expense of $8,240 thousand and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,555	$ 2,126
Changes in assumptions	161	—
Net difference between actual and projected earnings on investments	13,388	—

Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

	Amount
Year ending December 31,	
2019	$ 5,177
2020	2,964
2021	1,864
2022	3,973
2023	—
Thereafter	—

Changes in the net pension liability are as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Asset (a)-(b)**
Balances at January 1, 2018	$ 200,808	$ 185,423	$ 15,385
Changes for the year:			
Service Cost	5,676	—	5,676
Interest	15,221	—	15,221
Change of benefit terms	—	—	—
Difference between expected and actual experience	(2,321)	—	(2,321)
Changes of assumptions	—	—	—
Contributions - employer	—	3,555	(3,555)
Contributions - employee	—	4,341	(4,341)
Net investment loss	—	(8,075)	8,075
Benefit payments, including refunds of employee contributions	(7,062)	(7,062)	—
Administrative expense	—	(312)	312
Net Changes	11,514	(7,553)	19,067
Balances at December 31, 2018	$ 212,322	$ 177,870	$ 34,452

C. NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY/ASSET

Net other post-employment benefits (OPEB) liability is recorded in the schedule of long-term liabilities above. The total OPEB liability for the June 30, 2018 measurement date for all plans was determined by actuarial valuations as of June 30, 2017, which were rolled forward to June 30, 2018. The actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

System	Investment Rate of Return	Inflation Rate	Salary Scale Increases	Healthcare Cost Trend Rates
PERS*	8%, net of postretirement healthcare plan investment expenses. This is based on an average inflation of 3.12% and a real rate of return of 4.88%	3.12%	Graded by service, from 9.66% to 4.92% for Peace Officer/Firefighter. Graded by service and age from 8.55% to 4.34% for all others	Pre-65 medical; 8.0% grading down to 4.0% Post-65 medical; 5.5% grading down to 4.0% Prescription drugs; 9.0% grading down to 4.0% RDS/EGWP; 6.5% grading down to 4.0%
TRS*	8%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%	3.12%	Graded by service, from 8.11% to 3.87%	Pre-65 medical; 8.0% grading down to 4.0% Post-65 medical; 5.5% grading down to 4.0% Prescription drugs; 9.0% grading down to 4.0% RDS/EGWP; 6.5% grading down to 4.0%
JRS	8%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%	3.12%	3.62% per year, compounded annually	Pre-65 Medical; 8.8% grading down to 4.4% Post-65 medical; 5.8% grading down to 4.0% Prescription drugs; 5.4% grading down to 4.0%

* Healthcare Cost Trend Rates applicable to Alaska Retiree Healthcare Trust and Retiree Medical Plans within PERS and TRS systems.

PERS post-termination mortality rates were based on 96 percent of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60 percent of male and 65 percent of female post-termination rates. Deaths are assumed to be occupational 70 percent of the time for peace officer/firefighters, 50 percent of the time for all others. The actuarial assumption used in the June 30, 2017 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 actuarial valuation with the following exceptions: the medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data; an obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years; and per capita claims costs were updated reflecting recent experience.

TRS post-termination mortality rates were based on 94 percent of the male rates and 97 percent of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a three year setback for males and four year setback for females. The rates for pretermination mortality were 68 percent of the male rates and 60 percent of the female rates of the post-termination mortality rates. The actuarial assumption used in the June 30, 2017 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 actuarial valuation with the following exceptions: the medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data; an obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years; and per capita claims costs were updated reflecting recent experience.

JRS post-termination mortality rates were based on 94 percent of the male rates and 97 percent of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a three-year setback for males and four-year setback for females. The rates for pre-termination mortality were 68 percent of the male rates and 60 percent of the female rates of the post-termination mortality rates. The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, and rolled forward to the measurement date of June 30, 2018.

The long-term expected rate of return on plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plans' target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Domestic Equity	8.90%	24.00%	+/- 6%
	Global ex-U.S. equity	7.85	22.00	+/- 4
	Fixed Income	1.25	10.00	+/- 5
	Opportunistic	4.76	10.00	+/- 5
	Real assets	6.20	17.00	+/- 8
	Absolute return	4.76	7.00	+/- 4
	Private equity	12.08	9.00	+/- 5
	Cash Equivalents	0.66	1.00	+3/-1
JRS	Domestic Equity	8.90	24.00	+/- 6%
	Global ex-U.S. equity	7.85	22.00	+/- 4
	Fixed Income	1.25	10.00	+/- 5
	Opportunistic	4.76	10.00	+/- 5
	Real assets	6.20	17.00	+/- 8
	Absolute return	4.76	7.00	+/- 4
	Private equity	12.08	9.00	+/- 5
	Cash Equivalents	0.66	1.00	+1/-3

The discount rate used to measure the total OPEB liability/asset for each plan was 8%. The projection of cash flows used to determine the discount rate assumed that employer and state contributions will continue to follow the current funding policy, which meets state statutes. Based on those assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/asset. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the System Pension Plans' fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.98 percent as of June 30, 2018.

The following presents the net OPEB liability/(asset) for each plan as of June 30, 2018, calculated using the discount rate, as well as what the respective plans' net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
Primary Government's proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	$ 1,029,369	$ 508,456	$ 71,825
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	107,005	52,106	7,466
Primary Government's proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(8,823)	(9,395)	(9,866)
Discrete Component Units' proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(835)	(140)	(933)
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	18,382	6,156	(3,381)
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	1,739	582	(320)
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	4,937	2,080	(279)
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	12,333	5,196	(696)
Primary Government's proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(14)	(14)	(14)
Discrete Component Units' proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(80)	(80)	(80)
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	22	(13)	(39)
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	125	(73)	(223)
Primary Government's JRS net OPEB (asset) liability	(12,648)	(14,651)	(16,325)

The following presents the net OPEB liability/(asset) for each applicable plan as of June 30, 2018, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation reports, as well as what the respective plans' net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Primary Government's proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	$ 9,870	$ 508,456	$ 1,109,052
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	1,026	52,106	115,288
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(5,234)	6,156	21,398
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(495)	582	2,024
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(567)	2,080	5,309
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(1,415)	5,196	13,264
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(44)	(13)	30
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(251)	(73)	173
Primary Government's JRS net OPEB (asset) liability	(16,471)	(14,651)	(12,465)

The State's proportion of the net OPEB liability for the defined benefit plans were based on projections of the present value of the State's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers from July 1, 2019 to a projected fully funded year of 2039. The State's proportion of net OPEB liability/asset for the defined contribution plans were based on employer retiree medical contributions made during the year. The following represents the proportionate share of the multiple employer net OPEB liability/asset attributed to the state at June 30, 2018 and the associated change from its proportion measured as of June 30, 2017:

	2018	2019	Increase/ (Decrease)
PERS Alaska Retiree Healthcare Trust Plan	55.38%	54.69%	(0.69)%
Primary Government	50.64	49.54	(1.10)
Discrete Component Units	4.74	5.15	0.41
PERS Occupational Death and Disability Plan	53.16	52.95	(0.21)
Primary Government	49.14	48.37	(0.77)
Discrete Component Units	4.02	4.58	0.56
PERS Retiree Medical Plan	53.16	52.95	(0.21)
Primary Government	49.14	48.37	(0.77)
Discrete Component Units	4.02	4.58	0.56
TRS Alaska Retiree Healthcare Trust Plan	2.28	2.34	0.06
Primary Government	0.67	0.67	—
Discrete Component Units	1.61	1.67	0.06
TRS Occupational Death and Disability Plan	2.66	2.68	0.02
Primary Government	0.36	0.40	0.04
Discrete Component Units	2.30	2.28	(0.02)
TRS Retiree Medical Plan	2.66	2.68	0.02
Primary Government	0.36	0.40	0.04
Discrete Component Units	2.30	2.28	(0.02)

For the year ended June 30, 2019 the State recognized OPEB expense of $71,782 thousand ($62,230 thousand for the primary government and $9,552 thousand for the discrete component units) broken out by plan as follows (in thousands):

Systems	OPEB Expense
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	$ 55,534
PERS Alaska Retiree Heathcare Trust Plan - Discrete Component Units	7,756
PERS Occupational Death and Disability Plan - Primary Government	885
PERS Occupational Death and Disability Plan - Discrete Component Units	58
PERS Retiree Medical Plan - Primary Government	6,373
PERS Retiree Medical Plan - Discrete Component Units	617
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	293
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	1,055
TRS Occupational Death and Disability Plan - Primary Government	—
TRS Occupational Death and Disability Plan - Discrete Component Units	(1)
TRS Retiree Medical Plan - Primary Government	12
TRS Retiree Medical Plan - Discrete Component Units	67
Judicial Retirement System - Primary Government	(867)

At June 30, 2019 the State reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	$ —	$ 54,408
	Difference Between Projected and Actual Investment Earnings	—	107,746
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	—	12,391
	Changes in Assumptions	76,913	—
	Contributions Subsequent to the Measurement Date	50,848	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	5,656
	Difference Between Projected and Actual Investment Earnings	—	11,200
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	2,831	—
	Changes in Assumptions	7,892	—
	Contributions Subsequent to the Measurement Date	6,614	—
PERS Occupational Death and Disability Plan			
Primary Government	Difference Between Expected and Actual Experience	—	2,599
	Difference Between Projected and Actual Investment Earnings	—	330
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	344	—
	Contributions Subsequent to the Measurement Date	2,008	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	246
	Difference Between Projected and Actual Investment Earnings	—	31
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	4	163

		Deferred Outflows of Resources	Deferred Inflows of Resources
	Contributions Subsequent to the Measurement Date	175	—
PERS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	$ —	$ 329
	Difference Between Projected and Actual Investment Earnings	—	898
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	212
	Changes in Assumptions	2,852	—
	Contributions Subsequent to the Measurement Date	5,670	
Discrete Component Units	Difference Between Expected and Actual Experience	—	31
	Difference Between Projected and Actual Investment Earnings	—	85
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	92	2
	Changes in Assumptions	258	—
	Contributions Subsequent to the Measurement Date	604	
TRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	—	257
	Difference Between Projected and Actual Investment Earnings	—	542
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	11	35
	Changes in Assumption	598	—
	Contributions Subsequent to the Measurement Date	141	
Discrete Component Units	Difference Between Expected and Actual Experience	—	642
	Difference Between Projected and Actual Investment Earnings	—	1,353
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	500	116
	Changes in Assumptions	1,494	—
	Contributions Subsequent to the Measurement Date	856	—
TRS Occupational Death and Disability Plan			
Primary Government	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	1
	Contributions Subsequent to the Measurement Date	1	—
	Difference Between Expected and Actual Experience		1
Discrete Component Units	Difference Between Projected and Actual Investment Earnings	—	2
	Difference Between Expected and Actual Experience	—	5
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	1
	Contributions Subsequent to the Measurement Date	8	
TRS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	—	1
	Difference Between Projected and Actual Investment Earnings	—	3
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	1
	Changes in Assumption	8	—
	Contributions Subsequent to the Measurement Date	14	

		Deferred Outflows of Resources	Deferred Inflows of Resources
Discrete Component Units	Difference Between Expected and Actual Experience	—	8
	Difference Between Projected and Actual Investment Earnings	—	16
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	—
	Changes in Assumption	45	—
	Contributions Subsequent to the Measurement Date	76	
JRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Projected and Actual Investment Earnings	—	874
	Difference Between Expected and Actual Experience	33	1,317
	Changes in Assumptions	501	—
	Contributions Subsequent to the Measurement Date	591	

$67,605 thousand reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2020 ($59,272 thousand for the primary government and $8,333 thousand for discrete component units). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense for each plan as follows (in thousands):

	Year Ending June 30					
	2020	2021	2022	2023	2024	Thereafter
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	$ (33,332)	$ (26,811)	$ (35,128)	$ (2,362)	$ —	$ —
PERS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(1,148)	(961)	(3,652)	(246)	—	—
PERS Occupational Death and Disability Plan - Primary Government	(387)	(387)	(387)	(280)	(277)	(869)
PERS Occupational Death and Disability Plan - Discrete Component Units	(62)	(62)	(62)	(52)	(52)	(146)
PERS Retiree Medical Plan - Primary Government	(19)	(19)	(19)	288	282	900
PERS Retiree Medical Plan - Discrete Component Units	13	13	13	42	41	121
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	74	(110)	(177)	(11)	—	—
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	550	(197)	(442)	(29)	—	—
TRS Occupational Death and Disability Plan - Primary Government	—	—	—	—	—	—
TRS Occupational Death and Disability Plan - Discrete Component Units	(1)	(1)	(1)	(1)	(1)	(2)
TRS Retiree Medical Plan - Primary Government	—	—	—	1	1	3
TRS Retiree Medical Plan - Discrete Component Units	(1)	(1)	(1)	4	4	17
JRS - Primary Government	(600)	(617)	(421)	(19)	—	—

SPECIAL FUNDING SITUATION

Under Governmental Accounting Standards Board Statement No. 75, a special funding situation exists when a nonemployer entity is legally responsible for providing certain forms of financial support for OPEB of the employees of another entity Such support is a special funding situation if either (1) the amount of contributions or benefits, as applicable, for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to OPEB or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to an OPEB plan or to make benefit payments as OPEB comes due, as applicable.

As with net pension liability, the State is reporting such amounts on its balance sheet, but the State affirmatively disclaims any and all legal responsibility or obligation, in a legally enforceable sense, for the non-State employer GASB 75 net OPEB liabilities reported as liabilities on the basic financial statements herein. The State acknowledges that municipalities and school districts have taken the position that they are not claiming responsibility for liabilities beyond the obligations they report in their financial statements.

The assumptions for the portion of the net OPEB liability attributed to the special funding situation for both the PERS and TRS plans are the same as those previously listed. The proportionate share of the net OPEB liability attributed to the special funding situation was based on a present value of the State's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers from July 1, 2019 to a projected fully funded year of 2039.

The following presents the State's proportionate share of the net OPEB liability/asset associated with the special funding situation calculated using the discount rate, as well as what the State's proportionate share of the net OPEB liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for the special funding situation portion (in thousands):

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
PERS Alaska Retiree Healthcare Trust Plan	$ 235,878	$ 116,512	$ 16,459
TRS Alaska Retiree Healthcare Trust Plan	438,972	184,929	(24,767)

The following presents the net OPEB liability/asset associated with the special funding situation for each applicable plan as of June 30, 2018, calculated using the healthcare cost trend rates as summarized in the 2017 actuarial valuation reports, as well as what the respective plans' net OPEB liability/asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
PERS Alaska Retiree Healthcare Trust Plan	$ 2,262	$ 116,512	$ 254,137
TRS Alaska Retiree Healthcare Trust Plan	(50,374)	184,929	472,113

At June 30, 2018 the proportionate share of the net OPEB liability attributed to the State for the special funding situation was 11.35 percent for the Public Employee's Retirement System (PERS) and 59.47 percent for the Teacher's Retirement System (TRS), which was a decrease of 2.06% percent and 3.79% percent from its proportion measured as of June 30, 2017 for PERS and TRS respectively.

For the year ended June 30, 2019, the State recognized expenses of $56,088 thousand in relation to the special funding situation broken out by plan as follows (in thousands):

Systems	OPEB Expense
Public Employees' Retirement System	$ 28,577
Teachers' Retirement System	27,511

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans for the special funding situation amounts from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	$ —	$ 12,467
	Difference Between Projected and Actual Investment Earnings	—	24,690
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1,053	—
	Changes in Assumptions	17,676	—
TRS	Difference Between Expected and Actual Experience	—	22,864
	Difference Between Projected and Actual Investment Earnings	—	48,163
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	11,009
	Changes in Assumptions	53,174	—

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the special funding situation will be recognized as expenses for each plan as follows (in thousands):

Year Ending June 30	PERS	TRS
2020	$ 2,547	$ 60
2021	(12,385)	(12,189)
2022	(8,050)	(15,715)
2023	(541)	(1,018)
2024	—	—
Thereafter	—	—

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net OPEB asset for the JRS defined benefit OPEB plan as of the measurement date, June 30, 2018 are below (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB asset (a)-(b)
Balances at June 30, 2018	$ 17,476	$ 29,991	$ (12,515)
Changes for the year:			
Service Cost	690	—	690
Interest	1,391	—	1,391
Difference between expected and actual experience	(1,865)	—	(1,865)
Changes of assumptions	710	—	710
Retiree Drug Subsidy	21	21	—
Contributions - employer	—	621	(621)
Net investment income	—	2,455	(2,455)
Benefit payments, including refunds of employee contributions	(1,576)	(1,576)	—
Administrative expense	—	(15)	15
Net Changes	(629)	1,506	(2,135)
Balances at June 30, 2019	$ 16,847	$ 31,497	$ (14,650)

NON-STATE ADMINISTERED SINGLE EMPLOYER PLANS

The Alaska Railroad Corporation (ARRC) is a component unit of the State of Alaska. The ARRC has a single-employer defined benefit retiree health care plan administered by the Nonrepresented Tax Deferred Savings, 457 and Health Care Trust Plan Committee covering nonrepresented and Alaska Railroad Workers represented employees, who became employed prior to November 4, 2014. The plan also covers regular represented employees covered under the American Train Dispatchers Association or other represented employees hired before March 4, 2016 for United Transportation Union; April 2, 2015 for Carmen's Division of Transportation Communication International Union; and April 26, 2016 for International Brotherhood of Teamsters 959, as specified in the labor agreements.

The net OPEB liability/asset was measured as of December 31, 2018, and the total OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	December 31, 2018
Discount Rate	6.75%
Inflation	2.8%
Salary increases	3.0% CPI plus merit based rates
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	0.18% of payroll, based on current year actual expenses
Participation Rates	Varies from 35% to 85%
Medical Trend	Non Medicare 7.5%, decreasing to an ultimate rate of 4.0% in 2076. Medicare 6.5%, decreasing to an ultimate rate of 4.0% in 2019.

Mortality rates were based on the Society of Actuaries RP-2000 combined mortality table (65%/35% blended blue/white collar) and the Scale AA generational mortality improvement in longevity that management expects to occur in the future.

The long-term expected rate of return on pension plan investments of 6.75 percent on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Cash	—%	0.50%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	2.00
Intermediate Term Bond	30.00	2.50
Global Bond	5.00	2.50
High Yield Bond	10.00	4.00
Domestic Large Cap	15.00	7.00
Domestic Mid Cap	5.00	8.00
Domestic Small Cap	4.00	9.00
U.S. Healthcare (Equity)	5.00	7.50
International Equity	6.00	7.25
Real Estate	15.00	4.75
Total	100.00%	

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and contributions from employers will be made based on the actuarially determined contribution rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected payments to determine the total OPEB liability.

The following presents the net OPEB liability/asset calculated as of December 31, 2018 using the discount rate of 6.75 percent, as well as what the net OPEB liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current rate (in thousands):

	1% Decrease 5.75%	Current discount rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	$ (27,601)	$ (29,916)	$ (31,805)

The following presents the net OPEB liability/asset calculated as of December 31, 2018 using the medical cost trend rate of 7.5 percent beginning in 2015 reducing over eight years to 4.5 percent, as well as what the net OPEB liability/asset would be if it were calculated using a trend rate that is 1-percentage-point lower or higher than the current rate (in thousands):

	1% Decrease 6.5%	Medical Cost Trend Rate 7.5%	1% Increase 8.5%
Net OPEB liability (asset)	$ (32,270)	$ (29,916)	$ (26,936)

For the year ended December 31, 2018, the ARRC recognized net OPEB income of $623 thousand and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ —	$ 5,405
Changes in assumptions	2,281	—
Net difference between actual and projected earnings on investments	3,134	—

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense or income as follows (in thousands):

	Amount
Year ending December 31,	
2019	$ 859
2020	165
2021	154
2022	439
2023	(379)
Thereafter	(1,228)

Changes in the net OPEB liability are as follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB asset (a)-(b)
Balances at January 1, 2018	$ 17,152	$ 46,627	$ (29,475)
Changes for the year:			
Service Cost	599	—	599
Interest	981	—	981
Change of benefit terms	—	—	—
Difference between expected and actual experience	(4,511)	—	(4,511)
Changes in assumptions	1,461	—	1,461
Net investment loss		(958)	958
Benefit payments, net of retiree premiums	(350)	(350)	—
Administrative expense	—	(71)	71
Net Changes	(1,820)	(1,379)	(441)
Balances at December 31, 2018	$ 15,332	$ 45,248	$ (29,916)

D. GENERAL OBLIGATION BONDS AND REVENUE BONDS AND OTHER LONG-TERM DEBT

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, 2019, the following were the General Obligation Bond debt outstanding (in millions):

Year Ending June 30	Principal	Interest	Total
2020	45.2	32.7	77.9
2021	46.5	30.5	77.0
2022	38.0	28.5	66.5
2023	39.7	26.6	66.3
2024	41.5	24.7	66.2
2025-2029	208.2	93.2	301.4
2030-2034	200.2	38.7	238.9
2035-2039	50.8	3.6	54.4
2040-2044	—	—	—
Total debt service requirements	670.1	278.5	948.6
Unamortized bond premium	57.5		
Total principal outstanding	727.6		

The General Obligation Bond Series 2009A Bonds were issued for the purpose of paying $165 million of the costs of State transportation projects. The Series 2010 A and B Bonds were issued for the purpose of paying $164.57 million of the costs of State education projects. The Series 2012A Bonds were issued for the purpose of refunding $191.41 million on the 2003A Series Bonds resulting in an economic gain of $27.1 million and an aggregate difference in debt service of $33.0 million. The

Series 2013 A and B Bonds were issued for the purpose of paying $162.48 million of the costs of State education projects. The Series 2015B Bonds were issued for the purpose of refunding $100.62 million on the 2009A Series Bonds resulting in an economic gain of $7.5 million and an aggregate difference in debt service of $8.8 million. The Series 2016A bonds were issued for the purpose of long-term financing, over short-term financing, of $155.2 million of the costs of State transportation projects. The Series 2016B bonds were issued for the purpose of paying $128.3 million of the costs of State transportation projects.

Federal subsidies related to the interest payments made during the year on the bonds were $4.8 million.

At June 30, 2019, the amount of General Obligation Bonds authorized was $1,012.1 million with $811.0 million issued. General Obligation Bonds authorized but not issued at June 30, 2019 was $201.1 million.

REVENUE BONDS AND OTHER LONG-TERM DEBT

As of June 30, 2019, the following were the revenue bonds and other long-term debt outstanding (in millions):

	Governmental Activities				Business-Type Activities	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 3.2	$ 15.2	$ 2.6	$ —	$ 13.2	$ 16.5
2021	3.4	15.0	2.7	—	13.9	15.9
2022	5.2	14.9	2.8	—	14.6	14.9
2023	9.7	14.6	1.0	—	17.4	13.9
2024	5.9	14.1	—	—	16.2	13.1
2025-2029	36.2	65.7	—	—	96.5	52.4
2030-2034	49.3	55.4	—	—	118.3	30.0
2035-2039	63.0	41.8	—	—	56.4	3.0
2040-2044	85.9	23.9	—	—	—	—
2045-2049	54.2	128.4	—	—	—	—
Total debt service requirements	316.0	$ 389.0	9.1	—	346.5	$ 159.7
Unamortized bond (discounts)/ premiums	(4.7)				23.8	
Plus accreted value	14.4				—	
Total principal outstanding	$ 325.7				$ 370.3	

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 Position.

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 bond 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, 2019 includes $302.2 million in principal, $387.2 million in interest, $(5.0) million in unamortized discount, and $14.4 million in accreted value on the Series 2006B and Series 2006C Bonds.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing 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 $13.8 million in principal, $1.8 million in interest, and $0.3 million in unamortized premium.

Internal Service Fund Direct Borrowing

The Public Building Fund and the Information Service Fund both had direct borrowing activity. Both agreements state that if there is an event of default, notwithstanding any return of the subject property, the agency shall pay upon demand all remaining amounts due and anticipated to be due during the current fiscal year.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund. 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. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Position. There are $23.2 million of bonds authorized by the Alaska Legislature that have not been issued. During FY 19 International Airports paid $12.5 million of bonds that had matured and also paid $16.5 million of bond principal through optional redemptions prior to scheduled maturity. At June 30, 2019 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were $398.8 thousand. International Airports Revenue Bond total at year end includes $346.5 million in principal, $159.7 million in interest and $23.8 million in unamortized premiums/discounts and deferred gains/losses.

E. CAPITAL AND OPERATING LEASES

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

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2020	$ 31.2	$ 21.5	$ 11.2	$ 32.7
2021	23.0	19.0	10.3	29.3
2022	19.2	18.9	9.3	28.2
2023	15.7	16.7	8.4	25.1
2024	13.7	15.5	7.6	23.1
2025-2029	31.2	95.4	29.2	124.6
2030-2034	3.8	50.8	3.9	54.7
2035-2039	0.3	—	—	—
2040-2044	0.3	—	—	—
2045-2049	0.3	—	—	—
2050-2054	0.3	—	—	—
2055-2059	0.3	—	—	—
2060-2064	0.3	—	—	—
2065-2069	1.7	—	—	—
Total	$ 141.3	$ 237.8	$ 79.9	$ 317.7

Leases at June 30, 2019 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. Amortization of assets acquired under capital lease is included with depreciation expense. 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, 2019 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 469,372	$ —
Equipment	6,285	—
Less: Accumulated Depreciation	(135,872)	—
	$ 339,785	$ —

F. CERTIFICATES OF PARTICIPATION

The State has lease purchase agreements funded through certificates of participation (COPs). These leases are for the purchase or construction 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, 2019 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2020	$ 2.0	$ 1.1	$ 3.1
2021	2.2	1	3.2
2022	2.2	0.9	3.1
2023	2.5	0.8	3.3
2024	2.6	0.7	3.3
2025-2029	14.8	2	16.8
2030-2034	0.0	0	—
Total	$ 26.3	$ 6.5	$ 32.8

G. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

	Bonds		Notes from Direct Borrowings and Direct Placements	
Year Ending June 30	Principal	Interest	Principal	Interest
2020	$ 210.3	$ 165.3	$ 3.7	0.7
2021	221.8	155.7	2.7	0.6
2022	227.8	146.0	2.4	0.5
2023	216.1	136.0	2.5	0.4
2024	213.7	126.5	1.5	0.3
2025-2029	926.7	505.8	6.2	1.3
2030-2034	989.7	292.7	3.8	0.2
2035-2039	499.9	153.3	—	—
2040-2044	309.1	69.0	—	—
2045-2049	249.3	22.0	—	—
2050-2054	4.4	0.1	—	—
Total debt service requirements	4,068.8	$ 1,772.4	$ 22.8	$ 4.0
Unamortized (discounts)/premiums	111.2			
Unamortized swap termination penalty	(5.7)			
Total principal outstanding	$ 4,174.3			

The preceding table does not include $1,110 thousand of Alaska Energy Authority bond arbitrage interest payable.

The preceding schedule excluded conduit debt of the Alaska Municipal Bond Bank Authority. Under the Coastal Energy Loan Program, the Authority issued $5 million 1986 Series A Coastal Energy Bonds payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of the bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska Port Revenue Bond 1986 Series A. As of June 30, 2019 the aggregate amount outstanding for conduit debt obligations was $3.9 million.

The Alaska Municipal Bond Bank Authority issued $6.5 million 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and defer payment. As of June 30, 2019 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was $6.0 million.

The preceding schedule excluded conduit debt of the Alaska Industrial Development and Export Authority. AIDEA has a standalone revenue bond program wherein AIDEA acts as a conduit to facilitate a market financing transaction for facilities owned by and paid for by third parties. At June 30, 2019 AIDEA had issued conduit revenue bonds for 319 projects (not including bonds issued to refund other bonds). At June 30, 2019, the outstanding aggregate amount of conduit revenue bonds issued after July 1, 1995 was $533.8 million. We are unable to determine the aggregate amount outstanding for the remaining conduit revenue bonds, issued prior to July 1, 1995, but their original issue amounts totaled $616 million for a total of $1.54 billion issued through June 30, 2019 (not including bonds issued to refund other bonds).

The preceding schedule excluded conduit debt of the Alaska Housing Finance Corporation. AHFC has issued debt to assist private sector entities in the acquisition of construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable from rents, payments received on the underlying mortgage loans, as well as tax credits, grants and other subsidy funding.

A summary of the all AHFC conduit debt as of June 30,2019 follows in thousands.

	Balance as of June 30, 2019
Revenue bonds, 2018 (Hamstead Heath Apartments)	$3,485
Revenue bonds, 2018 (Marina Karina Project)	3,423

The separately issued financial statements of the discretely presented component units have identified assets pledged as collateral, terms of default, events of termination, and any related acceleration clauses within their separately audited financial statements.

H. 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 rate 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 or not the derivative constitutes effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, 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.

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

The 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. These measurements are Level 2 inputs. 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 risks, 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 swaps' fair value. As of June 30, 2019, AHFC has not posted any collateral and was not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2019, 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	BBB+/A3
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	AA/Aa3
E021A1[2]	10/9/2008	2.9800%	70% of 3M LIBOR[5]	6/1/2032	AA-/Aa2
SC02C[3]	12/5/2002	4.3030%	SIFMA[6] +0.115%	7/1/2022	A+/Aa1
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AA-/Aa2
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	A+/Aa1
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	A+/Aa1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa2
E091ABD	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	A+/Aa1
SC14C	6/1/2019	3.2220%	100% of 1M LIBOR	12/1/2029	AA-/Aa2

[1] Governmental Purpose Bonds
[2] Home Mortgage Revenue Bonds
[3] State Capital Project Bonds
[4] London Interbank Offered Rate ("LIBOR") 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, 2019, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2019	Fair Values June 30, 2018	Change in Fair Values
GP01A	$ 40,760	$ 43,823	$ (3,063)	$ (1,577)	$ (1,486)
GP01B	49,810	58,586	(8,776)	(7,526)	(1,250)
E021A1	34,265	38,109	(3,844)	(2,439)	(1,405)
SC02C	23,155	24,214	(1,059)	(1,342)	283
E071AB	135,879	171,629	(35,750)	(26,448)	(9,302)
E071AD	90,586	114,231	(23,645)	(17,373)	(6,272)
E091A	72,789	91,927	(19,138)	(14,372)	(4,766)
E091B	72,789	91,643	(18,854)	(13,997)	(4,857)
E091ABD	97,052	121,925	(24,873)	(18,321)	(6,552)
SC14C	140,000	157,789	(17,789)	—	(17,789)
Total	$ 757,085	$ 913,876	$ (156,791)	$ (103,395)	$ (53,396)

As of June 30, 2019, 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 Principal	Outstanding Variable-Rate Debt Interest	Swap Net Payment	Total Payment
2020	$ 23,310	$ 15,425	$ 13,589	$ 52,324
2021	27,780	14,958	13,080	55,818
2022	29,230	14,439	12,510	56,179
2023	27,175	13,891	11,911	52,977
2024	24,750	13,417	11,407	49,574
2025-2029	142,290	59,701	49,271	251,262
2030-2034	274,840	27,797	29,737	332,374
2035-2039	141,660	13,655	15,538	170,853
2040-2044	66,050	1,618	1,834	69,502
	$ 757,085	$ 174,901	$ 158,877	$ 1,090,863

Interest Rate Risk

AHFC is exposed to interest rate risk on all of its interest rate swaps. As the London Interbank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association (SIFMA) index decreases, AHFC's net payment on the swaps increases.

Credit Risk

As of June 30, 2019, AHFC is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes 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 six separate counterparties. Approximately 32.1 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa2. Another 27.8 percent of the total notional amount of the swaps is held with another counterparty rated A+/Aa1 and 18.5% of the total notional amount of swaps is held with another counterparty rated AA-/Aa2. Of the remaining swaps, one counterparty is rated A+/Aa1, another counterparty is rated AA/Aa3, and the remaining counterparty is rated BBB+/A3, approximating 9.6 percent, 6.6 percent, and 5.4 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC's variable-rate bond interest payments related to interest rate swaps 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. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2019, SIFMA was 1.90 percent and 1 month LIBOR was 2.40 percent, resulting in a SIFMA/LIBOR ratio of 79.2 percent. The 3 month LIBOR was 2.32 percent resulting in a SIFMA/LIBOR ratio of 81.9 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.

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 Home Mortgage Revenue Bonds, 2002 Series A 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 Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped 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, 2019, 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	A+/Aa1

The change in fair value of the investment derivatives as of June 30, 2019, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2019	Fair Values June 30, 2018	Changes in Fair Value
SC02B	$ 14,555	$ 16,113	$ (1,558)	$ (1,280)	$ (278)

Credit Risk

As of June 30, 2019, AHFC was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement 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 A+/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION 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. 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), an other agency enterprise 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, the Teacher's Retirement System - Defined Benefit (TRS-DB), and the Judicial Retirement System (JRS) 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 ARHCT. 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 and reports listing Information Required Under Governmental Accounting Standards Board Statement Nos. 68 and 75 as of June 30, 2018, may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at http://doa.alaska.gov/drb/.

For purposes of measuring the net pension liability, net other post employment benefit liability (OPEB), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the PERS defined benefits plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are due to the Plans when employee services have been performed and paid. Contributions are recognized as revenues when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received, or payment is made. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Division of Treasury (Treasury). The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of $1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.
As of June 30, 2019, the number of PERS participating employers were:

State of Alaska	4
Municipalities	73
School Districts	52
Other	24
Total Employers	153

Members hired prior to July 1, 1986, with five or more paid-up years of credited service are entitled to monthly pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members hired after June 30, 1986, the normal and early retirement ages are 60 and 55, respectively. Members with 30 or more years of credited service (20 years for peace officers and firefighters) may retire at any age and receive a normal benefit.

The normal monthly pension benefit is based on years of service and average monthly compensation. For members hired prior to July 1, 1996, and all peace officers and firefighters, the average monthly compensation is based upon the member's three highest, consecutive years' salaries. For all other members hired after June 30, 1996, average monthly compensation is based upon the members' five highest consecutive years' salaries.

The benefit related to all years of service prior to July 1, 1986, and for years of service through a total of 10 years for general members is equal to 2 percent of the member's average monthly compensation for each year of service. The benefit for each year over 10 years of service subsequent to June 30, 1986, is equal to 2.25 percent of the member's average monthly compensation for the second 10 years and 2.5 percent for all remaining years of service. For peace officers and firefighters, the benefit for years of service through a total of 10 years is equal to 2 percent of the member's average monthly compensation and 2.5 percent for all remaining years of service.

PERS-DB has two types of postretirement pension adjustment (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the PERS-DB Plan's Administrator if the funding ratio of the PERS-DB Plan meets or exceeds 105 percent. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

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). 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, 2019, was capped at 22 percent of compensation.

The State's employer contributions to PERS-DB for the fiscal years ended June 30, 2019, 2018, and 2017 were $221.8. $220.5, and $224.7 million respectively for the year. For the FY 19 contributions, $163.0 million ($141.8 million for the primary government and $21.2 million for the discretely presented component units) was for pensions and $58.8 million ($51.4 million for the primary government and $7.4 million for the discretely presented component units) was for postemployment benefits. The contributions were equal to the required contributions in FY 19.

Alaska Statute 39.35.280 requires that additional state contributions are to be paid 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. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement Pension Plan payroll. The DBUL amount is computed as the difference between:

A. The amount calculated for the statutory employer effective contribution rate of 22 percent on eligible salary less

B. The total of the employer contributions for:

  a. The defined contribution employer matching amount;

  b. Major medical;

  c. Occupational death and disability; and

  d. Health reimbursement arrangement.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds.

Chapter 17 SLA 2018 appropriated $135.2 million from the General Fund to PERS- DB for FY 19 and $148.0 thousand for FY 18 to the PERS-DB as an additional state contributions. The portion of this payment attributable to State of Alaska employers is $76.0 million ($67.5 million for the primary government as an employer contribution and $8.5 million for the discretely presented component units as nonemployer contributions) for pensions.

Postemployment healthcare benefits are provided to retirees and their surviving spouses without premium 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, and their surviving spouses with five years of credited service (or 10 years of credited service for those first hired after July 1, 1996) must 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. Members hired after June 30, 1986, but before June 30, 1996, who are receiving a conditional benefit, and are age eligible, are eligible for postemployment healthcare benefits. Peace officers and their surviving spouses with 25 years of membership and all other employees and their surviving spouses with 30 years of membership service also receive benefits at no premium cost, regardless of their age or date of hire.

The components of the net pension liability/(asset) of the participating employers at June 30, 2019, were as follows (in thousands):

Total Pension Liability	$ 14,963,635
Plan Fiduciary Net Position	(9,489,405)
Employers' Net Pension Liability (Asset)	$ 5,474,230
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%

The components of the net OPEB liability/(asset) of the participating employers at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$ 7,916,072
Plan Fiduciary Net Position	(7,767,692)
Employers' Net OPEB Liability (Asset)	$ 148,380
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	98.13%

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 RHF, an other agency enterprise 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, and JRS plans. Due to the establishment of the 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 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 the ARHCT 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 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 and reports listing Information Required Under Governmental Accounting Standards Board Statement Nos. 68 and 75 as of June 30, 2018, may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at http://doa.alaska.gov/drb/.

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the TRS defined benefits plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are due to the Plans when employee services have been performed and paid. Contributions are recognized as revenues when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received, or payment is made. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of $1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

As of June 30, 2019, the number of participating employers were:

State of Alaska	2
School Districts	53
Other	2
Total Employers	57

Vested members hired prior to July 1, 1990, are entitled to pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members hired after June 30, 1990, the normal and early retirement ages are 60 and 55, respectively. Members may also retire at any age and receive a normal benefit when they accumulate the required credited service.

The normal annual pension benefit is based on years of service and average base salary. The average base salary is based upon the member's three highest contract years' salaries.

The benefit related to all years of credited service prior to July 1, 1990, and for years of service through a total of 20 years equal to 2 percent of the employee's average base salary. The benefit for each year over 20 years of service subsequent to June 30, 1990, is equal to 2.5 percent of the employee's base salary.

TRS-DB has two types of postretirement pension adjustment (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the TRS-DB Plan's administrator if the funding ratio of the TRS-DB Plan meets or exceeds 105 percent. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

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.

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, as an amount that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer rate for the State of Alaska for the year ended June 30, 2019, 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. Additionally, there is a Defined Benefit Unfunded Liability amount levied against the Defined Contributions Retirement Pension Plan payroll.

The State's employer contributions to TRS-DB for the fiscal years ended June 30, 2019, 2018, and 2017 were $3.1, $3.4, and $3.8 million respectively, equal to the required contributions for each year. For the FY 19 contributions, $2.1 million ($0.3 million for the primary government and $1.8 million for the discretely presented component units) was for pensions and $1.0 million was for postemployment benefits ($0.1 million for the primary government and $0.9 million for the discretely presented component units). The contributions were equal to the required contributions in FY 19.

Alaska Statute 14.25.085 requires that additional state contributions are to be paid 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 ARMB for that fiscal year.

Chapter 17 SLA 2018 appropriated $128.2 million from the General Fund to the TRS-DB as an additional state contribution for FY 19. The portion of this payment attributable to State of Alaska employers is $5.7 million ($0.8 million for the primary government as an employer contribution and $4.9 million for the discretely presented component units as nonemployer contributions) for pensions.

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 components of the net pension liability/(asset) of the participating employers at June 30, 2019, were as follows (in thousands):

Total Pension Liability	$ 7,380,472
Plan Fiduciary Net Position	(5,511,929)
Employers' Net Pension Liability (Asset)	$ 1,868,543
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.68%

The component of the net OPEB liability/(asset) of the participating employers at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$ 2,776,498
Plan Fiduciary Net Position	(2,929,319)
Employers' Net OPEB Liability (Asset)	$ (152,821)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	105.5%

The Judicial Retirement System (JRS)

JRS is a defined benefit, single-employer retirement plan 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 RHF, an other agency enterprise 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, and JRS Plans. Due to the establishment of the 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.

Senate Bill 123 was passed during the 2007 legislative session and which created the 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 or from their website at http://doa.alaska.gov/drb/.

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the JRS defined benefits plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are recognized in the period in which they are due. Benefits are recognized when due and payable. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of $1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

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 with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement at age 60 or early retirement at age 55. Members who are under age 60 and have 20 or more years of credited service may retire at any age and receive an actuarially reduced benefit.

The normal monthly pension benefit is based on the member's years of service and the current authorized salary for the position from which they retired. The pension benefit is equal to 5 percent for each year of service up to a maximum of 75 percent of the current base salary for an active judge in the month the benefit is paid. In the event of salary increases for active judges, the monthly pension benefit for retired judges also increases.

Upon the death of a member who has served for at least two years, the surviving spouse is entitled to receive monthly benefits equal to one-half of the monthly retirement pay the member would have been entitled to receive if retired at the time of death. If the member was not eligible to retire or would have been entitled to less than 60 percent of the monthly authorized salary, the spouse is entitled to monthly benefits not less than 30 percent of the authorized salary. The benefits continue until the surviving spouse dies.

If there is no eligible surviving spouse, the member's surviving dependent child(ren) are entitled to receive a benefit equal to 50 percent of the above survivor's benefit. Each child will receive an equal share of the benefit while they are dependent. If there is no surviving spouse or dependent child(ren), the member's beneficiary(ies) shall receive the difference between contributions made and interest accrued in the Plan less benefits paid by the Plan.

Members who are involuntarily retired for incapacity and have a minimum of five years of service at the time of retirement for incapacity are eligible for pension benefits.

Members contribute seven percent of their compensation to JRS, as required by statute. 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, an amount that, when combined, is expected to finance the costs of both pension and postemployment healthcare benefits earned by plan members during the year. The employer rate for the State of Alaska for the year ended June 30, 2019, was 75.06 percent of compensation. Total employer contributions for FY 19 were $5,348 thousand for pensions, and $591 thousand for postemployment benefits. Included in the total employer contribution amounts is $4.9 million appropriated in Chapter 17 SLA 2018 from the General Fund to JRS as an additional state contribution for the purpose of funding the retirement system.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The components of the net pension liability/(asset) at June 30, 2019, were as follows (in thousands):

Total Pension Liability	$ 235,935
Plan Fiduciary Net Position	(184,626)
Employers' Net Pension Liability (Asset)	$ 51,309
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.25%

The components of the net OPEB liability/(asset) at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$	17,962
Plan Fiduciary Net Position		(33,092)
Employers' Net OPEB Liability (Asset)	$	(15,130)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		184.23%

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

NGNMRS is a defined benefit, single-employer retirement plan 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. Additional information on the NGNMRS plan may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to the pension asset and pension expense, information about the fiduciary net position of the NGNMRS defined benefits plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Contributions are recognized in the period in which they are due. Benefits are recognized when due and payable. The Plan owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plan's investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of $1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals.

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.

Members who voluntarily retire from the Alaska National Guard or Alaska Naval Militia after at least five years of Alaska Guard service and a total of at least 20 years of U.S. military service or members who involuntarily leave the Alaska Guard service due to federal standards imposed on the Alaska Guard, regardless of length of service, are eligible for a retirement pension. The retirement pension is $100 per month for each month of Alaska Guard service and may be paid to the member monthly or in a one-time lump sum.

Upon the death of an eligible member, as previously described, the member's designated beneficiary is entitled to a lump-sum benefit equal to the original pension amount less any payments already paid to the member.

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 cost method.

Chapter 17 SLA 2018 appropriated $852 thousand from the General Fund to the NGNMRS for the purpose of funding past service liability as an additional state contribution for FY 19.

The components of the net pension liability/(asset) at June 30, 2019, were as follows (in thousands):

Total Pension Liability	$ 22,253
Plan Fiduciary Net Position	(40,965)
Employers' Net Pension Liability (Asset)	$ (18,712)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	184.09%

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.

Systems	Fair Value
Public Employees' Retirement System	$ 17,302,525
Teachers' Retirement System	8,460,500
Judicial Retirement System	217,468
Alaska National Guard and Alaska Naval Militia Retirement System	41,059

PERS valuation of assets: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY15, the asset value method recognizes 20 percent of the gain or loss each year, for a period of five years. All assets are fair value. Assets are accounted for on an accrued basis and are taken from financial statements.

JRS and NGNMRS valuation of assets: Effective June 30, 2006, the asset valuation method recognizes 20 percent of the investment gain or loss in each of the current and preceding four years. This method will be phased in over five years. Assets are initialized at market value as of June 30, 2006. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from financial statements. Valuation assets are constrained to a range of 80 percent to 120 percent of the market value of assets.

PLAN MEMBERSHIPS

The table below includes the plan membership counts from the separately issued financial statements for the various plans.

	PERS	TRS	JRS	NGNMRS
Inactive plan members or beneficiaries currently receiving benefits	36,059	13,239	141	752
Inactive plan members entitled to but not yet receiving benefits	7,361	799	3	588
Inactive plan members not entitled to benefits	10,808	1,811	—	—
Active plan members	12,316	4,087	68	3,777
Total	66,544	19,936	212	5,117

ACTUARIAL METHODS AND ASSUMPTIONS

PERS, TRS, and JRS use the Entry Age Normal actuarial cost method which amortizes funding surpluses or unfunded actuarial accrued liabilities (UAAL) over future years. The UAAL is the excess of the Actuarial Accrued Liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the UAAL.

Amortization occurs over a closed 25-year period as required by Alaska statutes. The closed 25-year period was originally established effective June 30, 2014. Effective June 30, 2018, the Alaska Retirement Management Board (ARMB) adopted a layered UAAL amortization method for PERS and TRS:

- Layer 1 equals the sum of the UAAL at June 30, 2018, based on the 2017 valuation plus the FY 18 experience gain/loss. It is amortized over the remainder of the closed 25-year period that was established in 2014.
- Layer 2 equals the change in UAAL at June 30, 2018, due to the experience study and implementation of the Employer Group Waiver Plan. It is amortized over a separate closed 25-year period starting in 2018.
- Future layers will be created each year based on the change in the UAAL occurring that year, and will be amortized over separate closed 25-year periods.

The UAAL amortization continues to be on a level percent of pay basis. The compensation used to determine required contributions is the total compensation of all active members, including those hired after July 1, 2006, who are members of the Defined Contribution Retirement Plan. The funding objective is to pay required contributions that remain level as a percent of total compensation. This objective is currently being met and is projected to continue to be met. Absent future gains/losses, actuarially determined contributions are expected to remain level as a percent of pay and the overall funded status is expected to increase to 100 percent after 25 years.

Effective for the June 30, 2018, valuation, ARMB adopted changes to assumptions based on an analysis of the population experience from July 1, 2013 to June 30, 2017. The new assumptions increased the Actuarial Accrued Liability as of June 30, 2018 for PERS by $1,316 million, TRS by $95 million, and JRS by $13 million.

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	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of pay normal cost basis	Level percentage of pay; closed	layered periods of 25 years	For Peace Officer/ Firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.	6/30/2018
TRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of pay normal cost basis	Level percentage of pay, closed	layered periods of 25 years	Graded by service, from 6.75% to 2.75%	6/30/2018
JRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of expected payroll	Level percentage of expected payroll, closed	25 years	3.62%	6/30/2018
NGNMRS	7% (net of investment expense) Inflation at 2.50% Real Return 4.50%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2018

Effective January 1, 2019, an enhanced Employer Group Waiver Plan (EGWP) was implemented for all Medicare-eligible members receiving healthcare benefits. This arrangement replaced the Retiree Drug Subsidy under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage. The Plans received $9.6 million from the Center of Medicare and Medicaid Services for the period January1 - June 30, 2019.

		Health Care Cost Trend Rates			
		Medical Pre-65	Medical Post-65	Rx/EGWP	RDS
For PERS/TRS/JRS	FY 19	7.5%	5.5%	8.5%	4.7%
	FY 20	7.0%	5.4%	8.0%	4.7%

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 in the Required Supplementary Information 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.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

A. 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 Medical Plan (RMP) and Healthcare Reimbursement Arrangement Plan (HRA), and Occupational Death and Disability (OD&D). 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 or from their website at http://doa.alaska.gov/drb/.

As of June 30, 2019, there were 154 employers participating in PERS-DCR. There were 22,395 members, of which 20,340 are general employees and 2,055 are peace officers and firefighters.

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service. Any forfeited employer contributions are used to reduce pension expense in the the fiscal year it is forfeited.

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.

The PERS-DCR pension contributions for the year ended June 30, 2019 by the State of Alaska employees were $53,353 thousand and the State of Alaska employers were $30,706 thousand. The State of Alaska PERS other postemployment contributions for the year ended June 30, 2019 were $28,127 thousand ($2,182 thousand for OD&D, $19,670 thousand for HRA, and $6,275 thousand for RMP).

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2019 is $1,801,974 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.

For the year ended June 30, 2019 the State of Alaska recognized $16,080 thousand in pension expense for the PERS-DCR as an employer. Forfeitures of $17,275 thousand are reflected in the pension expense amount.

On July 1, 2006, three other postemployment benefit trust funds were created within PERS; RMP, HRA, and 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 death benefits for beneficiaries and long-term disability benefits to all active employees 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB liability, OPEB expense, information about the fiduciary net position of the PERS defined contribution OD&D, HRA, and RMP plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are recognized in the period in which they are due. Benefits are recognized when due and payable. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of $1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

The employer RMP contribution rate for FY 19 for each member's compensation was .94 percent for medical coverage and 0.26 percent for death and disability (0.76 percent for peace officers and firefighters). HRA is $175.24 per month for full time employees and $1.35 per hour for part time employees.

Members in the HRA Plan consisted of the following at June 30, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	40
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1,412
Inactive Plan Members Not Entitled to Benefits	13,248
Active Plan Members	22,311

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$	12,280
Plan Fiduciary Net Position		(36,525)
Employers' Net OPEB Liability/(Asset)	$	(24,245)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		297.43%

Members in the OD&D Plan consisted of the following at June 30, 2019:

Active Plan Members	22,311
Participating Employers	154
Open Claims	42

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$ 142,162
Plan Fiduciary Net Position	(118,242)
Employers' Net OPEB Liability (Asset)	$ 23,920
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	83.17%

Members in the RMP consisted of the following at June 30, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	34
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1,412
Inactive Plan Members Not Entitled to Benefits	13,248
Active Plan Members	22,311

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2019:

Inflation	2.5%
Salary Increases	Graded by service, from 7.75% to 2.75% for peace officer/ firefighter. Graded by service, from 6.75% to 2.75% for all others
Investment Rate of Return	7.38% net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%
Healthcare Cost Trend Rates (RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% RX: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%

B. 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 Medical Plan (RMP) and Healthcare Reimbursement Arrangement Plan (HRA), and Occupational Death and Disability (OD&D). 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 or from their website at http://doa.alaska.gov/drb/.

As of June 30, 2019, there were 57 employers participating in TRS-DCR. There were 5,218 active members.

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service. Any forfeited employer contributions are used to reduce pension expense in the the fiscal year it is forfeited.

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.

The TRS-DCR pension contributions for the year ended June 30, 2019 by the employees were $910 thousand and the State of Alaska employers were $759 thousand. The State of Alaska TRS other postemployment contributions for the year ended June 30, 2019 were $478 thousand ($9 thousand for ODD, $379 thousand for HRA and $90 thousand for RMP).

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2019 is $689,601 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.

For the year ended June 30, 2019 the State of Alaska recognized $532 thousand in pension expense for the TRS-DCR as an employer. Forfeitures of $265 thousand are reflected in the pension expense amount.

On July 1, 2006, two other postemployment benefit trust funds were created in TRS, the RMP and HRA. The TRS OD&D other postemployment benefit trust 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 death benefits for beneficiaries and long-term disability benefits to all active employees 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 19 for each member's compensation was 0.79 percent for medical coverage and 0.08 percent for death and disability. HRA is $175.24 per month for full-time employees while part-time employees are based on the contract percentage worked multiplied by the full-time employee rate.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB liability, OPEB expense, information about the fiduciary net position of the TRS defined contribution OD&D, HRA, and RMP plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are recognized in the period in which they are due. Benefits are recognized when due and payable. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of $1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

Members in the HRA Plan consisted of the following at June 30, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	13
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	706
Inactive Plan Members Not Entitled to Benefits	2,642
Active Plan Members	5,218

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$ 307
Plan Fiduciary Net Position	(4,328)
Employers' Net OPEB Liability (Asset)	$ (4,021)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1,409.77%

Members in the OD&D Plan consisted of the following at June 30, 2019:

Active Plan Members	5,218
Participating Employers	57
Open Claims	10

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2019, were as follows (in thousands):

Total OPEB Liability	$ 38,231
Plan Fiduciary Net Position	(42,067)
Employers' Net OPEB Liability (Asset)	$ (3,836)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.03%

Members in the RMP consisted of the following at June 30, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	706
Inactive Plan Members Not Entitled to Benefits	2,642
Active Plan Members	5,218

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2019:

Inflation	2.5%
Salary Increases	Graded by service, from 6.75% to 2.75%
Investment Rate of Return	7.38% net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%
Healthcare Cost Trend Rates (RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% RX: 8.5% grading down to 4.5% RDS/EGWP: 8.5% grading down to 4.5%

C. 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 Cafeteria 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 June 30, 2019, there were 22 employers participating in SBS. There were 46,895 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 or from their website at http://doa.alaska.gov/drb/.

Mandatory contributions ar e made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Cafeteria Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State and other participating employers are 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 ended June 30, 2019, were $73,506 thousand and amounts contributed by employees were $73,506 thousand. The State's covered payroll was $1,199,131 thousand. For the year ended June 30, 2019 the State of Alaska recognized $73,506 thousand in pension expense for the SBS as an employer.

Supplemental Benefit Cafeteria 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. The State employee voluntary contributions for the year ended June 30, 2019, were $3,672 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 or a periodic payment option, unless the participant elects to defer commencement benefits. Various annuities can also be 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 Cafeteria Plan include life, accidental death, disability, and critical illness insurance. 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.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended June 30, 2019. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participants contributions, adjusted for the appreciation or depreciation in in unit value for the investment funds, and reduced for administrative fees.

D. University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants: the original ORP, or ORP Tier 1, which was created for participants hired prior to July 1, 2005; ORP Tier 2, which was created for participants hired between July 1, 2005 and June 30, 2006; and ORP Tier 3, which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP Tier 2, faculty classified as regular and certain administrators made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plans, PERS-DB or TRS-DB. The ORP Tier 2 plan was available for new ORP benefit-eligible employees hired in fiscal year 2006. As of July 1, 2006, the ORP Tier 2 plan was no longer available to newly-hired ORP benefit-eligible employees. For ORP Tier 3, each new eligible employee was able to make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC or TRS-DC. Beginning July 1, 2015 the ORP was closed to new hired regular staff.

University contributions are remitted to the plan's authorized employee-selected annuity providers or investment managers. The contribution rates and amounts for fiscal year 2019 were as follows (in thousands):

	ORP Tier 1	ORP Tier 2	ORP Tier 3
Employee Contribution Rates	8.65%	8.65%	8.00%
University Contribution Rates	14.00%	12.00%	12.00%
Covered Payroll	$31,776	$2,747	$108,719
University Contributions	$4,449	$330	$13,046

At June 30, 2019, plan assets (participants' accounts attributable to employer contributions) for ORP Tier 1, Tier 2, and Tier 3 had a net value to $366.6 million. ORP Tier 1 and ORP Tier 2 participants are 100 percent vested at all times. University contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006) and certain faculty classified as temporary, participate in the Pension plan which was established January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006, who elected to participate in the University of Alaska Retirement Program also participate in the Pension plan.

Effective January 1, 2019, employer contributions for regular employees were 7.65 percent of covered wages up to $42.0 thousand. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to $132.9 thousand in 2019. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006 are 100 percent vested at all times. University contributions for participants hired on or after July 1, 2006 are 100 percent vested after three years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan.

In fiscal year 2019, the University's total covered payroll for the Pension plan was $155.1 million. The University's gross costs to fund and administer the plan totaled $11.9 million for the year ended June 30, 2019. At June 30, 2019, plan assets (participants' accounts) had a net value of $441.7 million.

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 or compensation so that they can receive the amount deferred at a later date. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. All amounts deferred are held in a trust for the exclusive benefit of employees and beneficiaries. As of June 30, 2019 the Deferred Compensation Plan had 11,534 participants.

The Division of Retirement and Benefits is responsible for Deferred Compensation Plan administration and record-keeping. 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 their contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds and deductions for administrative fees.

Deferred Compensation Plan net position as of June 30, 2019 was $990,320 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, 2019, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

Due to Other Funds	Due from Other Funds: General Fund	Alaska Permanent Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ —	$ 30,830	$ 7,368	$ 15,419	$ 2,086	$ 19,941	$ 64,651	$ 140,295
Alaska Permanent Fund	28,469	—	—	—	—	—	—	28,469
Nonmajor Governmental Funds	3,843	—	—	—	—	—	—	3,843
International Airports	5,138	—	—	—	—	—	—	5,138
Nonmajor Enterprise Funds	841	—	—	—	—	—	—	841
Internal Service Funds	43	—	—	—	—	—	—	43
Fiduciary Funds	5,209	—	—	—	—	—	—	5,209
Total	$ 43,543	$ 30,830	$ 7,368	$ 15,419	$ 2,086	$ 19,941	$ 64,651	$ 183,838

INTERFUND TRANSFERS

Transfers From	Transfers to: General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ —	$ 75,662	$ —	$ 7,477	$ 83,139
Alaska Permanent Fund	2,744,983	—	—	—	2,744,983
Nonmajor Governmental Funds	—	20,406	—	—	20,406
Nonmajor Enterprise Funds	2,117	—	—	—	2,117
Total	$ 2,747,100	$ 96,068	$ —	$ 7,477	$ 2,850,645

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 the Alaska Permanent Fund to the General Fund includes a $2,722.6 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a $22.3 million transfer to the Alaska Capital Income Fund.

NOTE 11 – RELATED PARTY ACTIVITY

Based on understandings and board-approved agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, personnel, data processing, communications and other services to AEA. AIDEA recognized revenue totaling $5.28 million for providing these services during FY19. On June 30, 2019, AIDEA had $3.46 million receivable from AEA for services and short-term borrowings.

On September 30, 2010, pursuant to legislation and an agreement, AIDEA purchased 37 loans from AEA with an outstanding balance of $24.25 million, plus accrued interest, for $20.63 million. Under the agreement, at AIDEA’s request, AEA is required to repurchase any loan upon a payment default. The current loan outstanding balance at June 30, 2019 is $13.14 million.

The Department of Transportation and Public Facilities (DOTPF) provides administrative and technical services benefiting all Alaska’s airports and aircraft bases. Related costs are allocated based upon budgetary estimates of the *pro rata* portion which should be borne by various facilities as set forth in the annual appropriation and budget document of the State. Costs allocated to the International Airport Fund (IAF) as operating expenses totaled $3.77 million for the year ended June 30, 2019. Capital project management services are performed by DOTPF personnel and are capitalized to IAF construction in progress. These costs totaled $3.78 million during the year ended June 30, 2019.

NOTE 12 – COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

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, 2019, is $12.12 million. This amount was calculated using the base pay on file for each employee as of June 30, 2019. 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.

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 19 expended for school debt was $103.03 million, which was 98 percent of the entitlement. The remaining FY 19 entitlement of $2 million; 2 percent, was paid out in FY 20. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately $801.87 million. The State has in the past and did appropriate less than the full amount to which the municipalities are entitled under statute in FY 19.

C. RISK MANAGEMENT AND SELF-INSURANCE

PRIMARY GOVERNMENT

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, and watercraft (Alaska Marine Highway System ferries and other agency vessels).

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 (passenger injuries).

Additional specialty coverage includes 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 19, the State continues to completely self-insure 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, $500 thousand for marine risks, and $250 thousand per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: $1 billion per occurrence for marine, $250 million for property, $175 million for fine arts, and $500 million for airport.

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 service 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, 2018, and June 30, 2019, (in thousands). The State records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management are presented at their present value using a 3.0 percent discount interest rate for FY 18 and for FY 19. 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
2018	$ 135,194	$ 46,399	$ (27,610)	$ 153,983
2019	153,983	32,090	(35,350)	150,723

The Group Health and Life Fund is an Internal Service Fund of the State of Alaska, the plan is self-insured for all benefits. The plan's funding policy provides for the collection of insurance premiums from employees, if applicable the State. Insurance premium amounts are actuarially determined on an annual basis and adjusted as necessary. The State retains the risk of loss of allowable claims.

The liability for claim incurred but not reported (IBNR) represents the estimated amounts necessary to settle all outstanding claims as of the balance sheet date. The plan's reserve estimate for IBNR are based Primarily on historical development patterns adjusted for current trends that would modify past experience. Claims are re-evaluated periodically to consider the effect on inflation, claims settlement trends, and other economic factors. The process of establishing loss reserves is subject to uncertainties that are normal, recurring and inherent in the healthcare business.

Changes in the balances of claims liabilities during the years ended June 30, 2019 and 2018 were as follows (in thousands):

Fiscal Year	Beginning Balance	Heath care Benefits	Benefits paid	Ending Balance
2018	$ 15,325	$ 118,402	$ (119,197)	$ 14,530
2019	14,530	121,685	(122,954)	13,261

UNIVERSITY OF ALASKA

The University is exposed to a wide variety of risks including property loss, bodily and personal injury, intellectual property, errors and omissions, cyber-attacks, aviation and marine. Exposures are handled with a combination of self-insurance, commercial insurance, and membership in a reciprocal risk retention group.

The University is self-insured up the maximum of $2.0 million per occurrence for casualty claims and $250 thousand for property claims. Commercial carriers provide coverage in excess of these amounts. Health care, workers' compensation and unemployment claims are fully self-insured. Liabilities have been established using actuarial analysis to cover estimates for specific reported losses, estimates for unreported losses based upon past experience modified for current trends, and estimates of expenses for investigating and settling claims. Settled claims have not exceeded the coverages for any of the past three years.

Changes in applicable self-insured liability amounts follow (in thousands):

	Balance July 1, 2018	Provision for Claims	Claims Payments	Balance June 30, 2019
Health	$ 6,035	$ 55,167	$ (55,259)	$ 5,943
General Liability	3,094	2,142	(2,116)	3,120
Workers' Compensation	4,705	2,386	(1,848)	5,243
Unemployment	155	295	(343)	107
	$ 13,989	$ 59,990	$ (59,566)	$ 14,413

D. LITIGATION AND ADMINISTRATIVE APPEALS

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 $9.5 million, with an additional possible liability of $31.25 million. 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.

The Department of Revenue Tax Division's Oil and Gas Production Tax Audit Group performs periodic audits of oil and gas companies that file Alaska's oil and gas production tax returns. The audits mostly result in additional assessments and associated interest. The companies sometimes choose to pay the additional assessment “under protest” to avoid accruing interest. Because these prepayments are deposited in the Constitutional Budget Reserve Fund (CBRF) but are still under dispute, the tax assessment revenues recognized in the CBRF could be adversely affected by a potential refund resulting from a decision issued by the Department of Revenue Tax Division’s Appeals Group, by the Department of Administration’s Office of Administrative Hearings, or by a Superior Court ruling, or by a Supreme Court ruling. As of the end of FY 19, there are no pending prepayments or payments made "under protest." If there were, we would not be able to estimate the amount of potential refund.

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, 2019, 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 are 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, 2019, 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 $91.82 million and $40.26 million respectively.

As of June 30, 2019, the Department of Commerce, Community and Economic Development identified outstanding loan commitments. Agreements have been entered into, but funds have not yet been disbursed. The open loan commitments include the Alaska Commercial Fishing Revolving Loan Fund for $1.57 million, the Alaska Fisheries Enhancement Revolving Loan Fund for $1.58 million, and the Alaska Microloan Revolving Loan Fund for $80 thousand.

As of June 30, 2019, the Alaska Energy Authority (AEA) had Power Project Fund loan commitments of $3.24 million.

As of June 30, 2019, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments to be funded by the Revolving Fund of $7.2 million and pending applications of $2.5 million, as well as loan guarantees of $1.3 million.

AIDEA had also extended commitments to fund a loan to the Interior Gas Utility not to exceed $125 million from the Sustainable Energy Transmission and Supply Development Fund for the Interior Energy Project. As of June 30, 2019, AIDEA had funded approximately $104 million, resulting in a remaining commitment of approximately $21million.

H. POTENTIAL DEVELOPMENT PROJECTS

The Alaska Gasline Development Corporation (AGDC) entered into an agreement where $4.66 million would become due and payable when (a) the State awards permits, work product, and other results of the North Slope to Tidewater Preliminary Development Project to a qualified builder (other than a public corporation owned by the State); or (b) the State determines it will construct the North Slope to Tidewater pipeline itself, either through a public corporation owned by the State or otherwise, and (i) the Legislature of the State of Alaska appropriates some or all of the funding for the North Slope to Tidewater development and construction expenses, or (ii) bonds are issued by the State or a public corporation owned by the State intended to finance some or all of the North Slope to Tidewater development and construction expenses.

I. INVESTMENT COMMITMENTS

As of June 30, 2019, the APFC, on behalf of the Fund, had outstanding future funding commitments of: $5.5 billion for private equity; $1.4 billion for infrastructure; and $1.3 billion for private credit investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

As of June 30, 2019, the APFC, on behalf of the Fund, had outstanding future funding commitments of $510 million for real estate fund investments.

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future pension fund investments. As of June 30, 2019, ARMB's unfunded commitments were as follows (in thousands):

Investment Type		
Absolute Return	$	55,546
Energy		34,899
Infrastructure		52,789
Private Equity		1,787,772
Real Estate		227,175
	$	2,158,181

J. 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.

According to AS 46.03.010, it is the policy of the State to conserve, improve, and protect its natural resources and environment and control water, land, and air pollution, in order to enhance the health, safety, and welfare of the people of the State and their overall economic and social well-being. It is also the policy of the State to improve and coordinate the environmental plans, functions, powers, and programs of the State, in cooperation with the federal government, local governments, other public and private organizations, and concerned individuals, and to develop and manage the basic resources of water, land, and air to the end that the State may fulfill its responsibility as trustee of the environment for the present and future generations.

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. GASBS 49 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.

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, 2018, the General Fund had pollution remediation obligations of $125,595 thousand. As of June 30, 2019, the State had an increase to the obligations of $18,803 thousand and recognized a decrease of $17,752 thousand, for an ending balance of $126,646 thousand in pollution remediation obligation related activities. The State has an estimated potential recovery of $4,761 thousand from other responsible parties.

Additionally at June 30, 2018, the International Airports Fund (IAF) reported pollution remediation liabilities of $5.4 million for which IAF is in whole or in part a responsible party. As of June 30, 2019, the IAF reported an increase of $2.49 million and a decrease of $1.37 million, for an ending balance of $6.49 million. The decrease includes $745 thousand for the State's estimated recovery from other responsible parties. The liabilities were valued using the estimated mean of the future cash flows of costs and recovery associated with identified sites, measured at current value.

K. ENCUMBRANCES

The State of Alaska utilizes encumbrance accounting to identify fund obligations. The following shows encumbrances within the governmental funds for the fiscal year ended June 30, 2019:

	Amount (in thousands)
General Fund	$ 563,886
Special Revenue Funds	10,962
Capital Project Funds	8,450
Permanent Funds	6
Total Encumbrances	$ 583,304

A review of the appropriations with encumbrance balances over $5 million were identified and analyzed below:

The Department of Education and Early Development had several school construction and renovation projects underway that total $160 million. These projects are funded by general funds.

The Department of Commerce, Community and Economic Development administers grants to municipalities and named recipients which total $79.5 million for port facilities in Anchorage and Ketchikan of which $73.7 million is in the General Fund and $5.8 million is in the Capital Project Fund. These projects are funded by the general funds and bond proceeds.

The Department of Commerce, Community and Economic Development administers the Alaska Reinsurance Program which was established under AS 21.55 to stabilize the health insurance market in Alaska. The program provides a reinsurance mechanism for insurers issuing policies that cover certain high-risk individuals through the Comprehensive Health Insurance Association. The program has $53.5 million remaining obligated in the Alaska Comprehensive Health Insurance Fund from revenues collected under Title 21 of the Alaska Statutes.

The Department of Transportation and Public Facilities has a project for the Alaska Marine Highway System Alaska Class Ferry purchase for a total of $6.5 million, which is in the General Fund. This is funded by general fund resources.

The Department of Health and Social Services had several specialized contracts required for its Medical Assistance program, including some specific to information technology operation and maintenance. A total of $11.1 million of these contracts are funded by general funds with additional funding from federal grant awards. The department also has pending tribal settlements estimated at $5.9 million funded by general funds.

The Department of Environmental Conservation had $7.6 million in contracts for planning, design, or construction of water and wastewater facilities to improve health and sanitation conditions in rural Alaska. These projects are funded by general funds.

The Department of Military and Veteran Affairs had numerous Program Worksheets (Public Assistance) and Project Worksheets (Hazard Mitigation) totaling $5.4 million for the 2013 November storm disaster that are funded with 75percent Federal and 25 percent State Disaster Relief funds.

L. MEDICAID

The Alaska Health Enterprise (AHE) system processes Medicaid and Children's Health Insurance Program medical claims submitted by service providers. Some claims are suspended during normal processing for reasons including third party insurance verification, verification of medical necessity, and provider claim submission errors. Due to the complexity of claim processing, the cost of settling the suspended claims cannot be reasonably estimated.

M. OIL AND GAS TAX CREDITS

Producers or explorers of oil and gas can apply for a tax credit for certain qualifying losses and expenditures under AS 43.55.023 and AS 43.55.025. As of June 30, 2019, the Department of Revenue has received tax credit applications totaling $57.4 million, which have not been accrued as a liability in the general fund financial statements. Due to the complexity of the approval process, the amount of the tax credit that will ultimately be issued or denied cannot be estimated.

N. CONCENTRATIONS

In FY19, the most significant sources of revenue were federal revenues, taxes, and rents and royalties, which make up 77.1% of total revenues. With the decline in petroleum related revenues, rents and royalties and taxes continue to be a significant concern for the State of Alaska.

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

On September 5, 2019, the Alaska Municipal Bond Bank Authority (AMBBA) board of directors authorized the issuance of 2019 Series Three, Four, and Five bonds. Series Three totals $18.0 million tax exempt and Series Four totals $4.2 million tax exempt subject to alternative minimum tax. On October 22, 2019, bonds were sold generating proceeds of $23.9 million to loan to the City and Borough of Juneau for airport terminal improvements and $1.6 million to loan to the Kenai Peninsula Borough for emergency vehicles. The bonds closed on November 20, 2019. Series Five bonds are expected to be sold in calendar 2020.

The outstanding AMBBA Series 2016A Bonds, in the amount of $32.2 million, were defeased on August 6, 2019. Escrow obligations, together with additional funds, have been deposited with AMBBA's Trustee as escrow agent to satisfy the defeasance. The Series 2016A Bonds maturing on or after April 1, 2021 will be optionally redeemed on October 1, 2020.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization passed during the 2019 session of the Alaska Legislature, Series A Revenue Bond Anticipation Notes for FY 20 in an amount of $1.91 million were issued on November 13, 2019. The borrowing is secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization passed during the 2019 session of the Alaska Legislature, Series B Revenue Bond Anticipation Notes for FY 20 in the amount of $2.21 million were issued on November 13, 2019. The borrowing is secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA HOUSING FINANCE CORPORATION

Alaska Housing Finance Corporation (AHFC) delivered its $200.0 million State Capital Project Bonds II, 2019 Series A and B, on July 11, 2019. The Series A Bonds are $140.0 million federally taxable general obligations of AHFC maturing December 1, 2044, with interest payable each June 1 and December 1 at variable rates. The Series B Bonds are $60.0 million tax-exempt general obligations of AHFC with a final maturity of December 1, 2039. Interest on the Series B Bonds is payable each June 1 and December 1 at fixed rates ranging from 3.00 percent to 5.00 percent. Proceeds of the 2019 bonds were and will be used to refunds certain outstanding obligations of AHFC, to finance additional authorized activities of AHFC, and to pay costs of issuance of the bonds.

AHFC issued $161.7 million General Mortgage Revenue Bonds II Series A and B on October 22, 2019. The bonds are tax-exempt fixed rate and will be used to finance mortgage loans, refund certain outstanding obligations and pay some costs of issuance of the bonds.

E. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

On October 1, 2019, the Alaska Industrial Development and Export Authority (AIDEA) defeased the outstanding balances of its Revolving Fund Refunding bonds, Series 2010A and Revolving Fund bonds, Series 2010B by placing sufficient funds with an escrow agent to pay debt service payments until the call date of the bonds. The Series 2010A bonds are callable on April 1, 2020 and the Series 2010B bonds are callable April 1, 2021.

Conduit bonds do not constitute a general obligation of AIDEA. They are payable only out of the revenues derived from the projects or private businesses for which the projects are financed.

AIDEA issued $126.7 million in conduit revenue bonds October 3, 2019 in support of the acquisition, expansion, renovation, furnishing, and equipping of certain healthcare facilities in Alaska.

AIDEA issued $68.48 million in conduit bonds December 19, 2019 for the purpose of refunding existing conduit bonds previously issued by AIDEA and paying costs of issuance.

In November 2019, AIDEA accelerated payment on the Mustang Development Loans (capitalized and non-capitalized interest), with an outstanding principal balance of approximately $70 million after a $3.1 million payment due October 1, 2019, was not made. Other covenants were also not met such as funding a debt service reserve account. AIDEA is currently in discussions with the borrower to restructure the debt, subject to the borrowers shareholders providing additional capital and fulfilling certain terms and conditions.

F. STATE OF ALASKA

Legislation new in FY 19 requires that, upon appropriation, an amount of realized earnings based upon a percent-of-market-value calculation within the Alaska Permanent Fund will be transferred to the General Fund. The amount appropriated for FY 20 is $1.9 billion, which is shown as committed in the Alaska Permanent Fund as of June 30, 2019. This amount is after a reduction to the statutory calculation by the Governor of $1 billion. Legislation passed subsequent to year end restored the $1 billion reduction. Also for FY 20, an additional $4.0 billion was appropriated from the earnings reserve account to the principal of the Alaska Permanent Fund to inflation proof it for the next eight years.

The Alaska Marine Highway System was shut down for nine days starting July 24, 2019, due to a strike by the Inland Boatmen's Union. The State and the union reached agreement on a three-year contract after federal mediation. As a result of the strike, fares totaling $3.3 million were refunded for 8,570 passengers and 2,468 vehicles.

Moody’s Investor Services maintained its rating of State of Alaska credit at Aa3 but revised its outlook downward from stable to negative in July 2019 following the close of FY2019. Effective September 2019 Fitch Ratings retained the state’s stable credit outlook but downgraded the state credit rating from AA to AA-.

G. ALASKA INTERNATIONAL AIRPORT SYSTEM

Subsequent to June 30, 2019, the Ted Stevens Airport in Anchorage, Alaska was formally identified as a PFAS contaminated site by Department of Environmental Conservation due to chemicals used in firefighter foam. The potential costs of the contamination remediation cannot be accurately calculated at this time.

NOTE 14 - PRIOR PERIOD ADJUSTMENTS

PRIOR PERIOD ADJUSTMENT

Alaska Seafood Marketing Institute

FY 19 was the first year that the Alaska Seafood Marketing Institute had audited financial statements from an outside accounting firm. During that audit, the accounts payable amount was determined to be overstated. It is believed that this is a carryover issue from prior years. This resulted in a prior period adjustment of $2.17 million.

Restated Beginning Net Position

FY 19 Statement 1.02 reduces beginning net position by $1 thousand each in the General Fund, the Public School Trust Fund, and the Internal Service funds. This reduction removes $3 thousand that was added to fund balance amounts in FY 18 to address rounding errors and reconcile the fund financial statements to the government-wide statements.

Required Supplementary Information

STATE OF ALASKA **STATEMENT 2.01**
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 1,369,990	$ 1,369,665	$ 1,488,027	$ (118,362)
Licenses and Permits	112,826	112,279	135,212	(22,933)
Charges for Services	327,829	303,739	178,994	124,745
Fines and Forfeitures	22,456	22,183	31,964	(9,781)
Rents and Royalties	973,980	973,105	1,153,559	(180,454)
Premiums and Contributions	1,945	2,087	21,103	(19,016)
Interest and Investment Income	102,823	100,854	300,555	(199,701)
Payments In from Component Units	1,083,783	1,083,783	1,095,270	(11,487)
Other Revenues	88,231	79,800	53,277	26,523
Restricted:				
Federal Grants in Aid	9,774,243	9,421,999	3,293,615	6,128,384
Interagency	586,181	752,829	534,624	218,205
Payments In from Component Units	150,701	151,664	5,953	145,711
Other Revenues	3	2,854	4,681	(1,827)
Total Revenues	14,594,991	14,376,841	8,296,834	6,080,007
EXPENDITURES				
Current:				
General Government	794,292	789,223	694,380	94,843
Alaska Permanent Fund Dividend	1,030,875	1,023,487	1,014,677	8,810
Education	2,056,605	1,998,293	2,073,242	(74,949)
University	757,567	757,577	388,333	369,244
Health and Human Services	3,107,882	4,373,822	3,516,716	857,106
Law and Justice	294,219	320,458	277,173	43,285
Public Protection	1,016,772	1,158,998	906,818	252,180
Natural Resources	523,483	541,368	337,895	203,473
Development	486,640	461,664	200,100	261,564
Transportation	7,410,264	6,728,998	1,774,605	4,954,393
Intergovernmental Revenue Sharing	95,661	112,457	113,186	(729)
Debt Service:				
Principal	26,574	26,552	26,552	—
Interest and Other Charges	12,190	12,190	12,190	—
Total Expenditures	17,613,024	18,305,087	11,335,867	6,969,220
Excess (Deficiency) of Revenues Over Expenditures	(3,018,033)	(3,928,246)	(3,039,033)	(889,213)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	5,029,283	5,029,283	5,025,074	4,209
Transfers (Out to) Other Funds	(2,253,098)	(2,253,098)	(2,311,675)	58,577
Total Other Financing Sources and Uses	2,776,185	2,776,185	2,713,399	62,786
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	$ (241,848)	$ (1,152,061)	(325,634)	$ (826,427)
RECONCILIATION OF BUDGETARY / GAAP REPORTING:				
Adjust Expenditures for Encumbrances			1,062,308	
Basis Difference			138,396	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			875,070	
Fund Balances - Beginning of Year			3,982,255	
Fund Balances - End of Year			$ 4,857,325	

Note to Required Supplementary Information - Budgetary Reporting
For the Fiscal Year Ended June 30, 2019

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	$	47,775
Medical Assistance Program		86,414
Tobacco Tax		2,451
Alcohol Tax		(114)
Tire Tax		3
Vehicle Rental Tax		23
Commercial Passenger Vessel Excise Tax		1,184
Marijuana Tax		660
Total General Fund Basis Difference	$	138,396

STATE OF ALASKA **STATEMENT 2.10**

Proportionate Share of the Net Pension Liability Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018	2017	2016	2015
Primary government's proportion of the net pension liability	49.53%	50.62%	51.87%	50.75%	52.23%
Component unit's proportion of the net pension liability	5.15%	4.74%	5.79%	5.52%	4.44%
Nonemployer contributing state's proportion of the net pension liability	11.33%	13.40%	5.38%	10.40%	21.86%
Primary government's proportionate share of the net pension liability	$ 2,461,037	$ 2,616,648	$ 2,899,139	$ 2,461,215	$ 2,436,220
Component unit's proportionate share of the net pension liability	$ 255,967	$ 244,871	$ 323,541	$ 267,632	$ 207,090
Nonemployer contributing state's share of the net pension liability	$ 562,886	$ 692,476	$ 300,921	$ 504,300	$ 1,019,583
Primary government's covered payroll	$ 1,093,705	$ 1,092,504	$ 1,090,607	$ 1,148,502	$ 1,136,811
Component unit's covered payroll	$ 119,018	$ 128,050	$ 140,886	$ 150,562	$ 143,205
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	225.02%	239.51%	265.83%	214.30%	214.30%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	215.07%	191.23%	229.65%	177.76%	144.61%
Plan fiduciary net position as a percentage of the total pension liability	65.19%	63.37%	59.55%	63.96%	62.37%

STATE OF ALASKA **STATEMENT 2.10**

Proportionate Share of the Net Pension Liability Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2014
Primary government's proportion of the net pension liability	51.60%
Component unit's proportion of the net pension liability	4.43%
Nonemployer contributing state's proportion of the net pension liability	22.87%
Primary government's proportionate share of the net pension liability	$ 2,709,520
Component unit's proportionate share of the net pension liability	$ 232,515
Nonemployer contributing state's share of the net pension liability	$ 1,201,055
Primary government's covered payroll	$ 1,094,801
Component unit's covered payroll	$ 145,495
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	214.30%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	144.61%
Plan fiduciary net position as a percentage of the total pension liability	62.37%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.11**

Employer Contributions Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018	2017	2016	2015
Primary Government					
Statutorily required contribution	$ 188,809	$ 181,720	$ 170,247	$ 164,533	$ 285,769
Contributions in relation to the statutorily required contribution	207,815	183,334	179,742	164,533	636,865
Contribution deficiency (excess)	$ (19,006)	$ (1,614)	$ (9,495)	$ —	$ (351,096)
Covered payroll	$ 1,102,180	$ 1,093,885	$ 1,092,504	$ 1,090,607	$ 1,148,502
Contributions as a percentage of covered payroll	18.85%	16.76%	16.45%	15.09%	55.45%
Component Units					
Statutorily required contribution	$ 17,626	$ 20,590	$ 19,693	$ 17,969	$ 18,561
Contributions in relation to the statutorily required contribution	17,718	20,590	19,693	17,969	18,561
Contribution deficiency (excess)	$ (92)	$ —	$ —	$ —	$ —
Covered payroll	$ 116,162	$ 119,018	$ 128,050	$ 140,886	$ 150,562
Contributions as a percentage of covered payroll	15.25%	17.30%	15.38%	12.75%	12.33%
Primary Government Nonemployer Contribution					
Statutorily required contribution	$ 67,433	$ 36,399	$ 40,360	$ 43,535	$ 153,622
Contributions in relation to the statutorily required contribution	67,857	36,770	50,027	43,535	479,750
Contribution deficiency (excess)	$ (424)	$ (371)	$ (9,667)	$ —	$ (326,128)

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

In FY 15 the legislature appropriated $1.0 billion to the Public Employee's Retirement System's retirement funds from the Constitutional Budget Reserve Fund to help with the net pension liability.

Employer Contributions Schedule
Public Employees' Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

	2014	2013
Primary Government		
Statutorily required contribution	$ 200,076	$ 177,375
Contributions in relation to the statutorily required contribution	200,076	177,375
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 1,136,811	$ 1,094,801
Contributions as a percentage of covered payroll	17.60%	16.20%
Component Units		
Statutorily required contribution	$ 17,313	$ 15,819
Contributions in relation to the statutorily required contribution	17,313	15,819
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 143,205	$ 145,495
Contributions as a percentage of covered payroll	12.09%	10.87%
Primary Government Nonemployer Contribution		
Statutorily required contribution	$ 82,554	$ 77,689
Contributions in relation to the statutorily required contribution	82,554	77,689
Contribution deficiency (excess)	$ —	$ —

STATE OF ALASKA **STATEMENT 2.12**

Proportionate Share of the Net OPEB Liability Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Primary government's proportion of the net pension liability	49.54%	50.64%
Component unit's proportion of the net pension liability	5.15%	4.74%
Nonemployer contributing state's proportion of the net pension liability	11.35%	13.41%
Primary government's proportionate share of the net pension liability	$ 508,456	$ 427,754
Component unit's proportionate share of the net pension liability	$ 52,106	$ 39,552
Nonemployer contributing state's share of the net pension liability	$ 116,512	$ 113,255
Primary government's covered payroll	$ 1,093,705	$ 1,092,504
Component unit's covered payroll	$ 119,018	$ 128,050
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	46.49%	39.15%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	43.78%	30.89%
Plan fiduciary net position as a percentage of the total pension liability	93.13%	89.7%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.13**

Employer Contributions Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018
Primary Government		
Statutorily required contribution	$ 87,606	$ 44,192
Contributions in relation to the statutorily required contribution	50,848	41,929
Contribution deficiency (excess)	$ 36,758	$ 2,263
Covered payroll	$ 1,102,180	$ 1,093,885
Contributions as a percentage of covered payroll	4.61%	3.83%
Component Units		
Statutorily required contribution	$ 6,825	$ 6,060
Contributions in relation to the statutorily required contribution	6,614	6,060
Contribution deficiency (excess)	$ 211	$ —
Covered payroll	$ 116,162	$ 119,018
Contributions as a percentage of covered payroll	5.69%	5.09%
Primary Government Nonemployer Contribution		
Statutorily required contribution	$ 11,137	$ 2,316
Contributions in relation to the statutorily required contribution	—	—
Contribution deficiency (excess)	$ 11,137	$ 2,316

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **STATEMENT 2.14**

Proportionate Share of the Collective Net OPEB Liability Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Primary government's proportion of the collective net OPEB liability	48.37%	49.14%
Component unit's proportion of the collective net OPEB liability	4.58%	4.03%
Primary government's proportionate share of the collective net OPEB liability (asset)	$ (9,395)	$ (6,972)
Component unit's proportionate share of the collective net OPEB liability (asset)	$ (140)	$ (103)
Primary government's covered payroll	$ 1,093,705	$ 508,805
Component unit's covered payroll	$ 119,018	$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.86%	1.37%
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.12%	0.16%
Plan fiduciary net position as a percentage of the total OPEB liability	—%	—%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018
Primary Government		
Statutorily required contribution	$ 2,599	$ 1,088
Contributions in relation to the statutorily required contribution	2,008	1,088
Contribution deficiency (excess)	$ 591	$ —
Covered payroll	$ 1,102,180	$ 547,669
Contributions as a percentage of covered payroll	0.18%	0.20%
Component Units		
Statutorily required contribution	$ 246	$ 85
Contributions in relation to the statutorily required contribution	175	85
Contribution deficiency (excess)	$ 71	$ —
Covered payroll	$ 116,162	$ 65,276
Contributions as a percentage of covered payroll	0.15%	0.13%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **SCHEDULE 2.16**

Proportionate Share of the Collective Net OPEB Liability Schedule

Public Employees' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Primary government's proportion of the collective net OPEB liability	48.37%	49.14%
Component unit's proportion of the collective net OPEB liability	4.58%	4.03%
Primary government's proportionate share of the collective net OPEB liability	$ 6,156	$ 2,563
Component unit's proportionate share of the collective net OPEB liability	$ 582	$ 210
Primary government's covered payroll	$ 547,669	$ 508,805
Component unit's covered payroll	$ 65,276	$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.12%	0.50%
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.89%	0.32%
Plan fiduciary net position as a percentage of the total OPEB liability	8.2%	94.0%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Public Employees' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018
Primary Government		
Statutorily required contribution	$ 6,156	$ 5,641
Contributions in relation to the statutorily required contribution	5,670	5,641
Contribution deficiency (excess)	$ 486	$ —
Covered payroll	$ 599,129	$ 547,669
Contributions as a percentage of covered payroll	0.95%	1.03%
Component Units		
Statutorily required contribution	$ 582	$ 532
Contributions in relation to the statutorily required contribution	604	532
Contribution deficiency (excess)	$ (22)	$ —
Covered payroll	$ 116,162	$ 65,276
Contributions as a percentage of covered payroll	0.52%	0.82%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **STATEMENT 2.20**

Proportionate Share of the Net Pension Liability Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018	2017	2016	2015
Primary government's proportion of the net pension liability	0.67%	0.67%	0.75%	0.78%	0.79%
Component unit's proportion of the net pension liability	1.68%	1.61%	2.14%	2.03%	0.97%
Nonemployer contributing state's proportion of the net pension liability	59.39%	63.14%	53.90%	61.03%	84.10%
Primary government's proportionate share of the net pension liability	$ 12,807	$ 13,601	$ 17,047	$ 14,501	$ 23,739
Component unit's proportionate share of the net pension liability	$ 32,065	$ 32,661	$ 48,846	$ 37,680	$ 29,024
Nonemployer contributing state's share of the net pension liability	$ 1,136,829	$ 1,279,682	$ 1,230,776	$ 1,135,514	$ 2,522,174
Primary government's covered payroll	$ 4,768	$ 4,853	$ 5,388	$ 5,620	$ 5,920
Component unit's covered payroll	$ 20,625	$ 22,128	$ 25,212	$ 31,575	$ 34,497
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	268.60%	280.26%	316.39%	258.02%	401.00%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	155.47%	147.60%	193.74%	119.33%	84.13%
Plan fiduciary net position as a percentage of the total pension liability	74.1%	72.4%	68.4%	73.82%	55.7%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **Statement 2.20**

Proportionate Share of the Net Pension Liability Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2014
Primary government's proportion of the net pension liability	0.78%
Component unit's proportion of the net pension liability	1.02%
Nonemployer contributing state's proportion of the net pension liability	83.41%
Primary government's proportionate share of the net pension liability	$ 25,930
Component unit's proportionate share of the net pension liability	$ 33,771
Nonemployer contributing state's share of the net pension liability	$ 2,761,123
Primary government's covered payroll	$ 5,834
Component unit's covered payroll	$ 36,150
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	444.46%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	93.42%
Plan fiduciary net position as a percentage of the total pension liability	49.76%

STATE OF ALASKA **STATEMENT 2.21**

Employer Contributions Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018	2017	2016	2015
Primary Government					
Statutorily required contribution	$ 1,086	$ 989	$ 872	$ 925	$ 2,644
Contributions in relation to the statutorily required contribution	1,095	1,004	1,003	925	12,500
Contribution deficiency (excess)	$ (9)	$ (15)	$ (131)	$ —	$ (9,856)
Covered payroll	$ 5,312	$ 4,768	$ 4,853	$ 5,388	$ 5,620
Contributions as a percentage of covered payroll	20.61%	21.06%	20.67%	17.17%	222.42%
Component Units					
Statutorily required contribution	$ 1,830	$ 1,859	$ 2,003	$ 1,973	$ 2,314
Contributions in relation to the statutorily required contribution	1,735	1,859	2,003	1,973	2,314
Contribution deficiency (excess)	$ 95	$ —	$ —	$ —	$ —
Covered payroll	$ 20,625	$ 22,128	$ 25,212	$ 27,848	$ 31,575
Contributions as a percentage of covered payroll	8.41%	8.40%	7.94%	7.08%	7.33%
Primary Government Nonemployer Contribution					
Statutorily required contribution	$ 127,371	$ 105,888	$ 94,775	$ 89,957	$ 315,279
Contributions in relation to the statutorily required contribution	127,365	111,042	115,980	89,957	1,650,517
Contribution deficiency (excess)	$ 6	$ (5,154)	$ (21,205)	$ —	$ (1,335,238)

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

In FY 15 the legislature appropriated $2.0 billion to the Teacher's Retirement System's retirement funds from the Constitutional Budget Reserve Fund to help with the net pension liability.

Employer Contributions Schedule
Teachers' Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

	2014	2013
Primary Government		
Statutorily required contribution	$ 1,951	$ 1,836
Contributions in relation to the statutorily required contribution	1,951	1,836
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 5,920	$ 5,834
Contributions as a percentage of covered payroll	32.96%	31.47%
Component Units		
Statutorily required contribution	$ 2,385	$ 2,390
Contributions in relation to the statutorily required contribution	2,385	2,390
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 34,497	$ 36,150
Contributions as a percentage of covered payroll	6.91%	6.61%
Primary Government Nonemployer Contribution		
Statutorily required contribution	$ 207,271	$ 195,435
Contributions in relation to the statutorily required contribution	207,271	195,435
Contribution deficiency (excess)	$ —	$ —

STATE OF ALASKA **STATEMENT 2.22**

Proportionate Share of the Collective Net OPEB Liability Schedule

Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Primary government's proportion of the collective net OPEB liability	0.67%	0.67%
Component unit's proportion of the collective net OPEB liability	1.67%	1.61%
Nonemployer contributing state's proportion of the collective net OPEB liability	59.47%	63.26%
Primary government's proportionate share of the collective net OPEB liability	$ 2,080	$ 1,234
Component unit's proportionate share of the collective net OPEB liability	$ 5,196	$ 2,955
Nonemployer contributing state's share of the collective net OPEB liability	$ 184,929	$ 116,351
Primary government's covered payroll	$ 4,768	$ 4,853
Component unit's covered payroll	$ 20,625	$ 22,128
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	43.62%	25.43%
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	25.19%	13.35%
Plan fiduciary net position as a percentage of the total OPEB liability	—%	93.8%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018
Primary Government		
Statutorily required contribution	$ 141	$ 186
Contributions in relation to the statutorily required contribution	141	153
Contribution deficiency (excess)	$ —	$ 33
Covered payroll	$ 5,312	$ 4,768
Contributions as a percentage of covered payroll	2.65%	3.21%
Component Units		
Statutorily required contribution	$ 856	$ 921
Contributions in relation to the statutorily required contribution	856	921
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 20,625	$ 22,128
Contributions as a percentage of covered payroll	4.15%	4.16%
Primary Government Nonemployer Contribution		
Statutorily required contribution	$ —	$ 5,154
Contributions in relation to the statutorily required contribution	—	—
Contribution deficiency (excess)	$ —	$ 5,154

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **STATEMENT 2.24**

Proportionate Share of the Collective Net OPEB Liability Schedule

Teachers' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Primary government's proportion of the collective net OPEB liability	0.40%	0.36%
Component unit's proportion of the collective net OPEB liability	2.28%	2.30%
Primary government's proportionate share of the collective net OPEB liability (asset)	$ (14)	$ (12)
Component unit's proportionate share of the collective net OPEB liability (asset)	$ (80)	$ (75)
Primary government's covered payroll	$ 4,768	$ 1,246
Component unit's covered payroll	$ 9,654	$ 8,200
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.29%	0.96%
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.83%	0.91%
Plan fiduciary net position as a percentage of the total OPEB liability	—%	—%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule
Teachers' Retirement System - Occupational Death & Disability Plan
Last Ten Fiscal Years
(Stated in Thousands)

	2019	2018
Primary Government		
Statutorily required contribution	$ —	$ —
Contributions in relation to the statutorily required contribution	1	—
Contribution deficiency (excess)	$ (1)	$ —
Covered payroll	$ 5,312	$ 1,328
Contributions as a percentage of covered payroll	0.02%	—%
Component Units		
Statutorily required contribution	$ —	$ —
Contributions in relation to the statutorily required contribution	8	—
Contribution deficiency (excess)	$ (8)	$ —
Covered payroll	$ 9,654	$ 8,200
Contributions as a percentage of covered payroll	0.08%	—%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **STATEMENT 2.26**

Proportionate Share of the Collective Net OPEB Liability Schedule

Teachers' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Primary government's proportion of the collective net OPEB liability	0.40%	0.36%
Component unit's proportion of the collective net OPEB liability	2.28%	2.30%
Primary government's proportionate share of the collective net OPEB liability (asset)	$ (13)	$ (17)
Component unit's proportionate share of the collective net OPEB liability (asset)	$ (73)	$ (109)
Primary government's covered payroll	$ 1,314	$ 1,246
Component unit's covered payroll	$ 9,654	$ 8,200
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.99%	1.36%
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.76%	1.33%
Plan fiduciary net position as a percentage of the total OPEB liability		—%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule
Teachers' Retirement System - Retiree Medical Plan
Last Ten Fiscal Years
(Stated in Thousands)

	2019	2018
Primary Government		
Statutorily required contribution	$ 14	$ 13
Contributions in relation to the statutorily required contribution	14	13
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 1,738	$ 1,328
Contributions as a percentage of covered payroll	0.81%	0.98%
Component Units		
Statutorily required contribution	$ 76	$ 75
Contributions in relation to the statutorily required contribution	76	75
Contribution deficiency (excess)	$ —	$ —
Covered payroll	$ 9,654	$ 8,200
Contributions as a percentage of covered payroll	0.79%	0.91%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **STATEMENT 2.30**

Changes in the Net Pension Liability and Related Ratios Schedule

Judicial Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 6,452	$ 6,227	$ 6,025	$ 5,814	$ 5,186
Interest	17,331	16,449	16,417	15,564	15,320
Differences between expected and actual experience	(12,076)	—	(10,791)	—	(3,741)
Changes of assumptions	10,344	—	—	—	1,407
Benefit payments, including refunds of employee contributions	(12,126)	(11,589)	(11,228)	(10,684)	(10,578)
Net change in total pension liability	9,925	11,087	423	10,694	7,594
Total pension liability - beginning	216,635	205,548	205,125	194,431	186,837
Total pension liability - ending (a)	226,560	216,635	205,548	205,125	194,431
Plan fiduciary net position					
Contributions - employer	10,528	11,086	11,710	10,222	8,862
Contributions - employee	833	886	802	811	780
Net investment income	13,590	18,910	(567)	4,349	21,845
Other income		—	2	—	—
Benefit payments, including refunds of employee contributions	(12,126)	(11,589)	(11,228)	(10,684)	(10,578)
Administrative expenses	(63)	(79)	(60)	(86)	(66)
Net change in plan fiduciary net position	12,762	19,214	659	4,612	20,843
Plan fiduciary net position - beginning	164,033	144,819	144,160	139,548	118,705
Plan fiduciary net position - ending (b)	176,795	164,033	144,819	144,160	139,548
State's net pension liability - ending (a) - (b)	$ 49,765	$ 52,602	$ 60,729	$ 60,965	$ 54,883
Plan fiduciary net position as a percentage of the total pension liability	78.03%	75.72%	70.46%	70.28%	71.77%
Covered payroll	$ 14,599	$ 14,089	$ 13,597	$ 13,507	$ 13,731
State's net pension liability as a percentage of covered payroll	340.88%	373.36%	446.64%	451.36%	399.70%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.31**

Employer Contributions Schedule

Judicial Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 9,454	$ 10,632	$ 10,471	$ 11,183	$ 10,329
Contributions in relation to the actuarially determined contribution	10,257	10,286	11,086	11,710	10,222
Contribution deficiency (excess)	$ (803)	$ 346	$ (615)	$ (527)	$ 107
Covered payroll	$ 13,393	$ 14,599	$ 14,089	$ 13,996	$ 13,507
Contributions as a percentage of covered payroll	76.58%	70.46%	78.69%	83.67%	75.68%

This statement continued on next page.

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2018 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017.

Investment Return

7.38% per year, net of investment expenses.

Salary Scale

3.62% per year.

Payroll Growth

2.75% per year.

Total Inflation

Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.

Compensation and Benefit Limit Increases

Compensation is limited to the IRC 401(a)(17) amount, which was $275,000 for 2018. This limit is assumed to increase 2.50% each year thereafter.

Benefits are limited to the IRC 415 amount, which was $220,000 for 2018. This limit is assumed to increase 2.50% each year thereafter.

Benefit Payment Increases

Benefits for retired members are assumed to increase 3.62% per year.

Mortality (Pre-Termination)

Mortality rates based upon the 2013-2017 actual experience.

RP-2014 white-collar employee table projected with MP-2017 generational improvement.

Mortality (Post-Termination)

Mortality rates based upon the 2013-2017 actual experience.

93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement.

Turnover

3% if service is less than 10 years, 1% otherwise.

Disability

Incidence rates in accordance with Table 1.

Post-disability mortality in accordance with the RP-2014 disabled table projected with MP-2017 generational improvement.

Retirement

Retirement rates based upon the 2010-2013 experience (see Table 2).

Deferred vested members are assumed to retire at age 60.

Form of Payment

Married members are assumed to choose the 50% Joint and Survivor benefit option. Single members are assumed to choose the Modified Cash Refund Annuity.

Refund of Contributions

0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

Spouse Age Difference

Males are assumed to be four years older than their wives. Females are assumed to be four years younger than husbands.

Percent Married for Pension

90% of male members and 70% of female members are assumed to be married at termination from active service.

Imputed Data

Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year’s client data. Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

Expenses

The investment return assumption is net of investment expenses.

Changes in Assumptions Since the Prior Valuation

Effective for the June 30, 2018 valuation, the Board adopted changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the population experience from July 1, 2013 to June 30, 2017. The changes in assumptions were adopted at the January 2019 Board meeting.

STATE OF ALASKA **STATEMENT 2.31**

Employer Contributions Schedule

Judicial Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2014	2013	2012
Actuarially determined contribution	$ 9,156	$ 8,367	$ 5,052
Contributions in relation to the actuarially determined contribution	8,862	8,094	5,419
Contribution deficiency (excess)	$ 294	$ 273	$ (367)
Covered payroll	$ 13,731	$ 13,289	$ 11,803
Contributions as a percentage of covered payroll	64.54%	60.91%	45.91%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.32**

Changes in the Net OPEB Liability and Related Ratios Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018
Total OPEB liability		
Service cost	$ 690	$ 734
Interest	1,391	1,318
Differences between expected and actual experience	(1,865)	83
Changes of assumptions	710	
Retiree Drug Subsidy	21	64
Pharmacy Rebates	—	62
Benefit payments, including refunds of employee contributions	(1,576)	(1,031)
Net change in total OPEB liability	(629)	1,230
Total OPEB liability - beginning	17,476	16,246
Total OPEB liability - ending (a)	16,847	17,476
Plan fiduciary net position		
Contributions - employer	621	628
Net investment income	2,455	3,470
Other income	21	127
Benefit payments, including refunds of employee contributions	(1,576)	(1,031)
Administrative expenses	(15)	(51)
Net change in plan fiduciary net position	1,506	3,143
Plan fiduciary net position - beginning	29,991	26,848
Plan fiduciary net position - ending (b)	31,497	29,991
State's net OPEB liability - ending (a) - (b)	$ (14,650)	$ (12,515)
Plan fiduciary net position as a percentage of the total OPEB liability	186.96 %	171.61 %
Covered payroll	$ 14,599	$ 14,089
State's net OPEB liability as a percentage of covered payroll	(100.35)%	(88.83)%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.33**

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 599	$ 632	$ 631	$ 501	$ 313
Contributions in relation to the actuarially determined contribution	591	594	628	508	520
Contribution deficiency (excess)	$ 8	$ 38	$ 3	$ (7)	$ (207)
Covered payroll	$ 13,393	$ 14,599	$ 14,089	$ 13,996	$ 13,507
Contributions as a percentage of covered payroll	4.41%	4.07%	4.46%	3.63%	3.85%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule
Judicial Retirement System - Alaska Retiree Healthcare Trust Plan
Last Ten Fiscal Years
(Stated in Thousands)

	2014	2013	2012
Actuarially determined contribution	$ 1,094	$ 723	$ 1,433
Contributions in relation to the actuarially determined contribution	882	834	599
Contribution deficiency (excess)	$ 212	$ (111)	$ 834
Covered payroll	$ 13,731	$ 13,289	$ 11,803
Contributions as a percentage of covered payroll	6.42%	6.28%	5.07%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Changes in the Net Pension Liability and Related Ratios Schedule
Alaska National Guard and Alaska Naval Militia Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 611	$ 611	$ 603	$ 604	$ 632
Interest	2,266	2,170	2,660	2,554	2,363
Differences between expected and actual experience	(12,218)	—	(8,659)	—	241
Changes of assumptions	(174)	—	—	—	27
Benefit payments, including refunds of employee contributions	(1,360)	(1,485)	(1,729)	(1,564)	(1,611)
Net change in total pension liability	(10,875)	1,296	(7,125)	1,594	1,652
Total pension liability - beginning	32,480	31,184	38,309	36,715	35,063
Total pension liability - ending (a)	21,605	32,480	31,184	38,309	36,715
Plan fiduciary net position					
Contributions - employer	907	866	735	628	740
Net investment income	1,965	3,182	182	590	4,528
Benefit payments, including refunds of employee contributions	(1,360)	(1,485)	(1,729)	(1,564)	(1,611)
Administrative expenses	(226)	(257)	(242)	(241)	(223)
Net change in plan fiduciary net position	1,286	2,306	(1,054)	(587)	3,434
Plan fiduciary net position - beginning	38,132	35,826	36,880	37,467	34,033
Plan fiduciary net position - ending (b)	39,418	38,132	35,826	36,880	37,467
State's net pension liability - ending (a) - (b)	$ (17,813)	$ (5,652)	$ (4,642)	$ 1,429	$ (752)
Plan fiduciary net position as a percentage of the total pension liability	182.45%	117.40%	114.89%	96.27%	102.05%
Covered payroll	N/A	N/A	N/A	N/A	N/A
State's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.41**

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 852	$ 907	$ 867	$ 735	$ 627
Contributions in relation to the actuarially determined contribution	852	907	867	735	627
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This statement continued on next page.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6. Changes in assumptions have occurred over the ten year period presented.

Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2018 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017.

Investment Return:	7.00% per year, net of investment expenses.
Pre-termination Mortality:	100% (male and female) of RP-2014 employee table with MP-2017 generational improvement.
Post-termination Mortality:	91% of male and 96% of female rates of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Disability Mortality:	RP-2014 disabled table with MP-2017 generational improvement.
Inflation Rate:	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.12% annually.
Administrative Expenses:	The expense load is equal to the average of the prior 2 years actual administrative expenses rounded to the nearest $1,000 as follows:
Fiscal Year Ending June 30	
2017:	257,396
2018:	226,466
Total:	$ 483,862/2 = $ 242,000 Expense Load (Rounded)
Turnover:	Ultimate rates of turnover based upon the 2013-2017 actual experience.
Disability:	Incidence rates based upon the 2013-2017 actual experience of the State of Alaska Public Employees' Retirement System.
Retirement:	Retirement rates based upon the 2013-2017 actual experience.

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 475	$ 431	$ 896	$ 965	$ 2,415
Contributions in relation to the actuarially determined contribution	740	739	896	965	2,603
Contribution deficiency (excess)	$ (265)	$ (308)	$ —	$ —	$ (188)
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule (continued)

Form of Payment:	70% of members are assumed to elect a lump sum benefit, 30% of members are assumed to elect a monthly annuity with the number of payments equal to the number of months they were active in the Plan. A lump sum of the remaining payments is paid if the member should die while receiving payments. Lump sums are calculated based on a 7% discount rate using post-termination healthy mortality for retirement benefits and disability mortality for disability benefits.

Changes in Actuarial Assumptions Since the Prior Valuation

Effective for the June 30, 2018 valuation, the Board adopted changes to the demographic and economic assumption recommended by the actuary, based on the results of an experience analysis performed on the population experience from July 1, 2013 to June 30, 2017. The changes in assumptions were adopted by the Board during the January 2019 Board meeting.

Changes in the Net Pension Liability and Related Ratios Schedule
Alaska Railroad Corporation Defined Benefits Pension Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2019	2018	2017	2016
Total pension liability				
Service cost	$ 5,676	$ 5,777	$ 5,853	$ 5,834
Interest	15,221	14,230	13,244	11,832
Changes of benefits terms		154	—	—
Differences between expected and actual experience	(2,321)	(482)	6,368	—
Changes of assumptions		272	—	—
Benefit payments, including refunds of employee contributions	(7,062)	(6,197)	(5,541)	(4,920)
Net change in total pension liability	11,514	13,754	19,924	12,746
Total pension liability - beginning	200,808	187,054	167,130	154,384
Total pension liability - ending (a)	212,322	200,808	187,054	167,130
Plan fiduciary net position				
Contributions - employer	3,555	4,051	4,163	3,571
Contributions - employee	4,341	4,302	4,383	4,290
Net investment income	(8,075)	22,088	11,774	(199)
Benefit payments, including refunds of employee contributions	(7,062)	(6,197)	(5,541)	(4,920)
Administrative expenses	(312)	(409)	(593)	(550)
Net change in plan fiduciary net position	(7,553)	23,835	14,186	2,192
Plan fiduciary net position - beginning	185,423	161,588	147,402	145,210
Plan fiduciary net position - ending (b)	177,870	185,423	161,588	147,402
State's net pension liability - ending (a) - (b)	$ 34,452	$ 15,385	$ 25,466	$ 19,728
Plan fiduciary net position as a percentage of the total pension liability	83.77%	92.34%	86.39%	88.20%
Covered payroll	$ 48,228	$ 47,804	$ 48,705	$ 47,660
State's net pension liability as a percentage of covered payroll	71.44%	32.18%	52.29%	41.39%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.51**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2,019	2018	2017	2016
Actuarially determined contribution	$ 3,555	$ 4,051	$ 4,163	$ 3,571
Contributions in relation to the actuarially determined contribution	3,555	4,051	4,163	3,571
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	48,288	47,804	48,705	47,660
Contributions as a percentage of covered payroll	7.36%	8.47%	8.55%	7.49%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

STATE OF ALASKA **STATEMENT 2.52**

Changes in the Net OPEB Liability and Related Ratios Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2019	2018	2017	2016
Total OPEB liability				
Service cost	$ 599	$ 700	$ 699	$ 633
Interest	981	1,095	985	1,021
Changes of benefits terms		526	—	—
Differences between expected and actual experience	(4,511)	(165)	(1,832)	—
Changes of assumptions	1,461	—	1,442	—
Benefit payments, including refunds of employee contributions	(350)	(331)	(506)	(193)
Net change in total OPEB liability	(1,820)	1,825	788	1,461
Total OPEB liability - beginning	17,152	15,327	14,539	13,078
Total OPEB liability - ending (a)	15,332	17,152	15,327	14,539
Plan fiduciary net position				
Contributions - employer	—	—	—	—
Net investment income	(958)	4,295	2,670	(384)
Benefit payments, including refunds of employee contributions	(350)	(331)	(506)	(193)
Administrative expenses	(71)	(77)	(66)	(48)
Net change in plan fiduciary net position	(1,379)	3,887	2,098	(625)
Plan fiduciary net position - beginning	46,627	42,740	40,642	41,267
Plan fiduciary net position - ending (b)	45,248	46,627	42,740	40,642
State's net OPEB liability - ending (a) - (b)	$ (29,916)	$ (29,475)	$ (27,413)	$ (26,103)
Plan fiduciary net position as a percentage of the total OPEB liability	295.12 %	271.85 %	278.85 %	279.54 %
Covered payroll	$ 33,444	$ 35,292	$ 46,941	$ 47,660
State's net OPEB liability as a percentage of covered payroll	(89.45)%	(83.52)%	(58.40)%	(54.77)%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA **STATEMENT 2.53**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2019	2018	2017	2016
Actuarially determined contribution	$ —	$ —	$ —	$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	33,444	35,292	46,941	47,660
Contributions as a percentage of covered payroll	—%	—%	—%	—%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

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SECTION II - FINDINGS AND QUESTIONED COSTS

INTRODUCTION

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

Generally, the status of prior year findings fall into one of five categories:

- Resolved by the department.
- Resolved by the department, yet the finding was again identified in the current year.
- Not fully resolved by the department and reiterated with its current status in this report.
- Not fully resolved by the department, yet the current year effects were not a significant audit issue; therefore, it is not reiterated in this report.
- State compliance findings not resolved, yet not reiterated.

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SUMMARY OF FINDINGS For the Fiscal Year Ended June 30, 2019						
	--------------------*Control Deficiencies*--------------------					
	Basic Financial Statements		*Federal Programs*			
State Department	*Material Weakness*	*Significant Deficiency*	*Material Weakness*	*Significant Deficiency*	*Federal Compliance*	*Other State Issues*
GOV						2019-073
DOA	2019-009	2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-010, 2019-011, 2019-012				2019-011, 2019-012, 2019-013, 2019-014, 2019-015, 2019-016
LAW						
DOR	2019-017, 2019-018	2019-019				2019-015, 2019-017, 2019-018, 2019-020, 2019-021, 2019-022
DEED				2019-023, 2019-024	2019-024	
DHSS			2019-036, 2019-041,	2019-029, 2019-030, 2019-031, 2019-032, 2019-033, 2019-034, 2019-035, 2019-037, 2019-038, 2019-039, 2019-042,	2019-029, 2019-031, 2019-033, 2019-034, 2019-036, 2019-037, 2019-038, 2019-039, 2019-040, 2019-043, 2019-045, 2019-046, 2019-047, 2019-048, 2019-050,	

SUMMARY OF FINDINGS
For the Fiscal Year Ended June 30, 2019
(continued)

	--------------------*Control Deficiencies*--------------------					
	Basic Financial Statements		*Federal Programs*			
State Department	*Material Weakness*	*Significant Deficiency*	*Material Weakness*	*Significant Deficiency*	*Federal Compliance*	*Other State Issues*
DHSS, cont.		2019-025, 2019-026, 2019-027, 2019-028	2019-047, 2019-048, 2019-049, 2019-050, 2019-051, 2019-052	2019-043, 2019-044, 2019-046, 2019-053, 2019-054, 2019-055	2019-051, 2019-052, 2019-053, 2019-054, 2019-055, 2019-056	2019-057
DLWD		2019-058		2019-059, 2019-060, 2019-061	2019-059, 2019-060, 2019-061	2019-062
DCCED				2019-063	2019-063	2019-064
DMVA		2019-065				
DNR	2019-066, 2019-067		2019-068, 2019-071, 2019-072	2019-069, 2019-070	2019-068, 2019-069, 2019-071, 2019-072	2019-066, 2019-067, 2019-073, 2019-074
DFG		2019-075				
DPS						
DEC				2019-076, 2019-077, 2019-078, 2019-079	2019-077, 2019-078, 2019-079	
DOC						
DOTPF	2019-080			2019-081, 2019-082, 2019-083	2019-081, 2019-082, 2019-083	2019-084, 2019-085
Court System						
Component Units				2019-086, 2019-087	2019-086, 2019-087	
Alaska State Legislature						2019-088, 2019-089

Findings and Recommendations

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OFFICE OF THE GOVERNOR

No findings were issued to the Office of the Governor in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.*

One new finding was issued during the FY 19 statewide single audit, made to both the Office of the Governor and the Department of Natural Resources (DNR), and is included as Finding No. 2019-073 in DNR's Section II.

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DEPARTMENT OF ADMINISTRATION (DOA)

Fourteen findings were issued to DOA in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding No. 2018-011 is resolved. Prior year Finding Nos. 2018-001 through 2018-008, and 2018-012 through 2018-014 are not resolved and are reiterated in this report as Finding Nos. 2019-001 through 2019-008 and 2019-013 through 2019-015, respectively. Prior year Finding Nos. 2018-009 and 2018-010 were not significant issues in the current year and are not reiterated in this report.

Five new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-009 through 2019-012, and 2019-016.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-001

Prior Year Finding: 2018-001
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
Testing of the FY 19 draft Comprehensive Annual Financial Report (CAFR) identified the year-end financial reporting of activity between the constitutional budget reserve fund (CBRF) and the general fund (GF) was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution.[1]

Context:
Inaccurate FY 19 financial reporting resulted from a combination of the following:

- The balance of the long-term borrowing was not accurate in the draw calculation;
- The balance in the GF and Other Non-Segregated Investments II account was not included in the draw calculation; and
- The repayment amount from the GF subfunds was not accurate.

Cause:
Division of Finance's (DOF) procedures did not provide enough detail for determining the value of specific components used in the calculation for the year-end draw between the CBRF and GF, and presenting the year-end sweep.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Section 1600.116 requires that governmental funds be reported using the modified accrual basis of accounting, under which expenditures and transfers are recognized when measurable and when the related liability is incurred.

Effect:
The year-end net balance of the borrowing and repayment between the CBRF and GF was overstated by $1.521 billion in the draft FY 19 CAFR. The noted errors were corrected via audit adjustments and the activity was properly reported in the FY 19 CAFR.

Recommendation
DOA's DOF director should ensure procedures are updated to accurately report CBRF financial activity, including the presentation of the repayment required by Article IX, Section 17(d) of the Alaska Constitution. The revised procedures for the calculation of the

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[1] Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the GF available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. This repayment is also referred to as the sweep.

draw from the CBRF to the GF should provide detail on the specific components of the calculation and an annual evaluation of the methodology for needed changes.

Finding No. 2019-002

Prior Year Finding: 2018-002
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DOF's director has not developed and implemented a comprehensive policy for configuration management of its accounting and reporting systems.

Context:
The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
Competing priorities and lack of resources contributed to the control weakness.

Criteria:
National Institute of Standards and Technology (NIST) Special Publication 800-53r4 provides specific criteria related to the identified deficiencies.

Effect:
Internal control deficiencies may result in inappropriate system changes that cause disruptions, financial misstatements, inefficiencies, and noncompliance with federal and State laws, and/or loss of productivity.

Recommendation:
DOF's director should implement strong system configuration management controls over its accounting and reporting systems.

Finding No. 2019-003

Prior Year Finding: 2018-003
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
An evaluation of DOA's State payroll system controls identified significant internal control weaknesses.

Context:
The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
Competing priorities, lack of resources, and management's reliance on contractor support contributed to the control weakness.

Criteria:
State of Alaska Information Security Policies provide specific criteria related to the identified deficiencies.

Effect:
The control weaknesses increase the risk of noncompliance with state and federal regulations, financial misstatements, and misuse or exposure of confidential or sensitive information.

Recommendation:
DOF's director should improve the State's payroll system controls.

Finding No. 2019-004

Prior Year Finding: 2018-004
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
Internal control weaknesses were identified over logical access to DOA's State accounting system.

Context:
The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
The weaknesses were attributed to inadequate training and deficiencies in the design of internal controls.

Criteria:
State of Alaska Information Security Policies provide specific criteria related to the identified deficiencies.

Effect:
The control weaknesses increase the risk of financial misstatements and potential misuse or exposure of confidential or sensitive information.

Recommendation:
DOF's director should strengthen controls over logical access to the accounting system.

Finding No. 2019-005

Prior Year Finding:	2018-005
Type:	Basic Financial Statements
Impact:	Significant Deficiency

Condition:
DOF's director does not require the State accounting system (IRIS) contractor to provide an independent annual assurance review of internal controls and processing.

Context:
DOF has a professional services agreement with a contractor, which provides for the daily operation of IRIS. The contractor's duties include, but are not limited to, payroll processing, code releases, and configuration changes. DOF relies on the services of the contractor without sufficient assurance that internal controls are in place and operating effectively.

Cause:
Management does not understand that existing contractor monitoring processes are not sufficient to effectively address risk associated with database management, logical access, and configuration management.

Criteria:
State of Alaska Information Security Policy 162 5.1.1 states that executive management must ensure that the capacity and performance of information systems are monitored to assure the confidentiality, integrity, and availability of information. Per NIST control SA-9, third party service providers should be subject to the same information system security policies and procedures of the supported organization, and must conform to the same security control and documentation requirements as would apply to the organization's internal systems.

Additionally, Section 3.02 of DOA's Division of General Services standard Request for Proposal form requires that contracts with third party service providers include a provision for an annual Statement of Attestation Engagement Report covering the providers' internal control structure and processes.

Effect:
Without adequate assurance that the contractor's internal controls are properly designed and operating effectively, there is an increased risk of financial misstatements, loss or manipulation of data, and misuse of information.

Recommendation:
DOF's director should amend DOF's agreement with the IRIS contractor to require the contractor provide an annual independent report on internal controls consistent with best practices. Additionally, the director should develop internal control procedures to evaluate the results of the internal control report.

Finding No. 2019-006

Prior Year Finding:	2018-006
Type:	Basic Financial Statement
Impact:	Significant Deficiency

Condition:
Government-wide governmental activities revenues in the draft FY 19 CAFR Statement of Activities contained numerous classification errors.

Context:
DOF accountants classify government-wide governmental activities revenues as program or general revenues. The classification methodology has resulted in significant errors since FY 16.

Cause:
Several factors contributed to the errors. DOF accountants did not follow procedures to balance the transfers account by incorrectly offsetting program revenues and expenses. Further, DOF accountants did not fully incorporate prior year audit adjustments into the FY 19 revenue classification work. Data entry errors were not prevented or detected and corrected by DOF accountants. Additionally, DOF's revenue classification procedures were not finalized at the time of CAFR preparation.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Sections 1800.142–.143 require revenues to be classified as program revenues or general revenues. Program revenues are derived directly from the program itself and classified between charges for services, operating grants and contributions, and capital grants and contributions. General revenues include all other revenues not meeting the definition of

program revenues and breaks out taxes by the different tax types, including sales tax, property tax, and income tax.

Effect:
Government-wide governmental activities revenues on the Statement of Activities in the FY 19 draft CAFR were misclassified by $141.3 million. FY 19 errors were corrected via audit adjustments and properly reported in the FY 19 CAFR.

Recommendation:
DOF's director should improve procedures to ensure government-wide revenues are consistently and accurately classified.

Finding No. 2019-007

Prior Year Finding:	2018-007
Type:	Basic Financial Statements
Impact:	Significant Deficiency

Condition:
The capital asset accounts on the draft FY 19 government-wide governmental activities Statement of Net Position and related footnote five contained significant errors.

Context:
In FY 18, IRIS was used for the first time to track, report, and depreciate capital assets. Individual capital asset errors identified in FY 18 were not updated in IRIS. The FY 18 errors were manually adjusted to correctly report the assets in the FY 18 CAFR. During FY 19 DOA's DOF instructed applicable department accountants to update IRIS with the prior year adjustments in addition to recording FY 19 capital assets. DOF accountants were responsible for monitoring capital asset entries in IRIS and calculating amounts to be reported in the FY 19 CAFR.

Cause:
DOF accountants did not adequately monitor agency IRIS transactions for FY 18 audit adjustments, resulting in incorrect capital asset entries in IRIS. Additionally, DOF accountants did not monitor FY 19 construction in progress (CIP) asset entries to ensure agencies were updating asset values and transferring completed assets to depreciable asset classifications as necessary.

IRIS does not calculate depreciation for assets with pending fixed asset documents, assets entered without necessary information, and those with terminated appropriations. DOF must manually adjust the depreciation for these assets each year, resulting in capital asset values in IRIS that do not match the CAFR. Manual calculations increase the complexity of capital asset reporting and increase risk of errors.

DOF's procedures for manual calculation of asset additions and deletions, and depreciation additions and deletions for CAFR footnote five, did not fully consider the effect of prior year audit adjustments. The method used by DOF to allocate calculated deletions was flawed, causing an understatement and improper classification of asset deletions and depreciation deletions.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require capital assets to be reported at historical cost and include all tangible or intangible assets used in the operations that have initial useful lives extending beyond a single reporting period and be depreciated over their useful lives.

Alaska Statute 37.05.210 requires DOA to file a report of financial transactions of the preceding fiscal year and the financial condition of the State as of the end of that year, prepared in accordance with generally accepted accounting principles (GAAP).

Effect:
Multiple errors were identified in the FY 19 draft CAFR government-wide governmental activities Statement of Net Position capital asset accounts, which may have been detected and corrected if DOF had adequate capital asset monitoring procedures. The errors included:

- CIP overstated $38.8 million;
- buildings net of depreciation understated $72.4 million;
- equipment net of depreciation overstated $19.2 million; and
- infrastructure net of depreciation understated $9.8 million.

Additionally, DOF staff's calculation of asset additions/deletions and depreciation additions/deletions for footnote five resulted in errors across all governmental activities capital asset categories totaling a net:

- asset addition overstatement of $119.6 million;
- asset deletion understatement of $142.1 million;
- depreciation addition overstatement of $228.6 million; and
- depreciation deletion overstatement of $4.7 million.

Once identified by auditors, the errors were corrected and properly reported in the FY 19 CAFR.

Recommendation:
DOA's state accountant should improve procedures to accurately report capital assets in the annual CAFR. Procedures should include monitoring of agency capital assets throughout the fiscal year and during CAFR preparation to identify and correct inaccurate entries. Additionally, DOF's CAFR preparation procedures should be updated to properly classify capital asset activity in CAFR footnote five.

The state accountant should consider creating a capital asset reference guide for agencies to utilize when inputting capital asset information in IRIS and provide capital asset training to agencies. Finally, correcting entries should be processed in IRIS or structural coding changes should be made to help ensure IRIS calculates depreciation on all depreciable assets.

Finding No. 2019-008

Prior Year Finding: 2018-008
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DOF does not have adequate procedures in place to accrue GF revenue in the correct fiscal year.

Context:
IRIS recorded revenue receivables (RE) during the reappropriation period (July and August) by default to FY 20. However, REs recorded during the reappropriation period, which are generated based on prior year expenditures (FY 19), should be recorded in the prior fiscal year (FY 19). Prior to August 2019, DOF required agency accountants to manually review and correct the fiscal year for each RE recorded during the reappropriation period as applicable.

In August 2019 DOF released a modified version of the reappropriation period digest[2] that allowed agencies to use adjusting entries to correct accounts receivable balances for RE transactions posted to the incorrect fiscal year, thereby removing the requirement to review and correct individual RE transactions. DOF made this policy change without thoroughly evaluating whether information resources were available to support adjusting entries. Additionally, DOF did not fully consider the impacts of the change on FY 19 deferred inflows.

Cause:
Manually reviewing and correcting REs during the reappropriation period can be labor intensive for agency accountants. In an effort to relieve stress on departments, DOF management decided a manual adjustment could be posted to correct for REs recorded to the incorrect fiscal year. Given the turnover within key positions, DOF management was unaware of the limitations of the State's financial reporting system (ALDER) and incorrectly assumed that an ALDER report existed or could be easily created to accurately identify REs recorded to the incorrect fiscal year.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Section 1600.106 requires governmental fund revenue to be recognized in the accounting period in which revenues become both measurable and available to finance expenditures of the fiscal period.

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[2] The reappropriation period digest is written guidance provided by DOF to agency accountants on how to properly classify financial information during the reappropriation period.

Effect:
DOF staff spent multiple weeks developing an ALDER report to identify RE transactions recorded to the incorrect fiscal year. Once developed, the ALDER report data required manual manipulation and analysis of data to arrive at a correct adjustment amount. This contributed to DOF's delay in completing the draft CAFR.

Auditors worked closely with DOF staff during DOF's implementation of this new process. Weaknesses identified by auditors were corrected by DOF prior to the finalization of adjusting entries. Therefore, no material misstatements occurred in the FY 19 CAFR. However, the ALDER report did not consistently report receivable balances accurately, complicating the reporting of receivables in the correct fiscal year and deferred inflows of revenues, as applicable. Using the same ALDER report and analysis process in future years to support an adjustment for the entire reappropration period and for all departments could result in a significant misstatement in future CAFRs.

Recommendation:
DOF's director should improve procedures to ensure that revenues are accurately reported.

<u>Finding No. 2019-009</u>

Type: Basic Financial Statements
Impact: Material Weakness

Condition:
GF revenues and expenditures reported in the FY 19 draft CAFR were materially misstated.

Context:
The GF interfund transfers account is used in IRIS to record all GF-related transfer activity. However, for CAFR reporting purposes the transfer balances should only represent cash that moved between governmental funds. To ensure that transfers are correctly reported on the CAFR, DOF's CAFR preparation procedures dictate a series of manual adjustments that are needed to eliminate inter-GF transfers, or to reclassify transfers and component unit activity as revenues or expenditures depending on various factors. During FY 19, DOF staff did not complete procedures to eliminate or reclassify transfer activity.

DOF's CAFR preparation procedures include a manual adjustment to eliminate intergovernmental revenues and expenditures generated by reimbursable service agreements (RSA). DOF did not complete all aspects of the RSA elimination prior to finalizing the CAFR.

To ensure that the GF's ending fund balance tied between FY 19 CAFR financial statements, DOF eliminated total non-governmental fund transfers and intergovernmental activity by erroneously plugging various accounts to balance the statements.

DOF's CAFR preparation procedures also include reporting budgetary comparison data as required supplementary information in the CAFR. The financial data that supports reporting on a GAAP basis is adjusted for reporting on a budgetary basis and included as a separate schedule following the footnotes.

Cause:
DOF experienced excessive turnover in key positions during FY 19 which resulted in new, inexperienced staff completing the CAFR. Staff were unfamiliar with DOF's CAFR preparation procedures and did not perform or incorrectly performed manual adjustments.

Criteria:
Alaska Statute 37.05.210 requires DOA to file a report of financial transactions for the preceding fiscal year and the financial condition of the State as of the end of that year, prepared in accordance with GAAP.

Governmental accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB) dictate the use of proper terminology and appropriate classification is essential through the budgeting, accounting, and reporting processes. Further, GASB clarifies how interfund activity should be classified and reported in the CAFR.[3]

Effect:
The plug entries had widespread effects. The largest impact was caused by a payment in from a component unit that was incorrectly classified as federal grants in aid revenue resulting in a revenue classification misstatement of $1.1 billion. Additionally, inter-GF expenditures recorded to various expenditure accounts were eliminated against health and human services expenditures resulting in a $548 million understatement of the account and an overstatement in the remaining expenditure accounts.

Other significant errors included the improper reclassification of debt service principal resulting in a $78.7 million overstatement of the debt service principal expenditures account; the GF combining statement (Statement 3.02) did not correctly present transfers balances for GF subfunds; and footnote 10 misstated GF transfers to and from other governmental funds. All errors were classification misstatements and did not impact a fund balance. Extensive audit work was performed to identify errored amounts in the FY 19 draft CAFR and corrections were made via audit adjustments.

Improper report parameters and a lack of understanding of budgetary reporting led to significant errors in reporting GF budgetary comparison schedule. The errors totaled over $5 billion across multiple accounts.

[3] *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 1800.101–.102.

Recommendation:
DOA DOF's director should ensure that accountants are properly trained in governmental accounting and financial statement preparation. Additionally, the director should ensure written procedures are thoroughly understood and followed when preparing the CAFR.

Finding No. 2019-010

Type:	Basic Financial Statements
Impact:	Significant Deficiency

Condition:
DOF accountants did not properly report the Alaska Energy Authority (AEA) as a major component unit in the draft FY 19 CAFR.

Context:
DOF has historically reported the University of Alaska, Alaska Housing Finance Corporation, and Alaska Industrial Development and Export Authority as major component units. AEA has historically been reported as a nonmajor component unit. DOF's CAFR procedures require an annual analysis of components to identify major component units.

Cause:
After FY 19 draft statements were ready to be transmitted to the Division of Legislative Audit, DOF accountants analyzed the components and became aware that AEA may qualify as a major component unit. Because statements were already approximately six weeks late, DOF management decided to transmit the financial statements without taking the time to reclassify AEA.

Criteria:
Per *Codification of Government Accounting and Financial Reporting Standards,* Section 2600.108, certain information should be presented about each major component unit included in the financial reporting entity, except for fiduciary component units. The determination that a component unit is "major" should be based on the nature and significance of its relationship to the primary government. This determination generally would be based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government. Major component unit reporting requirements should be satisfied by (1) presenting each major component unit in a separate column in the reporting entity's statements of net position and activities, (2) including combining statements of major component units in the reporting entity's basic statements after the fund financial statements, or (3) presenting condensed financial statements in the notes to the reporting entity's financial statements. Nonmajor

component units should be aggregated in a single column. A combining statement for the nonmajor component units is not required but may be presented as supplementary information.

Effect:
AEA was inaccurately reported as a nonmajor component unit in the FY 19 draft CAFR. AEA was reclassified as a major component unit via an audit adjustment and accurately reported in the final FY 19 CAFR.

Recommendation:
DOA's state accountant should ensure procedures for identifying major component units for CAFR reporting are performed timely.

Finding No. 2019-011

Type:	Basic Financial Statements, Other State Issues
Impact:	Significant Deficiency, Noncompliance

Condition:
DOF staff completed the FY 19 draft CAFR on December 10, 2019, with known errors in multiple GF accounts exceeding one billion dollars.

Context:
DOF staff are responsible for creating the State's financial statements. The draft CAFR statements must be provided to the Division of Legislative Audit, the State's independent auditor, by October 31st each year to allow the annual audit to be completed by the statutory deadline of December 15th.

During FY 19, many of DOF's accountants, including the top level accountants, left the division and a new director assumed leadership. Generally, the positions were filled with accountants without governmental accounting education and/or financial statement preparation experience. Several prior retired accountants and/or past DOF employees were hired as non-permanent employees to help prepare financial statements and help train new DOF employees.

Additionally, when creating FY 19 draft statements, new accountants did not thoroughly understand DOF's written procedures and, at times, attempted to change procedures that were not fully understood. This approach led to incorrect methodologies which resulted in delays.

Cause:
Significant turnover led to a lack of available resources and experience for preparing the draft financial statements. Additionally, a willingness to change historical procedures without a thorough understanding of the accounting process caused delays.

Criteria:
Per AS 37.05.210(a)(1), DOA must file with the governor and with the legislative auditor, before December 16th, a report of the financial transactions of the preceding fiscal year and of the financial condition of the State as of the end of that year, prepared in accordance with GAAP and audited by the legislative auditor in accordance with generally accepted audit standards, with comments and supplementary data that DOA considers necessary.

Per *Codification of Government Accounting and Financial Reporting Standards,* Section 1200.112, the basic financial statements of governmental units should be prepared in conformity with GAAP. Furthermore, state or local governments that want independent auditors to express unqualified opinions that financial statements are prepared in conformity with GAAP must prepare statements in accordance with these principles.

Effect:
Untimely draft CAFR statements with known problems delayed the issuance of the audited CAFR, which may negatively impact the decision-making of report users.

Recommendation:
DOF's director should ensure that draft financial statements are produced timely to meet deadlines established in Alaska Statutes. DOF accountants should be provided training in governmental accounting and financial statement preparation. DOF's director should also pursue hiring certified public accountants to fill leadership roles within DOF's accounting section. Further, historical written procedures should be followed, or thoroughly understood, before procedures are changed.

Finding No. 2019-012

Type:	Basic Financial Statements, Other State Issues
Impact:	Significant Deficiency, Noncompliance

Condition:
The Alaska International Airport System's (AIAS) independent audit was issued on December 9, 2019, for inclusion in the CAFR, approximately seven weeks after the agreed upon deadline.

Context:
AIAS is organizationally located within the Department of Transportation and Public Facilities (DOTPF). AIAS's controller relies on assistance from both DOTPF fiscal staff and DOF accountants to prepare the entity's financial statements. Similar to several governmental corporations, AIAS's financial activity is audited by an independent auditor. The final audited statements must be provided to DOF for inclusion in the CAFR.

AIAS's FY 18 financial statement audit was provided to DOF approximately 10 weeks after the agreed upon deadline, which resulted in delays in preparing the FY 18 CAFR. To help prevent future CAFR delays, the AIAS controller and DOA's state accountant agreed to work together and share information to help ensure the FY 19 audit was completed by October 21, 2019.

DOF experienced significant turnover which caused delays in providing specific FY 19 information necessary to prepare the AIAS financial statements.

Cause:
Staff turnover at DOF led to a lack of resources and experience to provide the necessary financial documentation to AIAS management based on established timelines.

Criteria:
Per AS 37.05.210, DOA must file with the governor and with the legislative auditor before December 16th a report of the financial transactions of the preceding fiscal year and of the financial condition of the State as of the end of that year, prepared in accordance with GAAP and audited by the legislative auditor in accordance with generally accepted audit standards.

Per *Codification of Government Accounting and Financial Reporting Standards,* Section 1200.112, the basic financial statements of governmental units should be prepared in conformity with GAAP. It also states that state or local governments that want independent auditors to express unqualified opinions that financial statements are prepared in conformity with GAAP must prepare statements in accordance with these principles.

Effect:
Untimely audited financial statements delay the issuance of the CAFR, which may negatively impact decision-making by report users.

Recommendation:
DOA's state accountant should provide financial documentation to AIAS's controller to ensure AIA financial statements are audited in time to meet the CAFR deadlines established in Alaska Statutes.

Finding No. 2019-013

Prior Year Finding: 2018-012
Type: Other State Issues
Impact: Noncompliance

Condition:
DOA's Office of Information Technology (OIT) accounting staff have not reconciled the Information Services Fund (ISF) asset tracking system to the State accounting system.

Context:
During FY 11, DOA staff implemented an asset tracking system, FASGov, which appeared adequate to meet basic asset tracking needs. Although the system improved asset tracking, historical data input into the new system was unreliable as the information was never reconciled to information in the State accounting system. Furthermore, no physical inventory was completed for ISF capital assets. No progress was made during FY 12 through FY 15 to address the finding. During FY 16 through FY 19, OIT staff periodically but unsuccessfully attempted to complete a comprehensive inventory of ISF assets. During FY 19, asset data within FASGov continued to be unreliable. At FY 19 year-end, a documented difference of $10.8 million existed between the ISF assets recorded in the State accounting system and the FASGov total assets report. A documented difference of $9.6 million existed between the ISF accumulated depreciation account in the State accounting system and the FASGov total assets report.

Cause:
According to OIT management, OIT staff were unable to complete a comprehensive inventory of ISF assets due to competing priorities.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 states that capital assets should be reported at historical cost and depreciated over their estimated useful lives. GAAP also require the ISF, an internal service fund, to be operated on a cost reimbursement basis, including recovering the cost of capital assets.

Effect:
Inaccurate or incomplete ISF asset records limit the State's ability to accurately report capital assets in the financial statements and may impair the accuracy of OIT reimbursement rates.

Recommendation:
DOA's OIT chief information officer should allocate staff resources to properly account for ISF capital assets.

Finding No. 2019-014

Prior Year Finding:	2018-013
Type:	Other State Issues
Impact:	Noncompliance

Condition:
During FY 19, DOF management did not provide training to support State agencies' use of the ALDER 2.0 system.

Context:
ALDER 2.0 is a statewide reporting system designed to integrate data from multiple systems into a unified environment for simple and effective reporting. With the implementation of IRIS, which has limited reporting capabilities, ALDER 2.0 became critical for querying and summarizing the State's accounting data.

As of November 2019, no formalized training classes and no comprehensive reference manuals have been provided to ALDER users since IRIS went live in July 2015.

Cause:
DOF experienced employee turnover at both the management and staff levels that hampered its ability to develop ALDER 2.0 training classes or a comprehensive reference manual during FY 19. According to management, an ALDER training program is being developed and live and/or online training courses are expected to begin in January 2020.

Criteria:
An effective internal control system requires management communicate quality information to enable personnel to achieve management's objectives. Per GAO-14-704G 14.03, "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States, quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.

Effect:
The lack of formal training adversely impacted agency fiscal personnel's ability to perform duties, including the timely and accurate recording of transactions in IRIS.

Recommendation:
DOF's director should develop and implement ALDER 2.0 training classes and a comprehensive reference manual to ensure State agencies' fiscal personnel using ALDER 2.0 are properly trained.

<u>Finding No. 2019-015</u>

Prior Year Finding: 2018-014
Type: Other State Issues
Impact: Noncompliance

Condition:
An evaluation of OIT's information technology controls identified security weaknesses in relation to a Department of Revenue (DOR) system.

Context:
The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
Competing priorities and employee turnover contribute to the internal control weaknesses.

Criteria:
State of Alaska Information Security Policies and NIST Special Publication 800-53r4 provide specific criteria related to the identified deficiencies.

Effect:
The control weaknesses increase the risk of loss or manipulation of sensitive data.

Recommendation:
OIT's chief information officer should work with DOR's director, with oversight over the referenced system, to strengthen internal controls.

Finding No. 2019-016

Type: Other State Issues
Impact: Non Compliance

Condition:
Internal control weaknesses were identified over the State accounting system's general system controls.

Context:
The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
The control weaknesses are a result of conflicting schedules and employee turnover.

Criteria:
State of Alaska Information Security Policies provide specific criteria related to the identified deficiencies.

Effect:
The control weaknesses may negatively impact productivity and increase the risk of data loss.

Recommendation:
DOF's director should strengthen the accounting system's general system controls.

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DEPARTMENT OF LAW (LAW)

No Findings were issued to LAW in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018*.

No new findings have been issued during the FY 19 statewide single audit.

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DEPARTMENT OF REVENUE (DOR)

Four findings were issued to DOR in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding No. 2018-016 is resolved. Prior year Finding Nos. 2018-015 and 2018-017 are not resolved and are reiterated in this report as Finding Nos. 2019-017 and 2019-019, respectively. Prior year Finding No. 2018-018 is not resolved and is reiterated in this report as part of a new expanded current year Finding No. 2019-021. Additionally, DOR's portion of prior year Finding No. 2018-014 is not resolved and is reiterated in this report as Finding No. 2019-015, issued to both DOR and the Department of Administration (DOA), in DOA's Section II.

Three new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-018, 2019-020, and 2019-022.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

<u>Finding No. 2019-017</u>

Prior Year Finding:	2018-015
Type:	Basic Financial Statements, Other State Issues
Impact:	Material Weakness, Material Noncompliance

Condition:
Revenues eligible for transfer to the constitutional budget reserve fund (CBRF) were not transferred during FY 18 and FY 19, and revenues that should have remained in the CBRF were moved to the general fund (GF).

Context:
DOR administers the regulation, collection, auditing, and proper reporting of taxes on oil and gas produced in the state. The oil and gas severance taxes are based on the net value of oil and gas, which is the value at the point of production, less all qualified capital and operating expenditures. Operating expenditures represent the cost associated with the production process, including tariffs paid for the use of the Trans-Alaska Pipeline.

Pipeline tariff rates are regulated by the Federal Energy and Regulatory Commission (FERC). In two of its more recent decisions, issued on April 21, 2016, and February 28, 2018, FERC reduced tariff rates for production periods occurring after 2009. DOR oil and gas taxpayers were required to amend prior period tax returns by retroactively applying the newly approved tariff rates. As a result of the change, DOR collected an estimated $187.2 million of tax and interest revenues, including $113.5 million collected in FY 18 and $73.7 million collected in FY 19. Historically, taxes received as a result of FERC decisions were deposited into the CBRF. Based on the guidance from the attorney general and the Governor's Office of Management and Budget, DOR staff did not deposit the eligible revenues into the CBRF and the monies remained in the GF during FY 18 and FY 19.

Cause:
Prior to FY 18, DOR staff deposited FERC-related tax revenues into the CBRF. That practice changed during FY 18 in response to legal guidance provided by the Department of Law's attorney general that remained in place throughout FY 19. The guidance concluded that FERC proceedings could not be considered an administrative action or litigation for CBRF purposes because FERC had no jurisdiction over State taxes or royalties. Additionally, the attorney general advised that prior year FERC-related receipts deposited in the CBRF should have remained in the GF.

Auditors engaged the Legislative Division of Legal Services (Legislative Legal) to help determine whether the taxes and royalties received as a result of FERC's decisions regarding the 2009–2015 Trans-Alaska Pipeline System (TAPS) tariff rates should have been deposited into the CBRF. Legislative Legal reviewed the facts of the TAPS case and concluded that the TAPS case met the constitutional requirement for deposit into the CBRF because it was a settlement of litigation and the case involved taxes and royalties.

The Legislative Legal opinion concluded that the State was a party to the TAPS case. As a party to the litigation, the State asserted that the TAPS tariff rates were too high, resulting in reduced royalty and tax obligations by the shippers that utilize TAPS. The overall settlement includes settlement of litigation before the Regulatory Commission of Alaska (RCA) and FERC. The State was a signor of both RCA and FERC settlement agreements. As part of the settlement agreement, the commissioners of DOR and the Department of Natural Resources (DNR) were each required to submit a letter acknowledging that the settlement addressed the tax and royalty concerns. These facts help support Legislative Legal's opinion that the FERC TAPS case did "involve" taxes and royalties. Consequently, the windfall of royalty and tax monies received by DOR and DNR as a result of the FERC TAPS decision should have been deposited into the CBRF.

Criteria:
Article 17(a) of the Alaska Constitution states that "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."

Effect:
After the attorney general opinion was issued in FY 18, DOA's Division of Finance transferred $923.8 of DOR tax and related revenues from the CBRF to the GF.[4] When combined with $113.5 million of FERC-related receipts collected in FY 18 and $73.7 million collected in FY 19, the CBRF year-end balances shown on footnote two of the FY 19 CAFR are cumulatively understated an estimated $1.1 billion. These unadjusted errors contributed to a qualification of the FY 19 CAFR financial opinion. Additionally, $69.2 million of FERC-related revenues which should have been deposited into the CBRF were instead offset to tax credits.

Recommendation:
DOR's commissioner should ensure all CBRF-eligible revenues are transferred to the CBRF.

<u>Finding No. 2019-018</u>

Type:	Basic Financial Statements, Other State Issues
Impact:	Material Weakness, Material Noncompliance

[4] Although the CBRF financial statements show a transfer, no cash moved from the CBRF to the GF. The transfer was accomplished by reducing the GF liability to the CBRF for cash borrowed in prior years.

Condition:
Auditors requested access to DOR oil and gas production tax-related settlement/appeal files to verify the proper usage of oil and gas production tax credit certificate amounts in the settlement of oil and gas production taxes. Auditors were denied access to the requested settlement/appeal files during the audit fieldwork period by DOR management. Consequently, auditors were unable to reasonably determine the appropriate financial statement impact of identified oil and gas production tax credit certificate issues.

Context:
There were at least 16 oil and gas production tax appeal cases which were closed through settlement during FY 19 by DOR. Auditors identified two settlements in which three oil and gas production tax credit certificates totaling $15.3 million were applied, in whole or in part, by DOR when calculating the final oil and gas production tax settlement amount. Requests for access to DOR settlement files to assist in verifying the use of the tax credit certificates for all closed cases during FY 19 were denied by DOR management.

Cause:
DOR management indicated that guidance from the Department of Law prevented DOR from granting access to the requested documents under attorney-client privilege standards. However, DOR management declined to provide auditors with the Department of Law's legal analysis.

Criteria:
Alaska Statute 24.20.271(7) states that the Legislative Audit division shall have access at all times to the books, accounts, reports, or other records, whether confidential or not, of every state agency. In addition, AS 43.55.023(c)(3)(B) and AS 43.55.025(h)(3)(B) prohibit the application of tax credit certificates under those sections against any tax, interest, penalty, fee, or other charge which has, for purposes of Article IX, Section 17(a) of the Alaska State Constitution, been subject to an administrative proceeding or litigation. A settlement resulting from a tax assessment constitutes an administrative proceeding, preventing the use of a tax credit to pay the additional taxes due from the assessment/settlement.

Effect:
Due to limited access, auditors were unable to determine the extent to which DOR has applied oil and gas tax credits to amounts included with oil and gas production tax settlements/appeals and the corresponding financial statement impact. This issue contributed to the qualification of the FY 19 CAFR financial opinion.

Recommendation:
DOR's commissioner should ensure auditors have full access to department information and ensure tax credit certificates are used in accordance with State law.

Finding No. 2019-019

Prior Year Finding: 2018-017
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DOR's instructions for preparing the FY 19 Schedule of Expenditures of Federal Awards (SEFA) included inaccurate report filters for financial reporting which were not identified during the review process.

Context:
Prior to FY 18, DOR staff did not have written procedures for preparing the SEFA. During FY 18, DOR developed written procedures; however, the written procedures contained incorrect reporting parameters which limited the expenditures to the appropriation budget fiscal year. During FY 19, the written procedures were not updated and DOR continued to use the incorrect reporting parameters, which included FY 20 expenditures and excluded portions of FY 19 expenditures. Additionally, the review process did not identify the incorrect parameters.

Cause:
DOR staff misunderstood the differences between budget fiscal year and fiscal year for financial reporting purposes.

Criteria:
Per Title 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation. Furthermore, per Title 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Effect:
Inadequate SEFA preparation and review procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for the determination of major programs as required by federal regulation. Inaccuracies in the amount of expenditures reported on the SEFA increase the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding. Although the FY 19 SEFA was materially accurate, incorrect procedures increase the risk of material errors in the future.

Recommendation:
DOR's Division of Administrative Services director should revise written procedures to ensure correct reporting parameters are used to prepare the SEFA and improve the SEFA review process.

Finding No. 2019-020

Type: Other State Issues
Impact: Noncompliance

Condition:
DOR staff did not transfer approximately $161.5 million of FY 19 eligible severance tax revenues to the CBRF in a timely manner.

Context:
A review of $161.5 million out of $166.3 million FY 19 severance tax-related CBRF transfers showed significant delays between the quarterly identification of eligible deposits in the GF and the transfer of funds to the CBRF. Delays ranged from 42 to 223 days with a majority of delays exceeding 60 days as show in the table below.

Results of FY 19 CBRF Transfer Testing
Days Between GF Deposit
and Transfer to CBRF

Days to Transfer	Count	Transfer Amount (in Millions)
0–30	0	$ 0
31–60	5	23.3
61–90	8	38.4
91–120	3	97.0
>120	2	2.8
		$161.5

Cause:
According to DOR management, the process of calculating the CBRF transfers is highly complex and manual. Further, auditors noted that DOR staff did not consider the loss of potential CBRF earnings due to transfer delays.

Criteria:
Article IX, Section 17(a) of the Alaska State Constitution requires eligible revenue to be transferred to the CBRF and that investment earnings of the fund be retained in the fund.

Effect:
The CBRF would have earned an average rate of return of 4.32 percent if the $161.5 million in revenues would have been transferred timely. Instead, the GF earned an average return rate of 3.08 percent while the funds remained in the GF. Additionally, untimely CBRF transfers distorted the amount considered available for legislative appropriations.

Recommendation:
DOR's Tax Division director should revise the CBRF transfer procedures to include a calculation of interest income owed to the CBRF from date of receipt by the GF until transfer to the CBRF.

Finding No. 2019-021

Prior Year Finding:	2018-018
Type:	Other State Issues
Impact:	Noncompliance

Condition:
A DOR information technology (IT) system lacked adequate logical access and configuration management controls.

Context:
The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
The internal control weaknesses are a result of inadequate procedures.

Criteria:
State of Alaska Information Security Policies, and National Institute of Standards and Technology Special Publication 800-53r4 provide specific criteria related to the identified deficiencies.

Effect:
The control weaknesses increase the risk of misuse and/or abuse of data and may limit DOR's ability to effectively perform tasks.

Recommendation:
DOR' director, with oversight of the specific system, should strengthen IT controls.

Finding No. 2019-022

Type:	Other State Issues
Impact:	Noncompliance

Condition:
One potential DOR shortfall was identified for FY 19.

Context:
An FY 19 potential shortfall was identified as follows:

Appropriation	Appropriation Title	Amount
R367 (BFY 2013)	Child Support Services Case Mgmt. System	$266,192

Cause:
According to DOR management, the cost accounting structure for the R367 appropriation was set up incorrectly in the State accounting system. As a result, the Child Support Services Division (CSSD) under-billed federal revenues by approximately 20 percent.

Criteria:
The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:
As a result of the potential shortfalls, unauthorized general funds may have been expended.

Recommendation:
DOR's CSSD director should take measures to resolve the shortfall, including collecting any remaining revenue if possible, and requesting a supplemental appropriation, if necessary. Additionally, the CSSD director should improve processes over billing and monitoring revenue collections to prevent future revenue shortfalls.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (DEED)

Three findings were issued to DEED in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding Nos. 2018-019 and 2018-020 are resolved. Prior year Finding No. 2018-021 was not a significant issue in the current year and is not reiterated in this report.

Two new findings have been issued during the FY 19 statewide single audit and are included as Findings Nos. 2019-023 and 2019-024.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-023

Federal Awarding Agency:	U.S. Department of Education (ED)
Impact:	Significant Deficiency
CFDA Number and Title:	84.027, 84.173 Special Education Cluster (SEC)
Federal Award Number(s):	H027A180016, H173A180019
Applicable Compliance Requirement:	Matching, Level of Effort, Earmarking

Condition:
The amount of FY 18 State financial support reported in the federal fiscal year (FFY) 19 SEC funding application was understated by $262,883.

Context:
Title 34 CFR 300.163 requires that a state maintain the amount of its financial support (level of effort) for special education and related services for children with disabilities to at least the amount of support provided in the preceding fiscal year.

To demonstrate compliance with SEC level of effort requirements, the State must annually certify the total amount of State financial support made available for SEC programs for the preceding two State fiscal years. The FFY 19 SEC funding application includes certification of State SEC financial support for FY 17 and FY 18. The amount of State SEC financial support reported for FY 18 was $1,191,310,104; the correct amount of State SEC financial support for FY 18 was $1,191,572,987, resulting in an understatement of $262,883.

Cause:
The FY 18 State financial support amount was understated due to a formula error in the calculation. Management review of the calculations did not detect the error.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
This error did not result in FY 19 noncompliance, as the amount of FY 19 State financial support made available for SEC exceeded the federally required level of effort. However, inadequate review and miscalculation of the annual SEC financial support could potentially impact future year compliance with level of effort requirements as management may unknowingly rely on inaccurate SEC financial support information. Failure to maintain the required level of support would result in a reduction of funds in the subsequent fiscal year by the same amount that the State failed to meet the requirement.

Questioned Costs:
None

Recommendation:
DEED's Finance and Support Services director should strengthen review procedures to ensure the accuracy of annual SEC State financial support calculations. Additionally, the Finance and Support Services director should correct the formula error and resubmit the FFY 19 SEC funding application with the accurate FY 18 amount of State financial support.

Finding No. 2019-024

Federal Awarding Agency:	ED
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	84.027, 84.173 SEC
Federal Award Number(s):	H027A180016, H173A180019
Applicable Compliance Requirement:	Subrecipient Monitoring

Condition:
Seven of seven FY 19 SEC subrecipient grant award documents tested did not include the federal award date. Additional analysis determined this condition to be systemic and therefore all 54 Local Educational Agencies (LEA) awarded SEC funds in FY 19 were not notified of the federal award date.

Context:
The State is required to ensure all subrecipient grant awards clearly identify all federally required subaward information. The audit found the standard grant award notification template used in issuing FY 19 SEC grants did not include a federal award date field. Agency staff became aware of the missing information in January 2019 and revised the template to include a federal award date field.

Cause:
DEED staff use a standard template to ensure grant award notifications communicate all federally required information. In response to an FY 16 audit finding,[5] DEED management worked with ED's Office of Special Education Programs in FY 17 to revise the template to ensure all required subaward information was included within the standard subaward template; however, a field to identify the federal award date was overlooked.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal

[5] State of Alaska Single Audit for the Fiscal Year Ended June 30, 2016 (Audit Control Number: 02-40017-17) Recommendation No. 2016-022.

awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.331 requires pass-through entities ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required information at the time of the subaward. Required information includes the federal award date defined by Title 2 CFR 200.39 as the date of award to the recipient by the federal agency.

Effect:
Not providing LEAs all required subaward information increases the risk of LEA noncompliance with the terms and conditions of the federal award.

Questioned Costs:
None

Recommendation:
DEED's Finance and Support Services director should strengthen the procedures for reviewing revisions made to the standard grant award notification template.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES (DHSS)

Sixteen findings were issued to DHSS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018*. Prior year Finding Nos. 2018-024, 2018-029, and 2018-034 through 2018-036 are resolved. Prior year Finding Nos. 2018-022, 2018-026 through 2018-028, 2018-030, and 2018-037 are not resolved and are reiterated in this report as Finding Nos. 2019-028, 2019-056, 2019-035, 2019-036, 2019-038, and 2019-057. Prior year Finding Nos. 2018-025 and 2018-031 through 2018-033 were not significant issues in the current year and are not reiterated in this report. Prior year Finding No. 2018-023 was resolved, yet the finding was again identified and reported as Finding No. 2019-033.

Twenty-seven new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-025 through 2019-027, 2019-029 through 2019-032, 2019-034, 2019-037, and 2019-039 through 2019-055.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-025

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
Testing of seven DHSS FY 19 construction in progress (CIP) assets recorded into the State accounting system (IRIS) identified the following errors:

- Three assets should have been expensed as the costs did not qualify as capital assets.
- Two assets were completed in prior fiscal years, but not transferred to the correct capital asset account.

Context:
Prior to FY 18, Department of Administration, Division of Finance (DOF) annually requested updated capital asset listings from each department. These listings were used by DOF accountants to compile the capital asset amounts reported in the State's Comprehensive Annual Financial Report (CAFR).

Beginning in FY 18, agencies were responsible for entering and updating capital assets in IRIS. It was the responsibility of each agency to ensure capital assets were monitored, accurately updated for additional expenditures, and CIP projects were transferred to the appropriate asset category as the assets were completed and put into service.

Cause:
According to DHSS management, no communication was received from DOF in FY 19 regarding capital assets. As a result, DHSS management did not know that DHSS staff were responsible for updating capital assets in IRIS. Consequently, DHSS accountants did not monitor or update capital assets in IRIS.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require tangible or intangible capital assets used in operations and having initial useful lives extending beyond a single reporting period to be reported at historical cost. Capital assets should be depreciated over the assets' estimated useful lives unless the assets are inexhaustible, are intangible assets with indefinite useful lives, or are land and land improvements.

Effect:
DHSS capital asset errors caused the following misstatements in the government-wide governmental activities accounts in the draft FY 19 CAFR: CIP was overstated $41.1 million, equipment net of depreciation (software) was understated $14.3 million, and expenses were understated $26.8 million. After being identified by auditors, the errored amounts were corrected and properly reported in the FY 19 CAFR.

Recommendation:
DHSS's Division of Finance and Management Services (DFMS) deputy director should work with the state accountant to improve DHSS's capital asset procedures, and provide necessary training and oversight for the recording and tracking of capital assets in IRIS.

Finding No. 2019-026

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DHSS's DFMS accountants did not collect or liquidate federal receivables in a timely manner and $22.2 million in FY 19 receivables were unsupported.

Context:
As of August 31, 2019, DHSS reported a net "due from other governments" accounts receivable balance of $52.9 million, of which $49.6 million (94 percent) had been uncollected for more than three months. The $49.6 million was made up of uncollected receivables of $66 million less $16.5 million of un-cleared receivable adjustments.

As shown in the table below, a net $40 million (81 percent) of the receivable balance had been outstanding for more than one year. DHSS management asserted that the entire balance was valid and collectible, with the exception of $2.2 million which was no longer valid, and an $8.6 million typographical error in one manually entered receivable.

Outstanding Receivables as of August 31, 2019	Uncollected Receivables	Un-Cleared Receivable Adjustments	Total Outstanding	Percent of Total
More than three months, less than six months	1,389,517	(58,818)	1,330,699	3%
More than six months, less than one year	19,089,806	(10,886,488)	8,203,317	17%
More than one year, less than two years	41,874,261	(4,682,024)	37,192,237	75%
More than two years	3,734,228	(908,647)	2,825,582	6%
Total outstanding for more than three months:	**$ 66,087,812**	**$(16,535,978)**	**$49,551,835**	**100%**

Taking into consideration the $2.2 million of invalid receivables and the $8.6 million error, the remaining balance of receivables open for more than one year was $29.2 million, which was materially composed of one receivable recorded by DHSS management on September 1, 2017. During FY 17, DHSS management identified that because a population of federal expenditures was not correctly reported in the State accounting system, the automated billing process had not occurred. DHSS accountants processed one cumulative receivable revenue transaction to account for all automated transactions that should have been created. As of August 31, 2019, the outstanding balance of this receivable was $22.2 million[6] (net of the $8.6 million typographical error).

Receivables due from other governments are current assets of the State which are expected to be realized within one year. For more than two years DHSS has not provided federal program specific expenditures to support the $22.2 million open receivable balance, diminishing the likelihood that revenues will be collected.

Cause:
According to DHSS management, new federal grant and related receivable reconciliation procedures are in place and working effectively for recent federal grant awards, resulting in most receivables being liquidated within 30 days. However, management reported that the reconciliation of federal grants and related receivables containing activity prior to implementing the new procedures is a time-consuming, ongoing project. Due to limited resources and the time-consuming nature of reconciling the older receivables, a reconciliation has not been completed.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.109 states that for accounting and financial reporting purposes, the term current assets is used to designate cash and other assets or resources commonly identified as those that are reasonably expected to be realized in cash or sold or consumed within a year. Therefore, current assets generally include such resources as … (d) receivables from taxpayers, other governments, vendors, customers, beneficiaries, and employees, if collectible within a year.

Effect:
DHSS's untimely collection of revenue resulted in prioritizing the use of general funds over federal funds and lost interest on the uncollected federal funds. Additionally, invalid accounts receivable may lead to shortfalls and inaccurate information for policy makers.

Audit adjustments were processed to reduce the general fund (GF) due from other governments and deferred inflows account balances by $33.1 million in the FY 19 CAFR. The adjustments removed the $22.2 million insufficiently supported receivable, $2.2 million in receivables that DHSS management asserted were no longer valid, and the $8.6 million typographical error. Although corrections were made for CAFR reporting, the transactions continue to report open receivable balances at the appropriation level in IRIS, increasing the risk of an appropriation shortfall. The audit adjustment caused a potential shortfall as reported in Finding No. 2019-057.

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[6] Original receivable balance created on September 1, 2017, was $39.3 million. This balance included a typographical error resulting in an overstatement of $8.6 million. Additionally, as of August 31, 2019, $8.5 million of the receivable was liquidated.

Recommendation:
DFMS's director should prioritize reconciling dated receivables, verifying that receivables are validly supported, and collecting all revenues due to the State.

Finding No. 2019-027

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DHSS's DFMS staff recorded FY 19 expenditures to the incorrect fiscal year.

Context:
The audit evaluated a random sample of 43 transactions, totaling $24.6 million, recorded to FY 20 between July 1, 2019, and August 31, 2019 (reappropriation period). For six of the transactions reviewed, DHSS incurred the liability prior to June 30, 2019, and the associated expenditures should have been recorded to FY 19. Additionally, automated revenue billings were erroneously generated in FY 20 for two of the six expenditure errors.

Cause:
According to DHSS management, expenditures were recorded to the incorrect fiscal year due to a lack of training to ensure that financial activity is correctly recorded during the reappropriation period.

Criteria:
Generally accepted accounting principles[7] state that financial statements for governmental funds should be presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which the revenues become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable.

Effect:
FY 19 GF expenditures, accounts payable, and accrued liabilities were understated by $1.9 million. Additionally, due from other governments was understated by $1.7 million, federal grants in aid revenues were understated $1.5 million, and deferred inflows were understated $200,000. Adjusting entries were posted to correct the balances in the FY 19 CAFR.

Recommendation:
DFMS's director should provide training to staff to ensure financial transactions are recorded to the correct fiscal year.

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[7] *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1600a.

Finding No. 2019-028

Prior Year Finding: 2018-022
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DHSS inaccurately reported federal expenditures on the FY 19 draft Schedule of Expenditures of Federal Awards (SEFA) for four programs, collectively understating federal expenditures by approximately $4 million.

Context:
DHSS did not have written procedures for preparing the FY 18 SEFA and did not maintain evidence of review of the SEFA. DHSS staff implemented written procedures and maintained evidence of supervisory review during FY 19; however, the procedures lacked the details required to ensure accurate reporting. Multiple offsetting FY 19 errors identified by auditors impacted four separate federal programs. Once identified, the errors were corrected by agency staff and accurately presented in the FY 19 statewide SEFA.

Cause:
DHSS's written procedures did not identify the proper federal expenditure report parameters, which incorrectly included prior year expenditures and omitted expenditures incurred in FY 19 but paid after fiscal year-end. Additionally, federal expenditures recorded to various multi-year appropriations were erroneously excluded from the SEFA. Supervisory review was not sufficient to identify the errors.

Criteria:
Per 45 CFR 75.510(b), the auditee must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation. Furthermore, per 45 CFR 75.303(a), the auditee is responsible for establishing effective internal controls over federal awards.

Effect:
Inadequate SEFA preparation and review procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for the determination of major programs as required by federal regulation. Inaccuracies in the amount of expenditures reported on the SEFA increase the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
None

Recommendation:
DHSS's DFMS director should improve written procedures for the preparation and review of the SEFA to ensure it is accurate, complete, and supported.

Finding No. 2019-029

Federal Awarding Agency:	U.S. Department of Agriculture (USDA) U.S. Department of Health and Human Services (USDHHS)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	10.551, 10.561 Supplemental Nutrition Assistance Program Cluster (SNAP) 93.558 Temporary Assistance for Needy Families Cluster (TANF) 93.767 Children's Health Insurance Program (CHIP) 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	197AKAK4S2514, 197AKAK4S251947, 197AKAK4S2520, 197AKAK4Q750347 1701AKTANF, 1801AKTANF, 1901AKTANF 1705AK5021, 1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Several service codes used in the cost allocation methodology DPA-11 during FY 19 were not approved in the federal Public Assistance Cost Allocation Plan (PACAP).

Context:
DPA-11 allocates costs to multiple federal programs based on the results of a quarterly random moment time study (RMTS). Respondents to the RMTS select service codes which indicate the programs applicable to a respondent's work at a specific time. Data from the RMTS is used to calculate allocation statistics, which determine the percentage of expenditures allocated to each federal program. Several service codes were removed from the PACAP in prior years. However, the codes were not removed from the RMTS software, allowing respondents to select the unapproved codes. In September 2019, after the finding was identified by auditors, DHSS's Division of Finance and Management Services (DFMS) cost allocation staff submitted a PACAP amendment to add the service codes.

Cause:
Due to staffing changes, the RMTS was not updated to remove the service codes that were not included in the FY 19 approved PACAP. Although DHSS procedures require staff to refer to

the PACAP when calculating allocation statistics, staff did not check the PACAP and did not detect the unallowable service codes.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Additionally, Title 45 CFR 95.519 dictates that costs under a public assistance program that are not claimed in accordance with the approved cost allocation plan may be disallowed.

Effect:
The use of unapproved service codes in the DPA-11 allocation resulted in overcharging the TANF program $102,940 and undercharging other federal programs.

Questioned Costs:
CFDA 93.558: $102,940

Recommendation:
DHSS's Division of Public Assistance (DPA) director should ensure procedures are followed so that quarterly cost allocations are prepared in accordance with the federally approved PACAP.

Finding No. 2019-030

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.558 TANF 93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1701AKTANF, 1801AKTANF, 1901AKTANF 1705AK5021, 1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:
Four of seven regional case reviewers in FY 19 were not consistently reviewing the minimum 75 eligibility cases per month as required by DPA procedures.

Context:
DPA employs seven case review staff to review eligibility determinations from assigned regions of the state. Reviewers evaluate randomly selected eligibility determinations and help

ensure accurate eligibility determinations are made. The reviewers provide feedback to eligibility technicians (ET) for areas of improvement in the application review, eligibility determination process, or case file documentation.

Per DPA policy, case review is a priority for the positions and review activity is a significant internal control over eligibility determinations. DPA’s internal control policy is established in the Eligibility Case Review Guidelines manual, Quantity of Reviews for Supervisors and Case Reviewers section. Per the manual, regional case reviewers are required to review 75 to 125 cases per month.

Of the four review staff not consistently meeting the required number of reviews, two averaged fewer than 50 monthly reviews and one averaged between 50 and 75 monthly reviews during FY 19. The fourth staff member performed reviews through September 2018 and completed one additional review during the rest of the fiscal year.

Cause:
The lack of regional case reviews was the result of staffing shortages and management prioritizing processing applications over reviewing cases due to a significant backlog of unprocessed public assistance applications.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
By not maintaining effective internal control over eligibility determinations, improper determinations may not be identified, potentially resulting in payments to ineligible recipients or denial of benefits to qualified applicants.

Questioned Costs:
None

Recommendation:
DHSS's DPA director should ensure regional reviews of eligibility determinations are conducted according to established procedures.

<u>Finding No. 2019-031</u>

Federal Awarding Agency:	USDA
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	10.551, 10.561 SNAP
Federal Award Number:	197AKAK4S2514, 197AKAK4S2519, 197AKAK4S2520, 197AKAK4Q7503, 187AKAK4S2514, 187AKAK4S2519, 187AKAK4S2520, 187AKAK4Q7503
Applicable Compliance Requirement:	Allowable Costs/Cost Principles Special Tests and Provisions

Condition:
A random sample of 40 SNAP recipient cases was tested to verify benefit calculations and the adequacy of case information stored on the Eligibility Information System (EIS). Of the 40 cases, 17 (43 percent) had unsupported or inaccurate documentation (some of which had multiple errors) including:

- One hard copy case file did not contain an application to support EIS information.
- Four recipients lacked accurate EIS information— one had an incorrect recipient name, one had an incorrect application date, and two had incorrect addresses.
- Four recipients' system-calculated payments were not adequately supported by case file information and one did not receive all approved payments as a result of incorrect information.
- Fourteen recipients had inadequate documentation to confirm required income verifications had been performed.

Context:
The State is required to ensure only eligible households receive supplemental nutrition assistance. Benefit amounts vary with household size and income. Eligibility is based on income and other financial resources of all qualifying members of a household less specific allowable deductions. DPA employs ETs who review applications, verify income and resources, and make a determination whether a household is eligible to receive benefits. As part of determining eligibility, the State is required to coordinate the exchange of data with other agencies, such as the Social Security Administration, State employment security agency, and current employers to verify the household's identity, income, resources, and other eligibility criteria.

Additionally, the State is required to ensure its automated data processing system, EIS, accurately and completely processes and stores all case file information for eligibility determinations and benefit calculations; automatically cuts off households at the end of a certification period unless recertified; and provides data necessary to meet federal issuance and reconciliation reporting requirements. Actions taken, verifications performed by the ET, and contacts made are recorded using EIS's case note screen and actions are recorded in hard copy case files. To help ensure the accuracy and completeness of EIS information, DPA conducts training and requires supervisors perform quality control reviews.

Cause:
DPA management reported that a backlog of applications impacted ETs' ability to accurately process applications and document income verifications. As a result of the backlog, management prioritized the processing of applications and recertifications. Consequently, quality assurance reviews were either not performed or performed at a lower rate than required by procedures.

Criteria:
Title 7 CFR 272.10(b) requires the State to use an automated data processing system for SNAP. The system is to be used to determine eligibility and calculate benefits or validate eligibility workers' calculations by processing and storing all case file information necessary for the eligibility determination and benefit computation including, but not limited to, all household members' names, addresses, dates of birth, social security numbers, individual household members' earned and unearned income by source, deductions, resources, and household size. Also, the system must be used to redetermine or revalidate eligibility and benefits based on notices of change in households' circumstances.

Title 7 CFR 272.8(a)(1) requires the State to maintain and use an income and eligibility verification system to request wage and benefit information from various agencies and use that information in verifying eligibility for, and the amount of, SNAP benefits due to eligible households.

Title 7 CFR 273.2(f)(6) requires that case files be documented to support eligibility, ineligibility, and benefit level determinations. Documentation shall be in sufficient detail to permit a reviewer to determine the reasonableness and accuracy of the determination.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Auditors could not verify the accuracy of benefit calculations for the 14 SNAP cases that lacked documentation showing verification of income. Additionally, two errors resulted in SNAP overpayments and questioned costs: benefits paid to one recipient for which DPA staff could not locate the application were considered questioned costs and one recipient's calculation erroneously included a deduction that was not allowed.

Auditors were unable to verify the accuracy of certain information stored in EIS. Inaccurate information may result in incorrect or ineligible SNAP benefits.

Questioned Costs:
CFDA 10.551: $2,261

Recommendation:
DHSS's DPA director should ensure procedures are followed for documenting information in EIS and SNAP recipients' case files, including information to support compliance with verification of income eligibility through required data exchanges. The director should improve the accuracy and completeness of documentation through training and quality control reviews as outlined in DPA procedures.

Finding No. 2019-032

Federal Awarding Agency:	USDA
Impact:	Significant Deficiency
CFDA Number and Title:	10.551,10.561 SNAP
Federal Award Number(s):	197AKAK4S2514, 197AKAK4S251947, 197AKAK4S2520, 197AKAK4Q750347
Applicable Compliance Requirement:	Matching, Level of Effort, Earmarking

Condition:
Three of 47 transactions tested (6 percent) recorded SNAP administrative expenditures to a funding profile with an unallowable reimbursement rate. The funding profile was established in the State accounting system with a 100 percent reimbursement rate, but the allowable matching rate for SNAP administration is 50 percent, causing all SNAP administrative transactions charged to the funding profile to be claimed at an unallowable rate.

Context:
Funding profiles are accounting structures that automatically allocate expenditures to funding sources and calculate the federally reimbursable portion of expenditures. Funding profiles in the State accounting system have a default rate of 100 percent, which must be changed to the allowable rate during creation of the funding profile. During FY 19, 11 transactions recorded a total of $376 of expenditures to this inaccurate funding profile. Auditors expanded review to the remaining SNAP funding profiles modified during FY 19 and did not identify any additional errors.

Cause:
The errors were due to insufficient review by DFMS staff during the process of establishing the funding profile in the State accounting system.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal

awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 7 CFR 277.4(b) dictates that the base percentage for federal payment be 50 percent of State agencies' allowable SNAP administrative costs.

Effect:
Incorrect reimbursement rates in funding profiles cause the State to overcharge or undercharge federal programs. This can potentially result in the State overdrawing federal awards or not receiving all available federal funds.

Questioned Costs:
CFDA 10.561: $188

Recommendation:
DHSS's DFMS director should strengthen review procedures over the process of establishing funding profiles in the State accounting system to ensure profiles are established in accordance with federal regulations.

Finding No. 2019-033

Prior Year Finding:	2018-023
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number(s):	1701AKTANF, 1801AKTANF, 1901AKTANF
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Seven of 26 tested FY 19 timesheets directly charging costs to the TANF program (27 percent) did not reflect positive timekeeping and the employees did not certify that 100 percent of time was chargeable to the TANF program.

Context:
To ensure compliance with federal requirements for personal service costs, DHSS procedures require that costs charged directly to a federal program be supported by either positive timekeeping or a biannual certification signed by a supervisor that states 100 percent of an employee's time was spent working on a single federal program.

Cause:
The seven errored timesheets related to five DPA employees. Biannual certifications were not obtained for four employees due to oversight by DHSS staff. Additionally, one employee

failed to adhere to department procedures requiring positive timekeeping to account for all hours worked.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.430 requires that charges to federal awards for salaries and wages be based on records that accurately reflect the work performed. The records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Furthermore, the records must comply with established accounting policies of the entity.

Effect:
Charging time without adequate supporting documentation in the form of positive timekeeping or a signed certification resulted in noncompliance with 45 CFR 75.430 and unallowable costs charged to the TANF program.

Questioned Costs:
CFDA 93.558: $165,123

Recommendation:
DHSS's DPA director should strengthen procedures to ensure personal services charged directly to a federal program are supported by biannual certifications or positive timekeeping.

Finding No. 2019-034

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Six of 60 TANF benefit payments tested (10 percent) were not calculated accurately due to either client changes not being entered timely or incorrect data in EIS.

Context:
Monthly TANF benefit amounts are calculated based on various program eligibility requirements, including monthly income, household composition, and other factors. According to DPA's Alaska Temporary Assistance manual, caseworkers have 10 days to

report TANF beneficiary requirement changes to DPA ETs. Once the information is reviewed, ETs enter the information into EIS. EIS automatically calculates the approved monthly benefit based on the eligibility factors entered. If changes are not entered in a timely manner, or are not entered correctly, benefit payments may be calculated and paid incorrectly.

To help ensure case information is accurately entered into EIS, DPA employs seven case review staff to review case files from assigned regions of the state. The staff review the following actions: 1) new applications, 2) renewal applications, 3) changes, and 4) negative actions (closures and denials). Regional case reviewers are required to review 75 to 125 cases per month.

Cause:
Although DPA had procedures to ensure case information was accurately entered into EIS in a timely manner, case file quality assurance reviews were either not performed or performed at a lower rate than required by procedures due to staff turnover and application backlogs.

Criteria:
Title 2 CFR 200.53 dictates that federal funds may not be expended on improper payments, which include payments that were made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
TANF benefit payments were calculated incorrectly resulting in overpayments. Known questioned costs total $1,856 in the sample tested, with likely questioned costs exceeding $25,000.

Questioned Costs:
93.558: $1,856

Recommendation:
DPA's director should ensure procedures for case file reviews are followed to help verify information is entered into EIS accurately and in a timely manner.

Finding No. 2019-035

Prior Year Finding:	2018-027
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.558 TANF 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1701AKTANF, 1801AKTANF, 1901AKTANF 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:
DHSS's information technology (IT) staff did not properly limit user access to the eligibility system during FY 19.

Context:
The details related to this control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
Competing priorities and a lack of resources contributed to the finding.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Lack of adequate internal controls increases the risk of unauthorized system use, including data manipulation which may result in ineligible benefit recipients or unallowable costs.

Questioned Costs:
None

Recommendation:
DHSS's DFMS director should work with DPA's director to improve controls over the eligibility system.

Finding No. 2019-036

Prior Year Finding:	2018-028
Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number(s):	1701AKTANF, 1801AKTANF, 1901AKTANF
Applicable Compliance Requirement:	Eligibility, Special Tests and Provisions

Condition:
Forty-seven of 60 TANF recipient case files tested lacked documentation supporting the request and use of income and benefit information through the Income Eligibility and Verification System (IEVS) and other data exchanges for determining eligibility and benefits.

When testing a random sample of 60 FY 19 TANF recipient cases, errors were identified in 19 cases (27 percent) including:

- Two recipients exceeded the income limit but were incorrectly determined eligible and received a total of eight months of TANF benefits.
- One recipient exceeded the resource limit but was incorrectly determined eligible and received two months of TANF benefits.
- One recipient voluntarily left employment without good cause but was incorrectly determined eligible and received one month of TANF benefits.
- One recipient did not complete the full application, including required questions regarding drug felonies. The case file lacked evidence to show the drug felony information was verbally requested by the ET.
- Two recipients had not completed the required child support section of the application. The case files lacked the required signed 1603 Child Support Information Form.
- Three cases had inaccurate information entered in EIS; two had inaccurate birthdates and one had an inaccurate application date.
- Five applications were not date-stamped received. Without documenting the date an application was received, DPA staff and auditors could not verify whether an application was processed within the required timeframe.
- Four TANF recipient applications could not be located by DPA staff.

Context:
The State is required to ensure only financially needy families consisting of a minor child living with a parent or other caretaker relatives receive TANF assistance. DPA employs ETs who review applications, identify income and financial resources, and make a determination whether a family is eligible to receive benefits, including the amount of the benefits. As part of verifying TANF eligibility, the State is required to coordinate data exchanges when making eligibility determinations, including but not limited to: wage information from the State Wage Information Collection Agency, unemployment compensation information from the Department of Labor, all available information from the Social Security Administration, and information from the United States Citizenship and Immigration Services.

DPA's Administrative Procedures Manual, Section 109 requires that all public assistance cases have documentation that supports eligibility, ineligibility, and benefit-level determinations. The documentation must be in sufficient detail to allow a reader or reviewer to determine the reasonableness and accuracy of the determination. Documentation is done by recording information about each action taken, verification used, and contacts made using the online case note screen in EIS or on a report of contact sheet maintained in the hard copy case file.

Cause:
DPA management reported a backlog of applications impacted the ETs' ability to process applications and document verification using IEVS.

As noted in Finding No. 2019-030, DPA has a policy for supervisors and regional case reviewers to perform a specific number of eligibility determination reviews per month to help ensure eligibility was correctly determined and documented. The minimum number of reviews was not performed during the fiscal year.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 205.55 requires the State to coordinate data exchanges with other federally assisted benefits programs, and to request and use income and benefit information when making eligibility determinations. Department procedures to comply with this requirement are documented in DPA's Temporary Assistance Manual, Section 705-4 – Information from Data Systems and EIS Interfaces. Several data systems and computer interfaces are available through the internet and online EIS access. Some interfaces must be checked at each application and recertification as part of the verification process. Others need only be checked if questionable or if certain conditions apply.

Pursuant to Title 45 CFR 206.10, DPA's federally approved TANF State Plan outlines specific State requirements for applications and eligibility determinations including:

- Section 1.1 Central Principles That Guide Alaska Toward This Goal – The State denies a family benefits if a parent refuses or quits a job.
- Section 4.1 Application – Program applicants must complete an application form in writing. To be considered complete, the application must provide all requested information and be supported by documentation the department determines necessary to establish eligibility.
- Section 13 Family Need – The department establishes if the child is financially needy. Financial need is determined to exist if the family resources and income are below the need standards set by the department.

Effect:
Four errors resulted in TANF overpayments and questioned costs. Benefits paid to the four recipients for which DPA staff could not locate applications were also deemed questioned costs. Auditors could not verify eligibility for 47 of 60 cases tested due to a lack of IEVS documentation in the case files and as a result there are likely questioned costs in addition to the known questioned costs. The State may be penalized for up to two percent of the federal grant award for failure to participate in IEVS.

Questioned Costs:
CFDA 93.558: $32,757

Recommendation:
DHSS's DPA director should ensure procedures are followed for determining eligibility and retaining documentation in the TANF recipients' case files, including the documentation to support compliance with IEVS and other required data exchanges, verification of citizenship, and eligibility determinations. The director should emphasize the importance of retaining adequate documentation during training and reviews of eligibility determinations.

Finding No. 2019-037

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number(s):	1801AKTANF
Applicable Compliance Requirement:	Reporting

Condition:
The ACF-196R[8] TANF financial report for the FFY 18 grant award misreported expenditures for the quarter ending March 31, 2019. Expenditures totaling $1,159,311 were reported on the filed ACF-196R report as administrative costs, on line 22A, but should have been reported as child care expenditures, on line 11A.

Context:
The State is required to file ACF-196R quarterly reports containing expenditure data on the TANF program. The report is compiled based on classification of expenditures in the accounting system. The expenditures were allowable for the federal program, but the nature of the expenditures was not accurately reported in the ACF-196R report as shown below:

Line	Amount Reported	Correct Amount
11A	0	1,159,311
22A	1,857,616	698,305

[8] OMB Control No. 0970-0446.

Cause:
The error was due to a misunderstanding regarding the classification of an activity code in the State accounting system and an out-of-date version of data files used to prepare the report. Review of the report was insufficient to identify the error.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Additionally, Title 45 CFR 265.3(c)(1) requires the State to file quarterly expenditure data on the State's use of federal TANF funds.

Effect:
Inaccurate federal reporting may impair the federal oversight agency's ability to properly oversee the program.

Questioned Costs:
None

Recommendation:
DHSS's DFMS director should strengthen review procedures to ensure expenditures are accurately reported on federal reports. Additionally, the ACF-196R for quarter ending March 31, 2019, should be re-submitted with the correct expenditure data.

Finding No. 2019-038

Prior Year Finding:	2018-030
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF
Applicable Compliance Requirement:	Reporting

Condition:
Seventeen of 60 TANF cases tested (28 percent) had inaccurate information reported in the ACF-199 data file.

Context:
The quarterly ACF-199 report is compiled monthly from information that is either entered in EIS by an ET or entered into EIS through an interface with the case management system. The information is electronically captured through a data file and transmitted to USDHHS's

Administration for Children and Families (ACF). Review by auditors found that no significant internal controls existed to ensure the accuracy of the EIS data query or the data file prior to transmission to ACF.

Auditors identified several key line items for person-level data were not reported accurately in the data file that was electronically transmitted for the ACF-199 reports for the quarters ended September 2018, December 2018, March 2019, and June 2019.

Summary of ACF-199 Errors

Quarter end	Number of cases with errors	Line numbers in error
September 2018	4	17, 44, 48, 49
December 2018	4	12, 17, 44, 49
March 2019	6	12, 17, 44, 49
June 2019	3	17, 44

Cause:
DPA management lacked control procedures for ensuring the accuracy of the information queried from EIS, which supported the ACF-199 report. The completed ACF-199 report was not reviewed for accuracy before being transmitted to ACF and DPA staff could not explain why the data was not accurate.

Criteria:
Title 45 CFR 265.3(a)(1) requires a state to collect on a monthly basis, and file on a quarterly basis, the data specified in the ACF-199 report. Per Title 45 CFR 265.7(a), the state's quarterly ACF-199 must be complete and accurate.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
In accordance with Title 45 CFR 262.1(a)(3), the State could be subject to a penalty of four percent of the federal grant award by inaccurately reporting the data on the ACF-199 report.

Questioned Costs:
None

Recommendation:
DPA's director should develop and implement procedures to ensure data reported on the ACF-199 is complete and accurate.

Finding No. 2019-039

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
Six of 10 (60 percent) child support non-cooperation alerts tested were not processed in accordance with TANF program requirements. Specifically, three were not assessed a non-cooperation penalty and three did not have penalties assessed in a timely manner.

Context:
The Department of Revenue's Division of Child Support Services (DCSS) sends DPA weekly batch jobs listing public assistance clients that are not cooperating with establishing paternity, or in establishing, modifying, or enforcing a support order with respect to a child. The weekly batch jobs create an alert for each client in EIS. DPA procedures for processing alerts require an ET, upon receiving an alert of child support non-cooperation, to enter a case note within EIS, create a notice to be printed to the client, and assess a benefit penalty. The alerts are not retained in EIS after the process has been completed. DPA does not maintain a log or tracking sheet of the weekly alerts to confirm alerts were processed timely and accurately.

The audit selected 11 of 52 weekly batch jobs (21 percent) for testing. A total of 13 alerts were generated during the 11 weeks tested. Three of the 13 alerts were for clients that were no longer receiving TANF benefits at the time the alert was generated.

Cause:
Due to staff turnover and a backlog in processing reports of change, DPA has not allocated the necessary resources to develop internal controls necessary to ensure ETs are accurately and timely processing DCSS child support non-cooperation referrals.

Criteria:
For individuals that do not qualify for a good cause exemption, Title 45 CFR 264.30 requires that the State deduct from the assistance that would otherwise be provided to the family of the individual not cooperating with the child support enforcement requirements an amount equal to but not less than 25 percent of the amount of such assistance or deny the family any assistance under the program.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Delays in assessing, or failure to assess, child support non-cooperation penalties resulted in clients receiving unallowable benefits.

Questioned Costs:
93.558: $2,616

Recommendation:
DPA's director should develop and implement procedures to monitor the processing of child support non-cooperation alerts received from DCSS to prevent overpayments and ensure compliance with program requirements.

Finding No. 2019-040

Federal Awarding Agency:	USDHHS
Impact:	Noncompliance
CFDA Number and Title:	93.658 Foster Care Title IV-E
Federal Award Number(s):	1801AKFOST, 1901AKFOST
Applicable Compliance Requirement:	Reporting

Condition:
The Foster Care Title IV-E Programs Quarterly Financial Report (CB-496)[9] for the quarter ending March 31, 2019, incorrectly reported the number of pre-placement candidates. In Part 1, Section E, Line 51, DHSS staff incorrectly reported 356 as the number of pre-placement candidates instead of the required monthly average which totaled 119.

Context:
The CB-496 reports quarterly expenditures and information on children assisted for the quarter that has ended, and estimates of expenditures and children to be assisted for the next quarter. The report is prepared by DFMS staff with review of the report performed by Office of Children's Services (OCS) staff.

The CB-496 format changed during FY 19 and generated confusion. The contents of the report were changed effective for the quarter ending December 31, 2018. In two sections of the report subject to audit, multiple lines were renamed, reordered, added, removed, or otherwise modified. Additionally, Section D: Average Monthly Number of Children Assisted for the quarters ending September 30, 2018, and earlier, was changed to Section E: Foster Care Program with several lines added to the section.

[9] OMB Control No. 0970-0205.

Cause:
This error was the result of confusion among the preparer and reviewer due to changing formats in Title IV-E federal reports leading to the reporting of incorrect information.

Criteria:
The CB-496 is required quarterly financial reporting per USDHHS ACF grant award *Terms and Conditions Addendum: Additional Financial Requirements* document which outlines additional requirements applicable to the foster care program.

Effect:
Inaccurate federal reporting may impair the federal oversight agency's ability to properly oversee the program.

Questioned Costs:
None

Recommendation:
DHSS's DFMS director should work with OCS's director to ensure that information is accurately reported on federal reports. Additionally, the CB-496 for quarter ending March 31, 2019, should be re-submitted with the correct caseload data.

Finding No. 2019-041

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AK5MAP, 1905AK5MAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
During FY 19, Division of Health Care Services (DHCS) management intentionally disregarded State and federal regulations and overrode internal controls designed to prevent unallowable costs, unallowable activities, and fraud by waiving preauthorization requirements and bypassing system edits for over 800 Medicaid/CHIP providers.

Context:
For all types of Medicaid and CHIP claims, DHSS requires prior authorization for certain procedures/services and employs system edits to help ensure Medicaid and CHIP claims are for allowable costs and activities. Prior authorization refers to the requirement that services be evaluated by specially trained DHSS or fiscal agent staff to confirm medical necessity before services are provided. System edits are edit controls built into the Medicaid financial system

that prevent claims from processing if certain conditions are or are not met. For example, the Medicaid system contains edits that prevent certain claims from processing if a prior authorization code is not entered into the system.

Medicaid/CHIP providers with a satisfactory service authorization approval rating by DHCS were granted waivers from the preauthorization requirements for calendar year 2019. DHCS staff referred to the waivers as the "golden ticket" pilot project. As part of the project, all preauthorization edits in the Medicaid system were bypassed to allow claims to process without preauthorization. State regulations were not followed for procedures that otherwise required provider authorizations prior to service delivery and claim payment. Consequently, DHCS did not require submission of medical justification and other information normally obtained and reviewed to assess reasonableness and necessity prior to provider service delivery and payment.

Per DHCS management, the distribution of preauthorization waivers by Medicaid/CHIP provider type was as follows:

Provider Type	Number	Percentage
020 - Physician (MD)	580	71.5%
025 - Chiropractor	7	0.9%
030 - Dentist	45	5.6%
033 - Physician Assistant	61	7.5%
034 - Advanced Practice Registered Nurse	90	11.1%
035 - Optometrist	13	1.6%
036 - Podiatrist	5	0.6%
043 - Audiologist	9	1.1%
075 - Optician	1	0.1%
Total	811	100%

Cause:
According to DHCS management, the golden ticket project was initiated to reduce administrative burden to providers. The project was reassessed during FY 20 and management determined the project provided no cost benefits and was not compliant with existing regulations. Management stated that the project was terminated at the end of calendar year 2019.

Criteria:
State regulation 7 AAC 105.130 prohibits DHSS from paying for certain services unless the department has given prior authorization for the services.

Title 45 CFR 75.302(a) requires the State to expend and account for the federal award in accordance with State laws and procedures for expending and accounting for the State's own funds. Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Noncompliance with regulations and bypassing system edits increased the risk that Medicaid and CHIP recipients received unnecessary services and increased the risk of provider over-utilization of Medicaid/CHIP services and fraud.

Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
None

Recommendation:
DHSS's commissioner should ensure DHCS staff follow State Medicaid and CHIP regulations, and ensure Medicaid system edits are not disabled.

Finding No. 2019-042

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AK5MAP, 1905AK55MAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Review of FY 19 dental claims identified likely over-utilization of dental services for individuals under the age of 22.

Context:
During FY 19, a total of $96.9 million of federal and State funds was expended for dental claims, of which $59.1 million (61 percent) was expended for recipients under the age of 22. For all types of Medicaid and CHIP claims, DHSS requires prior authorization for certain procedures/services and employs system edits to help ensure Medicaid and CHIP claims are for allowable costs and activities. Prior authorization refers to the requirement that services be evaluated and approved by specially trained DHSS or fiscal agent staff before services are provided. System edits are controls built into the Medicaid financial system that prevent claims from processing if certain conditions are or are not met. For example, the Medicaid system

contains edits that prevent certain claims from processing if a prior authorization was not approved in the system.

DHSS also employs surveillance software to analyze Medicaid claims processed by the Medicaid financial system to identify suspicious provider billing patterns. The review process examines beneficiary utilization profiles, provider service profiles, and exception criteria to identify exceptions to allow DHSS or its fiscal agent staff to correct misutilization by recipients and providers.

Auditors' review of FY 19 dental claim activity found children's dental services required prior authorization at a much lower rate than adult dental services. The FY 19 children's dental services fee schedule contained 376 dental procedure codes, of which 65 (17 percent) required prior authorization. In contrast, the FY 19 adult dental services fee schedules list 224 procedure codes, of which 134 (or 60 percent) require preauthorization

Review of FY 19 claims data for individuals under 22 showed that collectively over 1,000 recipients received over 3,100 porcelain crowns and over 3,400 recipients received over 14,600 stainless steel crowns all without prior authorizations to confirm medical necessity. The audit identified one 19-year-old recipient received 26 crowns with 26 core build-ups (preparing the tooth) during one visit without a prior authorization or medical justification prior to service. The claims data showed over 60 instances where recipients received five or more crowns on the same day the core build-up was performed. A three-year-old recipient received 14 stainless steel crowns for primary teeth in one visit. Medicaid system edits did not identify the suspicious dental services for further review and DHSS's surveillance procedures were not effective at identifying and following up the suspicious and unusual activities.

The audit also found a dental provider delivering permanent porcelain/ceramic crowns at a frequency significantly above other providers. This provider accounted for $778,000, or 24 percent of the $3.2 million expended during FY 19 for the procedure code. Similarly questionable provider concentrations were also found among other procedure codes including dentures and intravenous sedations. DHSS's surveillance procedures were not effective at identifying and following up the suspicious billing patterns.

DHCS management was aware of questionable practices by dental providers but had not taken meaningful steps to address the potential misutilization.

Cause:
DHSS procedures designed to help prevent unallowable costs and activities were not operating effectively during FY 19. State regulations do not require preauthorization for certain dental services for individuals under the age of 22. Consequently, services such as teeth extractions, crown buildups, crowns, and intravenous sedations may be provided to children and young adults without an independent review of medical necessity. Additionally, the Medicaid system lacked effective edits to prevent unnecessary or inappropriate services for those recipients

under the age of 22. Further, procedures to identify and follow-up suspicious utilization of dental services were not operating effectively.

Although DHCS management was aware of the problems with the dental program, no explanation was provided as to why meaningful actions were not taken to address the deficiencies during FY 19.

Criteria:
Title 45 CFR 75.302(a) requires the State to expend and account for the federal award in accordance with State laws and procedures for expending and accounting for the State's own funds. Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 455.14–.15 requires the State to conduct a preliminary investigation whenever it identifies any questionable practices or receives a complaint of Medicaid fraud or abuse to determine whether there is sufficient basis to warrant a full investigation. If the findings of a preliminary investigation give the agency reason to believe that an incident of fraud or abuse has occurred in the Medicaid program by a provider, the agency must refer the case to the Medicaid fraud control unit.

Section 1903(i)(2) of the Social Security Act as amended by Section 6402(h)(2) of the Affordable Care Act provides that the State is ineligible for Federal Financial Participation with respect to any amount expended for items or services furnished by an individual or entity to whom the State has failed to suspend payments under the plan during any period when there is pending an investigation of a credible allegation of fraud against the individual or entity determined by the State, unless the State determines that good cause exists not to suspend such payments.

State regulation 7 AAC 105.400 provides the basis for which providers may be sanctioned including overusing the Medicaid program by inducing, or otherwise causing, a recipient to receive services or supplies not required or requested by the recipient or engaging in a course of conduct or performing an act the department considers deceptive or abusive of the Medicaid program.

Effect:
Lack of controls over dental services increases the likelihood that unnecessary services will be provided to children and young adult Medicaid and CHIP recipients, which increases the risk to health and safety. Lack of controls also increases the risk of fraud and unallowable costs. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
None

Recommendation:
DHSS's commissioner should take immediate action to improve the operating effectiveness of internal controls over dental claims.

Finding No. 2019-043

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1805AK5021, 1905AK5021 1805AK5MAP, 1905AK5MAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
DHSS staff claimed federal reimbursement for unallowable behavioral health and other psychiatric observation costs.

Context:
DHSS management responded to a need for psychiatric services and a shortage of beds available in the State's psychiatric hospital by allowing other hospitals to bill the State for up to 120 hours of psychiatric observation services, effective September 1, 2018. Such services are federally reimbursable for up to the first 24 hours;[10] however, providers were not given instructions to bill non-federally funded hours with a separate billing code and the Medicaid/CHIP system was not programmed to limit the federally allowable costs to the maximum of 24 hours. Consequently, the Medicaid and CHIP programs were billed for hours that exceeded the maximum beginning September 2018.

DHSS management discovered the error and brought the potential for unallowable costs to auditors' attention in October 2019. DHSS accounting staff performed an analysis of claims affected and identified $584,468 in overpayments by the federal government. Auditors reviewed DHSS's analysis and identified an additional $185,577 in questioned costs for other psychiatric observation costs.

Cause:
According to DHSS management, DHSS lacked procedures to ensure policy changes were communicated to all divisions and sections responsible for implementing the change.

[10]Alaska Medicaid policy allows for reimbursement of outpatient observation services less than 24 hours and specifically requires patients who need additional care be admitted once observation services reach 24 hours.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Lack of procedures led to unallowable federal expenditures.

Questioned Costs:
CFDA 93.778: $768,156
CFDA 93.767: $1,889

Recommendation:
DHSS's deputy commissioner should implement procedures to ensure changes affecting payment rates are communicated to all departmental stakeholders. In addition, DHSS should repay the federal government for the amount of unallowable costs that was federally reimbursed.

Finding No. 2019-044

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
During FY 19, DHCS procedures for documenting and verifying "received through" claims reprocessed at 100 percent federal medical assistance percentage (FMAP) were inadequate to ensure the State was processing the Medicaid/CHIP Indian Health Service (IHS)/Tribal facility care coordination claims in accordance with federal guidance.

Context:
Centers for Medicare and Medicaid Services (CMS) issued State Health Official (SHO) Letter #16-002 in February 2016 that increased the Medicaid payment to 100 percent FMAP for Medicaid-eligible American Indian (AI)/Alaska Native (AN) members for services "received through" a Tribal Health Organization (THO) but rendered at a non-IHS/Tribal provider.

DHCS staff developed procedures to identify eligible Medicaid recipients and qualifying medical claims for the additional federal reimbursement. Medicaid Management Information System (MMIS) data was analyzed to identify Medicaid recipients that potentially qualified for the higher FMAP. Once identified, DHCS staff created a spreadsheet of recipient names and requested THO staff provide specific information for each identified recipient. Based on the information provided by THO staff, DHCS staff determined whether the recipients were eligible for the higher FMAP. Once identified for reprocessing at the higher 100 percent FMAP rate, DHCS sought federal reimbursement. In FY 19, the reprocessed claims provided over $45 million in additional federal reimbursement for DHSS.

Auditors reviewed 54 claims reprocessed for 33 Medicaid recipients and found DHCS controls for documenting claims subject to 100 percent FMAP were inadequate to ensure claims were reprocessed in accordance with federal guidance. Procedural weaknesses included:

- DHCS procedures did not consistently require signed care coordination agreements.
- DHCS procedures permitted non-verifiable verbal referrals by THOs to non-IHS/Tribal providers.
- DHCS procedures did not require documented evidence of requests for services.
- DHCS procedures for verifying referrals included transmitting lists in electronic spreadsheets to/from THOs that were not safeguarded against inadvertent/unauthorized edits.
- DHCS did not confirm or monitor the veracity of THO verification submissions using THO source documentation.
- DHCS did not obtain member-specific documentation[11] for the claim period.
- DHCS relied upon an unofficial email describing an informal blanket referral arrangement between a THO and a Petersburg-based non-IHS/Tribal provider to justify reclaiming 100 percent FMAP for all of the provider's Medicaid claims for all AI/AN Petersburg residents.

Cause:
DHCS procedures did not require evidence to support covered services furnished to recipients with care coordination agreements for claims reprocessed at 100 percent FMAP. Instead, DHCS staff relied on a review by the THOs of recipient and claim data captured by DHCS in a spreadsheet.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.302(a) requires the State to expend and account for the federal award in accordance with State laws and procedures for expending and accounting for the State's own

[11] Examples of member-specific documentation include Plan of Care, Purchased/Referred Care Agreements, or Transfer Agreements.

funds. In addition, the State's and the other non-federal entity's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

Title 45 CFR 75.302(b)(3) requires records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and be supported by source documentation.

CMS SHO Letter #16-002 requires the State Medicaid agency to establish a process for documenting claims for items or services received through an IHS/Tribal facility, but rendered at a non-IHS/Tribal provider, and documentation must be sufficient to establish that (1) the items or services were furnished to an AI/AN patient pursuant to a request for services; and (2) the services were within the scope of a written care coordination agreement under which the IHS/Tribal facility practitioner maintains responsibility for the patient’s care.

CMS SHO Letter #16-002 states a self-request by the beneficiary, or a request from a non-IHS/Tribal provider, does not suffice for purposes of 100 percent FMAP.

CMS SHO Letter #16-002 states, at a minimum, care coordination will involve:

1) The IHS/Tribal facility practitioner providing a request for specific services (by electronic or other verifiable means) and relevant information about his or her patient to the non-IHS/Tribal provider;
2) The non-IHS/Tribal provider sending information about the care it provides to the patient, including the results of any screening, diagnostic, or treatment procedures, to the IHS/Tribal facility practitioner;
3) The IHS/Tribal facility practitioner continuing to assume responsibility for the patient’s care by assessing the information and taking appropriate action, including, when necessary, furnishing or requesting additional services; and,
4) The IHS/Tribal facility incorporating the patient’s information in the medical record through the Health Information Exchange or other agreed-upon means.

Effect:

Inadequate procedures increase DHSS’s risk of reprocessing claims for 100 percent FMAP for Medicaid and CHIP recipients that self-referred, were referred by a non-IHS/Tribal facility, or did not benefit from care coordination and therefore do not meet the requirements for allowable costs.

Questioned Costs:

None

Recommendation:
DHSS's DHCS director should strengthen procedures for documenting the medical claims and recipients that qualify for additional federal reimbursement at 100 percent FMAP by including procedures to obtain evidence of services provided, referrals, and care coordination.

Finding No. 2019-045

Federal Awarding Agency:	USDHHS
Impact:	Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
DHCS staff paid Medicaid claims for six patients at St. Elias Hospital that received an inappropriate level of care[12] using an unallowable rate during FY 19.

Context:
The Medicaid State Plan (state plan) allows for payments outside the calculated rates to be paid as "exceptional relief" if certain requirements are met. Per the state plan, if a rate setting methodology results in a rate which does not allow reasonable access to quality patient care, a facility may apply to the deputy commissioner of the department for exceptional relief from the rate setting methodology. This provision applies to situations where a facility is forced to close or dramatically reduce quality of care to its residents due to the inadequacy of its payment rate.

Historically, exceptional relief has been applied for and approved for specific patients at St. Elias Hospital in order to prevent a dramatic reduction in the quality of care. In March 2014, instead of applying for exceptional relief for St. Elias Hospital, DHSS's Office of Rate Review decided to prospectively utilize a rate of 90 percent of the facility's acute per diem rate for patients to be approved on a case by case basis. This rate was determined based on exceptional relief approved in several preceding years.

The state plan allows exceptional relief to be approved for a period of time not to extend beyond the end of the facility's current rate setting year and prohibits exceptional relief from being included as part of the base on which future prospective rates are determined. The decision to utilize a 90 percent rate without receiving additional applications for exceptional relief was not allowed by the state plan and therefore not in accordance with federal regulations.

[12] An inappropriate level of care implies a situation where a patient receives inpatient hospital services which would constitute post-hospital extended care services if provided by a skilled nursing facility when it has been determined that inpatient hospital services are not medically necessary, but post-hospital extended care services are necessary and not otherwise available.

Cause:
DHSS management believed the 90 percent rate complied with 42 U.S.C.1396a(a)(30)(A) through state plan section 4.19 Attachment A, and that the rate was determined in a manner consistent with 42 U.S.C.1395x(v)(1)(G) and therefore compliant with federal regulations.

Criteria:
Title 42 CFR 447.201(b) requires that the state plan describe the policy and methods to be used in setting payment rates for each type of service provided by the Medicaid program. State plan, Section 4.19 governs Medicaid payments for services. The state plan requires that the average statewide rate for swing bed days be used for patients receiving an inappropriate level of care.

Effect:
The use of a rate exceeding the average statewide swing bed rate resulted in FY 19 payments in excess of the allowable amount totaling $1,468,620 and questioned costs totaling $734,310. Because the decision to utilize a 90 percent rate, rather than applying for exceptional relief, was made in 2014, there are likely additional questioned costs in prior fiscal years.

Questioned Costs:
CFDA 93.778: $734,310

Recommendation:
DHCS's division director should ensure Medicaid rates are paid in accordance with federal regulations and the state plan.

Finding No. 2019-046

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Thirty-three Medicaid recipients that had claims for medical services reprocessed during FY 19 at a 100 percent FMAP were judgmentally selected for testing. Auditors found reprocessed claims for three of the 33 Medicaid recipients were not supported by MMIS and one recipient did not qualify for 100 percent FMAP.

Context:
In February 2016, CMS released SHO Letter #16-002. This document increased the Medicaid payment policy to 100 percent FMAP for Medicaid-eligible AI/AN members for services “received through” a THO but rendered at a non-IHS/Tribal provider.

DHCS staff developed procedures to identify eligible Medicaid recipients and qualifying medical claims for the additional federal reimbursement. MMIS data was analyzed to identify Medicaid recipients that potentially qualified for the higher FMAP. Once identified, DHCS staff created a spreadsheet of recipient names and requested THO staff provide specific information for each identified recipient. Based on the information provided by THO staff, DHCS staff determined whether the recipients were eligible for the higher FMAP. Once identified for reprocessing at the higher 100 percent FMAP rate, DHCS sought federal reimbursement and the MMIS claim was updated with a marker/flag indicating it was reprocessed outside MMIS at a higher FMAP.

Cause:
Three Medicaid claims were incorrectly reprocessed for additional federal reimbursement due to a report parameter error in the query used to extract claim data from MMIS that resulted in an incorrect aggregation of claims. Further, supervisory review was not sufficient to identify the errors and the output was not validated against MMIS data. Additionally, one Medicaid recipient was incorrectly identified by DHCS staff as eligible for 100 percent FMAP.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.302(a) requires the State to expend and account for a federal award in accordance with State laws and procedures for expending and accounting for the State's own funds. In addition, the State's and the other non-federal entity's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

Title 45 CFR 75.302(b)(3) requires records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and be supported by source documentation.

CMS SHO Letter #16-002 requires the State Medicaid agency to establish a process for documenting claims for items or services received through an IHS/Tribal facility, but rendered at a non-IHS/Tribal provider, and documentation must be sufficient to establish that (1) the items or services were furnished to an AI/AN patient pursuant to a request for services; and (2) the services were within the scope of a written care coordination agreement under which the IHS/Tribal facility practitioner maintains responsibility for the patient's care.

Effect:
Four medical claims were reprocessed at 100 percent FMAP for three Medicaid recipients that were not supported by MMIS, resulting in overpayments totaling $1,845,721. Additionally, one recipient that did not qualify for the additional federal funding had 830 medical claims reprocessed for 100 percent FMAP, resulting in overpayments totaling $680,704.

Once auditors alerted DHCS staff of the errors, DHCS staff identified another 34 claims that were reprocessed for 100 percent FMAP for an incorrect amount from FY 17 to FY 19. The incorrect claims identified by DHCS staff reprocessed in FY 17 ($46,675) and FY 18 ($283,159) were not confirmed by auditors. The FY 19 overpayments identified by DHCS staff were confirmed by auditors and totaled $774,535.

Questioned Costs:
CFDA 93.778: $3,300,960

Recommendation:
DHSS's DHCS director should strengthen procedures for determining the medical claims and recipients that qualify for additional federal reimbursement at 100 percent FMAP by adding data validation checks to ensure queries used to extract MMIS data capture accurate information. Additionally, review procedures should be improved to help prevent the inclusion of recipients that do not meet the requirements for 100 percent FMAP.

Finding No. 2019-047

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5MAP, 1905AK5MAP
Applicable Compliance Requirement:	Eligibility

Condition:
Testing of hospital presumptive eligibility (HPE) recipients for the month of October 2018 found DPA staff did not review 14 of 23 related Medicaid applications timely (within 45 days) during the recipients' HPE coverage period. Delays in completing the reviews ranged from 35 to 182 days.

In addition, one of the 23 applicants was approved for Medicaid, but DPA was unable to locate the application.

Context:
HPE allows qualified hospitals to grant temporary Medicaid eligibility for individuals that meet basic criteria. HPE recipients receive Medicaid for a limited time period and are

encouraged to apply for Medicaid by submitting a full Medicaid application to DPA during their HPE coverage period.

Federal regulations require a standard eligibility determination be made within 45 days. However, per State policy, a Medicaid application received by DPA during a recipient's HPE period must be prioritized and processed immediately. If the application review results in a Medicaid denial, Medicaid coverage for the HPE recipient will end. Thirteen of the 23 that submitted a Medicaid application were denied. Of the 13, 10 were not reviewed within 45 days.

Cause:
DPA management stated a backlog of applications during FY 19 impacted the ETs' ability to process applications timely. The lack of a centralized electronic document management system impacted DPA's ability to find the missing application.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.1110(a) requires the State to provide Medicaid during a presumptive eligibility period to individuals who are determined by a qualified hospital, on the basis of preliminary information, to be presumptively eligible.

Title 42 CFR 435.912(c) states the determination of eligibility for any application may not exceed 90 days for applicants who apply for Medicaid on the basis of disability and 45 days for all other applicants.

Title 42 CFR 435.914(a) states the agency must include in each application's case record facts to support the agency's decision.

Effect:
Failure to process Medicaid eligibility determinations timely for HPE recipients increases the risk that ineligible recipients receive Medicaid benefits. Lack of documentation to support an eligibility determination creates questioned costs for the claims paid.

Questioned Costs:
CFDA 93.778: Known questioned costs of $20,187 and likely questioned costs exceeding $25,000.

Recommendation:
DPA's director should expedite the review of Medicaid applications from HPE clients, in accordance with procedures, and retain eligibility decision documentation in the Medicaid recipients' case files. Further, efforts should continue to address the backlog of applications.

<u>Finding No. 2019-048</u>

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5MAP, 1905AK5MAP
Applicable Compliance Requirement:	Eligibility

Condition:
A random sample of 35 Medicaid recipients that also received Supplemental Security Income (SSI) was tested for Medicaid eligibility. Testing found DPA staff did not redetermine Medicaid eligibility for one recipient after identifying the recipient's SSI was suspended. Medicaid benefits continued for 11 months until the benefits were discontinued.

Further, no documentation was maintained to demonstrate that Medicaid eligibility for those SSI recipients that also receive Adult Public Assistance (APA) was automatically renewed within EIS during FY 19.

Context:
The State is required to provide Medicaid benefits for individuals who receive SSI. Eligibility for all Medicaid recipients must be redetermined at least every 12 months or when new information is provided from the recipient. For those Medicaid recipients that receive SSI and APA, DPA staff runs a program in EIS on a monthly basis to identify Medicaid recipients with an upcoming benefit end date that also receive APA on their case record with an SSI indicator. If the individual had current SSI income, Medicaid benefits are renewed automatically and the benefit period is extended in EIS. A report listing the specific Medicaid recipients that were impacted by the program is not created when the program is run. A summary control report is generated by the EIS program; however, the report was not consistently maintained during FY 19.

For those Medicaid SSI recipients that do not receive APA, a DPA ET must manually review each case and renew the Medicaid benefits in the eligibility system if determined necessary based on available information.

Cause:
According to DPA management, no follow-up action was taken by staff to address the Medicaid case with suspended SSI due to a backlog of cases to review and a lack of resources. Further, system procedures have not been implemented to produce a report that documents which SSI Medicaid recipients have been impacted by the monthly program due to a lack of IT resources and competing priorities.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal

awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.120 requires the State to provide Medicaid to aged, blind, and disabled individuals or couples who are receiving or are deemed to be receiving SSI.

Title 42 CFR 435.916(d) states the agency must promptly redetermine eligibility between regular renewals of eligibility whenever it receives information about a change in a beneficiary's circumstances that may affect eligibility.

Title 42 CFR 431.17(b) requires the State to maintain individual records on each applicant and beneficiary that contains date of and basis for disposition and facts essential to determination of initial and continuing eligibility.

Title 42 CFR 435.914 requires the State to include in each applicant's case record facts to support the agency's decision on the applications.

The National Institute of Standards and Technology Special Publication 800 – 53r4 includes AU-3 control which states the information system generates audit records containing information that establishes what type of event occurred, when the event occurred, where the event occurred, the source of the event, the outcome of the event, and the identity of any individuals or subjects associated with the event.

Effect:
Untimely processing of Medicaid eligibility redeterminations increases the risk of ineligible recipients receiving Medicaid benefits.

Failure to maintain control reports for system processes increases the risk that ineligible individuals receive Medicaid benefits.

Questioned Costs:
CFDA 93.778: Known questioned costs of $873 and likely questioned costs exceeding $25,000.

Recommendation:
DPA's director should ensure Medicaid recipients with SSI are reviewed timely and necessary redeterminations are made if the SSI status changes. Additionally, DPA's director should develop an output report identifying the Medicaid recipients with SSI evaluated through the monthly program and the action taken in the system on the recipients' Medicaid eligibility status.

<u>Finding No. 2019-049</u>

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:
Certain details related to this control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

An FY 19 examination of the Alaska Resource for Integrated Eligibility Services (ARIES) system controls concluded DHSS staff did not maintain, in all material respects, effective internal controls for ARIES. Several of the deficiencies are listed below:

<u>Processing Control Management Assertion:</u> User navigation is guided through the application process to ensure that the appropriate information is collected and entered to make eligibility determinations.

- In one of 57 applications tested, an applicant was seeking coverage, but was incorrectly labeled in ARIES as not seeking coverage due to an unknown issue, and was therefore not considered for eligibility.
- In two of 57 applications tested, ARIES populated incorrect eligibility dates within correspondence sent to applicants. This issue was reported to the help desk 155 times during FY 19.
- In one of 57 cases tested, ARIES was unable to determine eligibility due to an error. ARIES, at times, incurred errors when processing applications for eligibility, which prevented the technician from completing the eligibility determination in ARIES. Technicians reported the issue to the help desk 872 times, and, at the end of FY 19, 349 of the issues remained unresolved.
- Three of 57 applications selected for testing the control could not be located by the department.

<u>Processing Control Management Assertion:</u> ARIES correspondence to applicants and recipients creation processes have error notification for batch operators to reduce the time needed to resolve issues.

- In two of 57 applications tested, correspondence to the applicant was not properly generated and delivered.

Processing Control Management Assertion: ARIES utilizes the department-level master client index as well as United States Postal Service address validation services to ensure consistency in demographic client information.

- In one of 57 applications tested, it was identified that the application was processed without address validation being completed.

Context:
ARIES is an eligibility system being developed in multiple phases by DHSS. The Modified Adjusted Gross Income (MAGI) methodology was implemented in Phase 1 of ARIES and is used for eligibility determinations for the Medicaid and CHIP programs. EIS is the legacy system used for non-MAGI eligibility determinations. However, due to system problems, some Medicaid and CHIP MAGI eligibility determinations continue to be performed in EIS.

Cause:
According to management, multiple factors contributed to the deficiencies, including:

- Known system defects and errors in processing applications through ARIES.
- A significant backlog of applications, staffing shortages, limited resources, and competing department priorities.
- Inadequate ET training.
- Lack of electronic document management system.

Criteria:
Title 42 CFR 435.917(a) requires the State provide all applicants and beneficiaries with timely and adequate written notice of any decision affecting their eligibility.

Title 42 CFR 435.917(b)(1)(i) states that the content of the eligibility notice must include the basis and effective date of eligibility.

Per Title 42 CFR 435.914(a), the State must include in each applicant's case record facts to support the agency's decision on his application.

Per Title 42 CFR 435.912(b), consistent with guidance issued by the Secretary, the agency must establish in its State plan timeliness and performance standards for, promptly and without undue delay – (1) determining eligibility for Medicaid for individuals who submit applications to the single State agency or its designee. According to MAGI Medicaid Eligibility Manual 806-2 A, if an application cannot be worked right away, the agency must process the application within 30 days.

Effect:
The internal control weaknesses increase the risk of noncompliance with State and federal regulations, unauthorized system use (including data manipulation), and incorrect eligibility determinations, which may result in ineligible recipients or unallowed costs.

Questioned Costs:
None

Recommendation:
DHSS's DPA director should continue to apply resources to resolve ARIES system defects, process applications, train staff, and improve document management.

Finding No. 2019-050

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:
Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing for eligibility found DPA staff were not processing applications timely and were not consistently performing eligibility determinations when required.

Errors are summarized below by case and by type of errors. Multiple eligibility determinations may be evaluated for each case. Therefore, some cases may have multiple errors. Specifically, for the 275 Medicaid cases:

- Sixty-three (23 percent) had applications, redeterminations, and/or reported changes that were submitted to DPA and not reviewed timely by ETs. Delays in completing the reviews ranged from 13 to 397 days.
- Thirty (11 percent) had applications, redeterminations, and/or reported changes submitted to DPA that were not reviewed. The recipients continued receiving potentially unallowable benefits from 1 to 30 months.
- Thirty-four (12 percent) were due to have the eligibility redetermined; however, no information was submitted to DPA for review and DPA staff did not independently conduct a redetermination. For recipients following the MAGI methodology, DPA staff should have attempted to redetermine eligibility through electronic interfaces. No such action was taken by DPA staff. For recipients following the non-MAGI methodology, in most instances, DPA should have requested information from the recipient to enable ETs to redetermine eligibility, but did not. Recipients continued receiving benefits after eligibility expired for periods ranging from 1 to 24 months.

For the 40 CHIP cases:

- Thirteen (33 percent) had applications, redeterminations, and/or reported changes that were submitted to DPA and not reviewed timely by ETs. Delays in completing the reviews ranged from 25 to 320 days.
- Seven (18 percent) had applications, redeterminations, and/or reported changes submitted to DPA that were not reviewed. The recipients continued receiving potentially unallowable benefits from 2 to 12 months.
- Ten (25 percent) were due to have the eligibility redetermined; however, no information was submitted to DPA for review. DPA staff should have attempted to independently conduct a redetermination through electronic interfaces. Recipients continued receiving benefits after eligibility expired for periods ranging from 2 to 12 months.

Context:
The State is required to ensure applications are reviewed and eligibility determinations are made timely for Medicaid/CHIP recipients and eligibility determinations are updated at least every 12 months or when new information is provided from the recipient. Eligibility determinations follow two methodologies (either MAGI or non-MAGI) which differ in eligibility determination requirements.

The State is required to ensure only financially needy individuals receive Medicaid or CHIP assistance. DPA employs ETs who review applications, identify income and financial resources, and make determinations whether individuals are eligible to receive benefits. Medicaid and CHIP recipients are required to have eligibility redetermined at least every 12 months to continue benefits.

DPA has established internal control procedures to ensure staff determine eligibility in accordance with federal regulations and the state plan. Procedures are documented in the DPA Administrative Procedures Manual and the MAGI Medicaid Eligibility Manual.

DPA Administrative Procedures Manual 107-1 requires the caseworker act promptly when any change or new information is received from any source. Any necessary action must be taken within 10 days of the receipt of the report of change.

DPA's MAGI Medicaid Eligibility Manual 806-2 requires that if an application cannot be worked right away, the agency must process the application within 30 days.

DPA's MAGI Medicaid Eligibility Manual 806-3 requires DPA renew Medicaid eligibility every 12 months using electronic interfaces or the pre-populated renewal form. The Medicaid case must also be renewed when any application or renewal is received by DPA.

DPA's MAGI Medicaid Eligibility Manual 806-3A states "Alaska is currently approved for a Medicaid waiver that allows DPA to renew MAGI Medicaid when the SNAP recertification is approved."

Cause:
Although DPA had established timeline policies for eligibility reviews, according to DPA management, a lack of resources to address the backlog of applications impacted the ETs' ability to process applications, redeterminations, and reported changes timely.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.912(b) requires the State establish in its state plan timeliness and performance standards for, promptly and without undue delay – (1) determining eligibility for Medicaid for individuals who submit applications.

Title 42 CFR 435.912(c) states the determination of eligibility for any application may not exceed 90 days for applicants who apply for Medicaid on the basis of disability and 45 days for all other applicants.

Title 42 CFR 435.912(d) requires the State to inform applicants of the timeliness standards.

Title 42 CFR 435.916 requires the State to perform periodic renewals of Medicaid eligibility. For renewals based on MAGI, a redetermination is required once every 12 months, and no more frequently than once every 12 months. Similarly, for non-MAGI beneficiaries the State is required to make a redetermination of eligibility at least every 12 months.

Title 42 CFR 435.916(d) requires the State take action on information about changes between regular renewals of eligibility and promptly redetermine eligibility.

Effect:
Failure to complete Medicaid/CHIP eligibility determinations timely increases the risk that ineligible recipients receive Medicaid and CHIP benefits.

Failure to complete eligibility determinations when due created questioned costs for the period the eligibility determinations were not performed during FY 19.

Questioned Costs:
CFDA 93.767: $500,214
CFDA 93.778: $1,889,928

Recommendation:
DHSS's DPA director should ensure procedures are followed for determining Medicaid/CHIP eligibility timely and continue efforts to address the backlog of applications and eligibility determinations.

Finding No. 2019-051

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:
Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing of DPA eligibility determinations found errors which are summarized below by case and by type of error. Some cases may have multiple errors. Specifically, for the 275 Medicaid cases:

- Forty-seven (17 percent) could not be located by DPA to support the application, redetermination, and/or reported change.
- Forty-two (15 percent) had income incorrectly counted or incorrectly excluded from the calculation used in the eligibility determination.
- Thirty-seven (13 percent) lacked sufficient documentation to support the verification of financial eligibility through external databases.
- Twenty-two (8 percent) lacked documentation in the case record to support the verification of citizenship status, social security number, countable income, and/or resources.
- Twelve (4 percent) had documentation that supported the individuals were enrolled in an incorrect eligibility category.
- Five (2 percent) had the household composition incorrectly determined.
- Five (2 percent) had discrepant information in the case record that was not followed up on by the DPA ET when making the eligibility determination.
- Three (1 percent) had documentation that supported the individuals were enrolled in an incorrect federal program for medical benefits.
- Three (1 percent) had no tax filing status, incorrect tax filing status, or unsupported tax filing status documented in the case record.
- Two (1 percent) did not contain a signed child support form when necessary.
- Two (1 percent) had the Medicaid eligibility period extended for six months without completion of an eligibility determination and verification of resources.
- One (less than 1 percent) received retroactive benefits for three months that were not requested by the applicant.

- One (less than 1 percent) took over two years to close in the system after the individual was determined ineligible.

For the 40 CHIP cases:

- Six (15 percent) had income incorrectly counted or incorrectly excluded from the calculation used in the eligibility determination.
- Five (13 percent) had documentation that supported the individuals were enrolled in an incorrect federal program for medical benefits.
- Four (10 percent) had no documentation in the case record to support the verification of countable income.
- Three (8 percent) lacked sufficient documentation to support the verification of financial eligibility through external databases.
- One (3 percent) could not be located by DPA.
- One (3 percent) had the household composition incorrectly determined.

Context:
The State is required to ensure only financially needy individuals receive either Medicaid or CHIP assistance. DPA employs ETs who review applications, identify income and financial resources, and make determinations whether the individuals are eligible to receive benefits. Medicaid and CHIP recipients are required to have eligibility redetermined at least every 12 months to continue benefits.

The State has two eligibility systems: ARIES and EIS. ARIES is exclusively used for Medicaid and CHIP cases which follow the MAGI method and the legacy system, EIS, is used primarily to process non-MAGI Medicaid. Errors were found in both MAGI and non-MAGI eligibility determinations processed in ARIES and EIS.

DPA has established internal control procedures to help ensure staff determine eligibility in accordance with federal regulations and the state plan. Procedures are documented in the DPA Administrative Procedures Manual and the MAGI Medicaid Eligibility Manual.

DPA's APA Manual provides detailed procedures for verifying resources, income, eligibility, and documentation for non-MAGI cases. DPA's Administrative Procedures Manual, Section 109 requires that all public assistance cases have documentation that supports eligibility, ineligibility, and benefit level determinations. The documentation must be in sufficient detail to allow a reader or reviewer to determine the reasonableness and accuracy of the determination. Documentation is done by recording information about each action taken, verification used, and contacts made using the online case note screen in EIS or on a Report of Contact sheet.

DPA's MAGI Medicaid Eligibility Manual provides detailed guidance for determining MAGI Medicaid eligibility. DPA's MAGI Medicaid Eligibility Manual, Section 823 D requires an ET to place verifications obtained in the case file and document the verifications in the case notes. An ET is also required to document each action taken that is related to an individual's or household's application for receipt of Medicaid.

DPA's MAGI Medicaid Eligibility Manual, Section 818 states that countable income for MAGI Medicaid is determined following Internal Revenue Service rules for countable income and deductions with some exceptions. MAGI is the household's adjusted gross income with the addition of the following: tax-exempt interest, Social Security benefits not included in the gross income, and excluded foreign income.

DPA's MAGI Medicaid Eligibility Manual, Addendum 3 includes permanent fund dividends as countable income for MAGI Medicaid.

Cause:

According to DPA management, a lack of resources to address the backlog of applications impacted the ETs' ability to process applications, redeterminations, and reported changes. Further, ETs need additional training in areas such as application review, eligibility determination, and case file documentation, particularly for processing cases in ARIES following MAGI. Management also stated that the lack of an electronic document management system to store documents led to the inability to find cases selected for testing that were processed at the statewide level.

Additionally, the ARIES system is not fully functional and has system defects which hinder the processing of some eligibility determinations.

According to DPA management, the previous DPA director extended Medicaid eligibility for some non-MAGI recipients by six months if the case shared a SNAP case number without requiring an eligibility determination, due to a delay in processing eligibility for the SNAP cases.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.914(a) states the agency must include in each application's case record facts to support the agency's decision.

Title 42 CFR 435.603(c) the agency must determine financial eligibility for Medicaid based on "household income."

Title 42 CFR 435.406(c) requires the agency to verify the declaration of citizenship or satisfactory immigration status.

Title 42 CFR 435.920(c) requires for any beneficiary whose social security number was established as part of the case record without evidence required under the Social Security Administration (SSA) regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors.

Title 42 CFR 435.945(a) states except where the law requires other procedures (such as for citizenship and immigration status information), the agency may accept attestation of information needed to determine the eligibility of an individual for Medicaid (either self-attestation by the individual or attestation by an adult who is in the applicant's household or family, or, if the individual is a minor or incapacitated, someone acting responsibly for the individual) without requiring further information (including documentation) from the individual.

Title 42 CFR 435.948 requires the State to verify financial information, including wages, net earnings from self-employment, unearned income and resources, and to use electronic services if available.

Title 42 CFR 435.956(a) requires the State to verify citizenship and immigration status.

Title 42 CFR 457.343 requires the renewal procedures for Medicaid apply equally in administering a separate CHIP.

Effect:
Failure to accurately determine eligibility and maintain complete case records for Medicaid/CHIP eligibility increases the risk that ineligible recipients receive Medicaid and CHIP benefits.

Lack of documentation in the case records to support the eligibility determination created questioned costs from the claims paid during FY 19. In addition, documentation in the case records that did not support the eligibility determination created questioned costs from the claims paid during FY 19.

Questioned Costs:
CFDA 93.767: $458,393
CFDA 93.778: $2,340,443

Recommendation:
DPA’s director should improve training to address eligibility errors and ensure procedures are followed for determining Medicaid/CHIP eligibility and retaining documentation on the eligibility decisions in the Medicaid and CHIP recipients’ case files. Further, the director should continue efforts to address the backlog of applications and correct eligibility system defects.

Finding No. 2019-052

Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:
Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing found errors in the written notices sent by DPA to Medicaid and CHIP recipients regarding eligibility decisions. Specifically, for the 275 Medicaid cases:

- Eight recipients (3 percent) were not issued an eligibility decision notice for Medicaid approval.
- Forty-nine recipients (18 percent) were sent an eligibility decision notice; however, the notice contained inconsistent or incorrect information such as eligibility period, countable income, application dates, and/or federal benefit program.
- Fifty-six recipients (20 percent) were sent an eligibility decision notice that lacked information regarding the eligibility period and/or income.

For the 40 CHIP cases:

- Nine recipients (23 percent) were sent an eligibility decision notice; however, the notice contained inconsistent or incorrect information such as eligibility period, countable income, application dates, and/or federal benefit program.
- One recipient (3 percent) was sent an eligibility decision notice that lacked information regarding the eligibility period and/or income.

Context:
Notices for eligibility decisions were created through the Medicaid/CHIP eligibility systems. DPA staff were expected to review the system-generated notices for accuracy when finalizing the eligibility determination. In addition, for EIS-generated notices, DPA staff must manually input the eligibility period and income information which is displayed in the notice.

Cause:
According to DPA management, the eligibility systems generated the notices to applicants/recipients based on information in the case record. In some instances, the system queries created notices with incorrect information due to incorrect system logic or failed to

run. DPA staff were responsible for reviewing the notices and taking corrective action if needed. The reviews were not consistently performed.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.917 requires the State to provide all Medicaid applicants and beneficiaries with timely and adequate written notice of any decision affecting eligibility. Additionally, such notices must contain clear information, including the basis and effective date of the eligibility and the circumstances in which the individual must report any changes that may affect the individual's eligibility.

Title 42 CFR 457.340(e) requires the State to provide all CHIP applicants and beneficiaries with timely and adequate written notice of any decision affecting eligibility. Additionally, such notices must contain clear information including the basis and effective date of the eligibility and the circumstances in which the individual must report any changes that may affect the individual's eligibility.

Effect:
Eligibility decision notices that contain incorrect and/or inadequate information increases the risk that Medicaid/CHIP beneficiaries were misinformed regarding eligibility determinations, which may lead to incorrect benefit payments.

Questioned Costs:
None

Recommendation:
DPA's director should ensure review procedures are performed to monitor the accuracy and sufficiency of Medicaid and CHIP eligibility notices, and corrective action is taken as necessary.

Finding No. 2019-053

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
Sixty Medicaid/CHIP providers were randomly selected for testing compliance with Medicaid provider eligibility requirements (30 low risk providers and 30 moderate or high risk providers). Four of 30 moderate or high risk providers tested (13 percent) had a combination of errors in revalidating provider eligibility due to the timing of required screening activities:

- Two providers were not appropriately checked for exclusion status through the federal databases (List of Excluded Individuals/Entities and Excluded Parties List System).
- Three providers' business licenses were not verified prior to revalidation.
- Three providers received revalidation of enrollment before a site visit took place.
- Two providers received revalidation before information on ownership and control was disclosed to DHCS.

Context:
Screening is a required element of the provider enrollment process and is used to determine whether an individual and/or entity is eligible to participate as a Medicaid/CHIP provider. Examples of screening activities include, but are not limited to, license verification, site visits, identity confirmation, and exclusion status assessment.

Cause:
According to DHCS staff, over 7,000 Medicaid/CHIP providers were required to submit applications for revalidation of enrollment during FY 19. Application review and screening activities took longer than anticipated. In some instances, revalidation requests were approved before all required screening activities were performed in order to allow providers to remain eligible and related services to be provided to beneficiaries. Auditors also noted that DHCS's revalidation procedures did not specifically include a review of business licenses.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 455.450 requires the State screen all initial applications, including applications for a new practice location, and any applications received in response to a reenrollment or revalidation of enrollment request based on a categorical risk level of "limited," "moderate," or "high." If a provider could fit within more than one risk level described in this section, the highest level of screening is applicable.

(a) Screening for providers designated as limited categorical risk. When the State Medicaid agency designates a provider as a limited categorical risk, the State Medicaid agency must do all of the following:
   (1) Verify that a provider meets any applicable federal regulations, or State requirements for the provider type prior to making an enrollment determination.
   (2) Conduct license verifications, including State licensure verifications in States other than where the provider is enrolling, in accordance with §455.412.

(3) Conduct database checks on a pre- and post-enrollment basis to ensure that providers continue to meet the enrollment criteria for their provider type, in accordance with §455.436.

(b) Screening for providers designated as moderate categorical risk. When the State Medicaid agency designates a provider as a "moderate" categorical risk, a State Medicaid agency must do both of the following:

(1) Perform the "limited" screening requirements described in paragraph (a) of this section.

(2) Conduct on-site visits in accordance with §455.432.

(c) Screening for providers designated as high categorical risk. When the State Medicaid agency designates a provider as a "high" categorical risk, a State Medicaid agency must do both of the following:

(1) Perform the "limited" and "moderate" screening requirements described in paragraphs (a) and (b) of this section.

(2)(i) Conduct a criminal background check; and (ii) Require the submission of a set of fingerprints in accordance with §455.434.

Title 42 CFR 455.436 requires the State to confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest, or who is an agent or managing employee of the provider through routine checks of federal databases, including the Excluded Parties List System.

Effect:
Inadequate controls over provider eligibility increase the risk of unqualified providers delivering services to Medicaid/CHIP recipients.

Questioned Costs:
None

Recommendation:
DHSS's DHCS director should ensure staff follow established procedures when revalidating the eligibility of providers and dedicate adequate resources to comply with federal requirements. In addition, procedures should be modified to include a review of business licenses.

Finding No. 2019-054

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5021, 1905AK5021 1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
A random sample of 60 providers enrolled in Medicaid and CHIP were tested for compliance with federal provider eligibility requirements. Thirty-nine of 60 had been enrolled Medicaid/CHIP providers for at least five years and subject to revalidation. Twenty-six of the 39 providers did not meet the five year revalidation time requirement.

Context:
The State is required to revalidate Medicaid/CHIP providers at least once every five years. In FY 19, DHCS initiated a provider enrollment project at the beginning of February 2019 to revalidate providers that were at or beyond the five-year period. The revalidation project took over five months to complete. All 26 providers identified as not being revalidated within five years were ultimately revalidated as Medicaid/CHIP providers by May 2019, with the exception of one provider that was deactivated in June 2019 and reenrolled in August 2019.

Cause:
According to DHCS staff, many providers were reenrolled in Medicaid and CHIP when the new MMIS was implemented on October 1, 2013. This created a large number of providers that were required to be revalidated by October 1, 2018. The number of providers revalidating in FY 19 was over 7,000, much higher than DHCS staff had experienced in previous fiscal years, and revalidation took more time and resources than anticipated.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 455.414 requires the State revalidate the enrollment of all providers regardless of provider type at least every five years.

Effect:
Failure to revalidate Medicaid and CHIP providers increases the risk of unqualified providers rendering services to Medicaid/CHIP beneficiaries.

Questioned Costs:
None

Recommendation:
DHSS's DHCS director should strengthen procedures for identifying Medicaid/CHIP providers in need of revalidation at least once every five years and ensure adequate resources are available for processing the revalidations.

Finding No. 2019-055

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AK5MAP, 1905AK5MAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
DHSS DHCS Surveillance and Utilization Review Unit's (SUR) procedures for conducting utilization of care and services reviews were not sufficient to ensure management directives for utilization reviews were effectively carried out in compliance with federal requirements.

Context:
Written procedures for utilization reviews did not define expected control activities. Specifically, the procedures did not outline how the SUR should proceed with analyzing provider profiles, the methodology for selecting cases, the sampling plan for number of cases selected, the type of support that should be maintained, criteria for evaluating reviews, and how reviews should be documented and approved.

Cause:
Beginning January 2019, the reviews for utilization of care and services transitioned to SUR from an external contractor. SUR's program manager believed procedures were adequate. Additionally, SUR resources were limited due to staff turnover.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 456.4(a)(3) requires the State establish methods and procedures to implement the utilization control program.

Title 42 CFR 456.5 requires the State establish and use written criteria for evaluating the appropriateness and quality of Medicaid services.

Title 42 CFR 456.22 maintains that, to promote the most effective and appropriate use of available services and facilities, the State must have procedures for the on-going evaluation, on a sample basis, of the need for and the quality and timeliness of Medicaid services.

Effect:
Insufficient written procedures for implementing utilization reviews hinders DHSS's ability to effectively safeguard against unnecessary or inappropriate use of Medicaid services and increases the risk of Medicaid related fraud and abuse.

Questioned Costs:
None

Recommendation:
DHSS's SUR program manager should strengthen written procedures for the utilization reviews by including procedures for analyzing provider profiles and selecting, sampling, evaluating, documenting, reviewing, and approving cases.

Finding No. 2019-056

Prior Year Finding:	2018-026
Federal Awarding Agency:	USDHHS
Impact:	Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1805AKMAP, 1905AKMAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
DHSS's IT staff did not conduct a risk analysis or perform a biennial system security review of the EIS.

Context:
EIS is DPA's automated statewide management system designed to control and account for all factors in eligibility determinations as required by Title 45 CFR 205.36. EIS is used to determine eligibility for multiple federal programs and its security plays a critical role in ensuring eligibility determinations are correctly performed. A system security review of EIS has not been performed since FY 14.

DHSS has been in the process of replacing EIS with its new eligibility determination system, ARIES. In FY 19 ARIES was intended to be used for Medicaid eligibility determinations made under the MAGI methodology while EIS was used for non-MAGI eligibility determinations. However, due to system problems with ARIES, some Medicaid MAGI eligibility determinations were performed by EIS.

MAGI, established by the Affordable Care Act, is the basis for determining Medicaid eligibility for most children, pregnant women, parents, and adults. Individuals exempt from the MAGI-based income counting rules include individuals whose eligibility is based on blindness, disability, or age (65 or older).

Cause:
According to DHSS management, IT resources have been limited by staff shortages and resources were prioritized to address other issues and facilitate the development of ARIES.

Criteria:
Title 45 CFR 95.621(f) requires a state agency to be responsible for the security of all Automated Data Processing (ADP) projects under development, and operational systems involved in the administration of the Health and Human Services (HHS) programs.

Title 45 CFR 95.621(f)(2)(iii) requires a state to establish and maintain a program of conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems.

Title 45 CFR 95.621(f)(3) requires a state agency to review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews must include an evaluation of physical and data security operating procedures, and personnel practices.

Effect:
Lack of periodic risk assessments and security reviews puts EIS hardware at risk of theft, software at risk of unauthorized use, and data at risk of compromise or loss. As a result, there is a potential for unauthorized system use, data manipulation, and improper eligibility determinations.

Questioned Costs:
None

Recommendation:
DHSS's FMS director should work with DPA's director to ensure periodic risk analyses and biennial security reviews of EIS are conducted according to federal regulations.

Finding No. 2019-057

Prior Year Finding: 2018-037
Type: Other State Issues
Impact: Noncompliance

Condition:
Two potential shortfalls were identified for FY 19.

Context:
One potential shortfall was previously identified in the FY 18 Single Audit and was still outstanding in the following amount as of January 2020:

Appropriation	Appropriation Title	Amount
H308 (BFY 2007)	Medicaid Management Information System Completion	$211,444

Additionally, one FY 19 potential shortfall was identified as follows:

Appropriation	Appropriation Title	Amount
H003 (BFY 2017)	Children's Services	$2,072,394

Cause:
According to management, expenditures making up the shortfall balance for appropriation H308 are ineligible for federal reimbursement. Management will be requesting ratification for H308.

During FY 17, DHSS management reported that a population of federal expenditures was not correctly reported in the State accounting system and the automated billing process did not occur. To correct the revenue understatement, one cumulative receivable revenue transaction was recorded to account for all automated transactions that should have been created. At the end of FY 17, DHSS informed auditors that procedures would be performed during the following fiscal year to process correcting transactions in IRIS. As of August 31, 2019, management continued to report that the issue was unresolved.

As of January 2020, more than two years have elapsed since DHSS recorded the receivable transactions. The timeframe reduces the probability that DHSS will collect the entire receivable balance, which creates a potential shortfall in appropriation H003. The potentially uncollectible receivable related to appropriation H003 is further discussed in Finding No. 2019-026.

Criteria:
The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:
As a result of the potential shortfalls, unauthorized general funds may have been expended.

Recommendation:
DFMS's director should take measures to resolve revenue shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, DFMS's director should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

(Intentionally left blank)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (DLWD)

Three findings were issued to DLWD in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018*. Prior year Finding No. 2018-040 is resolved. Prior year Finding No. 2018-039 is not resolved and is reiterated in this report as Finding No. 2019-062. Prior year Finding No. 2018-038 is not fully resolved; the unresolved portion of the finding is reiterated in this report as Finding No. 2019-058.

Three new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-059 through 2019-061.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-058

Prior Year Finding: 2018-038
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DLWD accounting staff incorrectly recorded an FY 19 year-end transaction to clear the Unemployment Compensation Fund (UCF) suspense liability account balance.

Context:
The UCF suspense liability account balance at June 30, 2019, totaled $9.5 million, of which $7.1 million was related to overpayments of unemployment tax contributions by employers. These overpayments will either be refunded or applied to future unemployment tax payments. DLWD staff cleared the $7.1 million out of the suspense account by recording the overpayments as revenue with an FY 19 year-end transaction. Since the underlying exchange transaction (employees working for the future quarters) had not occurred, these overpayments were not earned revenues. The revenue overstatement was corrected by DLWD management after auditors identified the error and the activity was correctly reported in the FY 19 Comprehensive Annual Financial Report.

Cause:
DLWD accounting staff did not have a comprehensive understanding of the suspense account activity.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Section N50.113, governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first. Revenues should be recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance should be reported as liabilities until the period of the exchange.

Effect:
Revenues were overstated by $7.1 million and unearned revenue was understated by $7.1 million prior to the correction.

Recommendation:
DLWD's Division of Administrative Services (DAS) director should ensure the department's accounting staff adequately communicate with the Division of Employment and Training Services (DETS) staff to obtain a comprehensive understanding of the suspense account activity.

Finding No. 2019-059

Federal Awarding Agency:	U.S. Department of Labor (USDOL)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	CFDA 17.225 Unemployment Insurance
Federal Award Number(s):	UI-31281-18-55-A-2, UI-32585-19-55-A-2
Applicable Compliance Requirement:	Reporting

Condition:
Two of two quarterly Employment and Training Administration (ETA) 227 Overpayment Detection and Recovery Activities reports tested, for quarters ending June 30, 2019, and March 31, 2019, were not fully supported by the accounting records.

Context:
The ETA 227 report should show overpayment and fraud receivables balances that are less than two years old per ETA 227 report instructions. The FY 16 single audit (Finding 2016-040) found DLWD staff was unable to provide adequate supporting records for numerous lines in the ETA 227 quarterly report. In FY 17 DLWD staff created a procedure to reconcile the 227 report to accounting system records. However, the reconciliation did not include all fields. In addition, the procedure did not provide for follow-up of identified differences. The procedure was used during FY 17, FY 18, and through quarter ending March 31, 2019. DLWD staff expanded the reconciliation for quarter ending June 30, 2019, to account for beginning and ending receivable balance. However, not all report fields were reconciled and differences were not followed up.

Cause:
According to DLWD management, lack of resources and complexity of the supporting database hindered development of adequate procedures to reconcile all lines of the ETA 227 report to the accounting system.

Criteria:
Title 29 CFR 97.20 Standards for financial management systems.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:
   (1) Financial Reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
   (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Inaccurate reporting may impair the federal agency's ability to properly oversee the program.

Questioned Costs:
None

Recommendation:
DLWD's DETS director should improve reconciliation procedures to ensure ETA 227 quarterly reports are accurate and fully supported by the accounting records.

Finding No. 2019-060

Federal Awarding Agency:	USDOL
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	CFDA 17.225 Unemployment Insurance
Federal Award Number(s):	UI-31281-18-55-A-2, UI-32585-19-55-A-2
Applicable Compliance Requirement:	Reporting

Condition:
Three of three ETA 2112 monthly reports tested (September 2018, October 2018, and January 2019) did not accurately report benefit payment activity.

Context:
In all three monthly reports tested, interstate benefit activity was reported incorrectly on line 48E when it should have been reported on line 43E. Also, benefit payment activity was not correctly calculated for each of the different disbursement lines (31F–36F, 38F–39F, and 46F), resulting in over and under reporting. These were systematic errors that affect all ETA 2112 reports in FY 19. The misstatements are shown in the table[13] below.

[13] Negative amounts are understatements and positive amounts are overstatements.

Summary of FY 19 ETA 2112 Errors

Line	September 2018	October 2018	January 2019
31F	(3,960.47)	(181,520.75)	7,853.31
32F	(592.78)	11,877.01	(688.60)
33F	261.05	3,443.49	(12.54)
34F	3,380.53	50,902.29	2,617.24
35F	(347.52)	17,684.40	1,130.00
36F	871.34	5,397.32	-
38F	(645.58)	12,014.63	(6,609.68)
39F	1,174.00	64,844.28	(5,075.00)
46F	(140.57)	15,357.33	785.27
43E	(1,767,822.54)	(346,028.13)	(321,191.96)
48E	1,767,822.54	346,028.13	321,191.96
	0	0	0

Cause:
DLWD staff responsible for the preparation and review of the report misunderstood the report instructions.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Federal law (Section 303(a)(6) of the Social Security Act) gives the Secretary of Labor the authority to require the reporting of information deemed necessary to assure state compliance with the provisions of the SSA. Under this authority, the Secretary of Labor requires the following report to monitor state compliance with the immediate deposit and limited withdrawal standards: ETA 2112: UI Financial Transactions Summary, Unemployment Fund.[14]

Effect:
Reporting inaccurate data may impair the federal oversight agency's decision making.

Questioned Costs:
None

Recommendation:
DLWD’s DETS director should update procedures to ensure that disbursement amounts reported on the monthly ETA 2112 reports are accurate. In addition, DLWD’s DETS director should work with the appropriate federal oversight agency to determine if amended reports should be submitted.

[14] From Federal Register Volume 83 No. 192.

Finding No. 2019-061

Federal Awarding Agency:	USDOL
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	CFDA 17.225 Unemployment Insurance
Federal Award Number(s):	UI-31281-18-55-A-2, UI-32585-19-55-A-2
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
DLWD staff submitted the 2018 annual Federal Unemployment Tax Act (FUTA) 940 certification with all tax fields incorrectly reporting zero.

Context:
DLWD staff submit an annual certification to the Internal Revenue Service (IRS) to certify the total amount of unemployment fund contributions required to be paid under state law for each taxpayer. The certification includes the amounts and dates of taxpayer contributions paid during a calendar year.

To help ensure DLWD submits an accurate report, DLWD staff have a procedure to verify that the first 50 employers with zero contributions reported and the first 50 employers with non-zero contributions reported match the underlying records. The control procedure was not applied correctly in FY 19.

After the errors were detected by auditors, DLWD staff corrected and resubmitted the FUTA 940 certification. The auditors tested the resubmitted report without error.

Cause:
DLWD staff ran a test version of the report in December 2018 and the final version that was submitted in January 2019. The test version was checked for accuracy and found to be correct. Due to a flaw in the reporting logic for identifying contributions paid, the final version reported data from 2019 instead of 2018, which produced zero data. Since the test version of the report was found to be accurate, DLWD staff did not re-check the final version and did not detect the error.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 26 CFR 31.3302(a)-3 Proof of credit under section 3302(a).
Credit against the tax for any calendar year for contributions paid into State unemployment funds shall not be allowed unless there is submitted to the district director:

(a) A certificate of the proper officer of each State (the laws of which required the contributions to be paid) showing, for the taxpayer:
   (1) The total amount of contributions required to be paid under the State law with respect to such calendar year (exclusive of penalties and interest) which was actually paid on or before the date the Federal return is required to be filed; and
   (2) The amounts and dates of such required payments (exclusive of penalties and interest) actually paid after the date the Federal return is required to be filed.

Effect:
Reporting inaccurate data may impair the IRS's ability to adequately monitor tax credits, which may result in erroneous credits against federal unemployment taxes.

Questioned Costs:
None

Recommendation:
DLWD's DETS director should ensure control procedures are applied to the final version of the report prior to submission to ensure that the FUTA 940 certification accurately reports unemployment tax information for each employer.

Finding No. 2019-062

Prior Year Finding: 2018-039
Type: Other State Issues
Impact: Noncompliance

Condition:
Control deficiencies were identified in a DLWD Information Technology (IT) system.

Context:
The details related to the control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:
The control deficiencies were mainly due to a lack of monitoring by IT staff and incorrect system settings.

Criteria:
The State of Alaska's Information Security Policies provide criteria related to the identified deficiencies.

Effect:
The IT control deficiencies increase the risk of loss or manipulation of sensitive data.

Recommendation:
DLWD's DAS director should strengthen IT controls in accordance with State security policy.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT (DCCED)

Five findings were issued to DCCED in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018*. Prior year Finding Nos. 2018-041 through 2018-045 are resolved.

Two new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-063 and 2019-064.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-063

Federal Awarding Agency:	U.S. Department of Health and Human Services
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.423 1332 State Innovation Waivers
Federal Award Number:	SIWIWI8004-01-00
Applicable Compliance Requirement:	Subrecipient Monitoring

Condition:
The FY 19 grant award issued to the 1332 State Innovation Waivers' sole subrecipient contained an inaccurate grantee name, conflicting award amounts, and was missing the unique subrecipient number and federal award date.

Context:
The State of Alaska's waiver application and subsequent federal grant for section 1332 of the Affordable Care Act was for the purpose of operating the Alaska Reinsurance Program. Alaska Statute 21.55 assigned the responsibility for running the Alaska Reinsurance Program to the Alaska Comprehensive Health Insurance Association (ACHIA). The State passed through 100 percent of the federal grant award to ACHIA.

The State's FY 19 grant to ACHIA contained the following conflicting information: Attachment A of the grant award listed the grant amount as $64.1 million and specified administrative costs not to exceed one percent of the grant award while Attachment D listed the grant amount as $68.7 million and specified administrative costs not to exceed one and a half percent of the grant. The grantee name listed was "Alaska Comprehensive Health Insurance Association," while the name in the federal system of award management was "Alaska Comprehensive Insurance Association." Additionally, the award was missing a unique subrecipient number and the federal award date.

Cause:
DCCED's, Division of Insurance (DOI) staff responsible for grants management were unfamiliar with federal subaward notification requirements. Additionally, DOI lacked monitoring procedures to ensure compliance.

Criteria:
Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.352(a) requires pass-through entities to ensure every subaward clearly identifies specific grant information. When some of the information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward in the grant agreement.

Effect:
Issuing grants with inaccurate grant award amounts may result in overspent federal funds. Also, failure to provide all federal award information could result in the misuse or misreporting of activity under the subaward.

Questioned Costs:
None

Recommendation:
DCCED's DOI director should develop and implement procedures to ensure that subawards contain complete and accurate information in accordance with federal requirements.

Finding No. 2019-064

Type: Other State Issues
Impact: Noncompliance

Condition:
One potential DCCED shortfall was identified for FY 19.

Context:
An FY 19 potential shortfall was identified as follows:

Appropriation	Appropriation Title	Amount
D81X (BFY 2015)	Inter-Island Ferry Service Ketchikan – Prince of Wales	$250,000

Cause:
The unexpended and unobligated balance of a prior year Department of Transportation and Public Facilities (DOTPF) appropriation was repealed and reappropriated to DCCED in FY 15 for grant payments to the Inter-Island Ferry Authority. The reappropriation was for $250,000 and was federally funded. The federal revenues were received, however, the revenues were recorded in the DOTPF appropriation, causing a shortfall in the DCCED appropriation. DCCED staff failed to collect the revenues from DOTPF to resolve the shortfall.

Criteria:
The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:
As a result of the potential shortfall, unauthorized general funds may have been expended.

Recommendation:
DCCED's finance officer should take measures to resolve the shortfall, including collecting any remaining revenue. Additionally, DCCED's finance officer should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS (DMVA)

Seven findings were issued to DMVA in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding Nos. 2018-049 and 2018-052 are resolved. Prior year Finding No. 2018-046 is not resolved and is reiterated in this report as Finding No. 2019-065. Prior year Finding Nos. 2018-047, 2018-048, 2018-050, and 2018-051 were not significant issues in the current year and are not reiterated in this report.

No new findings have been issued during the FY 19 statewide single audit.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-065

Prior Year Finding: 2018-046
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DMVA inaccurately reported federal expenditures, amounts passed through to subrecipients, and inter-agency transfers on the FY 19 draft Schedule of Expenditures of Federal Awards (SEFA) for one program. Further, there was no evidence to show that supervisory review of the SEFA was performed prior to submission to the Department of Administration (DOA).

Context:
DMVA did not have written procedures for preparing the FY 18 SEFA and did not maintain evidence of review. Written procedures were developed in FY 19; however, procedures were inadequate to ensure DMVA's SEFA was accurate and complete. Errors identified by auditors impacted one federal program overstating federal expenditures by $2.7 million, understating pass-through amounts to subrecipients by approximately $182,000, and overstating inter-agency transfers by $6.8 million. Once identified, the discrepancies were corrected by agency staff and accurately presented in the FY 19 statewide SEFA.

Cause:
DMVA's written procedures did not include federal expenditures recorded to blank federal program codes and inappropriately included draft expenditure transactions. Further, DMVA management did not consider the need for documenting evidence of supervisory review prior to submitting the SEFA to DOA.

Additionally, when preparing the SEFA, DMVA staff relied on DOA's general instructions that stated departments or component units should not be reported as subrecipients. However, federal requirements specific to the disaster assistance program allow State departments to apply for and receive subgrants from DMVA as a subrecipient.

Criteria:
Per Title 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation. Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Per Title 44 CFR 206.201 an applicant is any State agency, local government, or eligible private nonprofit organization submitting an application to the recipient for assistance under the State's grant. Furthermore, a subrecipient means the government or other legal entity to which a subgrant is awarded and which is accountable to the recipient for the use of the funds provided.

Effect:
Inadequate SEFA preparation and review procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for the determination of major programs as required by federal regulation. Inaccuracies in the amount of expenditures reported on the SEFA increase the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Recommendation:
DMVA's finance officer should improve written procedures over DMVA's SEFA preparation to identify accurate and complete federal expenditures and subrecipients for SEFA reporting. Procedures should require documented supervisory review.

(Intentionally left blank)

DEPARTMENT OF NATURAL RESOURCES (DNR)

Eleven findings were issued to DNR in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding Nos. 2018-055 and 2018-056 are resolved. Prior year Finding Nos. 2018-053, 2018-054, 2018-057, 2018-059, 2018-060, 2018-062 and 2018-063 are not resolved and are reiterated in this report as Finding Nos. 2019-066 through 2019-072, and 2019-074 respectively. Prior year Findings Nos. 2018-058 and 2018-061 were not significant issues in the current year and are not reiterated in this report.

One new finding has been issued during the FY 19 statewide single audit and is included as Finding No. 2019-073.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-066

Prior Year Finding: 2018-053
Type: Basic Financial Statements, Other State Issues
Impact: Material Weakness, Material Noncompliance

Condition:
DNR did not transfer to the Alaska Permanent Fund (APF) all dedicated mineral lease revenues received during FY 18 and FY 19.

Context:
The Permanent Fund Amendment to Alaska's Constitution, Article IX, Section 15, provides 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." A review of legislative history found that the words "at least" were added before the words "twenty-five percent" via floor amendment by Representative Specking, who stated the amendment was intended to permit future legislatures to increase the dedication without having to amend the constitution.

The legislature chose to dedicate more than 25 percent as allowed by the Permanent Fund Amendment. Alaska Statutes 37.13.010(a)(1) and (2) reflect the existing dedications of revenue from leases and bonuses authorized by the Permanent Fund Amendment.

> ***Sec. 37.13.010. Alaska permanent fund.***
>
> *(a) Under art. IX, sec. 15, of the state constitution, there is established as a separate fund the Alaska permanent fund. The Alaska permanent fund consists of*
>
> *(1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180 (f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state from mineral leases issued on or before February 15, 1980;*
>
> *(2)* ***50 percent*** *of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180 (f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from mineral leases issued after February 15, 1980; and…* [emphasis added]

DNR has administrative oversight over all mineral lease revenues collected by the State. When revenues are received, administrative staff calculate the amounts due to the APF and transfer cash to the APF, as deemed appropriate per statutes.

Cause:
Historically, AS 37.13.010(a)(1) and (a)(2) have been explicitly appropriated in the annual operating budget, authorizing the transfer of cash to the APF. During preparation of the FY 18 and FY 19 budgets, the executive branch requested the legislature reduce the amount allocated to the principal of the APF. The reduction was intended to apply only to post-1980 mineral lease revenues dedicated to the principal of the APF that exceeded the minimum 25 percent dedication expressly mandated by the Permanent Fund Amendment.

The legislature made the reduction by omitting from the FY 18 and FY 19 annual operating budget bills a reference to AS 37.13.010(a)(2). Although there was no appropriation for the post-1980 lease revenues, the governor's Office of Management and Budget (OMB) instructed DNR staff to transfer 25 percent of the post-1980 lease revenues to the APF. The transfer occurred without an appropriation.

When auditors questioned DNR staff's failure to comply with the statutory mandate to transfer 50 percent to the APF, the attorney general asserted that AS 37.13.010(a)(2) did not represent a valid dedication of revenues and was, therefore, subject to the annual appropriation. Per the attorney general, only the minimum amount (25 percent) required by the Alaska Constitution was dedicated and allowed to be transferred without an appropriation.

The legislative auditor agreed that valid dedications of revenue can be transferred to the APF without an appropriation. However, the legislative auditor disagreed with the attorney general's interpretation that only a portion of the revenues described in AS 37.13.010(a)(2) was a valid dedication of revenue. Legal review and auditor evaluation supports that all revenues contained in AS 37.13.010(a)(2) are validly dedicated as an exception to the anti-dedication clause and expressly permitted by the Permanent Fund Amendment.

Criteria:
Article IX, Section 15 of the Alaska Constitution
AS 37.13.010(a)(1) and (a)(2)

Effect:
By not transferring all revenues to the APF as required by AS 37.13.010(a)(2), the general fund (GF) incurred a liability to the APF. The portion of the revenues described in AS 37.13.010(a)(2) that were not transferred to the APF may not be kept in the GF and used for another purpose. As such, the FY 19 CAFR has a cumulative understatement of GF liabilities of $199 million, and an overstatement of GF rents and royalty revenues of $99.2 million in FY 19 and $99.8 million in FY 18, which is considered a prior period error in FY 19. The proposed audit adjustment to correct the error was rejected by Department of Administration's (DOA) Division of Finance (DOF) staff and the misstatements remain in the FY 19 Comprehensive Annual Financial Report (CAFR). Failure to correct the error has contributed to a qualification of the FY 19 CAFR audit opinion for the GF.

Additionally, by not authorizing the transfer of all revenues dedicated under AS 37.13.010(a)(2) to the APF, the FY 18 and FY 19 appropriation bills were used to effectively change the substance of existing State laws. This type of action is prohibited by Article II, Section 13 of the Alaska Constitution which states that appropriation bills are confined to appropriations. It is beyond the scope of an appropriation bill to make substantive policy changes to existing law.

Recommendation:
DNR's commissioner should transfer all dedicated mineral lease revenues to the APF in compliance with State law.

Finding No. 2019-067

Prior Year Finding: 2018-054
Type: Basic Financial Statements, Other State Issues
Impact: Material Weakness, Material Noncompliance

Condition:
Royalty revenues eligible for transfer to the constitutional budget reserve fund (CBRF) were not transferred during FY 18 and FY 19, and revenues that should have remained in the CBRF were moved to the GF.

Context:
DNR's responsibility to manage State-owned land provides for the oversight of third party land lease agreements. The agreements allow entities to produce oil and gas in exchange for royalties, either in kind or in value. Royalties in value are calculated for the minerals produced from State-owned land. The calculation factors in production costs, which include tariffs paid for the use of the Trans-Alaska Pipeline.

Per the Alaska Constitution, DNR must deposit monies in the CBRF received as a result of the termination of an administrative proceeding or of litigation in a State or federal court involving royalties. The CBRF is referred to as the State's savings account.

Pipeline tariff rates are regulated by the Federal Energy and Regulatory Commission (FERC). In two of its more recent decisions, issued on April 21, 2016, and February 28, 2018, the FERC reduced tariff rates for production periods occurring after 2009. DNR lessees were required to amend prior period royalty payments by retroactively applying the newly approved rates. As a result of the change, DNR collected over $53.3 million of additional royalty revenues, including $41.5 million in FY 18 and $11.8 million in FY 19. Historically, royalties received as a result of FERC decisions were deposited into the CBRF. Based on guidance from the attorney general and OMB, DNR staff did not deposit the $53 million into the CBRF and the monies remained in the GF.

Cause:
Prior to FY 18, DNR staff deposited FERC-related revenues into the CBRF. That practice changed during FY 18 in response to legal guidance provided by the Department of Law's attorney general and remained in place throughout FY 19. The guidance concluded that FERC proceedings could not be considered an administrative action or litigation involving taxes for CBRF purposes because FERC had no jurisdiction over State taxes or royalties. Additionally, the attorney general advised that prior year FERC-related receipts deposited in the CBRF should have remained in the GF.

Auditors engaged the Legislative Division of Legal Services (Legislative Legal) to help determine whether the taxes and royalties received as a result of FERC's decision regarding the 2009-2015 Trans-Alaska Pipeline System (TAPS) tariff rates should have been deposited into the CBRF. Legislative Legal reviewed the facts of the TAPS case and concluded that the TAPS case met the constitutional requirement for deposit into the CBRF because it was a settlement of litigation and the case involved taxes and royalties.

The Legislative Legal opinion concluded that the State was a party to the TAPS case. As a party to the litigation, the State asserted that the TAPS tariff rates were too high, resulting in reduced royalty and tax obligations by the shippers that utilize TAPS. The overall settlement includes the settlement of litigation before the State's Regulatory Commission of Alaska (RCA) and FERC. The State was a signer of both RCA and FERC settlement agreements. As part of the settlement, the Department of Revenue (DOR) and DNR commissioners were each required to submit a letter acknowledging that the settlement addressed the tax and royalty concerns. These facts help support Legislative Legal's opinion that the FERC TAPS case did "involve" taxes and royalties. Consequently, the windfall of royalty and tax monies received by DNR and the DOR as a result of the FERC TAPS decision should have been deposited into the CBRF.

Criteria:
Article 17(a) of the Alaska Constitution states that "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."

Effect:
After the attorney general opinion was issued in FY 18, DOA's DOF transferred $246.4 million of DNR's royalty revenues from the CBRF to the GF.[15] When combined with the $41.5 million of FERC-related receipts collected in FY 18 and the $11.8 million collected in FY 19, the CBRF year-end balances shown in footnote two of the FY 19 CAFR are cumulatively

[15] Although the CBRF financial statements show a transfer, no cash moved from the CBRF to the GF. The transfer was accomplished by reducing the GF liability to the CBRF for cash borrowed in prior years.

understated $299.7 million. These unadjusted errors contributed to a qualification of the FY 19 CAFR financial opinion.

Recommendation:
DNR's commissioner should ensure all CBRF-eligible revenues are transferred to the CBRF.

Finding No. 2019-068

Prior Year Finding:	2018-057
Federal Awarding Agency:	U.S. Department of Agriculture (USDA)
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	10.U07, 10.U08, 10.U09 U.S. Forest Service (USFS) Fire Suppression
Federal Award Number:	15-FI-11100100-016
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Testing of FY 19 personal service expenditures (60 State personnel timesheets) charged to the USFS Fire Suppression program identified multiple instances of noncompliance, including lack of the federally required OF-288 timesheets; State timesheet hours that did not match federal timesheets; incorrect fire codes recorded on timesheets or fire codes that did not match the federal timesheets; work-rest ratio violations;[16] unallowable compensation for meal breaks, shift differential pay, standby pay, and hazard pay on travel days; and an unsigned timesheet.

Testing of 60 emergency firefighter (EFF) timesheets identified missing employee signatures and work-rest ratio violations.

Context:
The audit selected statistically valid random samples totaling 120 timesheets. The random samples included 60 State employee timesheets and 60 EFF timesheets charged to the USFS Fire Suppression program. For State employee timesheets, time is recorded on an OF-288 timesheet and the State timesheet. EFF time is only recorded on the OF-288 timesheet. The instances of noncompliance were as follows:

- Thirty-six of 60 State employee timesheets that charged costs to the USFS Fire Suppression program were not supported by a federally required OF-288 timesheet. Of the 24 State employee timesheets that were supported by an OF-288 timesheet, 11 did not match the hours or days reported on the State timesheet and six State timesheets reported a greater number of hours than were reported on the OF-288 timesheet. Based on the review of the 60 State employee timesheets, nine had work-

[16] A 2:1 work-rest ratio requires an employee who works a 16-hour shift to rest for at least eight hours before beginning another shift.

rest violations; one was missing an employee's signature; 13 had hours coded to the incorrect fire code; 25 had additional compensation for meal breaks, shift differential pay, standby pay, or hazard pay when the timesheet indicated the employee was on travel status; and one employee received additional compensation for meal breaks while working at their home unit.

- Four of 60 EFF timesheets charged to the USFS Fire Suppression program were not signed by the employee and five timesheets had work-rest ratio violations.

Cause:
According to Division of Forestry management, competing priorities, a high fire season, and staff turnover contributed to the timesheet errors. DNR management issued a policy in April 2018 and developed a checklist to ensure timesheets were supported by an OF-288, employee signatures, and required documentation. Auditors found the policy and checklist were not adequate to ensure compliance with procedures and the procedures did not:

- require State and federal timesheets report the same number of hours worked for the day and clearly indicate travel time;
- ensure only allowable compensation is paid to employees in travel status;
- ensure correct fire codes are used that agree to the OF-288 and are accurately recorded on the timesheet to include the corresponding labor distribution profile; and
- require written justification for time that exceeds the work-rest ratio.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.430(a)(1) states that costs of compensation are allowable if the cost is reasonable for the services rendered and conforms to the established written policy of the non-federal entity. Title 2 CFR 200.430(i) also states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The USFS Fire Suppression program is administered through a Master Cooperative Wildland Fire Management Agreement (Master Agreement) between USFS and DNR. Per this agreement, OF-288 timesheets are required to be completed, signed, and retained. The Master Agreement also requires each agency to follow their administration procedures for management. DNR's procedures are found in the Alaska Incident Business Management Handbook. The procedures state that work shifts that exceed 16 hours or that do not meet the 2:1 ratio must have written justification. Procedures also state that if fire personnel cannot be relieved for a meal break, an individual is entitled to compensation at the appropriate rate.

Effect:
Noncompliance resulted in questioned costs totaling $141,624. Due to the systematic nature of the control deficiencies, likely questioned costs exceed $1.9 million based on the rate of dollar noncompliance observed in the sample projected over the test population. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
CFDA 10.U08 $141,624

Recommendation:
DNR's state forester should improve procedures and ensure procedures are followed by staff so that personal service costs charged to the USFS Fire Suppression program are allowable, accurately calculated and coded, and supported by required documentation.

Finding No. 2019-069

Prior Year Finding:	2018-059
Federal Awarding Agency:	USDA
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	10.U07, 10.U08, 10.U09 USFS Fire Suppression
Federal Award Number:	15-FI-11100100-016
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
The audit identified five function (fire) codes in the State accounting system that were assigned incorrect federal programs.

Context:
DNR staff uses function codes to record and track expenditures by fires. Each function code corresponds to a federal program. Overall testing of FY 19 program expenditures identified four incorrect federal programs associated with the fire codes that charged $153,432 in expenditures to the USFS Fire Suppression program when the fires should have been charged to the BLM Fire Suppression program.

Cause:
The incorrect coding in the State accounting system was due to human error. Per DNR staff, the accounting system was not updated appropriately when federal program assignments were changed. DNR lacks procedures to ensure the State accounting system is updated when fire codes are assigned, changed, or corrected.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.403 requires costs be allowable, reasonable, and adequately documented.

Title 2 CFR 200.302 requires the financial management system of the State to provide for identification, in its accounts, of all federal awards received and expended and the federal programs under which they were received. The financial management system must also provide for accurate, current, and complete disclosure of the financial results of each federal award or program.

Effect:
The inaccurate fire codes resulted in charging unallowable costs to the USFS Fire Suppression program. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
CFDA 10.U07: $53
CFDA 10.U08: $153,379

Recommendation:
DNR's Division of Support Services (DSS) director should develop procedures to ensure function codes are established, changed, and corrected timely in the State accounting system.

Finding No. 2019-070

Prior Year Finding:	2018-060
Federal Awarding Agency:	USDA
Impact:	Significant Deficiency
CFDA Number and Title:	10.U07, 10.U08, 10.U09 USFS Fire Suppression
Federal Award Number:	15-FI-11100100-016
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Testing a random sample of FY 19 non-personal service expenditures charged to the USFS Fire Suppression program (60 transactions) identified 24 instances of noncompliance with procedures.

Context:
DNR's primary internal control over financial transactions is the approver's signature on invoices authorizing payment to show staff reviewed a transaction to ensure the expenditure is allowable, supported, coded to the correct fire code, and within the period of performance. DNR uses a delegation of authority form to assign individuals authority to approve financial transactions. Limited dollar or unlimited authority is noted in the delegation form and the signer of the form attests that all appropriate statutes, regulations, policies, and procedures related to the authority will be followed.

Auditors identified the following errors through testing of a statistically valid random sample of 60 non-personal services expenditure transactions:

- eight transactions lacked approval signatures for payment;
- nine transactions were approved by staff that lacked the appropriate level of authority or any authority to authorize payment;
- four transactions were coded to incorrect function (fire) codes;
- one transaction amount was incorrectly entered into the State accounting system;
- one transaction rate did not tie to the related contract; and
- one transaction was for an unallowable program expenditure.

Cause:
Due to competing priorities, management has not evaluated the delegation and authorization process or updated the delegation of authority forms. Per Division of Forestry management, competing priorities, a high fire season, and staff turnover contributed to the high error rate. DNR's review procedures were insufficient to identify and correct the above errors.

Criteria:
Title 2 CFR 200.302 requires the financial management system of the State to provide for identification, in its accounts, of all federal awards received and expended and the federal programs under which they were received. The financial management system must also provide for accurate, current, and complete disclosure of the financial results of each federal award or program.

Title 2 CFR 200.403 requires costs be allowable, reasonable, and adequately documented.

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that a state is managing federal awards in compliance with federal statutes, regulations, and terms and conditions of the grant awards.

Effect:
Lack of approval and inappropriate delegation of authority increases the risk that expenditures may be unallowable, unsupported, or miscoded. Furthermore, noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
CFDA 10.U08: $216

Recommendation:
DNR's state forester and DNR's DSS director should take action to update the delegation of authority forms and enforce procedures to ensure expenditure transactions are appropriately approved, coded and entered accurately, and supported by the required documentation.

Finding No. 2019-071

Prior Year Finding:	2018-060
Federal Awarding Agency:	U.S. Department of the Interior (USDOI)
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	15.U04, 15.U05, 15.U06 BLM Fire Suppression
Federal Award Number:	BLM MOU AK-2015-002
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Testing a sample of 94 (85 randomly selected and nine judgmentally selected) FY 19 non-personal services expenditure transactions charged to the BLM Fire Suppression program identified 17 instances of noncompliance with procedures.

Context:
DNR's primary internal control over financial transactions is an approver's signature on invoices authorizing payment to show staff reviewed the transaction to ensure an expenditure is allowable, supported, coded to the correct fire code, and within the period of performance. DNR uses a delegation of authority to assign individuals authority to approve financial transactions. The limited dollar or unlimited authority is noted in the delegation form and the signer of the form attests all appropriate statutes, regulations, policies, and procedures related to the authority will be followed.

Auditors identified the following errors through testing of 94 non-personal services expenditure transactions:

- three transactions were approved by staff that lacked the appropriate level of authority or any authority to authorize payment;
- one transaction lacked approval signature for payment;
- three transactions were coded to incorrect function (fire) codes;
- five transactions rates did not tie to related contracts; and
- five transactions were missing documentation to support the expenditure.

Cause:
Due to competing priorities, management has not evaluated the delegation and authorization process or updated the delegation of authority form. Per Division of Forestry management,

competing priorities, a high fire season, and staff turnover contributed to the high error rate. DNR's review procedures were insufficient to identify and correct the above errors.

Criteria:
Title 2 CFR 200.302 requires the financial management system of the State to provide for identification, in its accounts, of all federal awards received and expended and the federal programs under which they were received. The financial management system must also provide for accurate, current, and complete disclosure of the financial results of each federal award or program.

Title 2 CFR 200.403 requires costs be allowable, reasonable, and adequately documented.

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that a state is managing federal awards in compliance with federal statutes, regulations, and terms and conditions of the grant awards.

Effect:
Lack of approval and inappropriate delegation of authority increases the risk that expenditures may be unallowable, unsupported, or miscoded. Additionally, inadequate supporting documentation increases the risk for fraud and abuse. Furthermore, noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
CFDA 15.U05: $7,032
CFDA 15.U06: $520,066

Recommendation:
DNR's state forester and DNR's DSS director should update the delegation of authority forms and enforce procedures to ensure expenditure transactions are appropriately approved, coded and entered accurately, and supported by the required documentation.

<u>Finding No. 2019-072</u>

Prior Year Finding:	2018-062
Federal Awarding Agency:	USDOI
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	15.U04, 15.U05, 15.U06 Bureau of Land Management (BLM) Fire Suppression
Federal Award Number:	BLM MOU AK-2015-002
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Testing of FY 19 personal service expenditures (78 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance, including lack of the federally required OF-288 timesheets; State timesheet hours that did not match federal timesheets; incorrect fire codes recorded on timesheets or fire codes that did not match the federal timesheets; work-rest ratio violations; unallowable compensation for meal breaks, shift differential pay, standby pay, and hazard pay on travel days; unsupported hazard pay; and an unsigned timesheet.

Testing of 67 EFF timesheets identified missing employee signatures and an incorrect fire code recorded on the timesheet.

Context:

The audit selected statistically valid random samples totaling 145 timesheets. The random samples included 78 State employee timesheets and 67 EFF timesheets charged to the BLM Fire Suppression program. For State employee timesheets, time is recorded on an OF-288 timesheet and a State timesheet. EFF time is only recorded on an OF-288 timesheet. The instances of noncompliance were as follows:

- Thirty-eight of 78 State employee timesheets that charged costs to the BLM Fire Suppression program were not supported by a federally required OF-288 timesheet. Of the 40 State employee timesheets that were supported by an OF-288 timesheet, 10 did not match the hours or days reported on the State timesheet and eight State timesheets reported a greater number of hours than were reported on the OF-288 timesheet. Based on the review of the 78 State employee timesheets, one had a work-rest ratio violation; one was missing an employee’s signature; 10 had hours coded to an incorrect fire code; 28 had additional compensation for meal breaks, shift differential pay, standby pay, or hazard pay when the timesheet indicated the employee was on travel status; and one had hazard pay that was not supported.
- Thirteen of 67 EFF timesheets charged to the BLM Fire Suppression program were not signed by employees and seven timesheets had work-rest ratio violations.

Cause:

According to Division of Forestry management, competing priorities, a high fire season, and staff turnover contributed to the timesheet errors. DNR management issued a policy in April 2018 and developed a checklist to ensure timesheets were supported by an OF-288, employee signatures, and required documentation. Auditors found the policy and checklist were not adequate to ensure compliance with procedures and the procedures did not:

- require State and federal timesheets report the same number of hours worked for the day and clearly indicate travel time;
- ensure only allowable compensation is paid to employees in travel status;
- ensure correct fire codes are used that agree to the OF-288 and are accurately recorded on the timesheet to include the corresponding labor distribution profile number; and
- require written justification that exceeds the work-rest ratio.

Criteria:
Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.430(a)(1) states that costs of compensation are allowable if the cost is reasonable for the services rendered and conforms to the established written policy of the non-federal entity. Title 2 CFR 200.430(i) also states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The BLM Fire Suppression program is administered through a Master Agreement between BLM and DNR. Per this agreement, OF-288 timesheets are required to be completed, signed, and retained. The Master Agreement requires each agency to follow their administration procedures for management. DNR's procedures are found in the Alaska Incident Business Management Handbook. Procedure requires a form to be completed for hazard pay and specifies conditions that are allowable for hazard pay. The hazard pay form requires an employee signature certifying the hazard time reported is accurate. Written justification is required for work shifts that exceed 16 hours or do not meet the 2:1 ratio. The procedures also provide that, if an individual cannot be relieved for a meal break, the individual is entitled to compensation at the appropriate rate.

Effect:
Noncompliance resulted in questioned costs totaling $208,255. Due to the systematic nature of the control deficiencies, likely questioned costs exceed $1.8 million based on the rate of dollar noncompliance observed in the sample projected over the test population. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
CFDA 15.U05: $174,990
CFDA 15.U06: $33,265

Recommendation:
DNR's state forester should improve procedures and ensure procedures are followed by staff so that personal service costs charged to the BLM Fire Suppression program are allowable, accurately calculated and coded, and supported by required documentation.

Finding No. 2019-073

Type: Other State Issues
Impact: Noncompliance

Condition:
During FY 19, $34.8 million of general funds was expended for fire suppression activities without legal authorization.

Context:
When DNR management determines that additional funding is needed to respond to a fire that qualifies as a disaster, a request for emergency declaration disaster funds is submitted to OMB. OMB staff are responsible for requesting the governor issue a disaster declaration. Alaska Statutes 26.23.020(c) and (j) allow the governor to expend State funds without an appropriation after the governor formally issues a proclamation of disaster emergency.

Due to a higher than expected amount and intensity of wildfires, FY 19 fire suppression expenditures were significantly higher than anticipated. DNR management requested additional expenditure authorization in the form of disaster funding from OMB. OMB approved the request; however, the governor did not issue a formal disaster declaration.

Cause:
Written procedures have not been developed to ensure State law is followed when expending State funds without legislative authorization to respond to a fire disaster.

Criteria:
Alaska Constitution:
Section 9.13 - Expenditures. 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.

Alaska Statute 26.23.020(c):
If the governor finds that a disaster has occurred or that a disaster is imminent or threatened, the governor shall, by proclamation, declare a condition of disaster emergency. The disaster emergency remains in effect until the governor finds that the danger has passed or the disaster has been dealt with so that the emergency no longer exists. The governor may terminate the disaster emergency by proclamation. A proclamation of disaster emergency may not remain in effect longer than 30 days unless extended by the legislature by a concurrent resolution. The proclamation must indicate the nature of the disaster, the area threatened or affected, and the conditions that have brought it about or that make possible the termination of the disaster emergency. A proclamation to declare a condition of disaster emergency must also state whether the governor proposes to expend State funds to respond to the disaster under (i) or (j) of this section.

Alaska Statute 26.23.020(j):
If the disaster described in the governor's proclamation to declare a condition of disaster emergency is a fire, the governor may expend State funds as necessary to save lives or protect property and public health and safety.

Effect:
DNR management over-expended the FY 19 legislative expenditure authorization by $34.8 million. Given that the GF borrowed from the CBRF during FY 19, the unlawful expenditures were made from the CBRF.

Recommendation:
DNR's DSS director should work OMB's director to create procedures to ensure a formal proclamation of disaster emergency is made as required by State law. Further, DNR's DSS director should obtain the formal declaration from OMB to support expenditures made under the emergency disaster statutes.

Finding No. 2019-074

Prior Year Finding: 2018-063
Type: Other State Issues
Impact: Noncompliance

Condition:
Three potential shortfalls were identified for FY 19.

Context:
Three potential shortfalls identified in prior fiscal years were still outstanding in the following amounts as of January 2020:

Appropriation	Appropriation Title	Amount
NUBC (BFY 2014)	DNR – Unbudgeted Capital RSAs	94,776
NUBC (BFY 2015)	DNR – Unbudgeted Capital RSAs	148,708
NUBC (BFY 2016)	DNR – Unbudgeted Capital RSAs	1,243

Cause:
According to DSS management, the continued shortfalls in budget fiscal years 2014 and 2015 are due to a delay in resolving billing issues with the Department of Military and Veterans' Affairs. Additionally, DNR's management asserted that staff turnover resulted in improper monitoring of the budget fiscal year 2016 shortfall.

Criteria:
The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:
As a result of the potential shortfalls, unauthorized general funds may have been expended.

Recommendation:
DNR's finance officer should take measures to resolve the shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation, if necessary. Additionally, DNR's finance officer should improve processes over billing and monitoring revenue collections to prevent future revenue shortfalls.

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DEPARTMENT OF FISH AND GAME (DFG)

Three findings were issued to DFG in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding No. 2018-066 is resolved. Prior year Findings Nos. 2018-064 and 2018-065 were not significant issues in the current year and are not reiterated in this report.

One new finding has been issued during the FY 19 statewide single audit and is included as Finding No. 2019-075.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-075

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:
DFG incorrectly recorded two building assets in the State accounting system (IRIS).

Context:
In FY 18, IRIS was used for the first time to track, report, and depreciate capital assets. Individual capital asset errors identified in FY 18 were not updated in IRIS. The FY 18 errors were manually adjusted to correctly report the assets in the FY 18 Comprehensive Annual Financial Report (CAFR). During FY 19, Department of Administration, Division of Finance (DOF) instructed the applicable departments to update IRIS with the prior year adjustments.

DFG staff entered correcting entries for FY 18 audit adjustments into IRIS as memo assets. Memo assets are excluded from capital asset reporting by DOF during CAFR compilation. Consequently, the assets were not reported in the FY 19 draft CAFR.

Cause:
Human error by DFG staff responsible for updating capital assets in IRIS and a lack of adequate review.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require tangible or intangible capital assets used in operations and having initial useful lives extending beyond a single reporting period to be reported at historical cost. Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible, are intangible assets with indefinite useful lives, or are land and land improvements.

Effect:
The errors identified above caused the following misstatements in the government-wide governmental activities accounts in the draft FY 19 CAFR: buildings, net of depreciation were understated $79.6 million and expenses were overstated by the same amount. After being identified by auditors, the errored amounts were corrected and properly reported in the FY 19 CAFR.

Recommendation:
DFG's finance officer should provide necessary training and oversight for the recording and tracking of capital assets in IRIS. Additionally, the finance officer should work with the state accountant to improve DFG's capital asset procedures, as necessary.

DEPARTMENT OF PUBLIC SAFETY (DPS)

No findings were issued to DPS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.*

No new findings have been issued during the FY 19 statewide single audit.

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DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC)

No findings were issued to DEC in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.*

Four new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-076 through 2019-079.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-076

Federal Awarding Agency:	U.S. Environmental Protection Agency (EPA)
Impact:	Significant Deficiency
CFDA Number and Title:	66.202 Congressionally Mandated Projects
Federal Award Numbers:	01J40001 01J19301
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Three of 40 randomly selected non-personal service expenditure payments totaling $133,234 made to the Alaska Native Tribal Health Consortium (ANTHC) were processed by DEC's Division of Water (DOW) staff without confirming the expenditures were allowable.

Context:
DEC is party to a memorandum of understanding (MOU) with EPA and the United States Department of Agriculture – Rural Development (USDA–RD). The MOU authorizes DEC to enter into an agreement with the USDHHS–IHS to plan, design, and construct rural sanitation facilities. IHS has an agreement with ANTHC to administer the projects.

DEC entered into a funding agreement with IHS that dictates how the funding will be paid by DEC to ANTHC. The funding transfer agreement does not relieve DEC of overall responsibility for grant management and project completion.

ANTHC submits a request for reimbursement to DOW staff along with a certification that expenses are for allowable costs and in accordance with federal requirements. The request for reimbursement is also supported by a summary accounting system report.

During FY 19, DOW staff relied on ANTHC's reimbursement certification rather than reviewing the summary accounting system report. Additionally, auditors determined that summary report was insufficient to evaluate whether expenditures were for allowable costs.

Cause:
DOW did not have adequate procedures in place to ensure payments to ANTHC were allowable. Based on the various agreements between DEC, ANTHC, and federal agencies, DEC treated ANTHC as a vendor rather than a subrecipient, which led to a lack of monitoring procedures.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards. Per Title 2 CFR 200.403, to be allowable under federal awards costs must be necessary, reasonable, and adequately documented.

Title 2 CFR 200.330 provides guidance for the determination of whether an organization should be treated as a contractor (vendor) or subrecipient. Factors to consider in the determination include whether an organization has responsibility for programmatic decision making, determines eligibility, has responsibility for adherence with applicable federal program requirements, and whether federal funds are used to carry out a program for a public purpose.

Per Section V, Subsection A of the MOU between DEC, EPA, and USDA–RD, approval of project administration by ANTHC is contingent upon DEC's continued programmatic and financial oversight to ensure successful project performance.

Effect:
Inadequate assurance that payments to ANTHC are for allowable activities and costs increases the risk of noncompliance with federal regulations. In addition, the potential misclassification of ANTHC as a vendor rather than a subrecipient could result in a misstatement in the Schedule of Expenditures of Federal Awards and the misidentification of federal requirements to be followed by the organization. Noncompliance with federal regulations may result in the federal award agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:
Indeterminate

Recommendation:
DOW's director should implement procedures to ensure expenditure reimbursements to ANTHC are adequately reviewed and supported in accordance with federal regulations and agreements. Further, DOW's director should obtain a written determination from EPA regarding whether ANTHC should be considered a vendor or subrecipient for federal compliance and reporting purposes.

Finding No. 2019-077

Federal Awarding Agency:	EPA
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	66.202 Congressionally Mandated Projects
Federal Award Numbers:	01J50501 01J40001
Applicable Compliance Requirement:	Procurement and Suspension and Debarment

Condition:
DEC's Division of Administrative Services (DAS) and DOW's Village Safe Water (VSW) program staff did not consistently adhere to State procurement laws and federal suspension and debarment requirements.

Context:
Federal law requires the State, when procuring property and services under a federal award, to follow the same procedures that are followed for procuring State-funded property and services. The State's procurement policies are outlined in the State Procurement Code (AS 36.30). DEC's internal control procedures are designed to comply with the State Procurement Code.

DEC's internal control procedures require that procurement activities be conducted by specially trained procurement staff under the direction of the DEC procurement manager. Written procedures require approvals for certain types of transactions and the use of specific forms and the maintenance of specific documentation. In addition, to help ensure compliance with federal suspension and debarment requirements, procedures require all vendors, contractors, and government entities entering into contracts over $25,000 to certify that they are not a debarred contractor by completing the federal debarment certification form.

Several instances of noncompliance with State procurement laws and/or DEC internal control procedures were identified as follows:

- Three of eight (38 percent) procurement contract files tested did not contain evidence of compliance. Documentation supporting State notice of intent to award, business license requirements, federal anti-lobbying, and suspension and debarment requirements were missing from the files.
- One of eight (13 percent) single source procurements did not follow procedures that required certain approvals. The amount of the procurement totaled $260,000.
- Of 13 purchase orders tested, four were related to invitation to bid actions. The following instances of noncompliance with procurement laws and internal controls were noted:
  - None of the four were processed by DEC's procurement section.
  - Three of the four did not contain all required documentation to confirm compliance with procurement laws as follows:
    - One was missing the notice of intent to award;
    - One was missing the anti-lobbying form;
    - All were missing business license verifications; and
    - One was missing the suspension and debarment verification.
- VSW's four largest contracts were consistently amended for scope changes, contract amounts, and period of performance. One contract was open for over 13 years, included 47 contract amendments, and was originally issued with a not to exceed amount of approximately $519,000. At the end of FY 19, the contract had a not to exceed amount of $10.9 million. Another contract was open 24 years and included 37 amendments. The remaining two contracts were open for over 10 years and had been amended for scope changes, contract amounts, and period of performance. The contracts lacked written determinations by the procurement officer that the extensions and amendments served the best interest of the State by encouraging competition.
- During non-personal services expenditure testing, one invoice for $60,000 was identified that related to a procurement which was not processed by DEC's procurement section.

Cause:
DAS procedures did not identify all required documentation to support procurement actions. Procedures referred to required documents in general procurement terms, which allowed for potentially incorrect interpretation by program staff. In addition, inconsistent management oversight and review of procurement actions contributed to the noncompliance.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.317 requires the State, when procuring property and services under a federal award, to follow the same policies and procedures it uses for procurements from its non-federal funds.

Alaska Statute 36.30.365 states that at least 10 days before the formal award of a contract that is not for construction, and at least five days before the award for a construction contract, the procurement officer shall provide each bidder or offeror notice of intent to award a contract.

Alaska Statute 36.30 requires bidders and offerors to have a valid Alaska business license at the time the contract is awarded.

Title 2 CFR 180.300 requires recipients to verify that an entity is not excluded or disqualified before entering into a covered transaction with an entity.

Alaska Statute 36.30.390 requires the procurement officer to determine in writing prior to utilizing a multi-term contract that estimated requirements cover the period of the contract and are reasonably firm and continuing, and the use of a multi-term contract will serve the best interests of the State by encouraging competition or otherwise promoting economies in State procurement.

Effect:
The VSW program is potentially limiting procurement competition. Noncompliance with State procurement statutes may prevent potential vendors from becoming aware of a solicitation, which could limit competition. Contracts that extend over 10 years may limit competition and result in higher contract amounts. Noncompliance with federal verification procedures increases the risk of entering into contracts with entities that have been suspended or debarred.

Questioned Costs:
None

Recommendation:
DAS and DOW directors should work together to strengthen procedures to ensure staff comply with the State Procurement Code and maintain adequate documentation to support all

procurements. Furthermore, the DAS director should develop and implement procedures to ensure compliance with federal suspension and debarment requirements.

Finding No. 2019-078

Federal Awarding Agency:	EPA
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	66.202 Congressionally Mandated Projects
Federal Award Numbers:	01J11501 01J40001
Applicable Compliance Requirement:	Reporting

Condition:
Two of four randomly selected EPA Disadvantage Business Enterprise (DBE) 5700-52A Utilization Forms submitted by DEC to EPA during FY 19 contained inaccurate expenditure amounts for construction activities.

Context:
Utilization forms containing information on grant program expenditures made to DBEs are required to be submitted to EPA on an annual basis for grants awarded in excess of $250,000. To qualify as a DBE, vendors must apply for recognition with the federal government and meet certain eligibility criteria. DAS staff improperly included non-DBE vendor expenditures on the forms. One form was overstated $240,000[17] and one was overstated $50,000.[18]

Cause:
According to management, DEC staff were shorthanded during the year as a result of staff turnover. Additionally, a lack of written procedures contributed to the inaccuracies.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards. Additionally, Title 40 CFR 33.502 requires DBE participation to be reported annually by all recipients on EPA Utilization Form 5700–52A.

Effect:
Inaccurate federal reporting may impair the federal oversight agency's ability to properly oversee the program.

Questioned Costs:
None

[17] Federal award number 01J40001 report for period ending September 30, 2018.
[18] Federal award number 01J11501 report for period ending September 30, 2018.

Recommendation:
DAS's director should improve procedures to ensure the DBE utilization forms contain accurate information.

Finding No. 2019-079

Federal Awarding Agency:	EPA
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	66.202 Congressionally Mandated Projects
Federal Award Numbers:	01J50501 01J11501 01J19301
Applicable Compliance Requirement:	Subrecipient Monitoring

Condition:
DOW staff did not perform sufficient monitoring activities over FY 19 subrecipients. Risk assessments for all five Remote Maintenance Worker (RMW) subrecipients and the sole VSW subrecipient were not performed as required by federal regulations. Additionally, RMW program staff were not provided with sufficient expenditure support by subrecipients to verify that subaward costs were in accordance with federal regulations and grant requirements.

Context:
DOW is responsible for ensuring subrecipients administer subawards in compliance with federal requirements. The level of monitoring is determined based on the results of the risk assessment performed. Based on the lack of a risk assessment, program staff could not adequately determine whether the monitoring performed was sufficient or appropriate. Program staff relied on periodic performance reports and review of reimbursement request documentation to monitor subrecipients; however, supporting detail was not sufficient to determine the accuracy or allowability of the data in accordance with grant requirements.

Cause:
DOW program staff lacked written procedures over subrecipient monitoring (including reviewing and evaluating supporting expenditure documentation) and were unaware of the federal requirement for performing risk assessments of all subrecipients to determine an appropriate level of monitoring.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Per Title 2 CFR 200.331(b) the State is required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward. Further, Title 2 CFR 200.331(d) requires the State to monitor activities of subrecipients as necessary to ensure grant funding is used for authorized purposes, complies with federal statutes, regulations, and the terms and conditions of the grant award, and that performance goals are achieved.

Effect:
Ineffective monitoring activities increase the risk of subrecipient noncompliance with federal laws, regulations, and grant requirements.

Questioned Costs:
Indeterminate

Recommendation:
DOW's director should develop and implement procedures to ensure subrecipient risk assessments are performed and appropriate monitoring activities are conducted by program staff. Additionally, DOW's director should develop procedures to ensure subrecipient expenditures are adequately reviewed and supported in accordance with federal regulations.

DEPARTMENT OF CORRECTIONS (DOC)

No findings were issued to DOC in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.*

No new findings have been issued during the FY 19 statewide single audit.

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOTPF)

Seven findings were issued to DOTPF in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.* Prior year Finding Nos. 2018-067, 2018-068, and 2018-071 are resolved. Prior year Finding Nos. 2018-069, 2018-072, and 2018-073 are not resolved and are reiterated in this report as Finding Nos. 2019-080, 2019-084, and 2019-085 respectively. Prior year Finding No. 2018-070 was not a significant issue in the current year and is not reiterated in this report.

Three new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-081 through 2019-083.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-080

Prior Year Finding: 2018-069
Type: Basic Financial Statements
Impact: Material Weakness

Condition:
Detailed testing of DOTPF's input of FY 19 capital assets into the State accounting system, IRIS, identified the following errors:

- Seventy-three of 141 projects tested from DOTPF's construction in progress (CIP) inventory listing were recorded incorrectly;
- Three of 30 projects tested from DOTPF's infrastructure (IF) inventory listing were recorded incorrectly;
- Eleven of 66 expensed projects tested should have been capitalized as CIP or IF;
- Five projects with updated asset values for current year expenditures did not tie to capitalizable costs for the project; and
- Two prior year errors were incorrectly recorded and 50 insignificant prior year errors[19] were not updated in IRIS.

Context:
In FY 18, IRIS was used for the first time to track, report, and depreciate capital assets. Material capital asset errors identified in FY 18 were adjusted for presentation in the FY 18 Comprehensive Annual Financial Report (CAFR), but not updated in IRIS. During FY 19, Department of Administration, Division of Finance instructed the applicable departments to update IRIS with the prior year adjustments. Many prior year corrections were processed; however, some recommended corrections were not entered or entered inaccurately. Additionally, updates to capital assets for FY 19 activity were not always accurate or did not occur as needed.

Cause:
Errors were caused by lack of training, human error, and ineffective capital asset procedures. Specifically, oversight and procedures were insufficient to ensure capital asset additions, deletions, or changes in classification were updated and correctly classified in IRIS, including the effects of prior year audit adjustments.

Criteria:
Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require tangible or intangible capital assets used in operations and having initial useful lives extending beyond a single reporting period to be reported at historical cost. Capital assets should be depreciated over their estimated useful lives unless the

[19] The 50 insignificant prior year errors did not meet the audit adjustment threshold and were not corrected for the FY 18 CAFR, but should have been corrected in IRIS.

assets are inexhaustible, are intangible assets with indefinite useful lives, or are land and land improvements.

Effect:
The errors identified above caused the following misstatements in government-wide governmental activities accounts in the draft FY 19 CAFR: IF net of depreciation was understated $415.6 million, CIP was overstated $491.3 million, buildings, net of depreciation, were understated $5.8 million, and transportation expenses were understated $69.9 million. After being identified by auditors, the errored amounts were corrected and properly reported in the FY 19 CAFR.

Recommendation:
DOTPF's finance officer should provide the necessary training and oversight for recording and tracking capital assets in IRIS. Additionally, the finance officer should work with the state accountant to improve DOTPF's capital asset procedures.

Finding No. 2019-081

Federal Awarding Agency:	U.S. Department of Transportation (USDOT)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.106 Airport Improvement Program (AIP) 20.205, 20.219, 20.224 Highway Planning and Construction Cluster (HPCC)
Federal Award Number:	AIP 49 Federal Award Identification Numbers (FAIN) HPCC 234 FAINs
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:
Testing a random sample of 60 indirect cost charges identified an error in the application of the FY 19 approved indirect cost rate, which resulted in DOTPF claiming federal reimbursement for indirect costs in excess of the federally approved rate for FY 19.

Context:
DOTPF claims reimbursement for indirect costs[20] on federal awards in accordance with a federally approved indirect cost rate proposal (ICRP). As required by federal regulations,[21] DOTPF staff update the ICRP each State fiscal year and submit it to USDOT's Federal Highway Administration (FHWA) for approval. The State may not claim federal reimbursement for indirect costs in excess of the approved rate. The approved indirect cost

[20] Indirect costs are those costs that benefit more than one federal or State program and cannot be readily identified with a specific program. Federal regulations allow indirect costs to be claimed on federal awards under an indirect cost rate proposal.
[21] Title 2 CFR 200, Subpart F, Appendix VII.

rate is applied to allowable costs using IRIS. On an annual basis, IRIS is updated for the new approved indirect cost rate. The system applies the rate to the applicable base of expenditures on a weekly basis and records the amount to be claimed for reimbursement under the applicable federal programs.

During FY 19, DOTPF management identified errors in the approved ICRP and received permission to revise the FY 19 rate. The revised FY 19 rate was approved by FHWA in March 2019. Per FHWA's approval, DOTPF was allowed to apply the revised rate retroactively to July 1, 2018. Accordingly, DOTPF applied the revised rate to the claims that had already been processed in IRIS. For each weekly ICRP claim processed prior to the revision, DOTPF claimed additional indirect costs for the difference between the original approved FY 19 rate of 3.7 percent and the revised rate of 5.64 percent. However, IRIS was not updated for the original approved FY 19 rate until the second week of the fiscal year. Consequently, the first week of indirect costs in FY 19 was initially claimed using the FY 18 rate of 4.44 percent.

Cause:
Staff incorrectly believed IRIS's weekly indirect cost processing cycle was disabled as of July 1 until the new rates were input into the system. DOTPF management did not ensure the ICRP rates were input into IRIS prior to the first weekly calculation of indirect costs in FY 19. No monitoring procedures exist to ensure ICRP rates were input into the system timely.

Criteria:
Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.414(c)(1) requires the use of the negotiated rate for all federal awards with the non-federal agency.

Effect:
Ineffective monitoring controls over the application of indirect cost rates resulted in overcharging $110,330 to two major federal programs.

Questioned Costs:
CFDA 20.106: $26,151
CFDA 20.205: $84,179

Recommendation:
DOTPF's Division of Administrative Services director should improve monitoring controls over the application of indirect cost rates to ensure IRIS is updated timely and indirect costs are accurately claimed for federal reimbursement.

Finding No. 2019-082

Federal Awarding Agency:	USDOT
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.205, 20.219, 20.224, HPCC
Federal Award Numbers:	0506(006), 0A31057, 0651(031), 0617(012), 0651(029), 0961(017), 000S(735), 0902(038)
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
Nine of 35 FHWA construction project files tested (26 percent) did not demonstrate that contractors complied with prevailing wage requirements. Specifically, eight project files did not include signed statements of compliance for all certified payrolls. Additionally, the weekly certified payrolls for one project were submitted a month after the project was completed.

Context:
All laborers and mechanics employed by contractors or subcontractors who perform work on construction contracts in excess of $2,000 financed by federal highway assistance funds must be paid wages not less than the prevailing wage rates established for a project's locality. The rates are established by the Department of Labor and Workforce Development. To ensure compliance with federal regulations, DOTPF requires contractors and subcontractors submit a copy of payroll with a signed statement of compliance for each week of contract work.

Cause:
DOTPF management asserted that the missing signatures were not identified due to human error during the review process. Additionally, DOTPF management in one region stated the review of the weekly submissions of signed certified payrolls is not completed until project closure. The projects with errors were open and had not gone through the closure review.

Criteria:
Per Title 29 CFR 5.5, contractors of federally financed construction projects are required to submit a copy of all payrolls weekly for each week in which any contract work is performed, including a signed statement of compliance.

Further, Title 23 CFR 635.118 requires states retain copies of the submitted payrolls and statements of wages paid for review as needed by FHWA, the Department of Labor, the General Accounting Office, or other agencies.

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
DOTPF construction contractors or subcontractors could pay wages less than the established prevailing wage, which could result in questioned costs.

Questioned Costs:
None

Recommendation:
DOTPF's Division of Statewide Program Development (DSPD) director should improve internal controls over monitoring of certified payrolls to ensure contractors and subcontractors submit copies timely and include a signed statement of compliance.

Finding No. 2019-083

Federal Awarding Agency:	USDOT
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.205, 20.219, 20.224 HPCC
Federal Award Numbers:	0A12(003), 000S(785), 0002(342), 0655(010), 0002(277), 0001(475), 0537(007), 0001(414), 0001(239)
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
Five of 25 FHWA funded construction projects tested (20 percent) lacked sufficient evidence to demonstrate that qualified personnel performed materials testing.

Context:
DOTPF is required to operate an FHWA-approved quality assurance program to ensure materials and workmanship on FHWA-funded construction projects conform to approved plans and specifications. Accordingly, DOTPF's FY 19 quality assurance program included a requirement that construction projects have materials testing performed by qualified personnel. Documentation of specific materials tests performed are maintained in each of DOTPF's three regional offices: Southcoast, Central, and Northern.

Prior to FY 19, all regions maintained hard copy materials testing documentation in project files. In FY 19, an electronic system called SiteManager was used to document materials testing performed in the Northern region. DOTPF staff create a test record and enter data related to the materials test in the SiteManager system; however, the SiteManager system does not identify the person that performed the testing. Due to the lack of information within SiteManager, auditors were unable to verify qualified individuals performed the materials testing of Northern region construction projects.

Cause:
The quality assurance process over materials testing at DOTPF's Northern region does not specifically identify the person that performed testing due to a flaw in system design. In addition, hard copy records were not consistently maintained.

Criteria:
Title 23 CFR 637.205 requires each state develop a quality assurance program approved by FHWA. Further, Title 23 CFR 637.207 requires materials testing on federal highway projects be performed by qualified personnel.

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:
Failure to meet quality standards specified in approved construction plans could result in questioned costs. Additionally, the lack of controls increases the risk that unqualified personnel may perform materials testing which could result in failure to detect substandard materials used on construction projects.

Questioned Costs:
None

Recommendation:
DOTPF's DSPD director should improve internal controls over materials testing to ensure personnel performing materials tests are adequately documented.

Finding No. 2019-084

Prior Year Finding:	2018-072
Type:	Other State Issues
Impact:	Noncompliance

Condition:
During FY 19, DOTPF accounting staff did not recoup overpayments related to inappropriate Marine Highway employee payroll advances.

Context:
The FY 16 single audit reported that DOTPF staff issued over $2 million in payroll advances to Marine Highway employees over the course of approximately four years. At that time, Marine Highway management reported that advances were made as an employee convenience and were allowable under union contracts. However, there was no evidence that controls

existed to verify union membership prior to issuing advances. Employees were not required to sign advance agreements, reconciliations were not completed between issued advances and payroll recoupments, and there was no process in place to collect potentially uncollectible advances from employees who separated from the State.

Recoupment did not commence during FY 17 or FY 18 pending an internal audit by the Department of Administration, Division of Personnel. A reconciliation was completed during FY 19 that identified all employee advances, the amount of advances, and the total repaid. At the end of FY 19, a total of $313,317 of advances were outstanding.

According to DOTPF management, the Department of Law advised DOTPF that employee advances made over six years ago could not be recouped. Management stated that recoupment procedures were ongoing.

Cause:
The initial FY 16 finding that advances were issued inappropriately and not recouped was caused by weak or nonexistent internal controls. The recoupment process was delayed at least two years as DOTPF waited for the Division of Personnel to complete a reconciliation. The recoupment process was further delayed during FY 19 awaiting guidance from the Department of Law. Management asserts that a plan is being developed to recover balances less than six years old and to write-off balances older than six years.

Criteria:
Article IX, Section 13, of the Alaska Constitution says, “No money shall be withdrawn from the Treasury except in accordance with appropriations made by law.”

Effect:
The $313,317 outstanding as of June 30, 2019, represents unauthorized use of State funds. If advances are not recouped timely, the amounts may become uncollectible.

Recommendation:
DOTPF’s finance officer and the marine transportation services manager should improve processes over recouping employee advances. Advances should be recouped to the greatest extent possible.

Finding No. 2019-085

Prior Year Finding:	2018-073
Type:	Other State Issue
Impact:	Noncompliance

Condition:
Five potential DOTPF shortfalls were identified for FY 19.

Context:
One potential shortfall identified in FY 18 was still outstanding in the following amount as of January 2020:

Appropriation	Appropriation Title	Amount
TUBC (BFY 2013)	DOTPF – Unbudgeted Capital RSAs	$111,580

Additionally, four FY 19 potential shortfalls were identified as follows:

Appropriation	Appropriation Title	Amount
TUBC (BFY 2014)	DOTPF – Unbudgeted Capital RSAs	$1,534,476
TUBC (BFY 2015)	DOTPF – Unbudgeted Capital RSAs	$802,844
TUBC (BFY 2018)	DOTPF – Unbudgeted Capital RSAs	$67,105
TUBC (BFY 2019)	DOTPF – Unbudgeted Capital RSAs	$6,450

Cause:
According to DOTPF management, the shortfalls are for ongoing projects DOTPF is conducting on behalf of other State agencies. DOTPF did not submit final billings because the projects were not complete, which has caused the appropriations to appear in shortfall. Management also stated that procedures were not in place to monitor reimbursable service agreement (RSA) appropriations to ensure term years were extended as needed for unbudgeted RSA appropriations. Extending the term years for incomplete projects would help distinguish ongoing projects from completed projects.

Criteria:
The *State Budget Act* provides that, if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:
As a result of the potential shortfalls, unauthorized general funds may have been expended.

Recommendation:
DOTPF's finance officer should take measures to resolve the shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, DOTPF's finance officer should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

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ALASKA COURT SYSTEM (ACS)

No findings were issued to ACS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.*

No new findings have been issued during the FY 19 statewide single audit.

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COMPONENT UNITS

One finding was issued to Component Units in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018*. Finding No. 2018-074 directed to the Alaska Permanent Fund Corporation is resolved.

Two new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-086 and 2019-087 directed to the University of Alaska.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-086

Federal Awarding Agency:	U.S. Department of Education (ED)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	84.007, 84.033, 84.063, 84.268, 84.379 Student Financial Assistance Cluster (SFAC)
Federal Award Number:	P063P181061 P063P183439
Applicable Compliance Requirement:	Reporting

Condition:
Three (two from University of Alaska Southeast and one from University of Alaska Anchorage) out of 50 Common Origination and Disbursement system (COD) disbursements tested were not reported within the required 15 days to COD.

Context:
Three of the 50 COD disbursements had applied dates greater than 15 days from the disbursement dates.

Cause:
The Student Financial Aid Office does not have a process in place to ensure all disbursements are reported within 15 days to COD.

Criteria:
The Department of Education requires institutions to report the disbursement dates and amounts to COD within 15 days of disbursing Pell (34 CFR 690.83(b)(2) and Direct Loan (34 CFR 685.309)) funds to a student.

Effect:
Students' interest accrues based on the disbursement date reported to COD, thus interest calculation could be skewed due to the discrepancy in disbursement dates reported.

Questioned Costs:
None

Recommendation:
The student financial aid department should work to ensure disbursements are reported to COD within 15 days of the disbursement date.

Finding No. 2019-087

Federal Awarding Agency:	ED
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	84.007, 84.033, 84.063, 84.268, 84.379 SFAC
Federal Award Number:	P268K190010
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:
One student (University of Alaska Fairbanks) out of 40 students tested was not reported to the National Student Loan Data System (NSLDS) within the required timeframe.

Context:
The enrollment status change for one student was not reported to NSLDS within the required timeframe.

Cause:
The Student Financial Aid Office does not have a process in place to ensure all students' status changes are reported to NSLDS within the required timeframe.

Criteria:
The Code of Federal Regulations 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 30 days, or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status.

Effect:
The NSLDS is not updated with the student information, which can cause overawarding should a student transfer to another institution, and the students may not properly enter the repayment period.

Questioned Costs:
None

Recommendation:
The registrar and the student financial aid department should work together to ensure the students' status is reported to NSLDS within the required timeframes.

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ALASKA STATE LEGISLATURE

No findings were issued to the Alaska State Legislature in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2018.*

Two new findings have been issued during the FY 19 statewide single audit and are included as Finding Nos. 2019-088 and 2019-089.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2019-088

Type: Other State Issues
Impact: Noncompliance

Condition:
Alaska Statute 26.23.020 appears to allow the governor to spend State funds without legislative authorization. Additionally, during years in which the general fund borrows from the constitutional budget reserve fund (CBRF), the statute appears to allow the governor to spend CBRF monies without legislative authorization.

Context:
Alaska Statute 26.23.020 allows the governor to spend State funds under certain emergency disaster declarations. Specifically, AS 26.23.050(c) states:

> If the governor finds that a disaster has occurred or that a disaster is imminent or threatened, the governor shall, by proclamation, declare a condition of disaster emergency. The disaster emergency remains in effect until the governor finds that the danger has passed or the disaster has been dealt with so that the emergency no longer exists. The governor may terminate the disaster emergency by proclamation. A proclamation of disaster emergency may not remain in effect longer than 30 days unless extended by the legislature by a concurrent resolution. The proclamation must indicate the nature of the disaster, the area threatened or affected, and the conditions that have brought it about or that make possible the termination of the disaster emergency. A proclamation to declare a condition of disaster emergency must also state whether the governor proposes to expend state funds to respond to the disaster under (i) or (j) of this section.

Cause:
Although the need for funding to address emergencies is obvious and undisputed, it is unclear why the statutes were found lawful at the time of enactment given the apparent constitutional conflicts.

Criteria:
Alaska Constitution:
Article IX, Finance and Taxation, Section 13, Expenditures.
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.

Alaska Constitution:
Article IX, Finance and Taxation, Section 17, Budget Reserve Fund.

(c) An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature.

Effect:
During FY 19, Department of Natural Resources management requested additional expenditure authorization in the form of disaster funding from the Office of Management and Budget (OMB) to suppress wildfires. OMB staff approved the request, resulting in \$34.8 million of fire suppression expenditures without legislative authorization. Given that the general fund borrowed from the CBRF during FY 19, the \$34.8 million was spent from the CBRF, which appears to violate Article IX, Sections 13 and 17 of the Alaska Constitution.

Recommendation:
The legislature should seek legal guidance to determine whether the emergency disaster response statute AS 26.23.020 conflicts with the Alaska Constitution and take action accordingly.

Finding No. 2019-089

Type: Other State Issues
Impact: Noncompliance

Condition:
Alaska Statute 37.10.420, which implements the constitutional requirement for the GF to repay the CBRF, was determined unconstitutional by the Alaska Supreme Court in 1994, yet the statutes were never updated.

Context:
The constitutional requirement for the general fund to repay the CBRF is commonly referred to as the general fund sweep. The Alaska Constitution requires the sweep be implemented by law. The legislature implemented the constitutional requirement by enacting AS 37.10.420.

In 1994, the Alaska Supreme Court, through its decision on Hickel, et al. v. Cowper, determined sections of AS 37.10.420 were not constitutional. Specifically, AS 37.10.420(a)(1) definition of "amount available for appropriation" failed to include several funds. Additionally, AS 37.10.420(a)(2) failed to include all appropriations made for the previous fiscal year, and, therefore, did not accurately reflect the meaning of the constitutional term. Further, because AS 37.10.420(a)(3) relied on unconstitutional sections of AS 37.10.420(a)(2), the statute was also unconstitutional. The Alaska Supreme Court also ruled that AS 37.10.420(b) excluded restricted funds within the general fund from the calculation of the amount available to pay back appropriations from the CBRF and concluded that the statute was unconstitutional.

The sweep is part of the year-end process of preparing the State's financial statements that is reviewed annually by the Division of Legislative Audit. The "sweepability" of general fund subfunds was determined, in consultation with the executive branch attorney general, at the time of the Supreme Court decision. New funds were evaluated annually as part of the annual financial audit.

Cause:
It is unclear why the legislature did not take action to amend AS 37.10.420 after the decision was rendered over 25 years ago.

Criteria:
Alaska Constitution:
Article IX – Finance and Taxation, Section 17, Budget Reserve Fund.

(d) 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.

Sec. 37.10.420. "Money available for appropriation" defined.

(a) For purposes of applying art. IX, sec. 17(b), Constitution of the State of Alaska,

(1) "the amount available for appropriation" or "funds available for appropriation" means

(A) the unrestricted revenue accruing to the general fund during the fiscal year;

(B) general fund program receipts as defined in AS 37.05.146;

(C) the unreserved, undesignated general fund balance carried forward from the preceding fiscal year that is not subject to the repayment obligation imposed by art. IX, sec. 17(d), Constitution of the State of Alaska; and

(D) the balance in the statutory budget reserve fund established in AS 37.05.540;

(2) "the amount appropriated for the previous fiscal year" means the amount appropriated from the

(A) constitutional budget reserve fund under the authority granted in art. IX, sec. 17, Constitution of the State of Alaska; and

(B) same revenue sources used to calculate the money available for appropriation for the current fiscal year; and

(3) "the amount of appropriations made in the previous calendar year for the previous fiscal year" means appropriations made from sources identified in (2) of this subsection for a fiscal year that were enacted during the calendar year that ends on December 31 of that same fiscal year.

(b) If the amount appropriated from the budget reserve fund has not been repaid under art. IX, sec. 17(d), Constitution of the State of Alaska, the Department of Administration shall transfer to the budget reserve fund the amount of money comprising the unreserved, undesignated general fund balance to be carried forward as of June 30 of the fiscal year, or as much of it as is necessary to complete the repayment. The transfer shall be made on or before December 16 of the following fiscal year.

(c) In this section, “unrestricted revenue accruing to the general fund” or “unreserved, undesignated general fund balance carried forward” is money not restricted by law to a specific use that accrues to the general fund according to accepted principles of governmental or fund accounting adopted for the state accounting system established under AS 37.05.150 in effect on July 1, 1990.

Effect:
As determined by the Alaska Supreme Court, current statutes are in conflict with the Alaska Constitution. For FY 19, OMB management and the attorney general changed the historical determination regarding which general fund subfunds were subject to the sweep. The unconstitutional statutes created confusion and uncertainty regarding how the sweep provision should be implemented for FY 19.

Recommendation:
The legislature should seek legal guidance regarding the constitutionality of AS 37.10.420 and take action accordingly.

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Part I – Summary of Auditor's Results

a) A qualified opinion was issued on the basic financial statements of the State of Alaska.

b) Significant deficiencies and material weaknesses in internal controls over financial reporting were disclosed by the audit of the basic financial statements.

c) There were instances of noncompliance material to the basic financial statements.

d) Material weaknesses in internal controls over U.S. Forest Service (USFS) Fire Suppression, Bureau of Land Management (BLM) Fire Suppression, Temporary Assistance for Needy Families Cluster, Children's Health Insurance Program, and Medicaid Cluster were disclosed by the audit. Additionally, significant deficiencies 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 unmodified opinion on all programs except for USFS Fire Suppression, BLM Fire Suppression, Temporary Assistance for Needy Families Cluster, Children's Health Insurance Program, and Medicaid Cluster, which received a qualified opinion.

f) There were several audit findings that were required to be reported under 2 CFR 200.516(a). These are summarized in Part III of this Schedule of Findings and Questioned Costs. The detailed findings and recommendations can be found in Section II – Findings and Recommendations of this report.

g) The State of Alaska has 25 major federal programs for the fiscal year ended June 30, 2019, as follows:

CFDA or Other Identifying Number	Federal Program Title
10.551, 10.561	Supplemental Nutrition Assistance Program Cluster
10.601	Market Access Program
10.U07, 10.U08, 10.U09	USFS Fire Suppression
14.117	Mortgage Insurance_Homes
14.239	Home Investment Partnerships Program
15.226	Payments in Lieu of Taxes
15.U04, 15.U05, 15.U06	BLM Fire Suppression
17.225	Unemployment Insurance
20.205, 20.219, 20.224	Highway Planning and Construction Cluster
64.114	Veterans Housing Guaranteed and Insured Loans

CFDA or Other Identifying Number	Federal Program Title
66.202	Congressionally Mandated Projects
66.458	Clean Water State Revolving Fund Cluster
66.468	Drinking Water State Revolving Fund Cluster
84.027, 84.173	Special Education Cluster (IDEA)
84.031	Higher Education Institutional Aid
84.032L	Federal Family Education Loans - Lenders
84.041	Impact Aid
90.100	Denali Commission Program
93.423	1332 State Innovation Waivers
93.558	Temporary Assistance for Needy Families Cluster
93.658	Foster Care – Title IV-E
93.767	Children's Health Insurance Program
93.775, 93.777, 93.778	Medicaid Cluster
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster

h) A threshold of $13,609,377 was used to distinguish between Type A and Type B programs.

i) The State of Alaska does not qualify as a low-risk auditee.

Part II – Findings Related to the Basic Financial Statements (Findings are described in detail in the preceding pages of Section II.)

Material Weaknesses

State Department	Finding Number
Administration	2019-009
Revenue	2019-017, 2019-018
Natural Resources	2019-066, 2019-067
Transportation and Public Facilities	2019-080

Significant Deficiencies

State Department	Finding Number
Administration	2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-010, 2019-011, 2019-012
Revenue	2019-019
Health and Social Services	2019-025, 2019-026 2019-027, 2019-028
Labor and Workforce Development	2019-058
Military and Veterans' Affairs	2019-065
Fish and Game	2019-075

Fraud; Non-Compliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements; or Abuse

State Department	Finding Number
Revenue	2019-017, 2019-018
Natural Resources	2019-066, 2019-067

Part III – Federal Findings and Questioned Costs (Findings are described in detail in the preceding pages of Section II.)

Federal Agency/ Finding Number	Questioned Costs	Comments
USDA		
2019-029	None	Significant Deficiency, Noncompliance
2019-031	$2,261	Significant Deficiency, Noncompliance
2019-032	$188	Significant Deficiency
2019-068	$141,624	Material Weakness, Material Noncompliance
2019-069	$153,432	Significant Deficiency, Noncompliance
2019-070	$216	Significant Deficiency

Federal Agency/ Finding Number	Questioned Costs	Comments
USDHHS		
2019-029	$102,940	Significant Deficiency, Noncompliance
2019-030	None	Significant Deficiency
2019-033	$165,123	Significant Deficiency, Noncompliance
2019-034	$1,856	Significant Deficiency, Noncompliance
2019-035	None	Significant Deficiency
2019-036	$32,757	Material Weakness, Material Noncompliance
2019-037	None	Significant Deficiency, Noncompliance
2019-038	None	Significant Deficiency, Noncompliance
2019-039	$2,616	Significant Deficiency, Noncompliance
2019-040	None	Noncompliance
2019-041	None	Material Weakness
2019-042	None	Significant Deficiency
2019-043	$770,045	Significant Deficiency, Noncompliance
2019-044	None	Significant Deficiency
2019-045	$734,310	Noncompliance
2019-046	$3,300,960	Significant Deficiency, Noncompliance
2019-047	$20,187	Material Weakness, Material Noncompliance
2019-048	$873	Material Weakness, Material Noncompliance
2019-049	None	Material Weakness
2019-050	$2,390,142	Material Weakness, Material Noncompliance
2019-051	$2,798,836	Material Weakness, Material Noncompliance
2019-052	None	Material Weakness, Material Noncompliance
2019-053	None	Significant Deficiency, Noncompliance
2019-054	None	Significant Deficiency, Noncompliance
2019-055	None	Significant Deficiency, Noncompliance
2019-056	None	Noncompliance
2019-063	None	Significant Deficiency, Noncompliance
USDOI		
2019-071	$527,098	Material Weakness, Material Noncompliance
2019-072	$208,255	Material Weakness, Material Noncompliance
USDOL		
2019-059	None	Significant Deficiency, Noncompliance
2019-060	None	Significant Deficiency, Noncompliance
2019-061	None	Significant Deficiency, Noncompliance

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019
(continued)

Federal Agency/ Finding Number	Questioned Costs	Comments
USDOT		
2019-081	$110,330	Significant Deficiency, Noncompliance
2019-082	None	Significant Deficiency, Noncompliance
2019-083	None	Significant Deficiency, Noncompliance
ED		
2019-023	None	Significant Deficiency
2019-024	None	Significant Deficiency, Noncompliance
2019-086	None	Significant Deficiency, Noncompliance
2019-087	None	Significant Deficiency, Noncompliance
EPA		
2019-076	Indeterminate	Significant Deficiency
2019-077	None	Significant Deficiency, Noncompliance
2019-078	None	Significant Deficiency, Noncompliance
2019-079	Indeterminate	Significant Deficiency, Noncompliance

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SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS AND OTHER INFORMATION

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Audit

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State of Alaska's basic financial statements, and have issued our report thereon dated February 21, 2020. Our report is qualified for the General Fund and Governmental Activities due to an overstatement of General Fund royalty revenues of $99.2 million, an unreported prior period adjustment of $99.8 million, and an understatement of $199 million due to other funds. Financial statement footnote 2, relating to the State's Constitutional Budget Reserve Fund, a subfund of the General Fund, is materially misstated by $1.6 billion. Additionally, we were unable to obtain sufficient appropriate audit evidence to provide assurance over tax revenues. Further discussion of the General Fund and Governmental Activities opinion qualifications are contained in Section I of this report in the financial opinion sections titled *Basis for Qualified Opinions on General Fund and Governmental Activities*, and *Qualified Opinions*.

Our report includes a reference to other auditors who audited the financial statements of the: Alaska Permanent Fund; International Airports Fund; University of Alaska; Alaska Housing Finance Corporation; Alaska Industrial Development and Export Authority; Alaska Railroad Corporation; Alaska Energy Authority; Alaska Municipal Bond Bank Authority; Alaska Clean Water Fund; Alaska Drinking Water Fund; Retiree Health Fund; the Invested Assets Under the Investment Authority of the Commissioner of Revenue; and the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund, as described in our report on the State of Alaska's financial statements in Section I. This report does not include the results of the 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 discretely presented component unit); the Retiree Health Fund (a proprietary fund); the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund (fiduciary funds); and Invested Assets Under the Investment Authority of the Commissioner of Revenue (certain cash and investment accounts).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Alaska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in Section II – Findings and Questioned Costs, Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the preceding Section II – Findings and Questioned Costs, Finding Nos. 2019-009, 2019-017, 2019-018, 2019-066, 2019-067, and 2019-080 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the preceding Section II – Findings and Questioned Costs, Finding Nos. 2019-001 through 2019-008, 2019-010 through 2019-012, 2019-019, 2019-025 through 2019-028, 2019-058, 2019-065, and 2019-075 to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the preceding Section II – Findings and Questioned Costs, Finding Nos. 2019-017, 2019-018, 2019-066, and 2019-067.

Additionally, we noted certain other matters which are described in the preceding Section II – Findings and Questioned Costs. Our findings for these instances are identified in the Summary of Findings table under *Other State Issues*.

State of Alaska's Response to Findings

The State agencies' responses to the findings identified in our audit are included in the succeeding Section IV – Corrective Action Plan. The State agencies' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State of Alaska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 21, 2020

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

Report on Compliance for Each Major Federal Program

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 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2019. 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.

The State of Alaska's basic financial statements include the operations of the Alaska Railroad Corporation (ARC), which expended federal awards that are not included in the State of Alaska's Schedule of Expenditures of Federal Awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of ARC because ARC, with a fiscal year ended December 31, engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the federal programs of the University of Alaska, Alaska Housing Finance

Corporation, Alaska Energy Authority, Alaska Clean Water Fund, Alaska Drinking Water Fund, Alaska Student Loan Corporation, and Alaska Seafood Marketing Institute. As shown in the table below, the audits of those entities and funds reflect the following percent of major federal program expenditures.

CFDA	Federal Program Title	Percent of Major Federal Program Expenditures
10.601	Market Access Program	100%
14.117	Mortgage Insurance_Homes	100%
14.239	Home Investment Partnerships Program	100%
64.114	Veterans Housing Guaranteed and Insured Homes	100%
66.458	Clean Water State Revolving Fund Cluster	100%
66.468	Drinking Water State Revolving Fund Cluster	100%
84.031	Higher Education Institutional Aid	100%
84.032L	Federal Family Education Loans (Lenders)	100%
90.100	Denali Commission Program	95%
Various	Research and Development Cluster	100%
Various	Student Financial Assistance Cluster	99%

The above federal programs were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the compliance requirements applicable to those programs, is based solely on the report of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*,[1] issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Alaska's compliance.

[1] The standards applicable to financial audits are in chapters 1–4 of *Government Auditing Standards*.

Basis for Qualified Opinion on U.S. Forest Service (USFS) Fire Suppression (CFDA 10.U07, 10.U08, and 10.U09)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding USFS Fire Suppression (CFDA 10.U07, 10.U08, and 10.U09) as described in Finding No. 2019-068 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on USFS Fire Suppression (CFDA 10.U07, 10.U08, and 10.U09)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on USFS Fire Suppression (CFDA 10.U07, 10.U08, and 10.U09) for the fiscal year ended June 30, 2019.

Basis for Qualified Opinion on Bureau of Land Management (BLM) Fire Suppression (CFDA 15.U04, 15.U05, and 15.U06)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding BLM Fire Suppression (CFDA 15.U04, 15.U05, and 15.U06), as described in Finding Nos. 2019-071 and 2019-072, for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on BLM Fire Suppression (CFDA 15.U04, 15.U05, and 15.U06)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on BLM Fire Suppression (CFDA 15.U04, 15.U05, and 15.U06) for the fiscal year ended June 30, 2019.

Basis for Qualified Opinion on Temporary Assistance for Needy Families (TANF) Cluster (CFDA 93.558)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding the TANF Cluster (CFDA 93.558) as described in Finding No. 2019-036 for Eligibility and Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on TANF Cluster (CFDA 93.558)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the TANF Cluster (CFDA 93.558) for the fiscal year ended June 30, 2019.

Basis for Qualified Opinion on Children's Health Insurance Program (CHIP) (CFDA 93.767)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding CHIP (CFDA 93.767), as described in Finding Nos. 2019-050, 2019-051, and 2019-052, for Eligibility. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on CHIP (CFDA 93.767)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CHIP (CFDA 93.767) for the fiscal year ended June 30, 2019.

Basis for Qualified Opinion on Medicaid Cluster (CFDA 93.775, 93.777, and 93.778)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding the Medicaid Cluster (CFDA 93.775, 93.777, and 93.778), as described in Finding Nos. 2019-047, 2019-048, 2019-050, 2019-051, and 2019-052, for Eligibility. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on Medicaid Cluster (CFDA 93.775, 93.777, and 93.778)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster (CFDA 93.775, 93.777, and 93.778) for the fiscal year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. These instances are listed in the accompanying Summary of Findings table and Schedule of Findings and Questioned Costs, and described in detail in Section II – Findings and Recommendations as items 2019-024, 2019-029, 2019-031, 2019-033, 2019-034, 2019-037 through 2019-040, 2019-043, 2019-045, 2019-046, 2019-053 through 2019-056, 2019-059 through 2019-061, 2019-063, 2019-069, 2019-077 through 2019-079, 2019-081 through 2019-083, 2019-086, and 2019-087. Our opinion on each major federal program is not modified with respect to these matters.

State agencies' responses to the noncompliance findings identified in our audit are included in Section IV – Corrective Action Plan. State agencies' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Findings and Recommendations as items 2019-036, 2019-041, 2019-047 through 2019-052, 2019-068, 2019-071, and 2019-072 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Findings and Recommendations as items 2019-023, 2019-024, 2019-029 through 2019-035, 2019-037 through 2019-039, 2019-042 through 2019-044, 2019-046, 2019-053 through 2019-055, 2019-059 through 2019-061, 2019-063, 2019-069, 2019-070, 2019-076 through 2019-079, 2019-081 through 2019-083, 2019-086, and 2019-087 to be significant deficiencies.

State agencies' responses to the internal control over compliance findings identified in our audit are included in Section IV – Corrective Action Plan. State agencies' responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 26, 2020

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2019

By Federal Agency

Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553			12,894,135	12,488,464
National School Lunch Program	10.555			37,317,808	36,382,170
National School Lunch Program (***Food Commodities***)	10.555			3,332,793	3,332,793
Summer Food Service Program for Children	10.559			1,855,292	1,757,956
Summer Food Service Program for Children (***Food Commodities***)	10.559			3,845	3,845
Total for Child Nutrition Cluster				**55,403,873**	**53,965,228**
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565			208,524	160,591
Commodity Supplemental Food Program (***Food Commodities***)	10.565			707,246	707,246
Emergency Food Assistance Program (Administrative Costs)	10.568			217,038	202,000
Emergency Food Assistance Program (***Food Commodities***)	10.569			1,940,565	1,940,565
Total for Food Distribution Cluster				**3,073,373**	**3,010,402**
Forest Service Schools and Roads Cluster					
Schools and Roads - Grants to States	10.665			9,396,293	9,396,292
Total for Forest Service Schools and Roads Cluster				**9,396,293**	**9,396,292**
Research and Development Cluster					
Agricultural Research Basic and Applied Research	10.001	U.S. Civilian Research & Development Foundation	DAA3-17-63601-2	31,285	
Plant and Animal Disease, Pest Control, and Animal Care	10.025			45,256	
Federal-State Marketing Improvement Program	10.156			22,626	
Specialty Crop Block Grant Program - Farm Bill	10.170			28	
Cooperative Forestry Research	10.202			95,568	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			1,039,444	
Sustainable Agriculture Research and Education	10.215	Montana State University	G178-19-W7506	385	
Sustainable Agriculture Research and Education	10.215	Utah State University	150893-00001-181	26,503	
Sustainable Agriculture Research and Education	10.215	Utah State University	200592-00001-302	9,693	
Sustainable Agriculture Research and Education	10.215	Utah State University	201207-517	20,383	
				56,964	-
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	10.228			1,052,366	27,670
Agriculture and Food Research Initiative (AFRI)	10.310	University of Hawaii	MA1403	2,595	
Agriculture and Food Research Initiative (AFRI)	10.310	Virginia Polytech Institute	Sub 422517-19100	20,878	
Agriculture and Food Research Initiative (AFRI)	10.310			211,117	31,393
				234,590	31,393
Foreign Market Development Cooperator Program	10.600			17,253	
Forestry Research	10.652			2,584	
Rural Development, Forestry, and Communities	10.672			2,202	
Wood Utilization Assistance	10.674			24,297	
Forest Health Protection	10.680			281,711	
Partnership Agreements	10.699			486,632	
Soil and Water Conservation	10.902			11,461	
Soil Survey	10.903			1,906	
Cofiring wood pellets with coal at electrical generating facilities in Alaska	10.RD		G00009612	13,460	
Critical zone measurements in the perhumid coastal temperate rainforest of Southeast Alaska	10.RD		G00009615	5,836	
GINA_USDA_AHAP_P3	10.RD		G00012409	24,998	
Modeling stream ecosystem dynamics to support river restoration and management	10.RD		G00010715	28,138	
Monitoring with Forest Inventory and Analysis in Tanana Valley State	10.RD		G00009133	2,620	
Stream discharge and water balance of coastal Alaska watersheds	10.RD		G00010255	794	
UAF support for "Wood energy in Alaska: quantifying environmental and socioeconomic benefits"	10.RD		G00009170	15,006	

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2019

By Federal Agency

Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Total for Research and Development Cluster				**3,497,025**	**59,063**
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Supplemental Nutrition Assistance Program	10.551			173,468,003	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			14,510,325	504,694
Total for Supplemental Nutrition Assistance Program (SNAP) Cluster				**187,978,328**	**504,694**
Plant and Animal Disease, Pest Control, and Animal Care	10.025			285,967	
Wildlife Services	10.028			1,907	
Inspection Grading and Standardization	10.162			4,073	
Market Protection and Promotion	10.163			6,406	
Specialty Crop Block Grant Program - Farm Bill	10.170			182,270	
Organic Certification Cost Share Programs	10.171			4,729	
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178			28,000	28,000
Trade Mitigation Program Eligible Recipient Agency Operational Funds (***Food Commodities***)	10.178			1,059,835	1,059,835
Homeland Security Agricultural	10.304	University of California, Davis	201603794-05 / A17-0222-S002	2,587	
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	10.318			32,531	
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328	University of Idaho	BLK246-SB-002	25,471	
Crop Protection and Pest Management Competitive Grants Program	10.329			171,184	
Rural Business Development Grant	10.351			88,050	
Very Low to Moderate Income Housing Loans	10.410			129,235,187	
Cooperative Extension Service	10.500	Kansas State University	S19108	8,513	
Cooperative Extension Service	10.500	Kansas State University	KSU Sub S17110	29,547	
Cooperative Extension Service	10.500	University of Missouri	SubC00059381-9	19,683	
Cooperative Extension Service	10.500	University of Tennessee, Knoxville	9500069084	1,655	
Cooperative Extension Service	10.500			1,725,458	
				1,784,856	-
CACFP Training Grants	10.536			46,801	17,383
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			19,568,702	5,048,022
Child and Adult Care Food Program	10.558			9,399,225	9,267,070
Child and Adult Care Food Program (***Food Commodities***)	10.558			9,612	9,612
State Administrative Expenses for Child Nutrition	10.560			1,248,821	375,284
Farm to School Grant Program	10.575			37,806	
Senior Farmers Market Nutrition Program	10.576			63,881	58,525
SNAP Partnership Grant	10.577	Oklahoma State Dept. of Health	PO 3409018697 Rev 5	15,635	
ARRA-WIC Grants To States (WGS)	10.578			529,701	
Child Nutrition Discretionary Grants Limited Availability	10.579			86,866	86,418
Fresh Fruit and Vegetable Program	10.582			1,893,483	1,714,442
Market Access Program	10.601			4,164,182	
Technical Assistance for Specialty Crops Program	10.604			71,865	
Agricultural Trade Promotion Program	10.618			25,464	
Cooperative Forestry Assistance	10.664			3,279,457	473,705
Wood Utilization Assistance	10.674			173,014	40,057
Forest Health Protection	10.680			57,857	
National Fish and Wildlife Foundation	10.683	National Fish & Wildlife Foundation	0801.19.063412	17,895	
National Fish and Wildlife Foundation	10.683	National Fish & Wildlife Foundation	0801.19.063644	641	
				18,536	-
Good Neighbor Authority	10.691			28,885	
State & Private Forestry Cooperative Fire Assistance	10.698			94,918	
Cooperative Forest Road Agreements	10.705			5,420	
Water and Waste Disposal Systems for Rural Communities	10.760			3,146,939	355,536
Solid Waste Management Grants	10.762			37,725	
Rural Cooperative Development Grants	10.771			120,294	

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2019

By Federal Agency

Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Rural Energy for America Program	10.868			78,747	
Soil and Water Conservation	10.902	United States Endowment for Forestry and Communities, Inc.	68-3A75-18-065	76,043	
Plant Materials for Conservation	10.905			19,449	
Regional Conservation Partnership Program	10.932	Sealaska Corporation	MOU 2015-003	30,166	
Cochran Fellowship Program-International Training-Foreign Participant	10.962			61,606	
Biomass System Performance Grant	10.U01		JV 11261975	3,597	
Miscellaneous U.S. Forest Service	10.U02		12010918P0086	7,640	
Miscellaneous U.S. Forest Service	10.U03		14-CS-11100400-021	18,847	
Miscellaneous U.S. Forest Service	10.U04		AG-0109-C-14-0002	41,828	
Miscellaneous U.S. Forest Service	10.U05		AG-0116-P-14-0012	51,301	51,261
Young Growth SE	10.U06		15CS11100106809	967,414	
17 USFS Fire Suppression (AKDF070002)	10.U07		15-FI-11100100-016	25,754	
18 USFS Fire Suppression	10.U08		15-FI-11100100-016	12,037,605	
19 USFS Fire Suppression	10.U09		15-FI-11100100-016	29,410	
Pioneer Peak	10.U10		17-FI-11100100-005	138,727	
16 FIA Inventory	10.U11		2016JV11261919028	1,447,775	
Total for U.S. Department of Agriculture				**451,422,943**	**85,520,829**
U.S. Department of Commerce					
Economic Development Cluster					
Economic Adjustment Assistance	11.307	Bering Sea Fishermen's Association	BEI19-476	108,311	
Economic Adjustment Assistance	11.307			7,439,300	
Total for Economic Development Cluster				**7,547,611**	**-**
Research and Development Cluster					
Ocean Exploration	11.011			88,775	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-50	5,999	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-51	37,605	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-52	193,680	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-60	7,652	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-64	151,852	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-66	56,198	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2404-00	269,616	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2407	388,640	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2430	925	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2431	230,299	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2432	5,308	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2433	107,663	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2435	12,684	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2465-02	20,000	
Integrated Ocean Observing System (IOOS)	11.012			659,640	230,221
				2,147,761	230,221
Cluster Grants	11.020			70,223	
Sea Grant Support	11.417			1,916,717	225,435
Coastal Zone Management Administration Awards	11.419	University of Michigan	3004636440 Amend 2	257,963	92,141
Coastal Zone Management Administration Awards	11.419	University of Michigan	3004686665 Amd 1	94,825	
Coastal Zone Management Administration Awards	11.419	University of Michigan	Subaward 3004540567	40,252	
				393,040	92,141
Coastal Zone Management Estuarine Research Reserves	11.420			751,198	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			394,473	91,038
Climate and Atmospheric Research	11.431			825,696	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019
By Federal Agency
Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	Colorado State University	G-02325-01	903	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			1,940,141	
				1,941,044	-
Columbia River Fisheries Development Program	11.436			15,192	
Marine Mammal Data Program	11.439			366,981	7,054
Unallied Industry Projects	11.452	Pacific States Marine Fisheries Commission	16-102G	50,508	
Weather and Air Quality Research	11.459			89,358	
Habitat Conservation	11.463			40,162	
Applied Meteorological Research	11.468			248,421	
Unallied Science Program	11.472	North Pacific Research Board	1501	9,398	
Unallied Science Program	11.472	North Pacific Research Board	1607	26,934	
Unallied Science Program	11.472	North Pacific Research Board	1608	97,316	
Unallied Science Program	11.472	North Pacific Research Board	1612	98,393	
Unallied Science Program	11.472	North Pacific Research Board	1613	21,030	
Unallied Science Program	11.472	North Pacific Research Board	1616	14,478	
Unallied Science Program	11.472	North Pacific Research Board	1703	79,741	
Unallied Science Program	11.472	North Pacific Research Board	1707	35,368	
Unallied Science Program	11.472	North Pacific Research Board	1710	34,735	
Unallied Science Program	11.472	North Pacific Research Board	1713	7,574	
Unallied Science Program	11.472	North Pacific Research Board	1715	27,822	
Unallied Science Program	11.472	North Pacific Research Board	1719	62,072	
Unallied Science Program	11.472	North Pacific Research Board	1720	28,845	
Unallied Science Program	11.472	North Pacific Research Board	1727	18,274	
Unallied Science Program	11.472	North Pacific Research Board	1806	20,306	
Unallied Science Program	11.472	North Pacific Research Board	1426B / F6426-00	9,559	
Unallied Science Program	11.472	North Pacific Research Board	1426C	126,526	
Unallied Science Program	11.472	North Pacific Research Board	1533 / F6533-02	24,882	
Unallied Science Program	11.472	North Pacific Research Board	1702-00	57,641	
Unallied Science Program	11.472	North Pacific Research Board	1702-90	12,910	
Unallied Science Program	11.472	North Pacific Research Board	1710-90	2,882	
Unallied Science Program	11.472	North Pacific Research Board	1802 / F8802-00	29,437	
Unallied Science Program	11.472	North Pacific Research Board	1811 / F8811-00	4,490	
Unallied Science Program	11.472	North Pacific Research Board	1814 / F8814-01	5,943	
Unallied Science Program	11.472	North Pacific Research Board	A91-00A	536,031	
Unallied Science Program	11.472	North Pacific Research Board	A98-00A	59,485	
Unallied Science Program	11.472	Prince William Sound Science Center	17-71-03	107,285	
Unallied Science Program	11.472	Prince William Sound Science Center	17-71-06	152,365	
Unallied Science Program	11.472	Prince William Sound Science Center	Contract 17-71-01 AMD 2	47,355	
Unallied Science Program	11.472			365,552	
				2,124,629	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	University of Wyoming	1004101 - UAA	42,329	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478			262,911	90,914
				305,240	90,914
ASG/MAP Manufacturing Extension Partnership (MEP) FFO	11.RD	Southwest Alaska Municipal Conference	OPDSFOS 15-499	138,198	
NOAA NESDIS JPSS PGRR HLPG GINA Contract	11.RD		G00012703	25,049	
Regional Climate Services Support in the Western Region	11.RD		G00010964	27,556	
Total for Research and Development Cluster				**11,960,221**	**736,803**
Economic Development Technical Assistance	11.303			150,260	
Interjurisdictional Fisheries Act of 1986	11.407			116,797	

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			227,038	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA14NMF4370087/ 15-50G	207,573	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA14NMF4370087/ 18-28G	8,901	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA15NMF4520002/ 16-100G	7,515	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA15NMF4520002/ 16-101G	11,533	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA15NMF4520002/ 16-107G	57,753	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA15NMF4520002/ 16-108G	2,834	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA15NMF4520002/ 17-91G	3,364	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA18NMF4370300/ 19-46G	2,005,101	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	NA18NMF4370300/ 19-86G	174,553	
Pacific Fisheries Data Program	11.437			3,115,927	
				5,595,054	-
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	Bering Sea Fishermen's Association	NA15NMF4380236/ AC-1603	7,395	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438			9,681,735	1,625,857
				9,689,130	1,625,857
Marine Mammal Data Program	11.439	Bristol Bay Native Association	NA17NMF4390128/ COOP 18-046	19,330	
Marine Mammal Data Program	11.439	Bristol Bay Native Association	NA18NMF4390164/ COOP 19-106	6,417	
Marine Mammal Data Program	11.439			1,007,397	
				1,033,144	-
Regional Fishery Management Councils	11.441	North Pacific Fishery Management Council	2015-2/ IHP 15-089	468	
Regional Fishery Management Councils	11.441	North Pacific Fishery Management Council	2016-2/ IHP 16-073	22,066	
Regional Fishery Management Councils	11.441	North Pacific Fishery Management Council	2017-2/ IHP 17-075	7,283	
				29,817	-
Meteorologic and Hydrologic Modernization Development	11.467			537,671	37,114
Unallied Science Program	11.472	North Pacific Research Board	NA13NMF4720105/ 1412	3,529	
Unallied Science Program	11.472	North Pacific Research Board	NA13NMF4720105/ 1506	1,618	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1618	15,594	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1619	156,275	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1621	45,522	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1622	107,835	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1707	13,434	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1707-	1,825	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1708	62,044	
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1713	124,971	

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1715	62,438	
Unallied Science Program	11.472	North Pacific Research Board	NA17NMF4720289/ 1803	43,729	
Unallied Science Program	11.472	North Pacific Research Board	NA17NMF4720289/ 1820	47,687	
Unallied Science Program	11.472			863,073	139,445
				1,549,574	139,445
State and Local Implementation Grant Program	11.549			692	
Minority Business Resource Development	11.802			213,405	
NOAA NMFS	11.U01		45ABNA0B0252	10,866	
Miscellaneous NOAA	11.U02		1305M318PNFFS0025	45,462	
Miscellaneous NOAA	11.U03		1305M318PNFFS0025P19001	9,787	
Miscellaneous NOAA	11.U04		1305M318PNFFS0133	21,801	
Miscellaneous NOAA	11.U05		1333MF18PNFFS0243	12,831	
Miscellaneous NOAA	11.U06		WE-133F-14-SE-4018	661	
National Marine Fisheries Joint Enforcement Agreement	11.U07		11.04 and NMFS-JEA	1,239,891	
Total for U.S. Department of Commerce				**39,991,713**	**2,539,219**
U.S. Department of Defense					
Research and Development Cluster					
Basic and Applied Scientific Research	12.300	University of Hawaii	MA1429	59,195	
Basic and Applied Scientific Research	12.300	University of Illinois, Champaign	090955-16969	2,205	
Basic and Applied Scientific Research	12.300	Woods Hole Oceanographic Institution	A101266	57,443	
Basic and Applied Scientific Research	12.300			2,421,282	37,085
				2,540,125	37,085
Legacy Resource Management Program	12.632			67,153	
Air Force Defense Research Sciences Program	12.800			895	
Research and Technology Development	12.910	Georgia Institute of Technology	RL041-G2	1,877	
Eielson Air Force Base Base-wide Groundwater Hydrology Model	12.RD	AHTNA Engineering Services, LLC	PO 02002160 (PM:Cody Black)	36,207	
Archaeology Survey and Cultural Resources Survey and Evaluation	12.RD		G00012104	144,058	
Arctic Gravity Data Acquisition and Processing	12.RD		G00010982	78,615	
Asbestos Lead Database Development Kadena Air Base, Japan	12.RD		G00012435	13,752	
Chernofski Harbom-Mutton Cove Archaeological Excavation, Mapping and Survey	12.RD		G00012250	111,660	
Cultural Resource Support, Wake Island, HI, and AK TO0013	12.RD		G00011147	70,912	3,916
Estimation of Uncertainties of Full Moment Tensors	12.RD		G00011447	134,095	
Generation of low frequency VLF waves	12.RD		G00012637	100,000	
Generation of low frequency VLF waves in the ionosphere	12.RD		G00012657	20,000	
Interpretive Display at Bldg 3010, Schofield Barracks, Hawaii	12.RD		G00010427	17,286	
Interpretive Display at Tripler Army Medical Center TO 0008	12.RD		G00010425	20,634	
Management Species, Bat Survey	12.RD		G00012105	27,106	
Materials Management Support - TO0003	12.RD		G00009699	96,358	
MGT Habitat Gravel Pit Reclamation Plan JBER	12.RD		G00011767	90,726	
MGT Habitat Vegetative Plot JBER	12.RD		G00011809	33,513	22,562
MGT Habitat Winter Moose Browse, JBER	12.RD		G00011791	38,480	
MGT Species Beluga Whale - All Waters But Six Mile	12.RD		G00011765	81,165	
MGT Species, Beluga Whale Prey-All Waters but Six Mile, Mgt Species Beluga Whale Prey Six Mile	12.RD		G00012208	52,334	
NACT Proposal for HDTRA1-17-R-003: Waveform Operations & Maintenance	12.RD		G00011364	3,385,180	
Natural Resource Management Support Wildlife	12.RD		G00011770	345,564	
North Slope Coastal Erosion	12.RD		G00011821	571,931	355,049
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical Detection of Nuclear Proliferation - ADMINISTRATION	12.RD		G00012416	114,476	
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical Detection of Nuclear Proliferation - GAP	12.RD		G00012417	133,725	

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
POA53-CESU 18-06 Mgt. Invasive Species, Ironwood Trees, Bellows Air Force Station, Oahu	12.RD		G00012422	390,925	
Resilience of boreal ecosystems assessed using high-frequency records of dissolved organic matter and nitrate in streams	12.RD		G00012163	429,320	
Statistical Oversight/Bird MGT	12.RD		G00011810	39,990	
Tricolored Blackbird at Edwards Air Force Base, California	12.RD		G00012392	70,932	
UARC Fixed Fee All	12.RD		G00012569	1,298	
Total for Research and Development Cluster				**9,260,292**	**418,612**
Procurement Technical Assistance For Business Firms	12.002			484,620	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			2,163,811	
Basic and Applied Scientific Research	12.300			479,904	
National Guard Military Operations and Maintenance (O&M) Projects	12.401			16,617,472	
National Guard ChalleNGe Program	12.404			3,545,545	
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Academy of Applied Science (AAS)	Award Dated 09/30/17	5,826	
Basic, Applied, and Advanced Research in Science and Engineering	12.630	National Science Teachers Association	Agreement Signed 10/15/18	2,156	
				7,982	-
Total for U.S. Department of Defense				**32,559,626**	**418,612**
U.S. Department of Housing & Urban Development					
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871			2,458,241	
Mainstream Vouchers	14.879			292,283	
Total for Housing Voucher Cluster				**2,750,524**	-
Section 8 Project-Based Cluster					
Section 8 Housing Assistance Payments Program	14.195			2,249,148	
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249			571,749	488,839
Total for Section 8 Project-Based Cluster				**2,820,897**	**488,839**
Mortgage Insurance Homes	14.117			219,534,721	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228			1,051,122	917,290
Emergency Solutions Grant Program	14.231			216,827	216,827
Home Investment Partnerships Program	14.239			3,143,311	3,143,311
Housing Opportunities for Persons with AIDS	14.241			508,837	508,837
Continuum of Care Program	14.267			875,964	872,323
Housing Trust Fund	14.275			2,518,552	2,518,552
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	14.326			30,762	
Public and Indian Housing Indian Loan Guarantee Program	14.865			118,713,717	
Moving to Work Demonstration Program	14.881			45,877,621	
Family Self-Sufficiency Program	14.896			193,856	
Total for U.S. Department of Housing & Urban Development				**398,236,711**	**8,665,979**
U.S. Department of the Interior					
Fish and Wildlife Cluster					
Sport Fish Restoration	15.605			20,823,936	31,528
Wildlife Restoration and Basic Hunter Education	15.611			32,090,957	161,178
Total for Fish and Wildlife Cluster				**52,914,893**	**192,706**
Research and Development Cluster					
Recreation and Visitor Services	15.225			119,100	13,467
Invasive and Noxious Plant Management	15.230			171,782	
Fish, Wildlife and Plant Conservation Resource Management	15.231			401,258	

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Wildland Fire Research and Studies	15.232	Colorado State University	G093481	1,135	
Wildland Fire Research and Studies	15.232	University of Utah	PO U000112610	18,787	
Wildland Fire Research and Studies	15.232			242,423	
				262,345	-
Environmental Quality and Protection	15.236			98,649	
Rangeland Resource Management	15.237			4,806	
Alaska Coastal Marine Institute	15.421	University of Texas, Austin	UTA 12-000603	213	
Alaska Coastal Marine Institute	15.421			427,854	
				428,067	-
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423	North Pacific Research Board	A91-99A	252,127	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423	Rutgers	Sub 5747 PO 574832	8,228	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423			1,231,370	201,765
				1,491,725	201,765
Fish and Wildlife Management Assistance	15.608	Fairbanks Soil & Water Conservation District	Agreement Dtd 4/13/18	35,099	
Fish and Wildlife Management Assistance	15.608			129,634	
				164,733	-
Coastal	15.630			60,438	
State Wildlife Grants	15.634			581,653	27,388
Research Grants (Generic)	15.650			3,239	
NFWF-USFWS Conservation Partnership	15.663	National Fish & Wildlife Foundation	NFWF Proj ID: 8006.16.055085	5,876	
Cooperative Landscape Conservation	15.669	Wildlife Management Institute	NWBLLC 2017-1	23,158	
Cooperative Landscape Conservation	15.669			123,557	
				146,715	-
Youth Engagement, Education, and Employment	15.676			120,005	
Cooperative Ecosystem Studies Units	15.678			94,051	
Assistance to State Water Resources Research Institutes	15.805			88,554	10,599
Earthquake Hazards Program Assistance	15.807			893,959	
U.S. Geological Survey Research and Data Collection	15.808			750,054	
Cooperative Research Units	15.812			1,248,851	3,325
National Geospatial Program: Building The National Map	15.817			91,062	
Volcano Hazards Program Research and Monitoring	15.818			1,890,300	19,210
National and Regional Climate Adaptation Science Centers	15.820			1,273,946	9,304
Rivers, Trails and Conservation Assistance	15.921			4,459	
Cooperative Research and Training Programs – Resources of the National Park System	15.945	Western Washington University	PO NT54189 / Subaward 54133-A	414	
Cooperative Research and Training Programs – Resources of the National Park System	15.945			685,160	
				685,574	-
Ebey's Landing National Historical Reserve Trust Board	15.956			3,898	
StateView Program Development and Operations for the State of Alaska	15.RD	America View, Inc.	AV18-AK-01	12,139	
Native Village of Unalakleet's Feasibility Study to Assess the Establishment of a Regional Norton Sound LiDAR Data Collection Project as a Self-Sustaining Program (Planning for Subsistence Management in Changing Conditions)(NVUFS)	15.RD	Native Village Unalakleet	UAF-ACUASI 2019 SOW NVUFS	1,989	
MARES: pCO2 sensor and analysis	15.RD	Stantec Consulting Ltd.	185700104 14402-64328	77	
Landsat And The Cryosphere: Tracking Interactions Between Ice, Snow, and the Earth System	15.RD	University of Colorado, Boulder	PO1000986155	26,995	
140M0118Q0042 Arctic Ocean Circulation Model	15.RD		G00012273	8,003	

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Alaska Terrestrial AIM Task Order AK-2 Revised - Greater Moose's Tooth and Willow Oil and Gas Development Areas	15.RD		G00012423	28,446	
ANWR Snow Training	15.RD		G00012353	13,181	
Applying Climate Change Modeling to Local Agricultural Planning and Adaptation in Alaska	15.RD		G00012556	14,784	
Coastal Marine Institute Program Administration 2019-2024	15.RD		G00012804	1,468	
Comparison of Putative Carex Subspathacea between the Arctic Coastal Plan and the Yukon Kuskokwim Delta and Interpretations of Climate Effects on Grazing Systems	15.RD		G00011118	3,276	
Evaluation of nearshore communities and habitats Ecological Process in Lower Cook Inlet	15.RD		G00010161	23,208	
FWS Mig Birds CESU Spring/Summer 2019	15.RD		G00012583	30,102	
Trans-Alaska Pipeline System Archaeological Inventory: Phase II	15.RD		G00011743	4,161	
USGS AVO Near-real time satellite support for volcano monitoring	15.RD		G00012299	26,891	
Total for Research and Development Cluster				**11,279,819**	**285,058**
Cultural and Paleontological Resources Management	15.224			838,975	
Payments in Lieu of Taxes	15.226			11,082,169	11,082,169
Fish, Wildlife and Plant Conservation Resource Management	15.231	National Fish & Wildlife Foundation	0801.16.049830	33,207	
Fish, Wildlife and Plant Conservation Resource Management	15.231			71,753	
				104,960	-
Environmental Quality and Protection	15.236			50,955	
Challenge Cost Share	15.238			25,632	
Wildlife Resource Management	15.247			20,000	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			319,275	
Abandoned Mine Land Reclamation (AMLR)	15.252			1,642,854	
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427			121,648	
Distribution of Receipts to State and Local Governments	15.439			3,754,415	3,754,415
Alaska Native Science and Engineering	15.442			99,962	
Fish and Wildlife Management Assistance	15.608			683,273	
Cooperative Endangered Species Conservation Fund	15.615			30,592	
Clean Vessel Act	15.616			91,946	
State Wildlife Grants	15.634			3,075,056	183,632
Alaska Subsistence Management	15.636	Orutsararmiut Traditional Council	COOP 19-036	13,553	
Alaska Subsistence Management	15.636			1,945,597	19,600
				1,959,150	19,600
Migratory Bird Joint Ventures	15.637			73,106	
Wildlife without Borders-Mexico	15.641			12,695	
Alaska Migratory Bird Co-Management Council	15.643			120,396	
National Wildlife Refuge System Enhancements	15.654			3,000	
Endangered Species Conservation – Recovery Implementation Funds	15.657			66,602	
NFWF-USFWS Conservation Partnership	15.663	National Fish & Wildlife Foundation	0801.16.050041	12,968	
Fish and Wildlife Coordination and Assistance	15.664	National Fish & Wildlife Foundation	50059 0801.16.050059	12,572	
Cooperative Landscape Conservation	15.669			8,496	
Adaptive Science	15.670			27,499	
National Fire Plan-Wildland Urban Interface Community Fire Assistance	15.674			13,415	
U.S. Geological Survey Research and Data Collection	15.808			992,204	
National Cooperative Geologic Mapping	15.810			44,693	
National Geological and Geophysical Data Preservation	15.814			21,400	
Volcano Hazards Program Research and Monitoring	15.818			1,193,689	
Energy Cooperatives to Support the National Energy Resources Data System	15.819			25,034	
Historic Preservation Fund Grants-In-Aid	15.904			924,260	177,191
Outdoor Recreation Acquisition, Development and Planning	15.916			988,997	850,147
Rivers, Trails and Conservation Assistance	15.921			50	

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National Maritime Heritage Grants	15.925			97,527	74,997
Cooperative Research and Training Programs – Resources of the National Park System	15.945			176,272	
Water Use and Data Research	15.981			10,421	
Miscellaneous Fish & Wildlife Service	15.U01		G15AC00012	6,210	
Miscellaneous Fish & Wildlife Service	15.U02		M12PC00005	370,730	
Miscellaneous Fish & Wildlife Service	15.U03		M13PC00015	24,942	
17 BLM Fire Suppression	15.U04		BLM MOU AK-2015-002	19,878	
18 BLM Fire Suppression	15.U05		BLM MOU AK-2015-002	4,017,234	
19 BLM Fire Suppression	15.U06		BLM MOU AK-2015-002	8,761,739	
Intergovernmental Personnel Act	15.U07		LLAK910000	124,818	
Irwin Project	15.U08		M 4500104134	12,821	
APL Yard Buskin River Diesel Spill	15.U09	NOAA	NOAA15NRD01-0004	6,173	
Total for U.S. Department of the Interior				**106,265,415**	**16,619,915**
U.S. Department of Justice					
Research and Development Cluster					
Juvenile Justice and Delinquency Prevention	16.540			9,194	
State Justice Statistics Program for Statistical Analysis Centers	16.550			595	393
Juvenile Mentoring Program	16.726	National 4H Council	4-H NMP9	12,714	
Juvenile Mentoring Program	16.726	National 4H Council	4H-NMP8	69,660	
				82,374	-
National Sexual Assault Kit Initiative	16.833			53,163	
Total for Research and Development Cluster				**145,326**	**393**
Sexual Assault Services Formula Program	16.017			838,186	823,772
Justice Systems Response to Families	16.021			144,795	142,364
Juvenile Justice and Delinquency Prevention	16.540			488,425	210,002
Missing Children's Assistance	16.543	Municipality of Anchorage, Police Department	2010-MC-CX-K031 & 2013-MC-FX-K011	32,244	
National Criminal History Improvement Program (NCHIP)	16.554			434,505	
Crime Victim Assistance	16.575			5,778,865	5,573,024
Crime Victim Compensation	16.576			680,397	
Crime Victim Assistance/Discretionary Grants	16.582	Fox Valley Technical College	D2016006028	14,021	
Crime Victim Assistance/Discretionary Grants	16.582	Fox Valley Technical College	D2019012074	16,599	
Crime Victim Assistance/Discretionary Grants	16.582			49,654	
				80,274	-
Drug Court Discretionary Grant Program	16.585			98,564	
Violence Against Women Formula Grants	16.588			1,032,021	233,283
Residential Substance Abuse Treatment for State Prisoners	16.593			137,958	
State Criminal Alien Assistance Program	16.606			92,458	
Project Safe Neighborhoods	16.609			3,981	
Special Data Collection and Statistical Studies	16.734			113,448	
Edward Byrne Memorial Justice Assistance Grant Program	16.738			747,956	210,607
DNA Backlog Reduction Program	16.741			461,152	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			271,554	
Edward Byrne Memorial Competitive Grant Program	16.751			46,990	
Harold Rogers Prescription Drug Monitoring Program	16.754			193,411	
Second Chance Act Reentry Initiative	16.812			43,140	
NICS Act Record Improvement Program	16.813			126,494	
National Sexual Assault Kit Initiative	16.833			501,266	
Equitable Sharing Program	16.922			597,543	
Total for U.S. Department of Justice				**13,090,953**	**7,193,445**

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Labor					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207			4,593,377	
Jobs for Veterans State Grants	17.801			730,742	
Total for Employment Service Cluster				**5,324,119**	**-**
WIOA Cluster					
WIOA Adult Program	17.258			2,466,760	216,048
WIOA Youth Activities	17.259			2,544,906	1,571,766
WIOA Dislocated Worker Formula Grants	17.278			4,506,303	58,289
Total for WIOA Cluster				**9,517,969**	**1,846,103**
Labor Force Statistics	17.002			574,649	
Compensation and Working Conditions	17.005			69,014	
Unemployment Insurance	17.225			121,783,985	
Senior Community Service Employment Program	17.235			1,516,600	112,185
Trade Adjustment Assistance	17.245			77,510	
WIOA Pilots, Demonstrations, and Research Projects	17.261			91,509	
H-1B Job Training Grants	17.268			578,520	213,493
Reentry Employment Opportunities	17.270			100,728	
Work Opportunity Tax Credit Program (WOTC)	17.271			112,357	
Temporary Labor Certification for Foreign Workers	17.273			14,961	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			1,459,968	53,349
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280			207,325	35,259
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282			173,194	
Apprenticeship USA Grants	17.285			347,327	187,919
Occupational Safety and Health State Program	17.503			1,335,046	
Consultation Agreements	17.504			675,296	
Mine Health and Safety Grants	17.600			130,993	
Total for U.S. Department of Labor				**144,091,070**	**2,448,308**
U.S. Department of Transportation					
Federal Transit Cluster					
Federal Transit Capital Investment Grants	20.500			943,991	148,999
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526			4,130,853	3,964,732
Total for Federal Transit Cluster				**5,074,844**	**4,113,731**
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205			619,329,661	4,731,642
Recreation Trails Program	20.219			1,159,223	599,386
Federal Lands Access Program	20.224			(446,467)	
Total for Highway Planning and Construction Cluster				**620,042,417**	**5,331,028**
Highway Safety Cluster					
State and Community Highway Safety	20.600			1,929,218	707,739
State Traffic Safety Information System Improvement Grants	20.610			2,181	
Incentive Grant Program to Increase Motorcyclist Safety	20.612			11,002	
National Priority Safety Programs	20.616			1,729,314	1,370,146
Total for Highway Safety Cluster				**3,671,715**	**2,077,885**
Research and Development Cluster					
Air Transportation Centers of Excellence	20.109			92,367	
Highway Research and Development Program	20.200			14,780	
University Transportation Centers Program	20.701	University of Washington	BPO 3882	22,450	
University Transportation Centers Program	20.701	University of Washington	UWSC10217 BPO28344	214,546	
University Transportation Centers Program	20.701			2,008,420	1,572,730

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				2,245,416	1,572,730
Pipeline Safety Research Competitive Academic Agreement Program	20.724			17,895	
Total for Research and Development Cluster				**2,370,458**	**1,572,730**
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			566,827	545,368
Total for Transit Services Programs Cluster				**566,827**	**545,368**
Airport Improvement Program	20.106			212,505,233	
Highway Research and Development Program	20.200			(2,170,131)	
Highway Training and Education	20.215			(638,655)	
Motor Carrier Safety Assistance	20.218			1,052,690	
Performance and Registration Information Systems Management	20.231			9,414	
Commercial Driver's License Program Implementation Grant	20.232			199,492	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			431,101	3,400
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240			(200,000)	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			312,369	300,091
Formula Grants for Rural Areas and Tribal Transit Program	20.509			7,594,740	6,743,087
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			357,441	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			50,515	
Interagency Hazardous Materials Public Sector Training and Planning	20.703			90,435	
Clean-up Contaminated Sites in Alaska	20.U01		DTFAWN-15-A-80000	126,374	
Glen Highway Cultural Resources Survey	20.U02		15A7020013501	47,792	
Total for U.S. Department of Transportation				**851,495,071**	**20,687,320**
Equal Employment Opportunity Commission					
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002			16,450	
Total for Equal Employment Opportunity Commission				**16,450**	**-**
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			7,225,448	
Total for General Services Administration				**7,225,448**	**-**
National Aeronautics and Space Administration					
Research and Development Cluster					
Science	43.001	Clemson University	1820-204-2010726 NNX15AL71G	80,997	
Science	43.001	Embry-Riddle Aeronautical University	Sub 61488-01 / PO 241097	16,162	
Science	43.001	Embry-Riddle Aeronautical University	Sub 61534-02 / PO 242447	14,178	
Science	43.001	Jet Propulsion Laboratory	Subcontract 1615131	8,514	
Science	43.001	Jet Propulsion Laboratory	Subcontract 1616581	83,006	
Science	43.001	President & Fellows of Harvard College	124027-5100419	1,520	
Science	43.001	Southern Methodist University	G0013927500 RO36674 NNX14AQ95G	21,705	
Science	43.001	Universities Space Research Association	05762-01	25,073	
Science	43.001	Universities Space Research Association	2015000929 02250-01 NNX15AL12A	103,083	
Science	43.001	University of Arizona	407782	58,510	

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Science	43.001	University of California, Santa Barbara NCEAS	KK1831	109,208	
Science	43.001	University of Colorado	1555192 PO	11,954	
Science	43.001	University of Colorado	1554201 PO	96,066	
Science	43.001	University of Maryland	52681-Z6031201	40,631	
Science	43.001	University of Pittsburgh	0059586 (414333-1)	1,879	
Science	43.001	University of Texas, Arlington	2612013261	1,492	
Science	43.001	Woods Hole Oceanographic Institution	A101348	71,942	
Science	43.001			14,358,663	826,862
				15,104,583	826,862
Space Operations	43.007			76,160	
Education	43.008			1,285,388	68,156
Space Technology	43.012			47,858	
UAF Scope of Work for "Imaging Arctic Methane Plumes"	43.RD	Jet Propulsion Laboratory	1572960	319,131	
Volatiles Transport in Lunar Regolith Parameters Study Using the COUPi Discrete Element Method Model	43.RD	Johns Hopkins University	121078 FG3ZN CLIN 1	96,443	
2017 Funding for UAF Grant G5454: Physical and Geologic Investigations of the Surface Materials Along the MER Traverses: Continuation of Co-I support to the Mars Exploration Rovers Participating Scientist Program (NNH05ZDA001N-MERPS)	43.RD		G00011509	8,496	
A multiple cubesat mission to characterize mechanisms by which geomagnetic storms perturb thermospheric density and composition	43.RD		G00012706	17,124	
NASA NESSF Fellowship: Climate-driven Extent Changes in Perennial Snowfields in the Central Brooks Range, Alaska: Utilizing Satellite Data to Investigate Impacts on Caribou and Inform Native Alaskan	43.RD		G00011251	45,192	
Total for Research and Development Cluster				**17,000,375**	**895,018**
Science	43.001			2,040	1,000
Citizen Science for Earths Systems Program	43.U01	University of Washington	80NSSC18M0100	146,889	
Total for National Aeronautics and Space Administration				**17,149,304**	**896,018**
Institute of Museum and Library Services					
Grants to States	45.310			1,049,490	868,364
National Leadership Grants	45.312			5,000	5,000
Total for Institute of Museum and Library Services				**1,054,490**	**873,364**
National Endowment for the Arts					
Promotion of the Arts Partnership Agreements	45.025			733,369	301,675
Total for National Endowment for the Arts				**733,369**	**301,675**
National Endowment for the Humanities					
Promotion of the Humanities Federal/State Partnership	45.129	Alaska Humanities Forum	G19-0008	9,339	
Promotion of the Humanities Division of Preservation and Access	45.149			167,150	
Promotion of the Humanities Public Programs	45.164			15,644	
Total for National Endowment for the Humanities				**192,133**	**-**
National Science Foundation					
Research and Development Cluster					
Engineering Grants	47.041			645,814	
Mathematical and Physical Sciences	47.049	CASIS: Center for the Advancement of Science in Space, Inc.	ALF Dtd 6/26/19 $10,000	3,495	

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Mathematical and Physical Sciences	47.049	CASIS: Center for the Advancement of Science in Space, Inc.	GA-2018-273	79,844	55,000
Mathematical and Physical Sciences	47.049			272,901	
				356,240	55,000
Geosciences	47.050	Boston University	Subaward 4500002571	20,775	
Geosciences	47.050	Columbia University	43(GG009393) / G11492	8,456	
Geosciences	47.050	Columbia University	43B(GG009393) / G11492	107,811	
Geosciences	47.050	Cornell University	70413-10264 Amend 4	21,226	
Geosciences	47.050	Cornell University	Subaward 83568-11156	6,455	
Geosciences	47.050	IRIS	Subaward 06-UAF-SAGE	106,098	
Geosciences	47.050	Massachusetts Institute of Technology	Subaward 107294	15,217	
Geosciences	47.050	Oregon State University	Subaward S2089C-B Pending	51,203	
Geosciences	47.050	Pennsylvania State University	5696-UAF-NSF-5369	31,609	
Geosciences	47.050	Pennsylvania State University	5814-UAF-NSF-5369	13,031	
Geosciences	47.050	Space Science Institute	Subaward 00657	75,093	
Geosciences	47.050	SRI International	Subcontract 119-000221	412,313	
Geosciences	47.050	UCAR Office of Programs	Subaward Z17-25760	2,037	
Geosciences	47.050	University of Kansas Center For Research	FY2017-072	27,980	
Geosciences	47.050	University of Northern Iowa	PO 101765/S6180C Amend 2	6,964	
Geosciences	47.050	University of Northern Iowa	S6180D / PO 101766	1,515	
Geosciences	47.050	University of Texas, Austin	UTA17-000312	117,110	
Geosciences	47.050	University of Wyoming	1003870-UAF / PO P325595	8,946	
Geosciences	47.050	Utah State University	150124-0001-43 Amend 3	25,823	
Geosciences	47.050			28,389,968	1,598,826
				29,449,630	1,598,826
Computer and Information Science and Engineering	47.070	Rand Corporation	9920180105	2,983	
Computer and Information Science and Engineering	47.070			8,422	
				11,405	-
Biological Sciences	47.074	University of Alabama, Birmingham	Subaward 000519741-001	7,360	
Biological Sciences	47.074	University of Connecticut	KFS 5648630 and PO 331023	80,818	
Biological Sciences	47.074	University of Texas, Austin	UTA17-000641	22,956	
Biological Sciences	47.074	Yale University	GR103377(CON-80001343)	1,782	
Biological Sciences	47.074			2,372,582	75,575
				2,485,498	75,575
Social, Behavioral, and Economic Sciences	47.075			221,436	
Education and Human Resources	47.076			2,552,429	93,055
Polar Programs	47.078			394,153	
Office of International Science and Engineering	47.079	University of Southern California	67449315 / PO 10372986	225,217	
Integrative Activities	47.083	George Washington University	16-S10 Amend 3	32,718	
Integrative Activities	47.083			2,166,331	
				2,199,049	-

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PFISR Operations and Maintenance Support	47.RD	SRI International	Sub 35444 (AGS-1840962	100,180	
NSF Assignment Agreement for Roman Makarevich	47.RD		G00012605	51,525	
NSF IPA Burns	47.RD		G00011633	206,854	
Total for Research and Development Cluster				**38,899,430**	**1,822,456**
Total for National Science Foundation				**38,899,430**	**1,822,456**
Small Business Administration					
Small Business Development Centers	59.037			468,204	
Prime Technical Assistance	59.050			9,265	
Total for Small Business Administration				**477,469**	**-**
U.S. Department of Veterans Affairs					
Veterans Transportation Project	64.035			221,419	189,559
Veterans Housing Guaranteed and Insured Loans	64.114			58,473,013	
Contract	64.U01		V101 (223C) P-5801	76,416	
Total for U.S. Department of Veterans Affairs				**58,770,848**	**189,559**
Environmental Protection Agency					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	66.458			17,124,067	17,124,067
Total for Clean Water State Revolving Fund Cluster				**17,124,067**	**17,124,067**
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds	66.468			11,147,506	8,240,922
Total for Drinking Water State Revolving Fund Cluster				**11,147,506**	**8,240,922**
Research and Development Cluster					
Congressionally Mandated Projects	66.202			10,846	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			92,370	
Regional Wetland Program Development Grants	66.461			39,056	
Science To Achieve Results (STAR) Research Program	66.509	University of Colorado, Boulder	PO 1000397392 / Ref 1552028	44,816	
Performance Partnership Grants	66.605			45,301	
Total for Research and Development Cluster				**232,389**	**-**
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			341,485	
State Clean Diesel Grant Program	66.040			136,963	105,738
Congressionally Mandated Projects	66.202			15,118,496	2,355,739
Multipurpose Grants to States and Tribes	66.204			34,702	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			342,072	
State Public Water System Supervision	66.432			2,569,116	
State Underground Water Source Protection	66.433			119,000	
Health Watersheds Consortium Grant Program	66.441	United States Endowment for Forestry and Communities, Inc.	83590301	54,635	
Water Quality Management Planning	66.454			100,000	
Regional Wetland Program Development Grants	66.461			31,184	
Beach Monitoring and Notification Program Implementation Grants	66.472			205,021	59,996
Performance Partnership Grants	66.605			3,981,511	290,347
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			170,835	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			122,089	

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Underground Storage Tank Prevention, Detection and Compliance	66.804			280,000	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			475,108	
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			144,000	
State and Tribal Response Program Grants	66.817			947,754	
Environmental Education Grants	66.951			9,088	3,167
LUST Trust Cost Recovery	66.U01		LUST Trust Cost Recovery	141,286	
Total for Environmental Protection Agency				**53,828,307**	**28,179,976**
U.S. Department of Energy					
Research and Development Cluster					
Office of Science Financial Assistance Program	81.049	Battelle Oak Ridge National Laboratory	4000116073	739,188	
Office of Science Financial Assistance Program	81.049	University of Illinois, Champaign	083570-15976	28,590	
Office of Science Financial Assistance Program	81.049			313,613	23,553
				1,081,391	23,553
Renewable Energy Research and Development	81.087	Igiugig Village Council	2018-09	11,185	
Renewable Energy Research and Development	81.087	Oregon State University	G0152A-A	31,430	
				42,615	-
Fossil Energy Research and Development	81.089			3,022,319	1,552,354
Advanced Research Projects Agency - Energy	81.135			388,017	215,416
Arm Lead Mentor	81.RD	Argonne National Laboratory	Subcontract 6F-31844	56,483	
ARM Lead Mentor for Solid Precipitation Measurement on the North Slope of Alaska	81.RD	Argonne National Laboratory	Sub 7F-30142	108,918	
ARM Lead Mentor: Appendix B-1	81.RD	Argonne National Laboratory	8F-30200	101,230	
Soil organic carbon stocks in ice wedge polygons, Barrow	81.RD	Argonne National Laboratory	3F-31801	7,378	
UAF participation in: "Resilient Alaskan Distribution system Improvements using Automation, Network analysis, Control, and Energy storage"	81.RD	Idaho National Laboratory	Standard Research Cont. 197572	147,226	
Advanced Distribution Managements System (ADMS) Platform Program	81.RD	Pacific Northwest National Laboratory PNNL	377182	90,059	
ARM North Slope of Alaska/Adjacent Arctic Ocean Site Operations Technical Support Contract Instrument Support Specialist (FY18)	81.RD	Sandia National Laboratories	PO 1854849	104,250	
Predictive Model for Arctic Coastal Erosion	81.RD	Sandia National Laboratories	PO 1854541	57,789	
ACEP Scope of Work: Collaboration with LBNL on Remote Off-Grid Microgrid Design Tool	81.RD	University of California, Berkeley	7338644	1,263	
HiLAT: Investigating the role of Arctic sea ice decline on high-latitude ocean and sea ice	81.RD		G00012702	23,489	
MC3	81.RD		G00011642	28,179	
Water Horse Hydroelectric Harvester Development	81.RD		G00012815	2,034	
Total for Research and Development Cluster				**5,262,640**	**1,791,323**
State Energy Program	81.041			305,337	
Weatherization Assistance for Low-Income Persons	81.042			1,936,516	1,760,109
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	Washington State University	DE-EE0008275	3,952	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			28,865	2,605
				32,817	2,605
State Energy Program Special Projects	81.119			169,160	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122			2,162	2,162
Long-Term Surveillance and Maintenance	81.136			70,522	

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Total for U.S. Department of Energy				**7,779,154**	**3,556,199**
U.S. Department of Education					
Special Education Cluster (IDEA)					
Special Education Grants to States	84.027			40,470,247	38,306,380
Special Education Preschool Grants	84.173			1,187,034	1,064,290
Total for Special Education Cluster (IDEA)				**41,657,281**	**39,370,670**
Student Financial Assistance Programs Cluster					
Federal Supplemental Educational Opportunity Grants	84.007			780,088	
Federal Work-Study Program	84.033			383,430	
Federal Pell Grant Program	84.063			23,456,292	
Federal Direct Student Loans	84.268			45,567,602	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			460,487	
Total for Student Financial Assistance Programs Cluster				**70,647,899**	**-**
TRIO Cluster					
TRIO Student Support Services	84.042			475,112	
TRIO Upward Bound	84.047			598,461	
Total for TRIO Cluster				**1,073,573**	**-**
Adult Education - Basic Grants to States	84.002			1,044,755	619,210
Title I Grants to Local Educational Agencies	84.010			43,781,468	42,444,426
Migrant Education State Grant Program	84.011			13,183,978	12,474,226
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			343,362	339,601
Higher Education Institutional Aid	84.031			6,015,621	
Impact Aid	84.041			46,459,126	
Career and Technical Education -- Basic Grants to States	84.048			4,986,299	3,668,698
Indian Education Grants to Local Educational Agencies	84.060			142,608	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126			9,660,675	
Rehabilitation Services Client Assistance Program	84.161			65,959	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177			173,731	171,384
Special Education-Grants for Infants and Families	84.181			2,576,416	1,802,680
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			2,085	
Education for Homeless Children and Youth	84.196			228,554	197,416
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	84.215	Association of Alaska School Boards	U215N170038	76,985	
Twenty-First Century Community Learning Centers	84.287			5,462,270	5,214,229
Indian Education -- Special Programs for Indian Children	84.299			10,290	
Alaska Native Educational Programs	84.356	INUIT Circumpolar Conference	ICC-AK Amend 2	14,992	
Alaska Native Educational Programs	84.356	Sealaska Heritage Institute	305-18-1923	58,533	
Alaska Native Educational Programs	84.356			969,530	21,678
				1,043,055	21,678
Rural Education	84.358			67,535	
Native Hawaiian Education	84.362			134,662	
English Language Acquisition State Grants	84.365	Kuspuk School District	Agreement Dtd 1/18/18	68,644	
English Language Acquisition State Grants	84.365			1,337,038	980,127
				1,405,682	980,127
Mathematics and Science Partnerships	84.366			263,173	254,284
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367			9,378,357	9,179,577
Grants for State Assessments and Related Activities	84.369			3,903,415	
School Improvement Grants	84.377			1,228,149	1,211,768

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Strengthening Minority-Serving Institutions	84.382			171,630	
Student Support and Academic Enrichment Program	84.424			4,768,489	4,641,856
Federal Family Education Loans (Lenders)	84.032L			57,710,608	
TPPSS--Evaluation of the ESEA Title VII, Indian Education LEA Grants Program CAEPR portion	84.U01	SRI International	PO7963 MOD 2	30,212	
AK State Writing Consortium FY10 - Program income for G5602	84.U02	Program Income Account	Program Income / PNWPC001	214	
FY19 YMHFA Expansion Title IV	84.U03		RSA 0590071	28,198	
Total for U.S. Department of Education				**327,726,314**	**122,591,830**
National Archives and Records Administration					
National Historical Publications and Records Grants	89.003			9,500	
Total for National Archives and Records Administration				**9,500**	**-**
Denali Commission					
Research and Development Cluster					
Denali Commission Program	90.100			32,467	
Total for Research and Development Cluster				**32,467**	**-**
Denali Commission Program	90.100			2,862,747	1,688,116
Total for Denali Commission				**2,895,214**	**1,688,116**
Election Assistance Commission					
Help America Vote Act Requirements Payments	90.401			766,391	
2018 HAVA Election Security Grants	90.404			15,396	
Total for Election Assistance Commission				**781,787**	**-**
U.S. Department of Health and Human Services					
Aging Cluster					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044			2,870,111	1,882,883
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			2,074,429	1,021,642
Nutrition Services Incentive Program	93.053			600,930	130,364
Total for Aging Cluster				**5,545,470**	**3,034,889**
477 Cluster					
Temporary Assistance for Needy Families	93.558	Association of Village Council	Agreement Dtd 4/8/19	528,710	
Temporary Assistance for Needy Families	93.558	Association of Village Council Presidents	AVCP TANF & UAF 4-H Subaward	265,595	
Temporary Assistance for Needy Families	93.558	Association of Village Council	Contract Dtd 3/25/16	339,916	
				1,134,221	-
Child Care and Development Block Grant	93.575	Cook Inlet Tribal Council	90YE0195	16,065	
Child Care and Development Block Grant	93.575	Cook Inlet Tribal Council	ALF Dtd 6/12/19 $40,000	14,053	
				30,118	-
Total for 477 Cluster				**1,164,339**	**-**
Child Care and Development Fund (CCDF) Cluster					
Child Care and Development Block Grant	93.575			19,917,123	6,629,524
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			8,412,142	
Total for Child Care and Development Fund (CCDF) Cluster				**28,329,265**	**6,629,524**

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Health Center Program Cluster					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224			14,395	
Total for Health Center Program Cluster				**14,395**	**-**
Medicaid Cluster					
State Medicaid Fraud Control Units	93.775			1,260,994	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			564,630	
Medical Assistance Program	93.778			1,608,878,926	701,836
Total for Medicaid Cluster				**1,610,704,550**	**701,836**
Research and Development Cluster					
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			131,634	
Environmental Health	93.113	University of Montana	PG15-64491-01 / Pending	95	
Environmental Health	93.113	University of Montana	PG18-61047-01	246	
				341	-
Injury Prevention and Control Research and State and Community Based Programs	93.136			372,232	89,353
Traumatic Brain Injury State Demonstration Grant Program	93.234			145,264	42,148
Mental Health Research Grants	93.242	University of Massachusetts, Amherst	19-010501 B00	40,387	
Mental Health Research Grants	93.242			764,757	157,893
				805,144	157,893
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Anchorage Community Mental Health Services	Contract Dtd 10/23/17	32,534	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Anchorage Community Mental Health Services	Contract Dtd 11/2/18	38,716	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Native Village of Hooper Bay	NVHPB-001	77,514	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Veteran's Path	Agreement Signed 2/6/18	37,310	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			1,099,441	
				1,285,515	-
Alcohol Research Programs	93.273			487,100	79,657
Drug Abuse and Addiction Research Programs	93.279			177,439	107,500
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283			33,666	
Trans-NIH Research Support	93.310	Portland State University (PSU)	205CRE496 Amend 8	159,319	
Trans-NIH Research Support	93.310	Portland State University (PSU)	206CRE544 Amend 4	110,861	
Trans-NIH Research Support	93.310	Portland State University (PSU)	Subaward 208CRE616	55,298	
Trans-NIH Research Support	93.310	Portland State University (PSU)	Subaward 208CRE619	73,217	
Trans-NIH Research Support	93.310			5,269,419	105,556
				5,668,114	105,556
Research Infrastructure Programs	93.351	Colorado State University	G-45694-01	7,260	
Cancer Cause and Prevention Research	93.393	Arizona State University	Subaward 17-009	133,087	
Cancer Treatment Research	93.395			77,833	
Cancer Research Manpower	93.398	AK Native Tribal Health Consortium	ANTHC 15-U-61682 MOD 7	14,973	
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426			18,211	

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ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	University of Illinois, Chicago	16207-05	2,262	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433			92,175	
				94,437	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	University of Kentucky	PO 7800004482	37,226	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			395,445	
				432,671	-
Child Welfare Research Training or Demonstration	93.648	State University of New York	18-18-79280 Amend 4	121,691	
Cardiovascular Diseases Research	93.837	National Jewish Health	20112502 Amend 1	28,220	
Cardiovascular Diseases Research	93.837	National Jewish Health	Subaward 2010904	31,440	
				59,660	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Oregon Health & Science University	Subaward 1013135_UAF	1,689	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			509,689	49,255
				511,378	49,255
Allergy and Infectious Diseases Research	93.855			311,440	
Biomedical Research and Research Training	93.859	Montana State University	G122-19-W7389	30,724	
Biomedical Research and Research Training	93.859	Montana State University	G126-19-W7384	79,408	
Biomedical Research and Research Training	93.859	Montana State University	G127-19-W7387	74,102	
Biomedical Research and Research Training	93.859	Montana State University	G128-19-W7388	42,495	
Biomedical Research and Research Training	93.859	Montana State University	G130-19-W7439	31,893	
Biomedical Research and Research Training	93.859	Montana State University	G137-19-W7439 Amend 1	42,561	
Biomedical Research and Research Training	93.859	Montana State University	G148-19-W7439	38,361	
Biomedical Research and Research Training	93.859	Montana State University	G169-18-W6798	21,315	
Biomedical Research and Research Training	93.859	Montana State University	G170-18-W6796	7,994	
Biomedical Research and Research Training	93.859	Montana State University	G204-19-W7439	20,559	15,455
Biomedical Research and Research Training	93.859	Montana State University	Subaward G137-18-W6795	13,291	
Biomedical Research and Research Training	93.859	Montana State University	Subaward G152-18-W6798	4,437	
Biomedical Research and Research Training	93.859	Montana State University	Subaward G155-18-W6798	12,813	
Biomedical Research and Research Training	93.859	Montana State University	Subaward G157-18-W6798	22,615	
Biomedical Research and Research Training	93.859	Northwest Indian College	Subaward NWIC-SA24226-UAF	175,638	
Biomedical Research and Research Training	93.859	Research Foundation SUNY	Sub 79590/1142917 Amend 1	56,278	
Biomedical Research and Research Training	93.859	University of Montana	PG18-62732-01	5,742	
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	18-22QN-UAF-05-BS	1,350	
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	GR 07327 Amend 2	107,757	
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	GR07328	36,990	
Biomedical Research and Research Training	93.859	University of Washington	UWSC10374 / BPO30153	2,675	
Biomedical Research and Research Training	93.859	University of Wisconsin, Oshkosh	FSA.18.001	10,883	
Biomedical Research and Research Training	93.859			4,384,630	262,493
				5,224,511	277,948
Vision Research	93.867	Colorado State University	Subaward G-45693-01	670	
NIAID Centers of Excellence for Influenza Research and Surveillance	93.RD	Mount Sinai School of Medicine	HHSN27220140008C/COA #3/ Amd 6	101,344	
Improving Science-Ethics Communication at the Nexus of Climate-Food-Water-Energy Health: Community Outreach Project that Engages Elementary School Children in the Anchorage School District	93.RD	Oak Ridge Associated Universities	Order 605150/Awardee 300	39	
Building Tribal Capacity for Climate Change Resilience Year 2	93.RD	Village of Wainwright	P2018.17	18,237	

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Total for Research and Development Cluster				**16,233,891**	**909,310**
TANF Cluster					
Temporary Assistance for Needy Families	93.558			39,113,716	
Total for TANF Cluster				**39,113,716**	**-**
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			34,357	
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042			98,849	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043			94,035	86,729
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			258,348	18,324
National Family Caregiver Support, Title III, Part E	93.052			723,981	721,365
Public Health Emergency Preparedness	93.069			63,302	
Medicare Enrollment Assistance Program	93.071			43,078	10,000
Birth Defects and Developmental Disabilities - Prevention and	93.073			510,725	26,953
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			4,882,904	789,510
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			77,485	
Guardianship Assistance	93.090			1,145,976	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			220,887	
Food and Drug Administration Research	93.103			906,606	
Area Health Education Centers	93.107			758,062	614,939
Maternal and Child Health Federal Consolidated Programs	93.110			941,574	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			690,911	
Emergency Medical Services for Children	93.127			132,003	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			24,717	
Injury Prevention and Control Research and State and Community Based Programs	93.136			1,975,574	85,000
Projects for Assistance in Transition from Homelessness (PATH)	93.150			431,058	293,883
Grants to States for Loan Repayment	93.165			823,973	
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185	National AHEC Organization	Sub Dtd 3/31/18 Amd #1 4/23/19	7,981	
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197			241,378	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47002	(284)	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47003	625,928	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47004	(86)	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47008	692,410	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47013	54,983	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47016	284,832	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47033	114,782	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47034	153,761	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47039	259,699	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47040	143,546	

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2019

By Federal Agency

Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47041	142,797	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47042	844,448	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47043	42,694	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47044	206	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47051	2,861	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47061	30,648	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47062	31,057	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47063	634	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47064	376	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	Alaska Native Tribal Health Consortium	MOU dated 05/09/2006-W47064	434	
				3,425,726	-
Family Planning Services	93.217			762,606	308,688
Traumatic Brain Injury State Demonstration Grant Program	93.234			26,356	
Grants to State to Support Oral Health Workforce Activities	93.236			13,853	
State Capacity Building	93.240			374,830	
State Rural Hospital Flexibility Program	93.241			701,174	26,050
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			5,575,058	3,124,054
Early Hearing Detection and Intervention	93.251			287,832	35,000
Immunization Cooperative Agreements (***Admin Costs***)	93.268			1,109,193	
Immunization Cooperative Agreements (***Immunizations***)	93.268			10,632,630	
				11,741,823	-
Viral Hepatitis Prevention and Control	93.270			140,695	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283			253,050	
Small Rural Hospital Improvement Grant Program	93.301			132,012	
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305			1,057,764	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314			149,714	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			1,871,385	
State Health Insurance Assistance Program	93.324			193,866	18,324
Behavioral Risk Factor Surveillance System	93.336			154,480	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			191,089	
ACL Independent Living State Grants	93.369			350,019	334,999
1332 State Innovation Waivers	93.423	Comprehensive Health Insurance Association	SIWIW180004	41,655,393	41,655,393
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426			831,582	
Every Student Succeeds Act/Preschool Development Grants	93.434			100,109	92,625
State Physical Activity and Nutrition (SPAN	93.439			516,613	
ACL Assistive Technology	93.464			407,188	404,651
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505			81,612	
Public Health Training Centers Program	93.516	University of Washington	UWSC8209	16,964	
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; PPHF	93.521			276,730	

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2019

By Federal Agency

Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539			1,764,521	
Promoting Safe and Stable Families	93.556			885,312	221,814
Child Support Enforcement	93.563			17,647,936	
Low-Income Home Energy Assistance	93.568			11,354,289	960,000
Community Services Block Grant	93.569			2,595,483	2,496,314
State Court Improvement Program	93.586			213,782	
Community-Based Child Abuse Prevention Grants	93.590			447,783	344,758
Grants to States for Access and Visitation Programs	93.597			122,912	
Chafee Education and Training Vouchers Program (ETV)	93.599			204,275	
Head Start	93.600			62,662	
Adoption and Legal Guardianship Incentive Payments	93.603			194,659	
Developmental Disabilities Basic Support and Advocacy Grants	93.630			615,072	
Developmental Disabilities Projects of National Significance	93.631			152,799	
Children's Justice Grants to States	93.643			69,561	
Stephanie Tubbs Jones Child Welfare Services Program	93.645			85,996	36,776
Foster Care Title IV-E	93.658			24,397,888	
Adoption Assistance	93.659			24,618,042	
Social Services Block Grant	93.667			8,995,306	1,322,545
Child Abuse and Neglect State Grants	93.669			208,797	
Child Abuse and Neglect Discretionary Activities	93.670	Center For Children and Family Futures	90CA1854	61,437	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			829,347	783,539
John H. Chafee Foster Care Program for Successful Transition to	93.674			1,321,985	160,000
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733			28,637	
Elder Abuse Prevention Interventions Program	93.747	American Bar Association	90EJIG0007-01-00	15,162	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757			264,193	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758			525,823	
Children's Health Insurance Program	93.767			30,552,804	
Medicare Hospital Insurance	93.773			919,970	
Opioid STR	93.788			2,925,244	2,621,616
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815			175,266	
Hospital Preparedness Program (HPP) and Ebola Preparedness and Response Activities	93.817			64,708	
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			1,751,452	
Assistance for Oral Disease Prevention and Control	93.875			107,090	
Medical Library Assistance	93.879	University of Washington	SubUWSC9122 MOD2 BPO30586	34,267	
The Health Insurance Enforcement and Consumer Protections Grant Program	93.881			22,030	
National Bioterrorism Hospital Preparedness Program	93.889			26,928	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			3,201,086	
Grants to States for Operation of Offices of Rural Health	93.913			204,503	
HIV Care Formula Grants	93.917			1,105,076	625,392
HIV Prevention Activities Health Department Based	93.940			1,095,696	371,667
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			2,494	
Assistance Programs for Chronic Disease Prevention and Control	93.945			76,546	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			178,749	
Block Grants for Community Mental Health Services	93.958			1,812,585	1,520,070
Block Grants for Prevention and Treatment of Substance Abuse	93.959			8,253,506	5,382,000
PPHF Geriatric Education Centers	93.969	Southcentral Foundation	MOA Eff. 5/22/19 Amend 5	350,770	
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			455,271	

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2019

By Federal Agency

Prepared by the Division of Finance

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981			314,122	85,738
Maternal and Child Health Services Block Grant to the States	93.994			762,354	21,000
FDA Food Inspections	93.U01		HHSF223201310149C	791,824	
Total for U.S. Department of Health and Human Services				**1,940,350,913**	**76,875,275**
Corporation for National and Community Service					
State Commissions	94.003			185,242	14,904
AmeriCorps	94.006			1,245,468	1,105,695
Training and Technical Assistance	94.009			117,888	2,409
Volunteers in Service to America	94.013			5,565	
Total for Corporation for National and Community Service				**1,554,163**	**1,123,008**
Executive Office of the President					
High Intensity Drug Trafficking Areas Program	95.001			536,615	
Total for Executive Office of the President				**536,615**	**-**
Social Security Administration					
Disability Insurance/SSI Cluster					
Social Security Disability Insurance	96.001			4,770,995	
Supplemental Security Income	96.006			699,223	
Total for Disability Insurance/SSI Cluster				**5,470,218**	**-**
Social Security - Work Incentives Planning and Assistance Program	96.008			113,677	
Incentive Payment Agreement (IPMOU) between SSA and DOC	96.U01		IPMOU	36,200	
Total for Social Security Administration				**5,620,095**	**-**
U.S. Department of Homeland Security					
Research and Development Cluster					
Boating Safety Financial Assistance	97.012			31,203	
Centers for Homeland Security	97.061			2,869,705	1,289,442
Total for Research and Development Cluster				**2,900,908**	**1,289,442**
Boating Safety Financial Assistance	97.012			575,092	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			111,368	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			10,533,692	9,223,724
Hazard Mitigation Grant	97.039			1,058,797	881,470
National Dam Safety Program	97.041			46,430	
Emergency Management Performance Grants	97.042			3,415,987	1,004,180
State Fire Training Systems Grants	97.043			15,871	
Assistance to Firefighters Grant	97.044			850,657	
Cooperating Technical Partners	97.045			223,241	
Pre-Disaster Mitigation	97.047			369,945	
Homeland Security Grant Program	97.067			3,234,971	2,245,333
U.S. Coast Guard Oversight - Juneau/Kodiak	97.U01		HSCG8716PPXA7V5	57,131	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	97.U02		FPNJ05003	644	
Coast Guard	97.U03		HSCG89-16-9-0053	288,319	
Supplemental Fire Project Agreement	97.U04		19FI11100100030	6,767	
FEMA Fire Assistance	97.U05		5282-5287-5290	8,667,741	
Joint Base Elmendorf Richardson Cooperative Agreement	97.U06		JBERIAA701FY19	17,371	
FEMA for 2018 Earthquake UAF MEF Earthquake Repairs	97.U07		590307	65,197	

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
FEMA for 2018 Earthquake UAA 2018 Earthquake Response	97.U08		590308	1,215,642	
FEMA for 2018 Earthquake UAF Seward MC Earthquake Repairs	97.U09		590309	470	
FEMA for 2018 Earthquake SW Bragaw Earthquake Damage	97.U10		590399	48,333	
Total for U.S. Department of Homeland Security				**33,704,574**	**14,644,149**
Total Expenditures of Federal Awards				**4,536,459,079**	**396,835,252**

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STATE OF ALASKA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Note 1: Purpose of the Schedule

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) 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 by its Catalog of Federal Domestic Assistance (CFDA) title and 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, 2019.

B. **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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. **Basis of Presentation** - The accompanying schedule presents expenditures of federal awards for each federal financial assistance program in accordance with the Uniform Guidance. Federal program titles are reported as presented in the CFDA whenever possible.

Expenditures of Federal Awards - As defined in the Uniform Guidance, 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 – The OMB *Compliance Supplement* identifies programs to be considered clusters of programs for auditing purposes. These clusters consist of related programs that share common compliance requirements.

Note 3: Indirect Cost Rate

The State of Alaska has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Surplus Property Program

All assistance provided to the Federal Surplus Property Program is in the form of donations of excess property to the Department of Administration, Division of General Services. In FY2019 the State processed federal property valued at $32,155,978 donors acquisition cost. For Uniform Guidance purposes, the donated property is valued at 22.47% of donors cost. This is the expenditure amount shown on the schedule as $7,225,448. The ending inventory at June 30, 2019, carried at the donors' acquisition cost was $4,168,434. (CFDA 39.003)

Note 5: WIC Rebates

During FY2019, the Department of Health and Social Services (DHSS) earned cash rebates of $2,348,773 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 3,013 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)

The U.S. Department of Agriculture requires a cash basis approach for reporting WIC rebates on the 798 reports; however, food benefits continue to be reported on the accrual basis. Based on the FY2019 WIC 798 report, the infant formula rebates were $2,373,065 resulting in additional clients served totaling 3,044. All other reporting requirements for the WIC 798 are the same.

Note 6: Loans

A. **Alaska Housing Finance Corporation (AHFC) Loan Guarantee Programs** - During the fiscal year ended June 30, 2019, 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. The principal balances of loans covered under these federal programs at June 30, 2019, are:

CFDA 10.410	Farmers Home Administration Mortgage Insurance	$	129,235,187
CFDA 14.117	HUD FHA Mortgage Insurance		218,705,073
CFDA 14.865	HUD Loan Guarantees for Indian Housing		117,191,461
CFDA 64.114	Department of Veterans' Affairs Mortgage Guarantees		57,102,075
	Total Loan Guarantees and Insurance Programs:	$	522,233,796

B. **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 loan guarantees outstanding at year end were $47,433,878. Claim payments in the amount of $4,119,160 were received during the fiscal year. (CFDA 84.032L)

C. **Economic Adjustment Assistance Revolving Loan Fund** - The U.S. Department of Commerce funds the Economic Adjustment Assistance Revolving Loan Fund (RLF) for the Department of Commerce, Community, and Economic Development. The RLF is used for business lending in Alaska. The federal share of the RLF as of June 30, 2019, totals $7,368,662 and is comprised of the following balances: $3,293,172 in loans outstanding, $4,064,065 in cash and investments, $11,425 in administrative expenses, and $0 in loans written off during the FY2019. The new loans disbursed in FY2019 and current year administrative expenses total $330,549. (CFDA 11.307)

D. **Federal Direct Student Loans** –The University of Alaska is responsible for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program. Amounts relating to this program are not included in the University's basic financial statements. Loans distributed to students of the University under this program (CFDA 84.268) during the year ended June 30, 2019 are summarized as follows:

	Amount Disbursed
Direct Subsidized Loan	$ 15,437,723
Direct Unsubsidized Loan	26,529,064
Direct PLUS Loan	3,407,972
Total:	$ 45,374,759

Note 7: Unemployment Insurance

Federal participation in FY2019 Unemployment Insurance benefits was $2,066,380. Federal participation for program administration was $21,913,522. UI benefits paid by the State during FY2019 were $97,804,082. (CFDA 17.225)

Note 8: Petroleum Violation Escrow

The U.S. Department of 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 producers. During the year ended June 30, 2019, no amounts were expended by the Alaska Housing Finance Corporation in support of Department of Energy programs. (CFDA 81.041)

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THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Administration

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Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2019

Report: **02-40012-12** Finding Number: **31** Fiscal Year: **2011** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** Questioned Costs: **None**	**Prior Audit Finding:** The DMVA DAS director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding is partially corrected. Effective May 1, 2019, all grants and disasters that exceed $25,000 are reported on the FFATA as soon as notification is received, normally within 30 days. All reports are being retained for a period of seven years. A procedure guide has been developed.
Report: **02-40013-13** Finding Number: **32** Fiscal Year: **2012** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036, 97.067** Questioned Costs: **None**	**Prior Audit Finding:** DAS' director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted timely and accurately. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 02-40012-12 #31. Please refer to the updated response on finding 02-40012-12 #31.
Report: **02-40014-14** Finding Number: **33** Fiscal Year: **2013** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036, 97.067** Questioned Costs: **None**	**Prior Audit Finding:** The Division of Administrative Services (DAS) director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are accurately submitted. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 02-40012-12 #31 and finding 02-40013-13 #32. Please refer to the updated response on finding 02-40012-12 #31.

Report: **02-40014-14** Finding Number: **45** Fiscal Year: **2013** Initial Finding Year: **2013** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.600, 20.613, 20.509** Questioned Costs: **None**	**Prior Audit Finding:** DOTPF's director of program development should develop and implement procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) subaward reporting requirements. **Status/corrective action planned/reasons for no further action:** This finding was fully corrected.
Finding Number: **2014-019** Fiscal Year: **2014** Initial Finding Year: **2014** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$21,429** CFDA: **93.767** Questioned Costs: **$1,768,845**	**Prior Audit Finding:** DHSS' commissioner should take action to implement effective controls to ensure Medicaid claims are processed accurately and timely. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2014-025** Fiscal Year: **2014** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036, 97.039, 97.067** Questioned Costs: **None**	**Prior Audit Finding:** The Division of Administrative Services' (DAS) director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports comply with federal reporting requirements. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40012-12 #31, finding 02-40013-13 #32 and finding 02-40014-14 #33. Please refer to the updated response with finding 02-40012-12 #31.
Finding Number: **2014-031** Fiscal Year: **2014** Initial Finding Year: **2013** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.509** Questioned Costs: **None**	**Prior Audit Finding:** DOTPF's program development director should ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) subaward reporting requirements. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40014-14 #45. Please refer to the updated response on finding 02-40014-14 #45.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2015-023** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.767** Questioned Costs: **None**	**Prior Audit Finding:** Management should reconcile program revenue and expenditures as part of the SEFA preparation process to ensure amounts reported are based on current year eligible expenditures and all reconciling items are clearly identified and documented. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. FMS continues to update its procedures to ensure all accounts, accruals and reconciliations are reviewed and documented on a periodic basis. The Department anticipates this audit finding will be corrected in FY2020.
Finding Number: **2015-024** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.069** Questioned Costs: **$136,760**	**Prior Audit Finding:** Management should ensure that revenue and expenditure reconciliations for prior year grants, with activity in the current year, are completed timely. Additionally, adjustments between fiscal years and the final reconciliation for closed grants should be reviewed and approved by the Revenue Unit Supervisor in a timely manner. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2015-026** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.767, 93.778** Questioned Costs: **None**	**Prior Audit Finding:** DHSS should update its policies and procedures to more clearly define a "timely" redetermination of Medicaid eligibility. DHSS should also strengthen controls around their application processing procedures to ensure all initial applications are processed within the required time frame. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The Division of Public Assistance (DPA) continues to strengthen its processes and procedures. DPA is implementing an Electronic Document Management (EDM) solution to scan applications and associated material linking them to applicant electronic records. DHSS anticipates this finding will be resolved in FY2021.
Finding Number: **2015-028** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$64** CFDA: **93.767** Questioned Costs: **$7**	**Prior Audit Finding:** DHSS should implement/enhance procedures that allow for review of manually priced claims. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The Division of Health Care Services continues to update and monitor the corrective action plan (CAP) for its fiscal agent, Conduent to increase its accuracy rate. The department anticipates this finding will be corrected in FY2020.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2015-029** Fiscal Year: **2015** Initial Finding Year: **2013** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** The Division of Administrative Services' (DAS) director should ensure uncollectible accounts receivable in the Unemployment Compensation Fund (UCF) are reported in accordance with generally accepted accounting principles. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected. DLWD developed an acceptable aging methodology in November 2018. The aging methodology was subsequently incorporated into DLWD's allowance for uncollectible accounts receivable policy and procedures.
Finding Number: **2015-030** Fiscal Year: **2015** Initial Finding Year: **2015** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** DLWD's DAS' director should work with the department's finance office to improve accounting for UCF activity. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DLWD completed UCF accounting improvements during fiscal year ended June 30, 2019. The recording of fraud penalties as reductions to expenditures instead of revenue and negative fraud penalties receivable was corrected; issues with the suspense liability are expected to be correct by August 31, 2020.
Finding Number: **2015-033** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDOD** State Agency: **DMVA** CFDA: **12.401** Questioned Costs: **$1,273**	**Prior Audit Finding:** DVMA's Army Guard Facilities Maintenance Division (ARNG FMD) operations manager and administrative services director (ASD) should provide for the training and monitoring of staff to ensure personal service expenditures are accurately charged to federal programs. **Status/corrective action planned/reasons for no further action:** This audit finding is partially corrected. Adjustments were processed for the incorrect cost allocation plan; however, no adjustment was processed for the incorrect federal split charged to the program. DMVA Finance Officer will continue to work with USDOD to resolve the remainder of the questioned costs by end of FY2020.
Finding Number: **2015-034** Fiscal Year: **2015** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's administrative services director should ensure financial transactions are properly coded to the correct fiscal year in the accounting system. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2015-035** Fiscal Year: **2015** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's administrative services director should ensure necessary revenue accruals are recorded at fiscal year-end. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2019

Finding Number: **2015-040** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.205** Questioned Costs: **$42,557**	**Prior Audit Finding:** DOTPF's administrative services director should ensure personal service expenditures charged to federal programs comply with federal cost principles. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was fully corrected.
Finding Number: **2016-007** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure procedures are followed to accurately report financial activity of the Statutory Budget Reserve Fund (SBRF) and the Constitutional Budget Reserve Fund (CBRF). **<u>Status/corrective action planned/reasons for no further action:</u>** This finding was partially resolved. Procedures for treatment of lapsing and duplicate appropriations for governmental reserve calculations were updated for the FY2019 CAFR process.
Finding Number: **2016-012** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** DOF's director should implement strong system configuration management controls. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding is unresolved. DOF began the process to address this finding but needed to cease work to focus on CAFR, other year-end items, and the system upgrade to version 4.0. As DOF goes through the upgrade process, controls and procedures will be developed and documented. Currently expected to begin in Spring 2020 and will take 18 months to complete.
Finding Number: **2016-013** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure revenues are consistently and accurately classified in the CAFR. **<u>Status/corrective action planned/reasons for no further action:</u>** The finding is unresolved. The State Accountant position has been vacant for more than six months and while procedures were written, they were not sufficient enough to avoid current year errors. The FY2020 revenue procedures will be updated to include the proper treatment of classifying revenues identified in the FY2019 CAFR audit. Procedures will be updated and finalized by 06/30/2020.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2016-014** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should improve procedures to accurately report capital assets. **Status/corrective action planned/reasons for no further action:** This finding is partially resolved. The State Accountant position has been vacant for more than six months and while procedures were written, they were not sufficient to avoid errors in the current year. For the FY2018 and FY2019 CAFR, DOF used the full functionality of the IRIS system to report capital assets, thereby eliminating the need for manual tracking on spreadsheets that contained formula errors. Each department is responsible for entering their capital asset activity into IRIS-FIN. DOF is still responsible for proper reporting of capital asset disclosure items. The FY2020 capital asset procedures will be updated and reviewed by the State Accountant by 06/30/2020.
Finding Number: **2016-015** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure year-end revenue accruals reported in the CAFR are recorded to the correct fiscal year, are valid, and are properly supported. **Status/corrective action planned/reasons for no further action:** This finding is partially resolved. Competing priorities and significant turnover in key positions have impeded the Division's ability to sufficiently address this finding in FY2019. DOF will develop additional processes to ensure the year-end revenue accrual related to unavailable revenues is accurate. Additionally, DOF will work with its contractor to automate portions of the process of recording year-end revenue accruals related to receivables to ensure accuracy. The Department anticipates completion by December 31, 2020.
Finding Number: **2016-017** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The Division of Retirement and Benefits' (DRB) director should ensure the financial audits of the retiree and health funds are performed timely. **Status/corrective action planned/reasons for no further action:** This audit finding is resolved for all DRB retiree systems and health funds except for the Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS). The FY2019 financial statement audits for all retiree systems and health funds were completed timely except for the NGNMRS which was not completed in time for inclusion in the FY2019 CAFR. DRB staff will continue to work with DMVA staff to obtain cooperation of NGNMRS beneficiaries to allow the auditor to complete confirmation procedures timely. Additionally, DRB is continuing to work with DMVA to develop policies and procedures to properly development census information for DRB's actuary to properly prepare GASB and actuarial reports.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2016-026** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.568** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend the Finance and Management Services (FMS) Assistance Commissioner should ensure that proper controls over tracking of reporting deadlines are in place and working effectively. Communication between the Division of Public Assistance (DPA) and the FMS Revenue Unit needs to be clear and concise to ensure proper financial data is being reported. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2016-031** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778, 93.767** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** We recommend that the Division of Public Assistance (DPA) should continue to leverage technology and update work processes to ensure timely processing of eligibility redeterminations. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The Division of Public Assistance (DPA) continues to strengthen its processes and procedures. DPA is implementing an Electronic Document Management (EDM) solution to scan applications and associated material linking them to applicant electronic records. DHSS anticipates this finding will be resolved in FY2021.
Finding Number: **2016-032** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778, 93.767** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend that the Division of Public Assistance (DPA) provide training on new processes highlighting the importance of utilizing case notes to document income verification. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA continues to provide agency wide training on updated work processes and the training program is being expanded and enhanced. DHSS anticipates this finding will be resolved in FY2021.
Finding Number: **2016-033** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778, 93.767** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** We recommend that the Division of Public Assistance (DPA) provide training on system changes and how to create audit trails for income verification. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA continues to provide agency wide training on updated work processes and the training program is being expanded and enhanced. DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2016-034**
Fiscal Year: **2016**
Initial Finding Year: **2015**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **10.551, 10.561, 93.268, 93.568, 93.658, 93.767, 93.778**
Questioned Costs: **$0**

Prior Audit Finding:
We recommend the Finance and Management Services (FMS) Deputy Director continue to develop, test, and implement procedures that would allow for the accurate preparation and reconciliation of the amounts to be reported on the SEFA.

Status/corrective action planned/reasons for no further action:
Repeat of finding 2015-023. Please refer to the updated response on finding 2015-023.

Finding Number: **2016-035**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **10.551, 10.561, 93.268, 93.568, 93.658, 93.767, 93.778**
Questioned Costs: **$0**

Prior Audit Finding:
We recommend that the Department of Administration, Division of Finance (DOF) and the Department of Health and Social Services (DHSS) work together to improve information system change management controls.

Status/corrective action planned/reasons for no further action:

Agency Response — Department of Health and Social Services
The Department of Administration will respond directly to this recommendation as DHSS has no authorization or oversight responsibilities with AKPAY, ALDER, or IRIS.

Agency Response — Department of Administration
This audit finding is unresolved. DOF began the process to address this finding, but needed to cease work to focus on CAFR, other year-end items, and the system upgrade. As DOF goes through the upgrade process, controls and procedures will be developed and documented. Currently expected to be resolved in FY2022.

Finding Number: **2016-037**
Fiscal Year: **2016**
Initial Finding Year: **2013**

State Agency: **DLWD**
Financial statement finding

Prior Audit Finding:
The Division of Administrative Services (DAS) director should ensure uncollectible accounts receivable in the Unemployment Compensation fund (UCF) are reported in accordance with generally accepted accounting principles.

Status/corrective action planned/reasons for no further action:
Repeat of finding 2015-029. Please refer to the updated response on finding 2015-029.

Finding Number: **2016-038**
Fiscal Year: **2016**
Initial Finding Year: **2015**

State Agency: **DLWD**
Financial statement finding

Prior Audit Finding:
DLWD's DAS director should work with the department's finance office to improve accounting for UCF activity.

Status/corrective action planned/reasons for no further action:
Repeat of finding 2015-030. Please refer to the updated response on finding 2015-030.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2016-040** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOL** State Agency: **DLWD** CFDA: **17.225** Questioned Costs: **None**	**Prior Audit Finding:** DLWD's Employment and Training Services division (DET) director should strengthen procedures to ensure that Employment and Training Administration (ETA) 227 quarterly reports are accurately and fully supported by the accounting records. **Status/corrective action planned/reasons for no further action:** This audit finding is partially corrected. DLWD implemented an updated reconciliation in June 2019 to attempt to resolve the finding. The updated reconciliation did not fully provide support for all lines of the ETA 227. DLWD staff are developing a verification report for reconciliation of the ETA 227 that is planned to be completed by March 31, 2020.
Finding Number: **2016-053** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's Administrative Services Division (ASD) director should ensure financial transactions are properly coded to the correct fiscal year in the accounting system. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-034. Please refer to the updated response on finding 2015-034.
Finding Number: **2016-054** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's ASD director should ensure necessary revenue accruals are correctly recorded at fiscal year-end. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-035. Please refer to the updated response on finding 2015-035.

Finding Number: **2016-056** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's ASD director should improve procedures to accurately report capital assets. **Status/corrective action planned/reasons for no further action:** This audit finding is partially corrected. Despite continued staffing shortages, and a significant delay before resumption of data entry in IRIS was allowed, DOT&PF has made significant progress in correcting errors identified by Legislative Audit (DLA) in prior years. In some cases, corrections in IRIS were not possible due to system limitations, but the Division of Finance (DOF) was made aware of these issues, and workarounds were put into place. For these instances, fixed asset modification (FM) documents were entered that explain the issue and include the attached workaround guidance from DOF. Draft procedures have been written and are utilized regularly. They are updated as new tools or efficiencies are identified. These draft processes and procedures have been shared with DOF and DLA. A contractor was hired to perform an analysis and identify needed corrections to fixed assets which had not yet been reviewed by Legislative Audit. The majority of the identified corrections were successfully entered into IRIS, besides those restricted by the aforementioned IRIS system limitations. This audit finding is anticipated to be resolved by 09/18/2020.
Finding Number: **2016-061** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.205** Questioned Costs: **None**	**Prior Audit Finding:** DOTPF's Statewide Design and Engineering chief should strengthen procedures to ensure the annual Federal Highway Administration (FHWA) value engineering (VE) report accurately represents the VE studies performed. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2017-002** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Procedures were inadequate to ensure Constitutional Budget Reserve Fund financial activity was accurately reported in the Comprehensive Annual Financial Report (CAFR). **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-007. Please refer to the updated response on finding 2016-007.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2017-003** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The Department of Administration has not implemented a comprehensive policy for configuration management. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-012. Please refer to the updated response on finding 2016-012.
Finding Number: **2017-004** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Government-wide governmental activities revenue in the draft Statement of Activities contained numerous classification errors totaling $230.1 million. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-013. Please refer to the updated response on finding 2016-013.
Finding Number: **2017-005** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Multiple government-wide governmental activities capital asset errors were identified in the draft CAFR financial statements. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-014. Please refer to the updated response on finding 2016-014.
Finding Number: **2017-006** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Multiple errors were identified related to the accrual of revenue and the calculation of deferred inflows of resources. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-015. Please refer to the updated response on finding 2016-015.
Finding Number: **2017-008** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Government-wide governmental activities net position related to long-term debt in the amount of $67.3 million was not properly classified in the FY2017 draft CAFR. **Status/corrective action planned/reasons for no further action:** This finding is unresolved. Procedures were updated in FY2019; however, the procedures did not address verification of ownership of projects funded by the debt while classifying net position related to the debt. Procedures will be updated to properly identify this area of difficulty and reviewed by the State Accountant by 06/30/2020.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2017-009** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Material internal control weaknesses exist with the State's new payroll system, IRIS-Human Resources Management module. **Status/corrective action planned/reasons for no further action:** This finding is partially resolved. Competing priorities and significant turnover in key positions have impeded the Division's ability to sufficiently address this finding in FY2019. DOF will require departments to take corrective actions to address this weakness. The remaining item will be resolved with the IRIS-HRM upgrade to version 4.0 scheduled to be completed by March 2022.
Finding Number: **2017-011** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The financial audits of the pension and health funds were not completed timely. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-017. Please refer to the updated response on finding 2016-017.
Finding Number: **2017-012** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Several departments inaccurately reported federal awards expended on the FY2017 schedule of expenditures of federal awards; inaccurately reported pass-through expenditures; and subrecipient amounts were not supported by the accounting records. **Status/corrective action planned/reasons for no further action:** This finding is partially resolved. The instructions for the federal schedule have been revised. The planned video training had to be delayed due to State Accountant vacancy.
Finding Number: **2017-013** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDA, USDOT, USDOE, USDHHS** State Agency: **DOA** CFDA: **10.557, 10.558, 10.U08 10.U09, 20.106, 84.010, 93.563 93.659, 93.667, 93.767, 93.775, 93.777, 93.778, 93.959** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** The FY2017 annual statewide cost allocation plan (SWCAP) has not been federally approved. **Status/corrective action planned/reasons for no further action:** This finding is partially resolved. While the FY2017 SWCAP has been approved, the FY2018 SWCAP is currently with the federal cost center approver for review and acceptance. The FY2019 SWCAP is ready to be submitted once the FY2018 has been approved. The cost center approver will not accept the FY2019 SWCAP for review until the FY2018 has been fully reviewed and approved. Until the federal cost center approver can catch up with the plan already submitted and the plan ready to be submitted, the State will continue to be behind in obtaining current SWCAP approvals.

Finding Number: **2017-019** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** The Department of Law did not have adequate documentation in its case tracking system to support the disposition of cases reviewed. Additionally, it also did not have standard operating procedures that included timeframes for conducting investigations, documenting case notes and documenting the case conclusion.
Federal Agency: **USDHHS** State Agency: **Law** CFDA: **93.775, 93.777, 93.778** Questioned Costs: **Not determinable**	**Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2017-020** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** The Department of Revenue inaccurately reported federal awards expended on the department's FY2017 schedule of expenditures of federal awards.
State Agency: **DOR** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This finding is partially corrected. DOR staff developed written procedures for preparing the SEFA. The written procedures will be updated to include correct reporting parameters of the SEFA for FY2020.
Finding Number: **2017-022** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** The Child Support Enforcement program's quarterly financial report for September 30, 2017 contained errors.
Federal Agency: **USDHHS** State Agency: **DOR** CFDA: **93.563** Questioned Costs: **None**	**Status/corrective action planned/reasons for no further action:** The audit finding is partially corrected. Child Support Enforcement (CSE) developed written instructions for gathering quarterly reporting numbers, however they do not include a process for supervisory review. Written instructions will be updated to include a review process by December 31, 2019.
Finding Number: **2017-026** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** DEED did not fully comply with the Uniform Guidance subrecipient monitoring requirements for conducting annual risk assessments and monitoring for compliance.
Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.010** Questioned Costs: **None**	**Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

Finding Number: **2017-027** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** DEED did not notify numerous Local Education Agencies (LEAs) receiving Title IA funds that they must comply with all federal suspension and debarment requirements.
Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.010** Questioned Costs: **None**	**Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2017-030** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** DEED did not maintain evidence that staff reviewed the amount of unexpended FY2016 Title IA federal funding, to ensure no more than 15% of each LEA's award was carried over into FY2017. Additionally, DEED did not maintain required copies or other evidence to demonstrate waivers were issued for some LEAs that had carryover funds exceeding the 15% limit.
Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.010** Questioned Costs: **$63,259**	**Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. While new procedures were implemented, not all were followed timely. DEED will add a supervisor review beginning the first week in November to ensure all required follow-up is done in a timely manner. All questioned costs have been resolved.
Finding Number: **2017-034** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** DHSS inaccurately reported federal awards expended on its FY2017 schedule of expenditures of federal awards (SEFA), which resulted in over-reporting federal awards by approximately $48 million. Additionally, pass-through amounts to other state agencies were erroneously omitted from the SEFA, and subrecipient totals for some programs were not supported by the accounting records.
State Agency: **DHSS** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The FMS Finance Officer developed written procedures to supplement the ones provided by the Division of Finance and that document the steps employed in the preparation of the DHSS SEFA. The procedures include steps to strengthen the transparency of the review and data verification processes completed prior to submitting the report. The Department anticipates this audit finding will be fully corrected in FY2020.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2017-035** Fiscal Year: **2017** Initial Finding Year: **2015** Federal Agencies: **USDA and USDHHS** State Agency: **DHSS** CFDA: **10.557, 93.659, 93.667, 93.775, 93.767, 93.777, 93.778, 93.959** Questioned Costs: **Not determinable**	**Prior Audit Finding:** Procedures developed and implemented by DHSS were not adequate to enable an accurate reconciliation of program expenditure details to total expenditures presented on the SEFA. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-023 and finding 2016-034. Please refer to the updated response on finding 2015-023.
Finding Number: **2017-037** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDA** State Agency: **DHSS** CFDA: **10.557** Questioned Costs: **Not determinable**	**Prior Audit Finding:** DHSS was not in compliance with the CMIA agreement for a portion of one transaction. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2017-040** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.775, 93.777, 93.778** Questioned Costs: **$164,726**	**Prior Audit Finding:** Numerous individual claims contained lines without eligibility subtypes. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2017-042** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.775, 93.777, 93.778** Questioned Costs: **None**	**Prior Audit Finding:** One transaction was paid at a rate which differed from what was required in the supporting schedules and regulations. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The Division of Health Care Services continues to update and monitor the corrective action plan (CAP) for its fiscal agent, Conduent to increase its accuracy rate. The department anticipates this finding will be corrected in FY2020.

Finding Number: **2017-043** Fiscal Year: **2017** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.775, 93.777, 93.778** Questioned Costs: **Not determinable**	**Prior Audit Finding:** DHSS does not have consistent monitoring processes in place to review the eligibility determinations. **Status/corrective action planned/reasons for no further action:** Repeat of findings 2016-031, 2016-032 and 2016-033. Please refer to the updated response on findings 2016-031, 2016-032 and 2016-033.
Finding Number: **2017-047** Fiscal Year: **2017** Initial Finding Year: **2013** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** An allowance for uncollectible accounts was not established during FY2017 and DLWD wrote off accounts determined uncollectible during the year **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-029 and finding 2016-037. Please refer to the updated response on finding 2015-029.
Finding Number: **2017-048** Fiscal Year: **2017** Initial Finding Year: **2015** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** DLWD's assessed fraud penalties were recorded as reductions to expenses rather than revenues to the fund. The fraud penalties receivable account had a negative balance and year-end transactions to clear the Unemployment Compensation Fund suspense receipts liability account were not processed. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-030 and finding 2016-038. Please refer to the updated response on finding 2015-030.
Finding Number: **2017-052** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DMVA** **Financial statement finding**	**Prior Audit Finding:** The Department of Military and Veterans Affairs inaccurately reported pass-through expenditures for a few programs on the department's FY2017 schedule of expenditures of federal awards. **Status/corrective action planned/reasons for no further action:** The audit finding is not corrected. The Finance Officer will develop written procedures over the preparation and review of the FY2019 pass through and SEFA Reports. These procedures should be completed by October 30, 2019.
Finding Number: **2017-054** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DNR** **Financial statement finding**	**Prior Audit Finding:** The Department of Natural Resources (DNR) inaccurately reported federal awards expended on the department's FY2017 schedule of expenditures of federal awards. Additionally, the department's accounting records did not support the subrecipient expenditures for some programs. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

Finding Number: **2017-055** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** Multiple DNR timesheets were not supported by the federally required OF-288 form; lacked the required written justification for hours worked in excess of 16 hours or 2:1 work-rest ratio; did not match the OF-288 timesheets; were not signed by an employee; and/or recorded additional compensation during travel status without adequate support.
Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08** Questioned Costs: **$484,065** CFDA: **10.U09** Questioned Costs: **None**	**Status/corrective action planned/reasons for no further action:** This audit finding is not corrected. DNR's Division of Forestry deputy director will continue to improve procedures to ensure timesheets hours agree with OF-288; timesheets are supported by required documentation; and only allowable hours are charged to the federal program. DNR's Division of Forestry management will work with the federal agency to resolve questioned costs.
Finding Number: **2017-056** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** DNR billed unallowable aviation offset indirect costs to the U.S. Department of Agriculture, USFS fire suppression program.
Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08** Questioned Costs: **$67,936** CFDA: **10.U09** Questioned Costs: **None**	**Status/corrective action planned/reasons for no further action:** This audit finding has been partially corrected. DNR has evaluated and changed our policies and procedures regarding aviation overhead rates, and we are confident that unallowable aviation overhead costs will not be billed in the future. DNR's Division of Forestry management will work with the federal agency to resolve questioned costs.
Finding Number: **2017-057** Fiscal Year: **2017** Initial Finding Year: **2017**	**Prior Audit Finding:** Some DNR timesheets for the U.S. Forest Service Fire Suppression program were inaccurately calculated.
Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08** Questioned Costs: **$2,244** CFDA: **10.U09** Questioned Costs: **None**	**Status/corrective action planned/reasons for no further action:** **Agency Response – Department of Natural Resources:** This finding is not corrected. DNR's management is continuing to work with DOA's Division of Personnel and Labor Relations (DOPLR) framing written policies to improvement timesheet processing procedures. DNR's Division of Forestry management will work with the federal agency to resolve questioned costs. **Agency Response – Department of Administration:** This finding is not corrected. DOA-DOPLR will implement additional timesheet processing and certification training specific to DNR-Forestry for the upcoming fire season. DOA-DOPLR will continue to strengthen procedures over timesheet processing to ensure compensation is accurately calculated.

Finding Number: **2017-058** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08, 10.U09** Questioned Costs: **None**	**Prior Audit Finding:** System control deficiencies were identified during the review of DNR's emergency firefighter time system. **<u>Status/corrective action planned/reasons for no further action:</u>** **Agency Response – Department of Natural Resources:** The audit finding is partially corrected. DNR's management will continue to assist DOA's Division of Personnel in strengthening procedures over user access to the EFF system. **Agency Response – Department of Administration:** The audit finding is partially corrected. DOA-DOPLR developed written procedures for the requesting user access; however, the procedures did not include terminating user access. DOA-DOPLR will continue to improve written procedures over user access to the EFF system.
Finding Number: **2017-059** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: USDA State Agency: **DNR** CFDA: **10.U08** Questioned Costs: **$186,556** CFDA: **10.U09** Questioned Costs: **None**	**Prior Audit Finding:** DNR billed administrative overhead costs that were not identified as program expenditures in the State's accounting system. Additionally, some direct expenditures included in DNR's FY2017 bill-for-collection were not supported by the State's accounting records. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding has been partially corrected. The remaining unresolved overhead costs of $11,556 will be resolved by DNR's Division of Forestry, who will discuss this cost with the USFS in order to determine how to resolve.
Finding Number: **2017-060** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08, 10.U09** Questioned Costs: **None**	**Prior Audit Finding:** DNR's procurement of aircraft rentals did not comply with State procurement laws. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding has been partially corrected. The corrective action plan has been implemented. Competitive solicitations were initiated, and 38 contracts were awarded in CY2019. Some CY2019 contracts may have been processed in the old methodology.
Finding Number: **2017-065** Fiscal Year: **2017** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** Department of Transportation and Public Facilities (DOTPF) FY2017 expenditures recorded during the reappropriation period were not consistently recorded to the correct fiscal year. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2015-034 and finding 2016-053. Please refer to the updated response on finding 2015-034.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2019

Finding Number: **2017-066** Fiscal Year: **2017** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** Certain FY2017 fiscal year-end revenue accruals made by DOTPF were inaccurate or missing. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2015-035 and finding 2016-054. Please refer to the updated response on finding 2015-035.
Finding Number: **2017-068** Fiscal Year: **2017** Initial Finding Year: **2016** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's FY2017 capital assets reported to the Division of Finance contained significant errors. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2016-056. Please refer to the updated response on finding 2016-056.
Finding Number: **2017-069** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's significant deficiencies in financial accounting and reporting, when considered together, represent a material weakness. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was fully corrected.
Finding Number: **2017-071** Fiscal Year: **2017** Initial Finding Year: **2017** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF inaccurately reported federal expenditures for a program on the department's FY2017 schedule of expenditures and federal awards, and their accounting records did not support the subrecipient amounts for several other programs. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was fully corrected.
Finding Number: **2017-073** Fiscal Year: **2017** Initial Finding Year: **2017** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.106** Questioned Costs: **None**	**Prior Audit Finding:** Multiple AIP financial reports prepared by DOTPF contained significant reporting errors. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was partially resolved. This audit finding is partially resolved related to the reports listed above. The department has developed an implementation plan for fully correcting the 5100-127 report. This audit finding will be fully corrected in February 2020.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2019

Finding Number: **2018-001** Fiscal Year: **2018** Initial Finding Year: **2016**	**Prior Audit Finding:** Testing of the FY2018 draft Comprehensive Annual Financial Report (CAFR) identified the year-end draw from the Constitutional Budget Reserve Fund (CBRF) to the general fund was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-007 and 2017-002. Please refer to updated response on finding 2016-007.
Finding Number: **2018-002** Fiscal Year: **2018** Initial Finding Year: **2016**	**Prior Audit Finding:** Division of Finance's (DOF) director has not developed and implemented a comprehensive policy for configuration management of its accounting and reporting systems.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-012 and 2017-003. Please refer to updated response on finding 2016-012.
Finding Number: **2018-003** Fiscal Year: **2018** Initial Finding Year: **2017**	**Prior Audit Finding:** An evaluation of DOA's State payroll system controls identified several internal control weaknesses.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-009. Please refer to updated response on finding 2017-009.
Finding Number: **2018-004** Fiscal Year: **2018** Initial Finding Year: **2018**	**Prior Audit Finding:** Internal control weaknesses were identified over logical access to DOA's State accounting system.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This finding is partially resolved. Competing priorities and significant turnover in key positions have impeded the Division's ability to sufficiently address this finding in FY2019. DOF will work with necessary division to identify a process resolve this issue. The Department anticipates completion by April 2022.

Finding Number: **2018-005** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** DOF's director lacks needed assurance over the Integrated Resource Information System (IRIS) contractor's internal control procedures and processes. **Status/corrective action planned/reasons for no further action:** This finding is unresolved. Competing priorities and significant turnover in key positions have impeded the Division's ability to sufficiently address this finding in FY2019. DOF is currently renegotiating its contract with its contractor to include the needed assurance over internal control procedures and processes. This will be resolved in January 2021.
Finding Number: **2018-006** Fiscal Year: **2018** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** Government-wide governmental activities revenues in the draft FY2018 Statement of Activities contained numerous classification errors. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-013 and 2017-004. Please refer to updated response on finding 2016-013.
Finding Number: **2018-007** Fiscal Year: **2018** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The capital asset accounts on the draft FY2018 government-wide governmental activities Statement of Net Position and related footnote five contained multiple significant errors. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-014 and 2017-005. Please refer to updated response on finding 2016-014.
Finding Number: **2018-008** Fiscal Year: **2018** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** General fund revenues and deferred inflows of resources were significantly misstated in the FY2018 draft CAFR. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-015 and 2017-006. Please refer to updated response on finding 2016-015.
Finding Number: **2018-009** Fiscal Year: **2018** Initial Finding Year: **2017** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** DOF accountants did not properly classify net position related to long-term debt in the draft FY2018 government-wide governmental activities Statement of Net Position. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-008. Please refer to updated response on finding 2017-008.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2018-010** Fiscal Year: **2018** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The audit of the Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS) FY2018 financial statements could not be completed by an outside auditor (OA). Additionally, FY2018 financial statement audits for the Deferred Compensation Plan, Supplemental Benefits System, Public Employees Retirement System, Judicial Retirement System, Teachers Retirement System, and Group Health and Life Fund were received on November 21, 2018, approximately seven weeks after the audits were required to be submitted to DOF. The Retiree Health Fund audit was issued December 5, 2018, approximately nine weeks late. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2016-017 and 2017-011. Please refer to updated response on finding 2016-017.
Finding Number: **2018-011** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** DOA's DRB chief financial officer failed to issue the audited schedules of employer and non-employer OPEB allocations for the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) in a timely manner. **Status/corrective action planned/reasons for no further action:** This finding is fully corrected.
Finding Number: **2018-015** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DOR** **Financial statement finding**	**Prior Audit Finding:** Revenues eligible for transfer to the Constitutional Budgetary Reserve Fund (CBRF) were not transferred during FY2018 and revenues that should have remained in the CBRF were moved to the general fund. **Status/corrective action planned/reasons for no further action:** The Tax Division disagrees with this finding. We continue to rely on the legal analysis done by the Attorney General's office in 2018 which concluded that tax payments from oil and gas tax returns that are amended because of a tariff change that is the result of a settlement between a regulatory agency and pipeline owner are not to be transferred to the CBRF.
Finding Number: **2018-016** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DOR** **Financial statement finding**	**Prior Audit Finding:** DOR's FY2018 year-end adjusting entry to properly report interest and penalties remitted with taxes was not calculated correctly. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2018-017** Fiscal Year: **2018** Initial Finding Year: **2017** State Agency: **DOR** **Financial statement finding**	**Prior Audit Finding:** There was no evidence that supervisory review of DOR's Schedule of Expenditures of Federal Awards (SEFA) was performed prior to submission. In addition, DOR's instructions for SEFA preparation included report filters that were not accurate for financial reporting. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-020. Please refer to updated response on finding 2017-020.
Finding Number: **2018-019** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DEED** CFDA: **10.553, 10.555** Questioned Costs: **None**	**Prior Audit Finding:** DEED staff did not submit an amended FNS-10 90-day report for December 2017 to report meal count revisions that caused the State's funding level to change by more than .5 percent. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2018-020** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DEED** CFDA: **10.553, 10.555** Questioned Costs: **None**	**Prior Audit Finding:** Twelve of 17 USDA FY2018 federal draws tested were not reviewed by DEED staff for accuracy prior to submission. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2018-022** Fiscal Year: **2018** Initial Finding Year: **2017** State Agency: **DHSS** **Financial statement finding**	**Prior Audit Finding:** There was no evidence that supervisory review of DHSS' Schedule of Expenditures of Federal Awards (SEFA) was performed prior to submission to the Department of Administration (DOA). In addition, there was no evidence the federal expenditure data reported in the SEFA was verified for completeness. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-034. Please refer to updated response on finding 2017-034.

Finding Number: **2018-023** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.558** Questioned Costs: **$150,073** CFDA: **93.575** Questioned Costs: **$93,087** CFDA **93.767** Questioned Costs**: $3,633** CFDA**: 93.778** Questioned Costs: **$12,462** CFDA**: 93.596, 93.775, 93.777** Questioned Costs**: None**	**Prior Audit Finding:** Review of FY2018 personal service expenditures identified multiple instances of noncompliance. The audit tested one judgmentally selected timesheet and 80 randomly selected timesheets. Two of 20 TANF timesheets and five of 34 CCDF timesheets directly charging costs to federal programs lacked adequate supporting documentation, including two that did not fully comply with DHSS' federally approved Public Assistance Cost Allocation Plan (PACAP). In addition, two of 27 timesheets allocating costs to multiple federal programs did not fully comply with the PACAP. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2018-024** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.767** Questioned Costs**: $435,160** CFDA**: 93.778** Questioned Costs**: $9,070,584** CFDA: **93.775, 93.777** Questioned Costs: **None**	**Prior Audit Finding:** Six of 60 Medicaid claim lines tested, and eight of 60 CHIP claim lines tested were paid at rates higher than regulations allowed for professional services claim types. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2018-025** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHSS** State Agency: **DHSS** CFDA: **93.775, 93.777, 93.778** Questioned Costs: **None**	**Prior Audit Finding:** Testing of 60 Medicaid recipients who received Medicaid benefits during FY2018 identified eight renewal applications were not processed within 12 months as required by federal regulation. Furthermore, documentation was not available to support the recertification of one Medicaid recipient. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The Division of Public Assistance (DPA) continues to strengthen its processes and procedures. DPA is implementing an Electronic Document Management (EDM) solution to scan applications and associated material linking them to applicant electronic records. DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2018-026** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHSS** State Agency: **DHSS** CFDA: **93.775, 93.777, 93.778** Questioned Costs: **None**	**Prior Audit Finding:** DHSS' information technology (IT) staff did not perform biennial system security reviews of the EIS during FY2018. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was partially corrected. FMS Information Technology Services dedicated staff resources and initiated updating the security plan. Additional efforts include the utilization of a specialized software to document the security plan aided with limited support by contract staff. The department anticipates this finding will be resolved in FY2020.
Finding Number: **2018-027** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.558, 93.775, 93.777, 93.778** Questioned Costs: **None**	**Prior Audit Finding:** DHSS' IT staff did not properly limit user access to the eligibility system during FY2018. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was partially corrected. FMS Information Technology Services, in collaboration with the Director of Public Assistance, implemented automated workflow using the department Helpdesk system to request, approve, implement, and document information system access. Prior to the state payroll conversion to the Human Resource Management (HRM) system the department had access to an ALDER report with year-to-date personnel changes and it was a critical resource relied on by the department to successfully identify employee changes in a timely and cost-effective manner. A similar report has not yet been made available by payroll services of the Department of Administration (DOA) and since the department has over 3,000 employees this report is key to comply with ISP 171 section 5.4.3. Changing and Disabling/Removing User Accounts. Other corrective action being implemented includes verification of third-party access agreements, including any memorandum of understanding (MOU); strengthening departmental policy by establishing a one-year limit with a reauthorization requirement for third party users; formalizing notification procedures and account profile selection; and pursuing the clean-up of existing accounts.

Finding Number: **2018-028** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.558** Questioned Costs: **$1,072 (known); likely questioned costs exceeding $25,000**	**Prior Audit Finding:** Four of the 40 TANF applications tested (10 percent) were not processed within 30 days. Additionally, 21 of 40 (53 percent) TANF recipient case files tested lacked documentation supporting the request and use of the income and benefit information through the Income Eligibility and Verification System (IEVS) for determining eligibility and benefits. Eight eligibility errors were identified in testing a random sample of 40 FY2018 TANF recipient applications. **Status/corrective action planned/reasons for no further action:** This audit finding was not corrected. DPA continues to collaborate with the department's information technology section to implement an electronic document management system to automate access to case documentation and improve processing timelines of eligibility determinations and/or redeterminations. DHSS anticipates this finding will be resolved in FY2020.
Finding Number: **2018-029** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.558** Questioned Costs: **None**	**Prior Audit Finding:** The FFY 17 ACF-204 annual report was not submitted timely. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2018-030** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.558** Questioned Costs: **None**	**Prior Audit Finding:** Eight of 27 TANF cases tested (30 percent) had inaccurate information reported in the ACF-199 data file. Additionally, six of 27 TANF cases tested (22 percent) reported work participation activities in the ACF-199 data file that were inaccurate, unsupported, or unverified. **Status/corrective action planned/reasons for no further action:** This audit finding was partially resolved. The Division of Public Assistance continues to strengthen its processes associated with the development of the ACF-199 data file; including quality assurance measures for an accurate and documented audit trail. We anticipate the remaining portion of this finding will be resolved in FY2021.

Finding Number: **2018-031** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.575** Questioned Costs: **$6,650** (known); likely questioned costs exceeding $25,000 CFDA**: 93.596** Questioned Costs: **None**	**Prior Audit Finding:** Nine calculation errors (15 percent) were identified in testing 60 FY2018 CCDF program beneficiary payments. Eligibility staff of DHSS' Child Care Program Office (CCPO) and grant subrecipient staff used incorrect pay factors (seven instances) and incorrect pay information (two instances) when determining monthly earned income. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA continues to provide training on program requirements and strengthening it review processes. DHSS anticipates this finding will be resolved in FY2020.
Finding Number: **2018-032** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.575, 93.596** Questioned Costs: **None**	**Prior Audit Finding:** FY2018 testing of 60 CCDF program beneficiaries identified five instances (eight percent) where eligibility redeterminations were performed by CCPO or subrecipient staff prior to the minimum 12-month standard required by the federal grant. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA continues to provide training on program requirements and strengthening it review processes including increasing the number of case reviewers. DHSS anticipates this finding will be resolved in FY2020.
Finding Number: **2018-033** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.575, 93.596** Questioned Costs: **None**	**Prior Audit Finding:** DPA staff did not sufficiently monitor FY2018 subrecipients. Annual risk assessments for all six CCDF subrecipients were not performed as required by federal regulations. In addition, monitoring activities outlined in division policy and procedure manuals were not performed as required. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The FMS Grants and Contract Unit strengthened its processes and procedures to provide clarification of the pre-award risk assessment process. DPA is following up on updating its processes and procedures. DHSS anticipates this finding will be resolved in FY2020.
Finding Number: **2018-034** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DHSS** CFDA: **10.557** Questioned Costs: **None**	**Prior Audit Finding:** DPA staff did not document risk assessments for the 12 FY2018 WIC subrecipients as required by the Uniform Guidance. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

Finding Number: **2018-035** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DHSS** CFDA: **10.557** Questioned Costs: **None**	**Prior Audit Finding:** One of 20 tested FY2018 WIC cash draws did not fully comply with federal cash management requirements. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was fully corrected.
Finding Number: **2018-036** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DHSS** CFDA: **10.557** Questioned Costs: **None**	**Prior Audit Finding:** For one of four tested months, DPA staff did not perform follow-up on WIC food instruments (FI) identified as questionable items or suspected errors within 120 days of detection as required by federal regulations. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was fully corrected.
Finding Number: **2018-038** Fiscal Year: **2018** Initial Finding Year: **2016** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** Multiple deficiencies in accounting for FY2018 unemployment compensation fund (UCF) activity were identified. DLWD staff did not process an FY2018 year-end transaction to clear the UCF suspense receipts liability account. In addition, DLWD staff incorrectly recorded monthly and year-end entries to the State's accounting system (IRIS) for FY2018 unemployment insurance (UI) benefit expenses, fraud penalties, benefit overpayments and allowance for doubtful accounts. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2015-030, 2016-038 and 2017-048. Please refer to updated response on finding 2015-030.
Finding Number: **2018-041** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DCCED** CFDA: **10.665** Questioned Costs: **None**	**Prior Audit Finding:** A review of six FY2018 unorganized borough payments identified that five were calculated inaccurately. An expanded review of all payments determined that 22 of 23 FY2018 payments to unorganized boroughs were calculated inaccurately. **<u>Status/corrective action planned/reasons for no further action:</u>** This finding is fully corrected.

Finding Number: **2018-042** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DCCED** CFDA: **10.665** Questioned Costs: **None**	**Prior Audit Finding:** DCCED's DCRA management did not minimize the time between receipt of federal program funds and disbursement to communities. **Status/corrective action planned/reasons for no further action:** This finding is fully corrected.
Finding Number: **2018-043** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DCCED** CFDA: **93.423** Questioned Costs: **None**	**Prior Audit Finding:** Quarterly financial reporting for the period ending June 30, 2018 erroneously over-reported $26.1 million in cash disbursements, and no internal controls were in place over the reporting process. **Status/corrective action planned/reasons for no further action:** This finding is fully corrected.
Finding Number: **2018-044** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DCCED** CFDA: **93.423** Questioned Costs: **None**	**Prior Audit Finding:** No procedures were performed to verify the only subrecipient of the program was not suspended or debarred from receiving federal funds. **Status/corrective action planned/reasons for no further action:** This finding is fully corrected.
Finding Number: **2018-045** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHHS** State Agency: **DCCED** CFDA: **93.423** Questioned Costs: **None**	**Prior Audit Finding:** The sole subrecipient of the federal award was not registered in SAM prior to receiving a subaward. In addition, DOI staff failed to complete a risk assessment and perform adequate monitoring procedures to ensure the subrecipient was in compliance with the terms of the award. **Status/corrective action planned/reasons for no further action:** This finding is fully corrected.

Finding Number: **2018-046**
Fiscal Year: **2018**
Initial Finding Year: **2017**

State Agency: **DMVA**
Financial statement finding

Prior Audit Finding:
DMVA staff lacks department specific written procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA). Further, there was no evidence that supervisory review of DMVA's FY2018 SEFA was performed prior to submission to the Department of Administration (DOA).

Status/corrective action planned/reasons for no further action:
Repeat of finding 2017-052. Please refer to updated response on finding 2017-052.

Finding Number: **2018-047**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOD**
State Agency: **DMVA**

CFDA: **12.401**

Questioned Costs: **$46,954**

Prior Audit Finding:
DMVA's management did not ensure the State's accounting system was updated for changes made to the FFY 17 federally certified Facilities Inventory and Support Plan (FISP).

Status/corrective action planned/reasons for no further action:
This audit finding is partially corrected. Written policies and procedures implemented on October 4, 2019 and remaining questioned costs will be resolved by the end of FY2020.

Finding Number: **2018-048**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOD**
State Agency: **DMVA**

CFDA: **12.401**

Questioned Costs: **$1,675**

Prior Audit Finding:
Three of 60 FY2018 NGMOMP timesheets tested (five percent) were entered into the State's accounting system with incorrect coding. Three of 25 personal service adjustments tested found three adjustments (12 percent) were inaccurate. One adjustment was recorded at the funding profile level, which identifies whether an expenditure is federal or state, instead of at the program level, which allows the expenditure to be charged to the correct federal program. Two adjustment errors were related to quarterly centralized personnel plan allocations which incorrectly omitted one position in the calculation.

Status/corrective action planned/reasons for no further action:
This audit finding is partially corrected. Adjustments were processed for the timesheet errors and the incorrect allocation at the funding profile level. Facility Maintenance Office written procedures to be implemented November 2019 and Administrative Services written procedures to be implemented October 2019.

Finding Number: **2018-049**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOD**
State Agency: **DMVA**

CFDA: **12.401**

Questioned Costs: **$106,110**

Prior Audit Finding:
DMVA management failed to obtain federal approval to charge the NGMOMP program for indirect information technology (IT) personal service expenditures.

Status/corrective action planned/reasons for no further action:
This audit finding was fully corrected.

Finding Number: **2018-050** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDOD** State Agency: **DMVA** CFDA: **12.401** Questioned Costs: **None**	**Prior Audit Finding:** The audit reviewed a random sample of nine procurement files and one file (11 percent) did not have documentation to support a notice of intent to award was sent to all bidders. Additionally, one judgmentally selected procurement file did not have documentation that the solicitation was publicly noticed. A review of the State's Online Public Notices System found that no public notice was issued for the solicitation. Further, a review of 18 procurement files found 14 files (78 percent) did not contain evidence that staff verified the contractor was not suspended or debarred in the federal System of Award Management (SAM). **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding is partially corrected. Procedures and checklists were implemented in February 2019 and formal written procedures to be completed in November 2019 to ensure compliance with state procurement requirements and federal suspension and debarment requirements.
Finding Number: **2018-051** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** Questioned Costs: **None**	**Prior Audit Finding:** A review of all four FY2018 Disaster Grants program subrecipients obligating award documents (OAD) found the documents did not include all federally required information. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding is partially corrected. The updated obligating award document (OAD) was updated February 2019 and is expected to be fully implemented for FY2020.
Finding Number: **2018-053** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DNR** **Financial statement finding**	**Prior Audit Finding:** DNR did not transfer to the Alaska Permanent Fund (APF) all dedicated mineral lease revenues received during FY2018. **<u>Status/corrective action planned/reasons for no further action:</u>** DNR disagrees with Finding 2018-053. We continue to rely on the legal analysis by the Attorney General's office, dated November 9, 2018, which concluded that the adjustments made to FY2018 deposits to the Permanent Fund were appropriate.
Finding Number: **2018-054** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DNR** **Financial statement finding**	**Prior Audit Finding:** Royalty revenues eligible for transfer to the Constitutional Budgetary Reserve Fund (CBRF) were not transferred during FY2018 and revenues that should have remained in the CBRF were moved to the general fund. **<u>Status/corrective action planned/reasons for no further action:</u>** DNR disagrees with Finding 2018-054. We continue to rely on the legal analysis by the Attorney General's office in 2018 which concluded that payments related to the FERC settlements were not to be transferred to the CBRF. DNR was directed by the Department of Law to not send the General Fund Portion of the FERC adjustments to CBRF.

Finding Number: **2018-055** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DNR** **Financial statement finding**	**Prior Audit Finding:** DNR's inventory valuation methodology did not comply with generally accepted governmental accounting standards. **Status/corrective action planned/reasons for no further action:** This audit finding has been fully corrected.
Finding Number: **2018-056** Fiscal Year: **2018** Initial Finding Year: **2017** State Agency: **DNR** **Financial statement finding**	**Prior Audit Finding:** DNR management lacked sufficient written procedures for the preparation and review of DNR's Schedule of Expenditures of Federal Awards (SEFA). **Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-054. Please refer to updated response on finding 2017-054.
Finding Number: **2018-057** Fiscal Year: **2018** Initial Finding Year: **2017** Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08** Questioned Costs: **None** CFDA: **10.U09** Questioned Costs: **$154,056** CFDA: **10.U10** Questioned Costs: **$8,968**	**Prior Audit Finding:** Testing of FY2018 personal service expenditures (60 State personnel timesheets) charged to the USFS Fire Suppression program identified multiple instances of noncompliance including lack of the federally required OF-288 timesheets, unsigned timesheets, State timesheet hours that did not match federal timesheets, unsigned hazard pay forms, work-rest ratio violations, and unallowable compensation for meal breaks and shift differential pay on travel days. Testing of 60 emergency firefighter (EFF) timesheets identified missing employee signatures. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-055. Please refer to updated response on finding 2017-055.
Finding Number: **2018-058** Fiscal Year: **2018** Initial Finding Year: **2017** Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U08, 10.U09, 10.U10** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** DOA's Division of Personnel (DOP) management lacks adequate review procedures over the manual calculations necessary for processing DNR's Division of Forestry timesheets. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2017-057. Please refer to updated response on finding 2017-057.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2018-059** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA** State Agency: **DNR** CFDA: **10.U09** Questioned Costs**: $31,067** CFDA**: 10.U10** Questioned Costs: **$11,526**	**Prior Audit Finding:** The audit identified two function (fire) codes in the State accounting system that were assigned an incorrect federal program. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding is not corrected. DNR has changed its method of fire transfers to accurately record fire expenses against the proper federal awards. Those new procedures will be re-evaluated to determine if accuracy issues are due ownership changes after re-appropriation ends or require procedural changes. Any questioned or unallowable costs will be discussed by DNR's Division of Forestry with the federal agency to determine the best course for resolving any incorrect fire cost recovery.
Finding Number: **2018-060** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDA, USDOI** State Agency: **DNR** CFDA: **10.U08, 10.U09, 10.U10, 15.U04, 15.U05, 15.U06, 15.U07** Questioned Costs: **None**	**Prior Audit Finding:** Testing a random sample of FY2018 non-personal services expenditures charged to the USFS Fire Suppression program (60 transactions) and the BLM Fire Suppression program (60 transactions) identified 10 transactions authorized by DNR's Division of Forestry staff lacking an appropriate delegation of authority. **<u>Status/corrective action planned/reasons for no further action:</u>** This finding is not corrected. The Division of Forestry management team recently reviewed the current delegations of authority for each appropriate staff member and will be revised in accordance with staff functions. The audit finding is anticipated to be fully resolved by the end of FY2020.
Finding Number: **2018-061** Fiscal Year: **2018** Initial Finding Year: **2017** Federal Agency: **USDA**, **USDOI** State Agency: **DNR** CFDA: **10.U09, 15.U05, 15.U07** Questioned Costs: **None**	**Prior Audit Finding:** The audit identified nine aircraft rental agreements and seven emergency equipment rental agreements not in compliance with the competitive bidding process outlined in the State procurement code. In addition, the audit identified five vendors were selected without a competitive procurement process or were paid at rates higher than allowed by the contracts. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2017-060. Please refer to updated response on finding 2017-060.

Finding Number: **2018-062** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDOI** State Agency: **DNR** CFDA: **15.U04, 15.U06** Questioned Costs**: None** CFDA**: 15.U05** Questioned Costs**: $57,604** CFDA: **15.U07** Questioned Costs: **$53,886**	**Prior Audit Finding:** Testing of FY2018 personal service expenditures (60 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance including lack of the federally required OF-288 timesheets, unsigned timesheets, State timesheet hours that did not match federal timesheets, unsigned hazard pay forms, work-rest ratio violations, and unallowable compensation for meal breaks and shift differential pay on travel days. Testing of 60 EFF timesheets identified missing employee signatures. **Status/corrective action planned/reasons for no further action:** This audit finding is not corrected. DNR's Division of Forestry deputy director will continue to improve procedures to ensure timesheets hours agree with OF-288; timesheets are supported by required documentation; and only allowable hours are charged to the federal program. DNR's Division of Forestry management will work with the federal agency to resolve questioned costs.
Finding Number: **2018-064** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDOI** State Agency: **DFG** CFDA: **15.605** Questioned Costs**: $160,075** CFDA**: 15.611** Questioned Costs: **$265,336**	**Prior Audit Finding:** DFG's FY2018 indirect cost rate calculation contained multiple errors. **Status/corrective action planned/reasons for no further action:** This audit finding is partially corrected pending resolution of questioned costs.
Finding Number: **2018-065** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDOI** State Agency: **DFG** CFDA: **15.605, 15.611** Questioned Costs: **None**	**Prior Audit Finding:** Ten of 24 covered transactions tested for suspension and debarment failed to meet federal requirements. **Status/corrective action planned/reasons for no further action:** This audit finding is not corrected. DFG management is reevaluating the process for suspension and debarment review of vendors that are not required to go through the standard procurement process. Corrective action for updates to SAM.gov and self-certification review is still a work in progress. DFG expects to have the updated process in place and implemented by June 30, 2020.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Finding Number: **2018-066** Fiscal Year: **2018** Initial Finding Year: **2018** Federal Agency: **USDOI** State Agency: **DFG** CFDA: **15.605, 15.611** Questioned Costs: **None**	**Prior Audit Finding:** One of six DFG procurement specialists responsible for processing FWC procurements was not certified under the State's procurement officer training and certification program. **<u>Status/corrective action planned/reasons for no further action:</u>** This finding is resolved. DFG management maintains the disagreement with this finding as documented in the FY2018 Alaska Statewide Single Audit.
Finding Number: **2018-067** Fiscal Year: **2018** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** Twenty-three of 45 (51 percent) FY2018 DOTPF expenditures tested that processed during July 2018 and August 2018 were incorrectly coded to FY2019. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2015-034, 2016-053 and 2017-065. Please refer to updated response on finding 2015-034.
Finding Number: **2018-068** Fiscal Year: **2018** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF accounting staff's policies and procedures for calculating unavailable revenue incorrectly included invalid expenditures which overstated unavailable revenue. Additionally, DOTPF staff incorrectly recorded billed revenues in FY2018 thereby understating unavailable revenue. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2015-035, 2016-054 and 2017-066. Please refer to updated response on finding 2015-035.

Finding Number: **2018-069**
Fiscal Year: **2018**
Initial Finding Year: **2016**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:
Detailed testing of DOTPF's input of FY2018 capital assets into IRIS identified the following errors:

- thirty-two of 94 projects tested from DOTPF's Construction in Progress (CIP) inventory listing were recorded incorrectly;
- forty of 67 projects tested from DOTPFs Infrastructure (IF) inventory listing were recorded incorrectly;
- three of 54 expensed projects tested should have been capitalized as CIP;
- land right of way purchases and disposals were not updated to include FY2016 through FY2018 activity; and
- six DOTPF buildings identified during prior year test work as not state owned and one equipment asset disposed of in FY2018 were not removed from DOTPF capital assets.

A comparison of DOTPF's FY2017 audited CIP and IF capital asset spreadsheets to FY2018 IRIS CIP and IF capital asset inventories identified the following errors:

- the asset value for one building previously reported in CIP was not updated;
- the asset value for seven CIP projects were not accurately updated; and
- the asset value for three prior year projects adjusted from CIP to IF were not updated to IF.

Additionally, auditors identified the following errors:

- five of 11 prior year IF projects reviewed were not recorded in IRIS;
- twenty-one out of 31 prior year IF projects had in-service dates incorrectly input in IRIS; and
- 110 out of 189 IF projects had incorrect useful lives entered into IRIS.

Status/corrective action planned/reasons for no further action:
Repeat of finding 2016-056 and 2017-068. Please refer to updated response on finding 2016-056.

Finding Number: **2018-070** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** The Alaska International Airport System (AIAS) FY2018 financial statement audit was issued and provided to DOF on December 12, 2018, approximately 10 weeks after the deadline established by DOF. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding is unresolved. AIAS worked with the Division of Finance to build better ALDER reports to assist in more timely audits. AIAS also coordinated effort with DOTPF Administrative Services regarding accounting processes performed on behalf of AIAS to assist in meeting future financial closing deadlines. AIAS continues daily coordination and exchange of required financial data with DOA to assist both parties in preparing the annual financial statements in a timely manner. Proactive efforts to improve the timeliness of the annual audit did not yield improvements for FY2019. DOF staff turnover led to delays in obtaining a working trial balance and additional information necessary to prepare the financial statements. AIAS staff will continue to work with new DOF accounting staff to develop workable timelines to allow the FY2020 audit to be completed within agreed-upon dates.
Finding Number: **2018-071** Fiscal Year: **2018** Initial Finding Year: **2017** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** There was no evidence that supervisory review of DOTPF's Schedule of Expenditures of Federal Awards (SEFA) was performed prior to submission. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2017-071. Please refer to updated response on finding 2017-071.
Finding Number: **2018-074** Fiscal Year: **2018** Initial Finding Year: **2018** State Agency: **APFC** **Financial statement finding**	**Prior Audit Finding:** The APFC did not collect all FY2018 revenues statutorily dedicated to the Alaska Permanent Fund (APF). **<u>Status/corrective action planned/reasons for no further action:</u>** This finding is resolved. Based upon legal advice received to date from Department of Law, no corrective action is needed from APFC.

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SECTION IV – CORRECTIVE ACTION PLAN

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500

550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
907-269-7450

Governor Michael J. Dunleavy
STATE OF ALASKA

March 18, 2020

RECEIVED
MAR 18 2020
LEGISLATIVE AUDIT

Ms. Kris Curtis
Legislative Auditor
Legislative Budget and Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis,

I have enclosed the Single Audit Corrective Action Plan that has been discussed and coordinated with the Department of Natural Resources, my office, and the Office of Management and Budget.

If you need further information or action, please don't hesitate to contact our office.

Sincerely,

Mike Dunleavy
Governor

Single Audit Corrective Action Plan

Finding: 2019-001 – During FY 19, $34.8 million of general funds was expended for fire suppression activities without legal authorization.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Governor's Office and the Office of Management and Budget agrees with this finding.

Corrective Action (corrective action planned):

Department of Natural Resources (DNR) will coordinate with the Office of Management and Budget (OMB) to document procedures for processing general fund requests for Emergency Fire Declarations. OMB will coordinate with the Governor's Office to issue a formal proclamation of disaster emergency, per AS 26.23.020, for department GF requests above the Legislative appropriated amount for fire activity.

Completion Date (list anticipated completion date):

February 29, 2020

Agency Contact (name of person responsible for corrective action):

Neil Steininger, OMB Director

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Administration

KELLY TSHIBAKA, COMMISSIONER

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Anchorage, AK 99501
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www.doa.alaska.gov

RECEIVED
MAR 18 2020
LEGISLATIVE AUDIT

March 18, 2020

Kris Curtis, CPA, CISA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

RE: FY 2019 Confidential Preliminary Audit, Department of Administration (DOA)

This is in response to Recommendations in the FY 2019 State of Alaska Audit.

Single Audit Corrective Action Plan

Finding No. 2019-001: Testing of the FY 19 draft Comprehensive Annual Financial Report (CAFR) identified the year-end financial reporting of activity between the constitutional budget reserve fund and the general fund (GF) was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will ensure procedures are updated to accurately report CBRF financial activity, including the presentation of the repayment required by Article IX. Section 17(d) of the Alaska Constitution.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-002: The Division of Finance's (DOF) director has not developed and implemented a comprehensive policy for configuration management of its accounting and reporting systems.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

As DOF goes through the IRIS system upgrade process, controls and procedures will be developed and properly documented. We will work to develop a single definition of configuration change that is applied uniformly across IRIS development and testing teams to ensure all changes are documented as being tested, approved, and placed into production.

Completion Date (list anticipated completion date):

Anticipated completion date is July 1, 2020.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding No. 2019-003: An evaluation of the Department of Administration's (DOA) State payroll system controls identified significant internal control weaknesses.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

The internal control weaknesses noted will be resolved with the IRIS-HRM upgrade to version 4.0 scheduled to be completed by January 2022.

Completion Date (list anticipated completion date):

Anticipated completion date is January 2022.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding No. 2019-004: Internal control weaknesses were identified over logical access to DOA's State accounting system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will work with departments to document compensating controls to mitigate internal control weaknesses.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2020.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding No. 2019-005: DOF's director does not require the State accounting system contractor to provide an independent annual assurance review of internal controls and processing.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF is currently renegotiating its contract with its contractor to include the needed assurance over internal control procedures and processes. The new maintenance agreement will be negotiated with the version 4.0 upgrade and implantation. The go live date is scheduled to be January 2022.

Completion Date (list anticipated completion date):

Anticipated completion date is January 2022.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding No. 2019-006: Government-wide governmental activities revenues in the draft FY 19 CAFR Statement of Activities contained numerous classification errors.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Accounting Services will update procedures and reports to include all areas of difficulty found during the FY19 CAFR audit. Staff permitting, the same accountant will perform these functions for the FY20 CAFR while walking through the procedures to ensure they are adequate. If it is not possible for the same staff to perform the duties, the Accounting Services supervisor will assist in the performance and review of the procedures.

Completion Date (list anticipated completion date):

Anticipated completion date is September 1, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-007: The capital asset accounts on the draft FY 19 government-wide governmental activities Statement of Net Position and related footnote five contained significant errors.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Capital asset procedures will be updated and reviewed by the State Accountant to address the new process of reporting capital assets in IRIS-FIN. Various analytical reviews will be included in the procedures to help mitigate errors that occurred during FY19.

Completion Date (list anticipated completion date):

Anticipated completion date is September 1, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-008: DOF does not have adequate procedures in place to accrue GF revenue in the correct fiscal year.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will develop additional processes to ensure the year-end revenue accrual related to unavailable revenues is accurate. Additionally, DOF will work with its contractor to automate portions of the process of recording year-end revenue accruals related to receivables to ensure accuracy.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-009: GF revenues and expenditures reported in the FY 19 draft CAFR were materially misstated.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will provide accounting services accountants with training in governmental accounting and financial statement preparation. The State Accountant position was filled with a Certified Public Accountant that will be overseeing the FY20 CAFR. Procedures will be reviewed and updated as needed.

Completion Date (list anticipated completion date):

Anticipated completion date is September 1, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-010: DOF accountants did not properly report the Alaska Energy Authority as a major component unit in the draft FY 19 CAFR.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Accounting Services will update and review procedures in order to ensure steps for identifying major component units for CAFR reporting are performed timely.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-011: DOF staff completed the FY 19 draft CAFR on December 10, 2019, with known errors in multiple GF accounts exceeding one billion dollars.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will provide accounting services accountants with training in governmental accounting and financial statement preparation. The State Accountant position was filled with a Certified Public Accountant that will be overseeing the FY20 CAFR. Procedures will be reviewed and updated as needed.

Completion Date (list anticipated completion date):

Anticipated completion date is September 1, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-012: The Alaska International Airport System's independent audit was issued on December 9, 2019, for inclusion in the CAFR, approximately seven weeks after the agreed upon deadline.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF has identified the issues that caused the delay in providing financial documentation to AIAS's controller and will establish a timeline for DOF deliverables to ensure deadlines are able to be met.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-013: DOA's Office of Information Technology (OIT) accounting staff have not reconciled the Information Services Fund asset tracking system to the State accounting system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

OIT agrees with the finding.

Corrective Action (corrective action planned):

OIT is currently working on the reconciliation of assets between IRIS and FASGOV. OIT has prepared a multi-year reconciliation worksheet between CAFR and our internal asset inventory listing (FASGOV). It appears the discrepancy is many years old. OIT has reallocated resources and provided program support to Anchorage and SATS inventory, and a control process to create a current verified inventory listing. SATS has added COMSHOP, an inventory program, and is working through programming and governance while actively working a site by site inventory. OIT staff will enter/remove the assets in FASGOV once identified and complete the correct transaction in IRIS to reduce the asset value for either OIT or SATS. Assets have been entered in summary in FASGOV since the introduction of IRIS. The completion date has been pushed out due to Accounting staff move to Administrative Services, additional time and staff resources will be identified to complete by FY20 end. In addition, we expect to see additional recommendations on asset tracking software for IT specifically from the DOA AAPEX initiative.

Completion Date (list anticipated completion date):

OIT expects to complete this by June 2020.

Agency Contact (name of person responsible for corrective action):

Sabrina Nelson – DOA DAS Accountant V
Dan DeBartolo – OIT Chief Finance & Workforce Officer

Single Audit Corrective Action Plan

Finding No. 2019-014: During FY 19, DOF management did not provide training to support State agencies' use of the ALDER 2.0 system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF is conducting ALDER training workshops for both DOF staff and finance, procurement, and human resource management personnel in the departments. The workshops will be available online as a resource for people who cannot attend in-class sessions and when review is needed for in-class participants.

Completion Date (list anticipated completion date):

Anticipated completion date is August 1, 2020.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding No. 2019-015: An evaluation of OIT's information technology controls identified security weaknesses in relation to a Department of Revenue system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

OIT agrees with this finding.

Corrective Action (corrective action planned):

The Department of Administration's Office of Information Technology (OIT) coordinated with the Department of Revenue to develop corrective action. The finding has since been resolved.

Completion Date (list anticipated completion date):

03/06/2020

Agency Contact (name of person responsible for corrective action):

DOA OIT Datacenter Group: Ben K. Sizemore

Single Audit Corrective Action Plan

Finding No. 2019-016: Internal control weaknesses were identified over the State accounting system's general system controls.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will be conducting disaster recovery testing for the IRIS and ALDER systems on March 14 and 15, 2020.

Completion Date (list anticipated completion date):

Anticipated completion date is March 15, 2020

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Sincerely,

KTshibaka

Kelly Tshibaka
Commissioner of Administration

THE STATE
of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Revenue
OFFICE OF THE COMMISSIONER
PO Box 110400
Juneau, Alaska 99811-0400
Anchorage, Alaska 99501-3555
Main: 907.465.2300
Fax: 907.465.2389

March 16, 2020

RECEIVED
MAR 18 2020
LEGISLATIVE AUDIT

Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

Dear Division of Legislative Audit:

We are submitting this letter in response to the confidential transmittal letter delivered to the Department of Revenue on February 28, 2020 describing the FY19 audit findings for the Department of Revenue.

Our responses are submitted below on the required template provided by your office. Thank you for your consideration.

Single Audit Corrective Action Plan

Finding 2019-015: An evaluation of OIT's information technology controls identified security weaknesses in relation to a Department of Revenue system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (corrective action planned):

The task associated with this internal control weakness has been reassigned.

Completion Date (list anticipated completion date):

Completed July 2018

Agency Contact (name of person responsible for corrective action):

Colleen Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding 2019-017: Revenues eligible for transfer to the constitutional budget reserve fund (CBRF) were not transferred during FY 18 and FY 19, and revenues that should have remained in the CBRF were moved to the general fund.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Tax Division disagrees with this finding. We continue to rely on the legal analysis done by the Attorney General's office in 2018 which concluded that payments related to the FERC settlements were not to be transferred to the CBRF.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Colleen Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding 2019-018: Auditors requested access to Department of Revenue (DOR) oil and gas production tax-related settlement/appeal files to verify the proper usage of oil and gas production tax credit certificate amounts in the settlement of oil and gas production taxes. Auditors were denied access to the requested settlement/appeal files during the audit fieldwork period by DOR management. Consequently, auditors were unable to reasonably determine the appropriate financial statement impact of identified oil and gas production tax credit certificate issues.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Tax Division disagrees with this finding. Consistent with the terms of engagement for the audit, action taken upon the legal advice provided by the Department of Law constitutes reasonable assurance that an agency has complied with the law. The closing agreements provided were signed by the Commissioner of Revenue and the Attorney General, as are all closing agreements [AS 43.05.060 and AS 43.05.070]. The signature of the Attorney General on the closing agreements constitutes reasonable assurance that the closing agreements reviewed by the Departments of Law and Revenue complied with law in the settlements. The department would have made additional closing agreements available had they been requested earlier in the process. Given the signature of the Attorney General on the closing

agreements and the broad powers of the Attorney General to settle matters under AS 44.23.020(b), the requests for other settlement documents, outside of the closing agreements, to evaluate "proper usage" did not have any legitimate audit purpose and would have disclosed attorney-client privilege and attorney work product privilege information. Because these documents serve no legitimate audit purpose, the lack of the documents should not be a basis for any finding. You should confer with the Department of Law directly if you have further questions on its legal position regarding settlement documents. Subject to and without waiving any of the foregoing, the Tax Division will make its settlement files, except for any and all attorney-client communications, available for inspection by the Division of Legislative Audit upon reasonable notice.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Colleen Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding 2019-019: DOR's instructions for preparing the FY 19 Schedule of Expenditures of Federal Awards included inaccurate report filters for financial reporting which were not identified during the review process.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DOR agrees with this finding.

Corrective Action (corrective action planned):

DOR will update the procedures to reflect report filter changes by removing the BFY prompt.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

Brad Ewing, Administrative Services Division Director

Single Audit Corrective Action Plan

Finding 2019-020: DOR staff did not transfer approximately $161.5 million of FY 19 eligible severance tax revenues to the CBRF in a timely manner.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

> The Tax Division disagrees with this finding. The Alaska State Constitution, nor any Alaska statute or regulation, defines the required timeline for CBRF transfers. The Tax Division has worked diligently to improve our process to ensure that we are accounting for the transfers accurately. All CBRF transfers for severance tax were made within the fiscal year, which we believe is timely. Shortening our timeline could rush the process and sacrifice accuracy, which will lead to more changes/transfers.

Corrective Action (corrective action planned):

> The Tax Division is willing to re-evaluate our current CBRF Transfer Procedure to determine if there are any changes, we can make to expedite the process without compromising the integrity of the process. The Tax Division has already engaged with Treasury/Cash Management to discuss potential changes as they control the cash flow of the funds.

Completion Date (list anticipated completion date):

> The Tax Division will complete the procedure evaluation by June 30, 2020 to determine if any changes should be made.

Agency Contact (name of person responsible for corrective action):

> Colleen Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding 2019-021: A DOR information technology system lacked adequate logical access and configuration management controls.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

> Agrees

Corrective Action (corrective action planned):

> The task associated with this internal control weakness has been reassigned.

Completion Date (list anticipated completion date):

3/17/2020

Agency Contact (name of person responsible for corrective action):

Colleen Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding 2019-022: One potential DOR shortfall was identified for FY 19.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Partial Agreement

Corrective Action (corrective action planned):

Child Support Services Division agrees that the shortfall exists and is reviewing how best to address this shortfall.

Completion Date (list anticipated completion date):

6/30/2020

Agency Contact (name of person responsible for corrective action):

Chrysti Brevogel, Administrative Officer II

Sincerely,

Michael A. Barnhill
Deputy Commissioner

THE STATE
of ALASKA

GOVERNOR MICHAEL J. DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

State Office Building
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300
Toll free fax: 888.224.4538

STANDING ORDER OF DELEGATION

Except as otherwise indicated below, I, Lucinda Mahoney, Commissioner of Revenue, hereby delegates the authority to serve in my absence as Commissioner of the Department of Revenue for all purposes to the following departmental officials:

First, Mike Barnhill, Deputy Commissioner
Second, Pam Leary, Director, Treasury Division

For purposes of the following special Boards and Commissions of which I am a member, I delegate to the following individuals the authority to serve in my absence as Commissioner on the Board or Commission:

State Bond Committee

First, Mike Barnhill, Deputy Commissioner
Second, Pam Leary, Director, Treasury Division

Alaska Municipal Bond Bank Authority

First, Mike Barnhill, Deputy Commissioner
Second, Pam Leary, Director, Treasury Division

Alaska Student Loan Corporation

First, Mike Barnhill, Deputy Commissioner
Second, Deven Mitchell, Debt Manager, Treasury Division

Public School Fund Advisory Board

First, Pam Leary, Director, Treasury Division
Second, Kayla Wisner, State of Alaska Comptroller, Treasury Division

Alaska Industrial Development and Export Authority and the Alaska Energy Authority

First, Deven Mitchell, Debt Manager, Treasury Division
Second, Mike Barnhill, Deputy Commissioner

Royalty Oil and Gas Development Advisory Board

First, Mike Barnhill, Deputy Commissioner
Second, Colleen Glover, Director, Tax Division

Alaska Housing Finance Corporation

First, Mike Barnhill, Deputy Commissioner
Second, Deven Mitchell, Debt Manager, Treasury Division

Oil & Gas Competitiveness Review Board

First, Colleen Glover, Director, Tax Division
Second, Brandon Spanos, Deputy Director, Tax Division

Municipal Advisory Gas Project Review Board

First, Colleen Glover, Director, Tax Division
Second, Brandon Spanos, Deputy Director, Tax Division

Alaska Tax Credit Certificate Bond Corporation

First, Mike Barnhill, Deputy Commissioner
Second, Pam Leary, Director, Treasury Division

This is a Standing Order of Delegation, effective February 11, 2020, which will remain in effect until modified or revoked by a subsequent order by me or by my successor.

Lucinda Mahoney
Lucinda Mahoney, Commissioner

cc: Mike Barnhill, Deputy Commissioner
Pam Leary, Director, Treasury Division
Deven Mitchell, Debt Manager, Treasury Division
Kayla Wisner, State Comptroller, Treasury Division
Carol Beecher, Director, Child Support Services Division
Brad Ewing, Director, Administrative Services Division
Anne Weske, Director, Permanent Fund Dividend Division
Colleen Glover, Director, Tax Division
Bronze Ickes, Cash Manager, Treasury Division
Bob Mitchell, Chief Investment Officer, Treasury Division
Mike Abbott, Chief Executive Officer, Alaska Mental Health Trust Authority
Genevieve Wojtusik, Special Assistant
Ben Stevens, Chief of Staff, Governor's Office

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THE STATE of ALASKA

GOVERNOR MIKE DUNLEAVY

Department of Education & Early Development

OFFICE OF THE COMMISSIONER

801 West Tenth Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
Main: 907.465.2800
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March 16, 2020

RECEIVED

MAR 18 2020

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 confidential preliminary audit report of the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019.

Enclosed are the corrective action plan forms for each of the two findings addressed in the confidential preliminary audit report.

The department appreciates these being brought to our attention and we welcome the opportunity to correct them and ensure compliance.

Sincerely,

Dr. Michael Johnson
Commissioner

Enclosure

Single Audit Corrective Action Plan

Finding No. 2019-023: The amount of FY 18 State financial support reported in the federal fiscal year 19 SEC funding application was understated by $262,883.

Questioned Costs: None

CFDA Number: 84.027, 84.173

CFDA Name: Special Education Cluster (SEC)

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The department agrees with Finding 2019-023.

Corrective Action (corrective action planned):

Language has been added to the Maintenance of State Financial Support procedures to include verification of formula accuracy. The FFY2019 Special Education Cluster (SEC) funding application was corrected and resubmitted on May 22, 2019.

Completion Date (list anticipated completion date):

October 2, 2019

Agency Contact (name of person responsible for corrective action):

Heidi Teshner, Division Director

Single Audit Corrective Action Plan

Finding No. 2019-024: Seven of seven FY 19 SEC subrecipient grant award documents tested did not include the federal award date. Additional analysis determined this condition to be systemic and therefore all 54 Local Educational Agencies awarded SEC funds in FY 19 were not notified of the federal award date.

Questioned Costs: None

CFDA Number: 84.027, 84.173

CFDA Name: SEC

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The department agrees with Finding 2019-024.

Corrective Action (corrective action planned):

In January 2019, after a federal monitoring, the U.S. Department of Education notified the department that the federal award date was missing from grant award notifications. The department worked with the Grants Management System (GMS) contractor to incorporate the federal award date into the Grant Award report and also updated the manual grant award template to automatically populate the federal award date.

The Audit and Review Analyst II will annually review grant award requirements under 2 CFR 200.331(a) each spring, prior to issuance of new grant awards, and verify the Grant Award report and template have been updated as needed.

Completion Date (list anticipated completion date):

March 2019

Agency Contact (name of person responsible for corrective action):

Heidi Teshner, Division Director

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THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Health and Social Services
OFFICE OF THE COMMISSIONER

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Fax: 907.465.3068

March 16, 2020

RECEIVED
MAR 16 2020
LEGISLATIVE AUDIT

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis,

RE: Confidential Preliminary Audit Report, State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019.

The Department of Health and Social Services (DHSS) appreciates the opportunity to review and evaluate the audit report with the associated recommendations as shared in your confidential audit report. Below are the department's responses for each of the recommendations.

Finding No. 2019-025: Testing of seven Department of Health and Social Services (DHSS) FY 19 construction in progress assets recorded into the State accounting system identified the following errors:

- Three assets should have been expensed as the costs did not qualify as capital assets.
- Two assets were completed in prior fiscal years, but not transferred to the correct capital asset account.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The FMS Finance Officer will coordinate with the state accountant to update the department's processes and procedures to support functionality within the state's accounting system, IRIS. The agency is also developing training and resources to assist staff in recording and tracking capital assets.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-026: DHSS's Division of Finance and Management Services (DFMS) accountants did not collect or liquidate federal receivables in a timely manner and $22.2 million in FY 19 receivables were unsupported.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The FMS Finance Officer will continue to prioritize federal program reconciliations of dated receivables impacted by the conversion between state accounting systems in FY2016. The reconciliation process is complex and requires considerable coordination with both federal and state entities involving multiple lines of credit and federal reporting periods.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-027: DHSS's DFMS staff recorded FY 19 expenditures to the incorrect fiscal year.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The FMS Finance Officer is strengthening the department's yearend processes to include yearend or reappropriation refresher training to increase awareness of recording expenditures in the correct fiscal year.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-028: DHSS inaccurately reported federal expenditures on the FY 19 draft Schedule of Expenditures of Federal Awards for four programs, collectively understating federal expenditures by approximately $4 million.

Questioned Costs: None

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The Finance and Management Services (FMS) Finance Officer is strengthening the current written procedures to demonstrate how the supervisory review process occurs.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-029: Several service codes used in the cost allocation methodology DPA-11 during FY 19 were not approved in the federal Public Assistance Cost Allocation Plan.

Questioned Costs: CFDA 93.558: $102,940

CFDA Number: 10.551, 10.561; 93.558, 93.767; 93.775, 93.777, 93.778

CFDA Name: Supplemental Nutrition Assistance Program Cluster (SNAP); Temporary Assistance for Needy Families Cluster (TANF); Children's Health Insurance Program (CHIP); Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

DPA is strengthening its procedures to develop its quarterly statistics. Additionally, the department submitted an amendment to its public assistance cost allocation plan (PACAP) to reinstate the random moment time study (RMTS) service codes previously removed from the DPA chapter of the plan.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-030: Four of seven regional case reviewers in FY 19 were not consistently reviewing the minimum 75 eligibility cases per month as required by Division of Public Assistance (DPA) procedures.

Questioned Costs: None

CFDA Number: 93.558; 93.767; 93.775, 93.777, 93.778

CFDA Name: TANF; CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

DPA continues to provide training on program requirements and is strengthening its review processes including increasing the number of case reviewers.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-031: A random sample of 40 SNAP recipient cases was tested to verify benefit calculations and the adequacy of case information stored on the Eligibility Information System (EIS). Of the 40 cases, 17 (43 percent) had unsupported or inaccurate documentation (some of which had multiple errors).

Questioned Costs: CFDA 10.551: $2,261

CFDA Number: 10.551, 10.561

CFDA Name: SNAP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding

Corrective Action (corrective action planned):

The Division of Public Assistance (DPA) is making improvements to their processes though the implementation of electronic document management; a renewed focus on case reviews using statewide teams to increase accuracy; and updating guidelines for case documentation to support eligibility determinations and/or action taken.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-032: Three of 47 transactions tested (6 percent) recorded SNAP administrative expenditures to a funding profile with an unallowable reimbursement rate. The funding profile was established in the State accounting system with a 100 percent reimbursement rate, but the allowable matching rate for SNAP administration is 50 percent, causing all SNAP administrative transactions charged to the funding profile to be claimed at an unallowable rate.

Questioned Costs: CFDA 10.561: $188

CFDA Number: 10.551, 10.561

CFDA Name: SNAP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The FMS Revenue Manager is strengthening the revenue unit's processes and procedures to ensure funding profiles are established accurately and support federal requirements.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-033: Seven of 26 tested FY 19 timesheets directly charging costs to the TANF program (27 percent) did not reflect positive timekeeping and the employees did not certify that 100 percent of time was chargeable to the TANF program.

Questioned Costs: CFDA 93.558: $165,123

CFDA Number: 93.558

CFDA Name: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The Division of Public Assistance (DPA) will strengthen division time keeping processes to ensure it is following the department's procedures for positive time keeping.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-034: Six of 60 TANF benefit payments tested (10 percent) were not calculated accurately due to either client changes not being entered timely or incorrect data in EIS.

Questioned Costs: 93.558: $1,856

CFDA Number: 93.558

CFDA Name: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding.

Corrective Action (corrective action planned):

To increase accuracy in statewide case processing, DPA is implementing a Statewide Case Review team to perform timely case reviews and provide valuable feedback to its staff. The team will be composed of eight case reviewers that are expected to review a minimum of 75 cases per month for client's receiving Temporary Assistance Program benefits. This team will be monitored by a lead reviewer and is expected to identify case corrections followed by communication to eligibility staff, and track statewide trends and training opportunities.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-035: DHSS's information technology (IT) staff did not properly limit user access to the eligibility system during FY 19.

Questioned Costs: None

CFDA Number: 93.558; 93.775, 93.777, 93.778

CFDA Name: TANF; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding.

Corrective Action (corrective action planned):

FMS Information Technology Services, in collaboration with the Director of Public Assistance, implemented during FY2019 automated workflow using the department Helpdesk system to request, approve, implement, and document information system access requests (E-mail to staff announcing the access request process is attached). Prior to the state payroll conversion to the Human Resource Management (HRM) system, the department had access to an ALDER report with year-to-date personnel changes and it was a critical resource relied on by the department to successfully identify employee changes in a timely and cost effective manner. A similar report has not yet been made available by payroll services of the Department of Administration (DOA) and since the department has over 3,000 employees, this report is key to compliance with ISP 171 section 5.4.3. Changing and Disabling/Removing User Accounts.

Other corrective action being implemented includes verification of third party access agreements, including any memorandum of understanding (MOU); strengthening departmental policy by establishing a one year limit with a reauthorization requirement for third party users; formalizing notification procedures and account profile selection; and pursuing the clean-up of existing accounts.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-036: Forty-seven of 60 TANF recipient case files tested lacked documentation supporting the request and use of income and benefit information through the Income Eligibility and Verification System and other data exchanges for determining eligibility and benefits.

When testing a random sample of 60 FY 19 TANF recipient cases, errors were identified in 19 cases (27 percent).

Questioned Costs: CFDA 93.558: $32,757

CFDA Number: 93.558

CFDA Name: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

DPA continues to provide training on program requirements and is strengthening its review processes. Additionally it continues to collaborate with the department's information technology section to implement an electronic document management system to automate access to case documentation and improve processing timelines of eligibility determinations and redeterminations.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-037: The ACF-196R TANF financial report for the FFY 18 grant award misreported expenditures for the quarter ending March 31, 2019. Expenditures totaling $1,159,311 were reported on the filed ACF-196R report as administrative costs, on line 22A, but should have been reported as child care expenditures, on line 11A.

Questioned Costs: None

CFDA Number: 93.558

CFDA Name: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding.

Corrective Action (corrective action planned):

The FMS Revenue Manager is strengthening procedures to ensure federal reports are accurately prepared and documented. However, based on guidance from ACF the recommendation to re-submit the report is not a practical solution since these reports are cumulative in nature and corrections are picked up in subsequent reporting making retroactive adjustments to earlier reports unnecessary.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-038: Seventeen of 60 TANF cases tested (28 percent) had inaccurate information reported in the ACF-199 data file.

Questioned Costs: None

CFDA Number: 93.558

CFDA Name: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding

Corrective Action (corrective action planned):

The Division of Public Assistance (DPA) is implementing a Statewide Case Review team to conduct case reviews in FY2020 to ensure the correct data is input into the agency's EIS system and which will result in more accurate data being transmitted to ACF. The agency quality assessment reviews for the Temporary Assistance Program conducted by the DPA Program Integrity and Analysis Unit is expected to resume in FY2021.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-039: Six of 10 (60 percent) child support non-cooperation alerts tested were not processed in accordance with TANF program requirements. Specifically, three were not assessed a non-cooperation penalty and three did not have penalties assessed in a timely manner.

Questioned Costs: 93.558: $2,616

CFDA Number: 93.558

CFDA Name: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding.

Corrective Action (corrective action planned):

DPA is updating the current procedural guidelines for acting on the non-cooperation alerts received from the Division of Child Support Services to ensure the appropriate action is taken in a timely manner in accordance with state and federal regulations.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-040: The Foster Care Title IV-E Programs Quarterly Financial Report for the quarter ending March 31, 2019, incorrectly reported the number of pre-placement candidates. In Part 1, Section E, Line 51, DHSS staff incorrectly reported 356 as the number of pre-placement candidates instead of the required monthly average which totaled 119.

Questioned Costs: None

CFDA Number: 93.658

CFDA Name: Foster Care Title IV-E

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The Office of Children's Services (OCS) and FMS Medicaid, Allocation, and Audit Services (MAAS) unit is strengthening its existing review processes. Additionally, the FMS MAAS Manager followed up with the Title IVE federal agency, the Administration of Children and Families (ACF) for guidance on the recommended reporting correction for a non-expenditure element resulting in a revised QE 03/31/19 CB 496 for foster care being submitted and approved by ACF. This correction was allowed because the change requested did not include or impact the expenditures reported in QE 3/31/19 or the subsequent grants issued for the following quarter based on the information submitted. Corrections associated with expenditures are properly reported on a subsequent report as a prior period adjustment.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-041: During FY 19, Division of Health Care Services (DHCS) management intentionally disregarded State and federal regulations and overrode internal controls designed to prevent unallowable costs, unallowable activities, and fraud by waiving preauthorization requirements and bypassing system edits for over 800 Medicaid/CHIP providers.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding as written.

Corrective Action (corrective action planned):

The Division of Health Care Services initiated a pilot program during FY2019 titled the Golden Ticket program with the intention to reduce administrative burden. The initiative included internal controls to reduce the risk of abuse with specific performance criteria for participation; continuation of the same supporting documentation required for the prior authorization process; post service reviews; and the exclusion of several services. Only 5% of the providers met specific performance criteria and early in FY2020 the DHCS management assessed the program. The division decided to terminate it as there was no measureable administrative benefits and concerns existed as to whether it met regulations. Prior to issues raised through the statewide audit, the providers were given advance notice that the agency was terminating the pilot program on December 31st of 2019.

The services excluded from the pilot program were:

- Medications
- Durable medical equipment
- Long-term care
- Waiver services
- Behavioral health
- Transportation

Completion Date (list anticipated completion date):

The department resolved the finding during FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-042: Review of FY 19 dental claims identified likely over-utilization of dental services for individuals under the age of 22.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding.

Corrective Action (corrective action planned):

The Division of Health Care Services shares the concerns identified in this finding and had initiated work to address similar issues identified by the division. This included the development and issuance of Dental Reform Regulations (phase 1) to curtail misuse and overuse (dental reform regulations, phase 1, effective May 1, 2016), through which service limitations and prior authorization requirements were implemented. The division is currently developing additional regulations as Dental reform phase 2 to continue these efforts by increasing the controls to address frequently over-utilized or misused dental services.

Additionally, the division established in FY2019 a dental subcommittee through the Medical Care Advisory Committee to engage the industry stakeholders on questionable service practices. The agency continues to strengthen other related processes during FY2020, such as increasing prior authorization requirements for certain dental services and age groups. DHCS is continuing to strengthen its internal controls and collaborating with the program integrity unit to reduce the risk of questionable service and billing practices associated with dental claims.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-043: DHSS staff claimed federal reimbursement for unallowable behavioral health and other psychiatric observation costs.

Questioned Costs: CFDA 93.778: $768,156; CFDA 93.767: $1,889

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The Division of Health Care Services is strengthening its processes and procedures to evaluate and identify each action necessary, including coordination with the appropriate stakeholders to complete each incident objective as assigned by the Department's Emergency Operation Center's Tactics Group.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-044: During FY 19, DHCS procedures for documenting and verifying "received through" claims reprocessed at 100 percent federal medical assistance percentage (FMAP) were inadequate to ensure the State was processing the Medicaid/CHIP Indian Health Service/Tribal facility care coordination claims in accordance with federal guidance.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS does not concur with finding.

The department has the following response pertaining to the Tribal Health program and this proposed finding:

The purpose of the State Health Official (SHO) Letter 16-002 issued on February 26, 2016 is to improve delivery systems for Alaska Natives and American Indians by increasing access to health care, strengthening continuity of care, and improving population health. The SHO also encourages the reduction of administrative burden for Indian Health Services, the Tribal Health System, and the state.
The SHO provides the following guidance and re-interprets the scope of services considered to be 'received through' an IHS/Tribal facility, and therefore qualify for 100 percent FMAP. Based on the SHO, the following requirements have to be met:

1. A care coordination agreement must exist between the IHS/Tribal provider and non-IHS/tribal provider
   - Both the IHS/Tribal and non-IHS/Tribal providers are enrolled in Medicaid
   - There must be an established relationship between the patient and practitioner at the IHS/Tribal facility
   - The IHS facility remains responsible for overseeing the patient's care
   - The IHS facility retains control of the medical records
2. The service must be requested by the IHS/Tribal provider from non-IHS/Tribal provider

CMS's intent is to support reducing administrative burden by expanding access to Medicaid services regardless of provider. CMS recognizes that each State's Medicaid health care delivery system is set up differently and requires different tracking processes. This includes creating SHO specific policies, criteria and a clear process with an audit trail to meet the 100 percent FMAP. In Alaska, this included review by the DHSS Deputy Commissioner, Commissioner, and Department of Law as well as partnering with the Tribal Health providers when defining specific claiming criteria. Each of these individuals and entities brought essential subject matter expertise to the table when interpreting and enacting the required elements of the SHO. Department of Law was consulted on all language for the care coordination agreements, episodes of care definitions/referral validation and justification to claim. The process has been properly vetted, successfully implemented and should not be reinterpreted. The Tribal Health unit has strong internal controls in place and has spent 4 years developing and imbedding this process into the system. Many elements of the SHO were already basically in existence in the State of Alaska but not defined until the Tribal Health unit implemented the SHO, recognizing the unique nature of health care referrals and diverts. The additional explanation below addresses concerns identified within this finding #2019-044.

Care Coordination Agreements
DHCS ensure that care coordination agreements (CCA) exist for medical claims submitted for reclaiming. The AI/AN Medicaid recipients are eligible for services, they are enrolled in Medicaid so this is not in question. As part of the normal referral and divert processes that occur within the tribal health system, there are also long standing transfer and referral agreements and standing orders that have existed between tribal health organizations (THOs) and non-tribal providers. These were established before the SHO guidance issued in 2016 and have been in use for decades. For example, if a Tribal Health organization only has a Primary Care setting, such as in Fairbanks, the Chief Andrew Isaac Health Center has a transfer agreement with Fairbanks Hospital because they are the only hospital in the community. These types of arrangements exist in all regions to ensure adequate coverage of health care services to individuals in their community and so they do not have to travel to another location. This is and has been very common for certain services that Tribal Health Organizations do not provide, such as Residential Psychiatric Treatment and Long Term care. Tribal providers have been working with non-Tribal providers long before the SHO was implemented simply because of the need to provide access to services that may not be available by the Tribe.

In lieu of care coordination agreements, DHCS use existing transfer and referral agreements as acceptable form of CCA (e.g., Purchase and Referred Care agreements, transfer or standing order agreements, provider affiliations, etc.). This is very common practice across all states. The most important thing to keep in mind is that the SHO just requires elements be audited and tracked but the process of these services being delivered has not changed a bit. Tribal and non-tribal providers have been referring recipients back and forth for decades.

In addition, the definition of an episode of care is critical. It encompasses all medically necessary services that the individual requires and are associated to the initial "episode" or referral during a set period of time. The associated services are related to the specific medical problem, illness, or condition in the initial referral. During the episode, it is quite common for patients to receive additional treatment associated with the initial referral/diagnosis. The episode may cross a continuum of care. For example, if an AI/AN member has been referred to a non-IHS/Tribal hospital for an inpatient visit which will likely result in other services being provided to the member during the episode or time of admission (e.g., laboratory, radiology, blood tests, physical therapy, etc.). Although the referral is only to the non-IHS/Tribal hospital, the remaining associated services are included in the episode of care as medically necessary and prescribed by the originating provider and included in the individuals electronic health records and will be included in the reclaiming as part of the initial referral regardless of whether the affiliated providers have signed CCAs or not.

Referrals or Requests for Services
The State Health Official letter 16-002 does not stipulate that the referral from a THO to a non-IHS/Tribal provider be oral or in writing nor does it require a specific format to be verified. CMS allows State's the flexibility to design and define a process that verifies the referral process. DHCS uses the Tribal Health Organizations attestation that they verified referrals either in writing or verbally. The State is not obligated or allowed to review Tribal Health Organizations electronic health records system to audit attestations. This

would be in direct conflict with State and Tribal relations in partnering on tribal reclaiming efforts and could cause HIPAA compliance violations. The Tribes have told the State that they will not allow access to staff outside their organization. DHCS will continue to permit verbal referrals by THOs to non-IHS/Tribal providers. This is a common occurrence in Alaska as patients go between provider offices.

The Referral Verification Request form is the evidence that DHCS uses to verify that referrals exist and that the exchange of records occurred. This form serves as the attestation from the Tribal Health Organizations that they verified the referral in their system. As documented in DHCS' tribal reclaiming process, request for referrals are sent to the THOs on a quarterly basis to verify referrals for services to non-IHS/Tribal providers. The Referral Verification Request form includes information that assist the THOs in reviewing their medical records and locating the referrals for the members such as the member's name, Medicaid ID, DOB, SSN, service type, date of service, facility name and claim amount. In the last three years since the initiative started, DHCS has worked with the THOs to ensure that this form is useful in assisting THOs in locating the referrals. THO contacts are provided training on how to utilize the form and when to provide a 'yes' answer to the two questions which indicates whether a referral exists and exchange of records occur. Currently, THOs submit their completed Referral Verification Request form by electronic submission. The forms are lengthy and, at times, can include over a thousand claims. This is already a huge administrative burden for the Tribes and they are not compensated by the State to provide this essential element in the SHO. Due to the volume and length of time it took the THOs to perform the review, they have requested an electronic method of transmission. Having an electronic version allowed the THOs to sort and filter which assisted in managing the numerous claim lines and large data. DHCS will maintain this process for efficiency and effectiveness. Reverting back is not doable because of the negative impact it would have on unverified referrals returned to DHCS and extreme administrative cost to the State and Tribes.
In regards to the blanket referral arrangements from THOs, DHCS confirmed that Southeast Alaska Regional Health Consortium AI/AN beneficiaries residing in Petersburg are allowed to access Petersburg Medical Center as if it was a SEARHC facility. These services are considered referrals. Due to the complexity of medical care in rural areas and lack of an IHS facility in locations like Petersburg, it is an IHS requirement that tribes provide access to services for all their AI/AN beneficiaries. In addition, this would not be considered a self-referral because the directive is given by the Tribe to the beneficiaries who have no other recourse but to seek services from the only entity in the community.

As a form of referral, DHCS allows plans of care and transition of care documents for certain AI/AN population groups. These documents also serve as the attestation from the THOs that they verified the referrals and agree to the services provided to their members by non-tribal providers. An example of this is an adult on a home and community based waiver that may have multiple services such as respite, day habilitation, or durable medical equipment provided by multiple non-tribal providers.

The State considers services that are detailed in the plan of care and reviewed by the THO as eligible for tribal reclaiming. The required elements of the SHO are met based on the following justifications: 1) When the THO reviews the plan of care for an AI/AN waiver member, the THO is then involved in the care planning for that member, and 2) THO involvement includes being informed when referrals are made to non-tribal providers, as well as being connecting the members back to the tribal health system for other medical services.

Similarly, the transition of care (TOC) document for specialty needs children being case managed by a THO such as Alaska Native Medical Center (ANMC) as an acceptable form of referral. The TOC serves as documentation of the THO's referral for services to a non-tribal provider. For example a child that just had a heart transplant may be at ANMC and the physician needs to order physical therapy at a non-tribal provider. They would submit a TOC document to that provider, who would then serve the child, and send the records back via TOC. The THO's intent is to maintain the case management and responsibility of overseeing the entire array of the child's medical needs. The THO's intent is to maintain control of the patient's medical records and ensure they receive necessary services. The AI/AN children receiving case management in this category are those with the highest needs and highest risk in the state, thus considered specialty care. There are about 200 kids statewide that have severe needs. These are the kids that have transplants, cancer, genetic disorders, etc. They are the most fragile within the children's population on Medicaid. Their case managers are highly involved in their individual care, coordination and facilitation of services which often includes services outside the Tribal Health system.

Corrective Action (corrective action planned):

Not Applicable

Completion Date (list anticipated completion date):

Not Applicable

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-045: DHCS staff paid Medicaid claims for six patients at St. Elias Hospital that received an inappropriate level of care using an unallowable rate during FY 19.

Questioned Costs: CFDA 93.778: $734,310

CFDA Number: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The Alaska Department of Health and Social Services (AKDHSS) is returning to the approved facility swing bed rate for St. Elias as determined by the Office of Rate Review (ORR) and in accordance with the state plan.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-046: Thirty-three Medicaid recipients that had claims for medical services reprocessed during FY 19 at a 100 percent FMAP were judgmentally selected for testing. Auditors found reprocessed claims for three of the 33 Medicaid recipients were not supported by Medicaid Management Information System and one recipient did not qualify for 100 percent FMAP.

Questioned Costs: CFDA 93.778: $3,300,960

CFDA Number: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding.

Corrective Action (corrective action planned):

The DHCS Tribal Health Manager is strengthening the written procedures to include a data validation check to ensure that Cognos queries used to extract MMIS data capture the accurate information and the lists of the Tribal Health Organization's case managed recipients to exclude those not meeting the reclaiming requirements.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-047: Testing of hospital presumptive eligibility (HPE) recipients for the month of October 2018 found DPA staff did not review 14 of 23 related Medicaid applications timely (within 45 days) during the recipients' HPE coverage period. Delays in completing the reviews ranged from 35 to 182 days.

In addition, one of the 23 applicants was approved for Medicaid, but DPA was unable to locate the application.

Questioned Costs: CFDA 93.778: Known questioned costs of $20,187 and likely questioned costs exceeding $25,000.

CFDA Number: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

DPA is strengthening its processes to ensure the follow-up applications are correctly triaged into the division's workload management system and allow the agency to meet required timeframes for processing applications.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-048: A random sample of 35 Medicaid recipients that also received Supplemental Security Income (SSI) was tested for Medicaid eligibility. Testing found DPA staff did not redetermine Medicaid eligibility for one recipient after identifying the recipient's SSI was suspended. Medicaid benefits continued for 11 months until the benefits were discontinued.

Further, no documentation was maintained to demonstrate that Medicaid eligibility for those SSI recipients that also receive Adult Public Assistance was automatically renewed within EIS during FY 19.

Questioned Costs: CFDA 93.778: Known questioned costs of $873 and likely questioned costs exceeding $25,000.

CFDA Number: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

DPA has a planned work request to make programming changes that will allow for a list of recipients to be created when renewed via batch jobs. The division is also updating the current procedural guidelines for taking action on SSI alerts received from the Social Security Administration and to ensure it is taken in a timely manner in accordance with state and federal regulations.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-049: An FY 19 examination of the Alaska Resource for Integrated Eligibility Services (ARIES) system controls concluded DHSS staff did not maintain, in all material respects, effective internal controls for ARIES.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding.

Corrective Action (corrective action planned):

The Financial and Management Services (FMS) IT Manager and the Division of Public Assistance (DPA) are collaborating on the prioritization and available resources to resolve the known system defects. This finding contains multiple issues requiring different types of corrective action, such as the implementation of the electronic document management solution; migrating ARIES servers to encrypted volumes followed by issuing work requests to fix remaining issues; performing necessary tests; and addressing IT staffing vacancies.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-050: Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing for eligibility found DPA staff were not processing applications timely and were not consistently performing eligibility determinations when required.

Questioned Costs: CFDA 93.767: $500,214; CFDA 93.778: $1,889,928

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding. It does not concur with questioned costs for eligible recipients.

Corrective Action (corrective action planned):

DPA is strengthening its processes and procedures to complete Medicaid eligibility renewals in a timely manner. During FY2020 the backlogged eligibility applications have been brought current and the agency is reviewing its timeframes for processing to align them with the federal requirements. The division's policy currently allows only 30 days while federal requirements allow for 45 days to process Medicaid determinations. DPA is also implementing an Electronic Document Management system, as well as procuring an Asset Verification System to aid the agency in making more streamlined, timely and efficient determinations.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-051: Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations. Testing of DPA eligibility determinations found errors.

Questioned Costs: CFDA 93.767: $458,393; CFDA 93.778: $2,340,443

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding. It does not concur with questioned costs for eligible recipients.

Corrective Action (corrective action planned):

DPA is strengthening its training of newly hired staff through the completion of its comprehensive, instructor-led training and providing tenured staff the opportunity to attend refresher trainings as needed. Additionally, the agency is ensuring staff have access to numerous job aids and checklists to increase staff accuracy in preparing eligibility determinations. The division is also implementing a Statewide Case Review team to perform timely case reviews and provide valuable feedback to staff. This approach is expected to increase accuracy and includes eight case reviewers to review a minimum of 75 cases per month. The team is being monitored by a lead reviewer and is expected to identify case corrections followed by communication to eligibility staff and track statewide trends and training opportunities.

DPA is initiating resolution of the six most frequently reported errors in ARIES by contracting additional resources.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-052: Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations. Testing found errors in the written notice sent by DPA to Medicaid and CHIP recipients regarding eligibility determinations.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The DPA Statewide Case Reviewer team and local leadership will review the notices to ensure accuracy and due process. The division is also updating the Administrative Manual to outline requirements to include certification periods and eligibility information in notices to clients.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-053: Sixty Medicaid/CHIP providers were randomly selected for testing compliance with Medicaid provider eligibility requirements (30 low risk providers and 30 moderate or high risk providers). Four of 30 moderate or high risk providers tested (13 percent) had a combination of errors in revalidating provider eligibility due to the timing of required screening activities.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding.

Corrective Action (corrective action planned):

The Division of Health Care Services (DHCS) Surveillance Utilization Review Manager is evaluating the revalidation screening procedures to ensure timely, accurate, and complete reviews are conducted. The unit is also expanding its procedures in regards to screening for all business licenses. This will include thorough checklists and a robust sampling of provider files on a quarterly basis to confirm compliance.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-054: A random sample of 60 providers enrolled in Medicaid and CHIP were tested for compliance with federal provider eligibility requirements. Thirty-nine of 60 had been enrolled Medicaid/CHIP providers for at least five years and subject to revalidation. Twenty-six of the 39 providers did not meet the five year revalidation time requirement.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Name: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with finding.

Corrective Action (corrective action planned):

The Division of Health Care Services (DHCS) Surveillance Utilization Review Manager will update the revalidation process and timelines to ensure it is balancing the numbers of providers requiring revalidation with available staff and agency resources to ensure revalidation requests are processed timely and completely. This will include sending additional communication to providers earlier in the revalidation process, using federal authority to balance the revalidation dates for upcoming fiscal years, and identifying complex providers who need additional time/resources for revalidation.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-055: DHSS DHCS Surveillance and Utilization Review Unit's procedures for conducting utilization of care and services reviews were not sufficient to ensure management directives for utilization reviews were effectively carried out in compliance with federal requirements.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

In January 2019 case review responsibility transitioned from an external contractor to DHCS SUR and following this transition the unit's roles, processes, and responsibilities were being redefined. The policy/procedure manuals have been assessed and the SUR unit has made the following recommended updates:

- Procedures for analyzing provider profiles
- Methodologies for provider case selection
- Procedures for recommending case action
- Procedures to ensure adequate internal controls for case related activities

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-056: DHSS's IT staff did not conduct a risk analysis or perform a biennial system security review of the EIS.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

FMS Information Technology Services dedicated staff resources and initiated updating the security plan, which includes a risk analysis, during FY2019. Additional efforts include the utilization of a specialized software to document the security plan aided with limited support by contract staff.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Finding No. 2019-057: Two potential shortfalls were identified for FY 19.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (corrective action planned):

The FMS Deputy Director continues to strengthen existing financial processes and procedures to reduce potential shortfalls. Additionally, ALDER reports that had been designed and implemented to monitor appropriations including revenue collections in the previous year are being reviewed periodically throughout the year with each division to ensure managers are aware of potential shortfalls to assist in taking corrective action before yearend.

Completion Date (list anticipated completion date):

The department anticipates this finding will be resolved in FY2020.

Agency Contact (name of person responsible for corrective action):

Sana P. Efird, Assistant Commissioner

Please contact Linnea Osborne at (907) 465-6333 if you have any questions or require additional information.

Sincerely,

Adam Crum
Commissioner

CC: Sana P. Efird, Assistant Commissioner
Albert Wall, Deputy Commissioner
Clinton Lasley, Deputy Commissioner
Renee Gayhart, Director Health Care Services
Shawnda O'Brien, Director Public Assistance

Natalie Norberg, Director Office of Children's Services
Marian Sweet, FMS Deputy Director
Linnea Osborne, Accountant V

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THE STATE of ALASKA

GOVERNOR MICHAEL J. DUNLEAVY

Department of Labor and Workforce Development

Office of the Commissioner

Post Office Box 111149
Juneau, Alaska 99811
Main: 907.465.2700

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MAR 18 2020

LEGISLATIVE AUDIT

March 12, 2020

Ms. Kris Curtis
Legislative Auditor
Alaska State Legislature
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

This letter accompanies the Department of Labor and Workforce Development (DLWD) corrective action plan for findings noted in the Division of Legislative Audit Preliminary Confidential FY19 Statewide Single Audit Report.

As requested, enclosed with this letter is a standardized corrective action plan for each finding on agency letterhead.

Thank you for the opportunity to respond to the Confidential Management Letter.

Sincerely,

Tamika L. Ledbetter

Dr. Tamika L. Ledbetter
Commissioner

THE STATE of ALASKA

GOVERNOR MICHAEL J. DUNLEAVY

Department of Labor and Workforce Development

Office of the Commissioner

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Single Audit Corrective Action Plan

Finding No. 2019-058: Department of Labor and Workforce Development accounting staff incorrectly recorded an FY 19 year-end transaction to clear the Unemployment Compensation Fund suspense liability account balance.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding.

Corrective Action (corrective action planned):

During FY19, DLWD identified and successfully reconciled the discrepancies between the balance of the Unemployment Compensation Fund (UCF) suspense liability account in the subsystem and the state accounting system. DLWD implemented processes in the monthly and yearly transactions to avoid duplicate entries and resolve prior year audit findings. The processes include scheduled reports from the subsystem to run for the June 30th year-end entries.

DLWD staff worked with DLA auditors and DOF to develop the necessary FY19 audit adjustment. DLWD accounting procedures for UCF have been updated and will be accurately implemented on the FY20 year-end entry.

Completion Date (list anticipated completion date):

August 31, 2020

Agency Contact (name of person responsible for corrective action):

Rachel Paguio, Chief Financial Officer

THE STATE
of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Labor and
Workforce Development

Office of the Commissioner

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Single Audit Corrective Action Plan

Finding No. 2019-059: Two of two quarterly Employment and Training Administration (ETA) 227 Overpayment Detection and Recovery Activities reports tested, for quarters ending June 30, 2019, and March 31, 2019, were not fully supported by the accounting records.

Questioned Costs: None

CFDA Number: 17.225

CFDA Name: Unemployment Insurance

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding.

Corrective Action (corrective action planned):

DLWD is developing a verification report for reconciliation of the ETA 227. The report will show all overpayments in DB2 categorized to match the ETA 227. This will also validate recovered overpayments established during the period. Procedures will then be updated to ensure discrepancies are reconciled accordingly.

Completion Date (list anticipated completion date):

March 31, 2020

Agency Contact (name of person responsible for corrective action):

James Danner, Data Processing Liaison Technical Manager

THE STATE of ALASKA

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Department of Labor and Workforce Development

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Single Audit Corrective Action Plan

Finding No. 2019-060: Three of three ETA 2112 monthly reports tested (September 2018, October 2018, and January 2019) did not accurately report benefit payment activity.

Questioned Costs: None

CFDA Number: 17.225

CFDA Name: Unemployment Insurance

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding.

Corrective Action (corrective action planned):

DLWD worked with the auditors and U.S. Department of Labor (USDOL) to clarify reporting instructions. Procedures were updated to reflect the instructions from USDOL to ensure disbursement amounts reported on the monthly ETA 2112 reports are accurate. USDOL asked for amended reports to be submitted for FY 2019. Those reports have been transmitted to USDOL.

Completion Date (list anticipated completion date):

September 1, 2019

Agency Contact (name of person responsible for corrective action):

Emy Ribao, UI Trust Accountant IV

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Labor and Workforce Development

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Single Audit Corrective Action Plan

Finding No. 2019-061: DLWD staff submitted the 2018 annual Federal Unemployment Tax Act 940 certification with all tax fields incorrectly reporting zero.

Questioned Costs: None

CFDA Number: 17.225

CFDA Name: Unemployment Insurance

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding.

Corrective Action (corrective action planned):

DLWD has instituted additional control procedures for the final version of the report prior to submission to ensure the FUTA 940 certification accurately reports unemployment tax information for each employer.

Completion Date (list anticipated completion date):

September 1, 2019

Agency Contact (name of person responsible for corrective action):

James Danner, Data Processing Liaison Technical Manager

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Labor and Workforce Development

Office of the Commissioner

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Single Audit Corrective Action Plan

Finding No. 2019-062: Control deficiencies were identified in a DLWD Information Technology system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding.

Corrective Action (corrective action planned):

DLWD strengthened IT system control deficiencies with continued planned procedural updates.

Completion Date (list anticipated completion date):

April 1, 2020

Agency Contact (name of person responsible for corrective action):

Paul Hegg, Department Technology Officer

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development
DIVISION OF ADMINISTRATIVE SERVICES
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March 18, 2020

Kris Curtis, CPA
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis,

RE: Confidential Preliminary Audit Report, Department of Commerce, Community, and Economic Development (DCCED), FY2019 Statewide Single Audit

Thank you for the opportunity to respond to the preliminary audit report findings issued in the letter dated February 28, 2020.

The Department agrees with Finding No. 2019-063 and partially agrees with Finding No. 2019-064 and is taking corrective action steps as prescribed in the attached Single Audit Corrective Action Plans. Please note, Finding No. 2019-064 in the confidential preliminary audit report erroneously indicates the potential shortfall was federal funds.

If you should have additional questions, please feel free to contact me at 269-8100.

Sincerely,

Julie Anderson
Commissioner

March 18, 2020

Single Audit Corrective Action Plan

Finding: 2019-063 – The FY 19 grant award issued to the 1332 State Innovation Waivers' sole subrecipient contained an inaccurate grantee name, conflicting award amounts, and was missing the unique subrecipient number and federal award date.

Questioned Costs: None

CFDA Number: 93.423

CFDA Name: 1332 State Innovation Waivers

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DCCED agrees with the finding.

Corrective Action (corrective action planned):

The Division of Insurance director will develop and implement procedures to ensure that subrecipient awards contain complete and accurate information in accordance with federal requirements.

Completion Date (list anticipated completion date):

January 20, 2020

Agency Contact (name of person responsible for corrective action):

Lori Wing-Heier
Lori.Wing-Heier@alaska.gov

Single Audit Corrective Action Plan

Finding: 2019-064 – One potential DCCED shortfall was identified for FY 19.

Questioned Costs: None

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The department partially agrees with this finding.

Corrective Action (corrective action planned):

Department of Commerce, Community and Economic Development's finance officer has taken measures to resolve the shortfall with the Department of Administration, Division of Finance (DOF), and Department of Transportation and Public Facilities (DOTPF) staff since August of 2018. Coordinated action by DCCED, DOTPF, and DOF staff has been required to complete the transfer of AIDEA dividend revenue.

Procedures over billing and monitoring revenue collections to prevent revenue shortfalls have been in place for both the previous (AKSAS) and the current (IRIS) accounting systems. However, statewide procedures involving the accounting system conversion and transfer of revenue between appropriations of two different departments recorded in two separate accounting systems is not available. DCCED staff are not authorized to take all actions needed to complete the transfer. However, recent action by DOF, DOTPF, and DCCED staff were able to complete the transaction allowing the revenue to be recorded in the DCCED IRIS appropriation and no revenue shortfall exists.

Completion Date (list anticipated completion date):

February 28, 2020

Agency Contact (name of person responsible for corrective action):

Jenny McDowell, Finance Officer (907) 465-5445

(Intentionally left blank)

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Military and Veterans' Affairs
Office of the Commissioner

P.O. Box 5800
JBER, AK 99505-0800
Main: 907.428.6003
Fax: 907.428.6019

March 4, 2020

RECEIVED
MAR 10 2020
LEGISLATIVE AUDIT

Kris Curtis
Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

RE: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019

I have reviewed the findings and recommendations in the above referenced confidential preliminary audit report and appreciate the opportunity to respond. DMVA concurs with the finding. Please see the attached Single Audit Corrective Action Plan.

Attachment: Finding 2019-065 Corrective Action Plan

Sincerely,

Torrence W. Saxe
Commissioner/Adjutant General
Department of Military and Veterans' Affairs

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Military and Veterans' Affairs
Office of the Commissioner

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Single Audit Corrective Action Plan

Finding: 2019-065 - DMVA inaccurately reported federal expenditures, amounts passed through to subrecipients, and inter-agency transfers on the FY 19 draft Schedule of Expenditures of Federal Awards (SEFA) for one program. Further, there is no evidence to show that supervisory review of the SEFA was performed prior to submission to the Department of Administration (DOA).

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DMVA concurs with the finding, in part.

Corrective Action (corrective action planned):

During the preparation of the FY 2019 SEFA, DMVA implemented and documented several changes in the formulation of a desk procedure for this process. DMVA worked with several individuals from Department of Administration (DOA) and followed instructions prepared by DOA staff. As a result, there were some prior year inclusion/exclusion errors, as well as recognition of sub-recipient errors. The Alaska State Legislative Auditors were instrumental in assisting DMVA staff in recognizing these errors and in assisting staff with corrections. As a result, a corrected copy was forwarded to the Accountant at DOA. During this process, it was requested the verification and review of the SEFA be documented when reviewed. The Finance Officer concurs with the assessment and has added new processes to correct the errors which are included in the new procedure document.

Completion Date (list anticipated completion date):

December 31, 2019

Agency Contact (name of person responsible for corrective action):

Timothy Kelly, Finance Officer

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources
OFFICE OF THE COMMISSIONER
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Anchorage, AK 99501-3561
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March 10, 2020

RECEIVED
MAR 16 2020
LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Legislative Auditor
Legislative Budget and Audit
PO Box 113300
Juneau, AK 99811-3300

Re: FY2019 Statewide Single Audit, Department of Natural Resources (DNR), Confidential Preliminary Audit response.

Dear Ms. Abbott,

Thank you for the opportunity to provide a written response to the Confidential Management Letter No. 1 on the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019. The Corrective Action Plans for the findings below are attached.

Finding No. 2019-066	Mineral Lease revenues not transferred
Finding No. 2019-067	Royalty revenues not transferred
Finding No. 2019-068	USFS Fire Suppression Personal Services Costs
Finding No. 2019-069	Function Codes assigned to incorrect Federal Programs
Finding No. 2019-070	USFS Fire Suppression Non-Personal Services Costs
Finding No. 2019-071	BLM Fire Suppression Non-Personal Services Costs
Finding No. 2019-072	BLM Fire Suppression Personal Services Costs
Finding No. 2019-073	Fire Suppression Activities
Finding No. 2019-074	Unbudgeted RSA revenues shortfall

Sincerely,

Corri Feige, Commissioner
Department of Natural Resources

FUN

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

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Single Audit Corrective Action Plan

Finding: 2019-066 – The Department of Natural Resources did not transfer to the Alaska Permanent Fund all dedicated mineral lease revenues received during FY 18 and FY 19.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR disagrees with Finding No. 2019-066. We continue to rely on the legal analysis by the Attorney General's office, dated November 9, 2018, which concluded that the adjustments made to FY2018 and FY2019 deposits to the Permanent Fund were appropriate.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Raquel Solomon-Gross, Director of Support Services Division

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

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Single Audit Corrective Action Plan

Finding: 2019-067 – Royalty revenues eligible for transfer to the constitutional budget reserve fund (CBRF) were not transferred during FY 18 and FY 19, and revenues that should have remained in the CBRF were moved to the general fund.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR disagrees with Finding No. 2019-067. We continue to rely on the legal analysis by the Attorney General's office in 2019 which concluded that payments related to the FERC settlements were not to be transferred to the CBRF.

Corrective Action (corrective action planned):

NA

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Raquel Solomon-Gross, Director of Support Services Division

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

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Single Audit Corrective Action Plan

Finding No. 2019-068: Testing of FY 19 personal service expenditures (60 State personnel timesheets) charged to the U.S. Forest Service (USFS) Fire Suppression program identified multiple instances of noncompliance, including lack of the federally required OF-288 timesheets; State timesheet hours that did not match federal timesheets; incorrect fire codes recorded on timesheets or fire codes that did not match the federal timesheets; work-rest ratio violations; unallowable compensation for meal breaks, shift differential pay, standby pay, and hazard pay on travel days; and an unsigned timesheet.

Testing of 60 emergency firefighter (EFF) timesheets identified missing employee signatures and work-rest ratio violations.

Questioned Costs: CFDA 10.U08 $141,624

CFDA Number: 10.U07, 10.U08, 10.U09

CFDA Name: USFS Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

Department of Natural resources (DNR), Division of Forestry (DOF) is proactively conducting coordination efforts with the U.S. Forest Service (USFS) partners in pursuing audit resolutions and management decisions for the past three year's legislative audit findings. The appeal for clemency has been discussed with the partner agency contacts and will be deliberated in the coming months.

DNR DOF in concert with our interagency federal partners, will update and develop the provisions in the 2020 Alaska Statewide Operating Plan and the 2020 Alaska Master Cooperative Wildland Fire Management and Stafford Act Response Agreement delineating that the agency-approved timesheets shall suffice in lieu of federally required OF-288 timesheets for personnel serving in support roles for incidents and identify any other allowable exceptions to the current OF-288 requirements. DOF Management will continue to update standing division policies relating to the timesheet process that includes the utmost review and assurance regarding compliance with the work-rest ratio, meal breaks, shift differential, standby and hazard pays and appropriate approval signature. The DOF will schedule a session at our spring operations meeting to review with administrative staff and supervisors the standing policies and procedures for these items. During the 2020 fire

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season, a temporary position will be hired to complete quality control/quality assurance checks of random timesheets, with a goal of identifying issues and correcting via amended timesheets. The individual will also meet with managers and employees to review issues identified. The approach will be proactive and not punitive, the intent is improved process, knowledge and responsibility of timesheet signers to adhere to our common policies and standards.

Completion Date (list anticipated completion date):

December 31, 2020

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager Tim Dabney, Division Operations Manager

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

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Single Audit Corrective Action Plan

Finding: 2019-069 – The audit identified five function (fire) codes in the State accounting system that were assigned incorrect federal programs.

Questioned Costs: CFDA 10.U07: $53; CFDA 10.U08: $153,379

CFDA Number: 10.U07, 10.U08, 10.U09

CFDA Name: USFS Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

DNR's Division of Support Service Director will have the division develop procedures to document cost accounting structure processes that ensure timely and accurate establishment in the State accounting system. The procedures will include a review process prior to the divisions using the cost accounting elements.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager
Aimee Olejasz, Division Operations Manager

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

550 West 7th Avenue, Suite 1400
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Single Audit Corrective Action Plan

Finding No. 2019-070: Testing a random sample of FY 19 non-personal service expenditures charged to the USFS Fire Suppression program (60 transactions) identified 24 instances of noncompliance with procedures.

Questioned Costs: CFDA 10.U08: $216

CFDA Number: 10.U07, 10.U08, 10.U09

CFDA Name: USFS Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

DOF key staff, in collaboration with Support Services Division (SSD) and Shared Services of Alaska (SSoA) key staff shall ensure that invoices for accounts payables are accurately coded, reviewed, ensuring the allowability of the costs, approved and entered in the Integrated Resource Information System (IRIS) with all the necessary backup documentations.

The standing delegations of authority for each of the DOF staff members are being updated and standardized based on the level of capacity. DOF Management shall ensure that the authorized signatories obtain the proper knowledge and training that necessitates staff to be cognizant of the costs being allowable, appropriately coded, within the period of performance and scope of their authority.

Completion Date (list anticipated completion date):

December 31, 2020

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager
Aimee Olejasz, Division Operations Manager

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

550 West 7th Avenue, Suite 1400
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Single Audit Corrective Action Plan

Finding No. 2019-071: Testing a sample of 94 (85 randomly selected and nine judgmentally selected) FY 19 non-personal services expenditure transactions charged to the Bureau of Land Management (BLM) Fire Suppression program identified 17 instances of noncompliance with procedures.

Questioned Costs: CFDA 15.U05: $7,032; CFDA 15.U06: $520,066

CFDA Number: 15.U04, 15.U05, 15.U06

CFDA Name: BLM Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

DOF key staff, in collaboration with Support Services Division (SSD) and Shared Services of Alaska (SSoA) key staff shall ensure that invoices for accounts payables are accurately coded, reviewed, ensuring the allowability of the costs, approved and entered in the Integrated Resource Information System (IRIS) with all the necessary backup documentations.

The standing delegations of authority for each of the DOF staff members are being updated and standardized based on the level of capacity. DOF Management shall ensure that the authorized signatories obtain the proper knowledge and training that necessitates staff to be cognizant of the costs being allowable, appropriately coded, within the period of performance and scope of their authority.

Completion Date (list anticipated completion date):

December 31, 2020

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager
Aimee Olejasz, Division Operations Manager

Department of Natural Resources

OFFICE OF THE COMMISSIONER

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Single Audit Corrective Action Plan

Finding No. 2019-072: Testing of FY 19 personal service expenditures (78 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance, including lack of the federally required OF-288 timesheets; State timesheet hours that did not match federal timesheets; incorrect fire codes recorded on timesheets or fire codes that did not match the federal timesheets; work-rest ratio violations; unallowable compensation for meal breaks, shift differential pay, standby pay, and hazard pay on travel days; unsupported hazard pay; and an unsigned timesheet.

Testing of 67 EFF timesheets identified missing employee signatures and an incorrect fire code recorded on the timesheet.

Questioned Costs: CFDA 15.U05: $174,990; CFDA 15.U06: $33,265

CFDA Number: 15.U04, 15.U05, 15.U06

CFDA Name: BLM Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

Department of Natural resources (DNR), Division of Forestry (DOF) is proactively conducting coordination efforts with the Bureau of Land Management (BLM) partners in pursuing audit resolutions and management decisions for the past three year's legislative audit findings. The appeal for clemency has been discussed with the partner agency contacts and will be deliberated in the coming months.

DNR DOF in concert with our interagency federal partners, will update and develop the provisions in the 2020 Alaska Statewide Operating Plan and the 2020 Alaska Master Cooperative Wildland Fire Management and Stafford Act Response Agreement delineating that the agency-approved timesheets shall suffice in lieu of federally required OF-288 timesheets for personnel serving in support roles for incidents and identify any other allowable exceptions to the current OF-288 requirements. DOF Management will continue to update standing division policies relating to the timesheet process that includes the utmost review and assurance regarding compliance with the work-rest ratio, meal breaks, shift differential, standby and hazard pays and appropriate approval signature The DOF will schedule a session at our spring operations meeting to review with administrative staff and supervisors the standing policies and procedures for these items. During the 2020 fire

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season, a temporary position will be hired to complete quality control/quality assurance checks of random timesheets, with a goal of identifying issues and correcting via amended timesheets. The individual will also meet with managers and employees to review issues identified. The approach will be proactive and not punitive, the intent is improved process, knowledge and responsibility of timesheet signers to adhere to our common policies and standards.

Completion Date (list anticipated completion date):

December 31, 2020

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager Tim Dabney, Division Operations Manager

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

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Single Audit Corrective Action Plan

Finding: 2019-073 – During FY 19, $34.8 million of general funds was expended for fire suppression activities without legal authorization.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding.

Corrective Action (corrective action planned):

DNR will coordinate with the Office of Management and Budget (OMB) to document procedures for processing general fund requests for Emergency Fire Declarations. OMB will coordinate with the Governor's Office to issue a formal proclamation of disaster emergency, per AS 26.23.020, for department general fund requests above the Legislative appropriated amount for fire activity.

Completion Date (list anticipated completion date):

February 29, 2020

Agency Contact (name of person responsible for corrective action):

Jashryn Mendoza, Budget Manager

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

550 West 7th Avenue, Suite 1400
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Single Audit Corrective Action Plan

Finding: 2019-074 – Three potential shortfalls were identified for FY 19.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR Agrees

Corrective Action (corrective action planned):

DNR's Finance Officer will document the billing and revenue collections processes and will monitor the collections to ensure revenue is collected in accordance with policy.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

June Gotschall, Support Services Division, Finance Officer

MEMORANDUM

Department of Natural Resources

STATE OF ALASKA

Office of the Commissioner

TO: Brent Goodrum

DATE: January 10, 2019

PHONE: (907) 268-8431

FROM: Corri Feige
Commissioner

SUBJECT: Delegation of Authority

This memo shall act as a standing Delegation of all authority of the Commissioner's position whenever I am in travel status, outside of the state, or otherwise deemed inaccessible.

It is understood that this delegation is effective upon signing and shall remain in effect until superseded in writing or until such time as you are no longer in service as Deputy Commissioner of the Department of Natural Resources.

Cc: Tuckerman Babcock, Chief of Staff
DNR Directors

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THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Fish and Game

OFFICE OF THE COMMISSIONER
Headquarters Office

1255 West 8th Street
P.O. Box 115526
Juneau, Alaska 99811-5526
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Fax: 907.465.2332

March 18, 2020

RECEIVED
MAR 18 2020
LEGISLATIVE AUDIT

Ms. Kris Curtis
Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

The Alaska Department of Fish and Game (ADFG) is in receipt of the fiscal year 2019 (FY 2019) confidential preliminary audit finding for the Department of Fish and Game (DGF), FY19 statewide single audit. This letter is being sent to address the finding of the audit and the plan for corrective action.

Single Audit Corrective Action Plan

Finding: 2019-075 – The Department of Fish and Game incorrectly recorded two building assets in the State accounting system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

We agree with this finding.

Corrective Action (corrective action planned):

Both assets have been corrected and are recorded properly in IRIS as of 10/29/19. In addition to reinforcing the need for accuracy to staff entering and approving new assets in IRIS, the Finance Officer will include a review of new assets as part of the year-end process. An ALDER report will be run before the end of each fiscal year and reviewed to ensure new assets are classified appropriately. This process will be added to the DAS Finance year-end calendar.

Completion Date (list anticipated completion date):

05/31/2020

Agency Contact (name of person responsible for corrective action):

Rae Mosier, Finance Officer

Sincerely,

Doug Vincent-Lang
Commissioner, Department of Fish and Game

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THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Environmental Conservation

OFFICE OF THE COMMISSIONER

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RECEIVED
MAR 20 2020
LEGISLATIVE AUDIT

March 19, 2020

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

RE: FY19 Statewide Single Audit, Corrective Action Plan from Department of Environmental Conservation

Dear Ms. Curtis:

As requested, enclosed with this letter is a standardized corrective action plan for each finding on agency letterhead.

The department appreciates these being brought to our attention and we welcome the opportunity to correct them and ensure compliance.

Sincerely,

Jason W. Brune
Commissioner

Enclosure

Single Audit Corrective Action Plan

Finding No. 2019-076: Three of 40 randomly selected non-personal service expenditure payments totaling $133,234 made to the Alaska Native Tribal Health Consortium were processed by the Department of Environmental Conservation's (DEC) Division of Water (DOW) staff without confirming the expenditures were allowable.

Questioned Costs: Indeterminate

CFDA Number: 66.202

CFDA Name: Congressionally Mandated Projects

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

DEC's Finance Officer will request EPA provide official determination if ANTHC is a sub-recipient or not. Based on this determination, DEC's Finance Officer and program staff will review and strengthen the written procedures for reviewing ANTHC payment requests. This will include creating written instructions for adequate analysis if ANTHC expenditures are allowable.

Completion Date (list anticipated completion date):

DEC anticipates this finding will be resolved in FY21.

Agency Contact (name of person responsible for corrective action):

Elizabeth Pederson

Single Audit Corrective Action Plan

Finding No. 2019-077: DEC's Division of Administrative Services and DOW's Village Safe Water (VSW) program staff did not consistently adhere to State procurement laws and federal suspension and debarment requirements.

Questioned Costs: None

CFDA Number: 66.202

CFDA Name: Congressionally Mandated Projects

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

DEC's Procurement Specialist V will strengthen the VSW specific written procedures for all procurement types. In addition, DEC will provide detailed training for VSW program staff involved in the procurement process. DEC DAS and DOW directors will ensure implementation so that all State of Alaska Procurement Requirements will be adhered to.

Completion Date (list anticipated completion date):

DEC anticipates this finding will be resolved in FY21.

Agency Contact (name of person responsible for corrective action):

Elizabeth Pederson

Single Audit Corrective Action Plan

Finding No. 2019-078: Two of four randomly selected U.S. Environmental Protection Agency (EPA) Disadvantage Business Enterprise 5700-52A Utilization Forms submitted by DEC to EPA during FY 19 contained inaccurate expenditure amounts for construction activities.

Questioned Costs: None

CFDA Number: 66.202

CFDA Name: Congressionally Mandated Projects

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

DEC's Finance Officer and Grant Accountant will strengthen written procedures over the preparation and review of the DBE reports.

Completion Date (list anticipated completion date):

DEC anticipates this finding will be resolved in FY21.

Agency Contact (name of person responsible for corrective action):

Elizabeth Pederson

Single Audit Corrective Action Plan

Finding No. 2019-079: DOW staff did not perform sufficient monitoring activities over FY 19 subrecipients. Risk assessments for all five Remote Maintenance Worker (RMW) subrecipients and the sole VSW subrecipient were not performed as required by federal regulations. Additionally, RMW program staff were not provided with sufficient expenditure support by subrecipients to verify that subaward costs were in accordance with federal regulations and grant requirements.

Questioned Costs: Indeterminate

CFDA Number: 66.202

CFDA Name: Congressionally Mandated Projects

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

DEC's Program Manager, with the assistance of DEC's Finance Officer, will create a risk assessment matrix including the amount of monitoring required with each level of risk. During the annual application review and awarding process, each entity will have a documented risk assessment performed by DEC's program staff. DEC's program staff will then follow the applicable amount of monitoring required per the determined level of risk for each subaward accordingly. This will include creating written instructions for adequate analysis if subaward expenditures are allowable.

Completion Date (list anticipated completion date):

DEC anticipates this finding will be resolved in FY21.

Agency Contact (name of person responsible for corrective action):

Elizabeth Pederson

(Intentionally left blank)

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER
John MacKinnon, Commissioner

PO Box 112500
Juneau, Alaska 99811-2500
Main: 907.465.3900
dot.alaska.gov

March 19, 2020

RECEIVED
MAR 20 2020
LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

This letter is in response to the findings contained in the confidential preliminary audit report on State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019. The department's responses and corrective action plan for each finding contained in the Division of Legislative's Audit preliminary audit report for Fiscal Year 2019 are outlined below.

Finding No. 2019-080: Detailed testing of the Department of Transportation and Public Facilities' (DOTPF) input of FY 19 capital assets into the State accounting system, IRIS, identified the following errors:

- Seventy-three of 141 projects tested from DOTPF's construction in progress (CIP) inventory listing were recorded incorrectly;
- Three of 30 projects tested from DOTPF's infrastructure (IF) inventory listing were recorded incorrectly;
- Eleven of 66 expensed projects tested should have been capitalized as CIP or IF;
- Five projects with updated asset values for current year expenditures did not tie to capitalizable costs for the project; and
- Two prior year errors were incorrectly recorded and 50 insignificant prior year errors were not updated in IRIS.

Department response: Agree.

The department agrees with this finding. The department has engaged a contractor to conduct a thorough review of the department's completed capital project activity compared to its capitalized assets to ensure capitalization criteria is uniformly and accurately applied. The contractor is also engaged to review the department's business processes related to capital asset identification, tracking, and accounting, and to provide recommendations for procedural changes to improve accuracy and streamline processes.

Completion Date: *December 31, 2020*
Agency Contact: *Roger Baines, Finance Officer*

Finding No. 2019-081: Testing a random sample of 60 indirect cost charges identified an error in the application of the FY 19 approved indirect cost rate, which resulted in DOTPF claiming federal reimbursement for indirect costs in excess of the federally approved rate for FY 19.

Questioned Costs: CFDA 20.106: $26,151; CFDA 20.205: $84,179

CFDA Number: 20.106; 20.205, 20.219, 20.224

CFDA Name: Airport Improvement Program; Highway Planning and Construction Cluster (HPCC)

Department response: Agree

The error was made in the application of the revised FY 19 ICAP rate during the interface that originally processed on July 2, 2019. Correct amounts for individual projects have been calculated and the department is entering adjusting entries. For FY 20 and forward, procedures have been implemented to review all interfaces generating ICAP expenditures to ensure the ICAP rate is correctly applied in IRIS.

Completion Date:	*Ongoing internal control has been implemented. The targeted completion date is March 31, 2020.*
Agency Contact:	*Chrisie Zepp, Accountant V*

Finding No. 2019-082: Nine of 35 Federal Highway Administration (FHWA) construction project files tested (26 percent) did not demonstrate that contractors complied with prevailing wage requirements. Specifically, eight project files did not include signed statements of compliance for all certified payrolls. Additionally, the weekly certified payrolls for one project were submitted a month after the project was completed.

Questioned Costs: None

CFDA Number: 20.205, 20.219, 20.224

CFDA Name: HPCC

Department response: Agree.

The department reviewed the current process. The current process includes review of certified payrolls at multiple points throughout project delivery and payroll may be amended by contractors for a variety of reasons. The department has reinforced the signed statement requirements which is currently a manual process. The department, in collaboration with the Department of Labor, is working on implementing a new software system that will require contactors to submit certified payroll into an automated system that will not accept non certification.

Completion Date:	*June 30, 2020 for internal process review and reinforcement of manual process; June 2021 for new software installation.*
Agency Contact: Services	*Carolyn Morehouse, PE Director of Statewide Design and Engineering*

Finding No. 2019-083: Five of 25 FHWA funded construction projects tested (20 percent) lacked sufficient evidence to demonstrate that qualified personnel performed materials testing.

Questioned Costs: None

CFDA Number: 20.205, 20.219, 20.224

CFDA Name: HPCC

Department response: Agree.

The department has provided a memo of instruction and provided training, emphasizing the correct process and records requirements for demonstrating materials testing by qualified personnel. Additional training will occur in April 2020. Regional Quality Assurance will ensure that all materials test reports include testers' names when performing project closeout review.

Completion Date: *June 30, 2020*
Agency Contact: *Carolyn Morehouse, PE Director of Statewide Design and Engineering Services*

Finding No. 2019-084: During FY 19, DOTPF accounting staff did not recoup overpayments related to inappropriate Marine Highway employee payroll advances.

Department response: Agree.

The department is in communication with the Department of Administration, Division of Payroll Services to reimburse employees who are owed money due to the over-recovery of payroll advances and determine the steps necessary to reduce remaining outstanding balances owed by employees.

Completion Date: *June 30, 2020*
Agency Contact: *Roger Baines*

Finding No. 2019-085: Five potential DOTPF shortfalls were identified for FY 19.

Department response: Agree.

DOT&PF is in communication with the Department of Administration with a request to extend terminated appropriations in order to collect overdue payments.

Completion Date: *June 30, 2019*
Agency Contact: *Roger Baines, Finance Officer*

The Department of Transportation & Public Facilities appreciates the opportunity to respond to the Preliminary State of Alaska Single Audit for the Fiscal Year Ended June 30, 2019 and looks forward to working with you on making improvements in FY20.

Sincerely,

John MacKinnon
Commissioner

cc: Geri Henricksen, CIP Accountant
Dom Pannone, Administrative Services Director

"Keep Alaska Moving through service and infrastructure."

Single Audit Corrective Action Plan

Finding No. 2019-080: Detailed testing of the Department of Transportation and Public Facilities' (DOTPF) input of FY 19 capital assets into the State accounting system, IRIS, identified the following errors:

- Seventy-three of 141 projects tested from DOTPF's construction in progress (CIP) inventory listing were recorded incorrectly;
- Three of 30 projects tested from DOTPF's infrastructure (IF) inventory listing were recorded incorrectly;
- Eleven of 66 expensed projects tested should have been capitalized as CIP or IF;
- Five projects with updated asset values for current year expenditures did not tie to capitalizable costs for the project; and
- Two prior year errors were incorrectly recorded and 50 insignificant prior year errors were not updated in IRIS.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The department agrees with this finding. The department has engaged a contractor to conduct a thorough review of the department's completed capital project activity compared to its capitalized assets to ensure capitalization criteria is uniformly and accurately applied. The contractor is also engaged to review the department's business processes related to capital asset identification, tracking, and accounting, and to provide recommendations for procedural changes to improve accuracy and streamline processes.

Completion Date (list anticipated completion date):

December 31, 2020

Agency Contact (name of person responsible for corrective action):

Roger Baines

Single Audit Corrective Action Plan

Finding No. 2019-081: Testing a random sample of 60 indirect cost charges identified an error in the application of the FY 19 approved indirect cost rate, which resulted in DOTPF claiming federal reimbursement for indirect costs in excess of the federally approved rate for FY 19.

Questioned Costs: CFDA 20.106: $26,151; CFDA 20.205: $84,179

CFDA Number: 20.106; 20.205, 20.219, 20.224

CFDA Name: Airport Improvement Program; Highway Planning and Construction Cluster (HPCC)

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The error was made in the application of the revised FY19 ICAP rate during the interface that originally processed on July 2, 2019. Correct amounts for individual projects have been calculated and the department is entering adjusting entries. For FY20 and forward, procedures have been implemented to review all interfaces generating ICAP expenditures to ensure the ICAP rate is correctly applied in IRIS.

Completion Date (list anticipated completion date):

March 31, 2020

Agency Contact (name of person responsible for corrective action):

Chrisie Zepp

Single Audit Corrective Action Plan

Finding No. 2019-082: Nine of 35 Federal Highway Administration (FHWA) construction project files tested (26 percent) did not demonstrate that contractors complied with prevailing wage requirements. Specifically, eight project files did not include signed statements of compliance for all certified payrolls. Additionally, the weekly certified payrolls for one project were submitted a month after the project was completed.

Questioned Costs: None

CFDA Number: 20.205, 20.219, 20.224

CFDA Name: HPCC

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The department reviewed the current process. The current process includes review of certified payrolls at multiple points throughout project delivery and payroll may be amended by contractors for a variety of reasons. The department has reinforced the signed statement requirements which is currently a manual process. The department in collaboration with the Department of Labor is working on implementing a new software system that will require contactors to submit certified payroll into an automated system that will not accept non certification.

Completion Date (list anticipated completion date):

June 30, 2020 for internal process review and reinforcement of manual process; June 2021 for new software installation.

Agency Contact (name of person responsible for corrective action):

Carolyn Morehouse, PE Director of Statewide Design and Engineering Services

"Keep Alaska Moving through service and infrastructure."

Single Audit Corrective Action Plan

Finding No. 2019-083: Five of 25 FHWA funded construction projects tested (20 percent) lacked sufficient evidence to demonstrate that qualified personnel performed materials testing.

Questioned Costs: None

CFDA Number: 20.205, 20.219, 20.224

CFDA Name: HPCC

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The department has provided a memo of instruction and provided training, emphasizing the correct process and records requirements for demonstrating materials testing by qualified personnel. Additional Training will occur in April. Regional Quality Assurance will ensure that all materials test reports include testers' names when performing project closeout review.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

Carolyn Morehouse, PE Director of Statewide Design and Engineering Services

Single Audit Corrective Action Plan

Finding No. 2019-084: During FY 19, DOTPF accounting staff did not recoup overpayments related to inappropriate Marine Highway employee payroll advances.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The department is in communication with the Department of Administration, Division of Payroll Services to reimburse employees who are owed money due to over-recovery of payroll advances and to determine the steps necessary to reduce remaining outstanding balances owed by employees.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

Roger Baines

Single Audit Corrective Action Plan

Finding No. 2019-085: Five potential DOTPF shortfalls were identified for FY 19.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

DOT&PF is in communication with the Department of Administration with a request to extend terminated appropriations in order to collect overdue payments.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

Roger Baines

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Myron J. Dosch, CPA
Chief Finance Officer
Phone: (907) 450-8079
Fax: (907) 450-8071
myron.dosch@alaska.edu

UNIVERSITY
of ALASKA
Many Traditions One Alaska

209 D Butrovich Building
2025 Yukon Drive
P.O. Box 756540
Fairbanks, AK 99775-6540

RECEIVED
MAR 03 2020
LEGISLATIVE AUDIT

March 3, 2020

Kris Curtis
Legislative Auditor
Alaska State Legislature

Dear Ms. Curtis,

Per your request dated February 28, 2020, please see the enclosed University of Alaska FY19 Corrective Action Plan.

Please contact me if you have any questions.

Sincerely,

Myron J. Dosch

Single Audit Corrective Action Plan

Finding No. 2019-086: Three (two from University of Alaska Southeast and one from University of Alaska Anchorage) out of 50 Common Origination and Disbursement system (COD) disbursements tested were not reported within the required 15 days to COD.

Questioned Costs: None

CFDA Number: 84.007, 84.033, 84.063, 84.268, 84.379

CFDA Name: Student Financial Assistance Cluster (SFAC)

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

Action taken in response to finding: The incident(s) noted for University of Alaska Anchorage and University of Alaska Southeast were due to staff turnover resulting in inconsistent reporting during an isolated timeframe. The Financial Aid Offices have established reporting timeframes within the separate offices.

University of Alaska Anchorage has an established twice-weekly loan and grant origination and disbursement reporting schedule to Common Origination and Disbursement website, adjusted during peak periods and to include ad hoc reporting on key dates such as payment deadlines, end of semester and end of award year.

University of Alaska Southeast established at least once a week loan and grant origination and disbursement reporting schedule to Common Origination and Disbursement website.

Completion Date (list anticipated completion date):

Completed

Agency Contact (name of person responsible for corrective action):

Shauna Grant of University of Alaska Anchorage at 907-786-6170
Janelle Cook of University of Southeast at 907-796-6257

Single Audit Corrective Action Plan

Finding No. 2019-087: One student (University of Alaska Fairbanks) out of 40 students tested was not reported to the National Student Loan Data System within the required timeframe.

Questioned Costs: None

CFDA Number: 84.007, 84.033, 84.063, 84.268, 84.379

CFDA Name: SFAC

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

Action taken in response to finding: The incident(s) noted for University of Alaska Fairbanks has been reported to Registrar's Office for evaluation and review of reporting time frames. The Registrar has assigned the student status reporting responsibility to the Records Manager, who has now been trained on running the NSLDS ERROR report, which will list discrepancies between the University's student records and NSLDS student records. The Registar's Office has established a new reporting timeframe that will ensure all students with status changes are reported accurately, in a timely manner.

Completion Date (list anticipated completion date):

Completed

Agency Contact (name of person responsible for corrective action):

Deanna Dieringer of University of Alaska Fairbanks at 907-474-6629 Mike Earnest of University of Alaska Fairbanks at 907-474-5879

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ALASKA STATE LEGISLATURE

Representative Neal Foster, Co-Chair
State Capitol, Room 505, Juneau, AK 99801

Representative Jennifer Johnston, Co-Chair
State Capitol, Room 511, Juneau, AK 99801

Senator Bert Stedman, Co-Chair
State Capitol, Room 518, Juneau, AK 99801

Senator Natasha von Imhof, Co-Chair
State Capitol, Room 516, Juneau, AK 99801

March 17, 2020

<u>VIA EMAIL AND SHAREFILE</u>

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
Alaska State Legislature
P.O. Box 113300
Juneau, Alaska 99811-3300

RECEIVED
MAR 18 2020
LEGISLATIVE AUDIT

Re: Written Response to Confidential Preliminary Audit Report, State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019, and Corrective Action Plans for Findings No. 2019-088 and 2019-089

Dear Ms. Curtis:

Enclosed you will find the requested corrective action plan forms related to Findings No. 2019-088 and 2019-089. A copy of the legal opinion received from Legislative Legal related to the Findings is also enclosed.

Sincerely,

Senator Bert Stedman
Co-Chair, Senate Finance Committee

Senator Natasha von Imhof
Co-Chair, Senate Finance Committee

Representative Neal Foster
Co-Chair, House Finance Committee

Representative Jennifer Johnston
Co-Chair, House Finance Committee

Single Audit Corrective Action Plan

Finding No. 2019-088: Alaska Statute 26.23.020 appears to allow the governor to spend State funds without legislative authorization. Additionally, during years in which the general fund borrows from the constitutional budget reserve fund (CBRF), the statute appears to allow the governor to spend CBRF monies without legislative authorization.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The finding raises constitutional and legal issues related to authority of the Governor in AS 26.23.020 to spend State funds under the Alaska Disaster Act (ADA) that are beyond the scope of the Legislature to decide. Legislative Legal attorneys advise the statutory spending authority provided by the ADA is not clearly unconstitutional and remains valid Alaska law until and unless it is challenged and struck down by a decision of the Alaska court system.

In addition, Legislative Legal attorneys advise the Legislature routinely ratifies expenditures made by the Governor pursuant to a declared disaster through passage of a supplemental appropriation. Legislative Legal attorneys also advise that when the legislature ratifies the governor's expenditures made pursuant to a disaster declaration, it is curing any potential constitutional defect.

Legislative Legal advises that the ADA does not contemplate allowing unconstitutional use of CBR funds without legislative authorization. As long as the Governor only uses CBR funds that have been appropriated, there is no legal issue. Also, if the governor were to expend funds that resulted in the need for additional budget reserve funds, the legislature could ratify the governor's expenditures made pursuant to a disaster declaration and also authorize an additional draw under Art. IX, sec. 17 of the Alaska Constitution.

Corrective Action (corrective action planned):

Legislative Legal advises that AS 26.23.050(b) allowing the Governor to redirect funds appropriated by the Legislature for another purpose for use in a disaster response effort suffers from a lack of guidance and limitation. Co-Chairs and staff will discuss these issues with Legislative Legal and follow legal advice for language in an annual appropriation bill that would provide guiding and limitation language.

Completion Date (list anticipated completion date)

Legal advice and possible language related to AS 26.23.050(b) is under review with Legislative Legal.

Agency Contact (name of person responsible for corrective action)

Randy Ruaro
Chief of Staff
Senator Bert Stedman
Room 518, State Capitol
Juneau, Alaska 99802

Single Audit Corrective Action Plan

Finding No. 2019-089: Alaska Statute 37.10.420, which implements the constitutional requirement for the general fund to repay the CBRF, was determined unconstitutional by the Alaska Supreme Court in 1994, yet the statutes were never updated.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Alaska Supreme Court has declared AS 37.10.420(a)(1), (a)(2), (a)(3), and (b) unconstitutional. The Legislature has not amended AS 37.10.420 since the *Hickel* decision in 1994.

Corrective Action (corrective action planned):

Initial corrective action was to review whether the statutes could be updated through the Revisor in legislation under AS 01.05.031. On further review, the issue will be forwarded to the Legislative Council and Legislative Legal for consideration under AS 01.05.036. Under this statute, Legislative Legal, the Legislative Council, and the Revisor shall work together to review the issues and make recommendations.

AS 01.05.031 states:

"The Legislative Affairs Agency, working in cooperation with the revisor, shall make recommendations to the legislative council concerning deficiencies, conflicts, or obsolete provisions in and the need for reorganization or revision of the statutes, and, at the direction of the legislative council, shall prepare for submission to the legislature legislation for the correction or removal of the deficiencies, conflicts, or obsolete provisions, or to otherwise improve the form or substance of any portion of the statute law of this state. Each title of the Alaska Statutes shall be systematically reviewed at least once each two years for deficiencies, conflicts, or obsolete provisions."

Completion Date (list anticipated completion date)

Anticipate review and recommendations by next session.

Agency Contact (name of person responsible for corrective action)

Randy Ruaro
Chief of Staff
Senator Bert Stedman
Room 518, State Capitol
Juneau, Alaska 99802

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@akleg.gov

March 20, 2020

Members of the Legislative Budget
and Audit Committee:

Agency responses to audit findings are included in the corrective action plan in Section IV of this report.

Generally, the agencies concur with the findings. There are, however, responses to 12 of the findings which we believe warrant further comments as shown below.

Finding No. 2019-017

We have reviewed the Department of Revenue's (DOR) response and nothing in the response persuaded us to revise the finding. Legal analyses concerning the finding provided by both the Department of Law and the Legislative Division of Legal Services in FY 18 were reviewed and considered during the audit. The Legislative Legal Services analysis was rooted in a plain reading of the constitution and concluded that the monies should be deposited into the Constitutional Budget Reserve Fund (CBRF). DOR did not provide new information to consider in FY 19. The Legislative Legal Services analysis continues to support audit conclusions. We reaffirm our conclusion that DOR staff failed to transfer to the CBRF all eligible monies and reclassified revenues as general funds that should have remained in the CBRF.

Finding No. 2019-018

We have reviewed DOR's response and nothing in the response persuaded us to revise the finding. DOR management asserts that the attorney general's signature on the closing agreements constitutes legal assurance that DOR has complied with the law as it applies to the application of tax credits in a settlement. Further, management states that any additional documentation requested by the auditors has no legitimate audit purpose. The arguments made by DOR management are fatally flawed.

Management of the Department of Law and DOR are considered part of the auditee's management. As the independent auditor for the State of Alaska, we cannot simply rely on management's interpretation of their own compliance with a law. Rather, we are duty bound to independently examine all evidence to determine our independent agreement or disagreement with management's position or assertion.

Limiting auditors' access to information constitutes a limitation on the audit scope in violation of AS 24.20.271. Further, it raises an audit concern that management is purposely preventing auditors from discovering information potentially damaging to their stated position on compliance with State law. Without access to the full appeal/settlement files we are unable to independently confirm DOR's compliance with State law and are unable to determine whether the financial statements are free from misstatement. Consequently, we are prevented from issuing an unmodified financial statement opinion.

Finding No. 2019-020

We have reviewed DOR's response and nothing in the response persuaded us to revise the finding. DOR staff's inability to transfer CBRF receipts in a timely manner resulted in a loss of interest in the CBRF and a gain of interest in the general fund. In total, DOR management estimated that the general fund earned $2.3 million of interest on the CBRF monies. The CBRF was not credited with the $2.3 million when the monies were transferred. In addition, the CBRF lost out on approximately $2 million in additional monies based on the fact that the CBRF earns interest at a higher rate. In total, the CBRF was reduced by $4.3 million due to DOR staff's inability to transfer funds timely and the department's practice of not transferring interest earned on the funds once the monies are moved to the CBRF. This practice appears to be in conflict with the Alaska Constitution that states that the investment earnings of the CBRF are to be retained in the fund.

Finding No. 2019-022

We have reviewed DOR's response and have no rebuttal given that management does not state why they disagree with the finding. We reiterate that DOR's Child Support Services Division director should take measures to resolve the shortfall, including collecting remaining revenue. The director should also improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

Finding No. 2019-041

We have reviewed the Department of Health and Social Services' (DHSS) response and nothing in the response persuaded us to revise the finding. DHSS's management disregarded State and federal regulations and overrode internal controls for over 800 Medicaid/CHIP providers. We reiterate that DHSS's commissioner should ensure Division of Health Care Services (DHCS) staff follow regulations and ensure Medicaid system edits are not disabled.

Finding No. 2019-042

We have reviewed DHSS's response and nothing in the response persuaded us to revise the finding. DHSS's surveillance and utilization program failed to identify and address suspicious provider billing patterns and behaviors, placing a vulnerable population at a higher risk and increasing the likelihood of improper payments. DHSS's corrective action did not address needed improvements to the surveillance and utilization program. We reiterate that DHSS's commissioner should take immediate action to address the internal control deficiencies over dental claims.

Finding No. 2019-044

We have reviewed DHSS's response and nothing in the response persuaded us to revise the finding. We reiterate that DHSS's DHCS director should strengthen procedures for documenting which medical claims and recipients qualify for 100 percent federal reimbursement by including procedures to obtain evidence of services provided, referrals, and care coordination.

Finding Nos. 2019-050 and 2019-051

We have reviewed DHSS's responses and nothing contained in the responses led us to revise the findings. DHSS management disagreed with the auditors' calculation of questioned costs, but did not disagree that the department did not comply with the federal regulations cited as criteria for the findings. Questioned costs are defined by Title 45 CFR 75.2, which states:

> *Questioned cost means a cost that is questioned by the auditor because of an audit finding:*
> *(a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds*;
> *(b) Where the costs, at the time of the audit, are not supported by adequate documentation; or*
> *(c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.*

Based on Uniform Guidance, benefits paid associated with the findings are reported as questioned costs. We reaffirm both findings.

Finding No. 2019-064

We have reviewed the Department of Commerce, Community, and Economic Development's (DCCED) response and nothing in the response persuaded us to revise the finding. We reiterate that DCCED's finance officer should take measures to resolve the shortfall, including collecting remaining revenue. The finance officer should also improve procedures over billing and monitoring revenue collections to prevent future revenues shortfalls.

Finding No. 2019-066

We have reviewed the Department of Natural Resources' (DNR) response and note that the Department of Law's FY 18 legal analysis was reviewed and considered during the audit period, as was the legal analysis conducted by the Division of Legislative Audit's independent legal counsel. In FY 18, the Division of Legislative Audit's legal counsel analysis and the review conducted by audit staff concluded that all revenues contained in AS 37.13.010(a)(2) are validly dedicated as an exception to the anti-dedication clause and expressly permitted by the Permanent Fund Amendment to the Alaska Constitution. DNR did not provide new information to change our position on this issue in FY 19. The legal analysis performed in FY 18 continues to support current year audit conclusions. We reaffirm our conclusion that the AS 37.13.010(a)(2) monies that were not deposited into the Alaska Permanent Fund are not available for general use and should be recognized as a liability in the general fund.

Finding No. 2019-067

We have reviewed DNR's response and nothing in the response persuaded us to revise the finding. Legal analyses provided by both the Department of Law and the Legislative Division of Legal Services in FY 18 were reviewed and considered during the audit. The Legislative Legal Services analysis was rooted in a plain reading of the constitution and concluded that the monies should be deposited into the CBRF. DNR did not provide new information to change our position on this issue in FY 19. The Legislative Legal Services analysis continues to support current year audit conclusions. We reaffirm the conclusion that DNR's staff did not deposit all eligible revenues in the CBRF.

In summary, we reaffirm the findings and recommendations presented in this report.

Additionally, we note that the Office of the Governor's corrective action plan on page IV-2 references an incorrect finding number. The correct finding number is 2019-073.

Sincerely,

Kris Curtis, CPA, CISA
Legislative Auditor

SECTION V - APPENDICES

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Alaska Energy Authority						
Rural Business Development Grant	USDA	10.351	RP 529040791		36,008	
Wood Utilization Assistance	USDA	10.674	DG or CA 11100106		173,014	40,057
Rural Energy for America Program	USDA	10.868	X 0001928		78,747	
Biomass System Performance Grant	USDA	10.U01	JV 11261975		3,597	
State Clean Diesel Grant Program	EPA	66.040	DS-01J18401		96,296	85,274
State Clean Diesel Grant Program	EPA	66.040	DS-01J36001		40,667	20,464
State Energy Program	ERGY	81.041	DE-EE0008280		305,337	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ERGY	81.117	DE-EE0007352		28,865	2,605
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ERGY	81.117	DE-EE0008275		3,952	
State Energy Program Special Projects	ERGY	81.119	DE-EE0008618		19,415	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	ERGY	81.122	DE-OE0000795		2,162	2,162
Denali Commission Program	DC	90.100	Various		2,713,349	1,688,116
Total for Alaska Energy Authority					**3,501,409**	**1,838,678**
Alaska Housing Finance Corporation						
Very Low to Moderate Income Housing Loans	USDA	10.410			129,235,187	
Mortgage Insurance Homes	HUD	14.117			219,534,721	
Section 8 Housing Assistance Payments Program	HUD	14.195		S8PBC	2,249,148	
Emergency Solutions Grant Program	HUD	14.231			216,827	216,827
Home Investment Partnerships Program	HUD	14.239			3,143,311	3,143,311
Housing Opportunities for Persons with AIDS	HUD	14.241			508,837	508,837
Section 8 Moderate Rehabilitation Single Room Occupancy	HUD	14.249		S8PBC	571,749	488,839
Continuum of Care Program	HUD	14.267			875,964	872,323
Housing Trust Fund	HUD	14.275			2,518,552	2,518,552
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	HUD	14.326			30,762	
Public and Indian Housing Indian Loan Guarantee Program	HUD	14.865			118,713,717	
Section 8 Housing Choice Vouchers	HUD	14.871		HVC	2,458,241	
Mainstream Vouchers	HUD	14.879		HVC	292,283	
Moving to Work Demonstration Program	HUD	14.881			45,877,621	
Family Self-Sufficiency Program	HUD	14.896			193,856	
Veterans Housing Guaranteed and Insured Loans	USDVA	64.114			58,473,013	
Weatherization Assistance for Low-Income Persons	ERGY	81.042			1,936,516	1,760,109
State Energy Program Special Projects	ERGY	81.119			149,745	
Low-Income Home Energy Assistance	USDHHS	93.568	06HSSINT		960,000	960,000
Total for Alaska Housing Finance Corporation					**587,940,050**	**10,468,798**
Alaska Industrial Development and Export Authority						
Federal Transit Capital Investment Grants	USDOT	20.500	AK-2017-028	FTC	28,899	
Total for Alaska Industrial Development and Export Authority					**28,899**	**-**
Alaska State Council on the Arts						
Promotion of the Arts Partnership Agreements	NEA	45.025	17335/NEAART		731,344	301,675
Total for Alaska State Council on the Arts					**731,344**	**301,675**

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Alaska Student Loan Corporation						
Federal Family Education Loans (Lenders)	USDOE	84.032L			57,710,608	
Total for Alaska Student Loan Corporation					**57,710,608**	**-**
Alaska Seafood Marketing Institute						
Market Access Program	USDA	10.601	MAP-2018-ASMI		4,164,182	
Agricultural Trade Promotion Program	USDA	10.618	ATP-2019-ASMI		25,464	
Cochran Fellowship Program-International Training-Foreign Participant	USDA	10.962	Order 12315118P0103		61,606	
Total for Alaska Seafood Marketing Institute					**4,251,252**	**-**
Alaska Court System / Alaska Judicial Council						
Drug Court Discretionary Grant Program	USDOJ	16.585	2016-DC-BX-0066		98,564	
State Court Improvement Program	USDHHS	93.586	1701AKSCID		34,322	
State Court Improvement Program	USDHHS	93.586	1701AKSCIP		57,569	
State Court Improvement Program	USDHHS	93.586	1801AKSCID		68,429	
State Court Improvement Program	USDHHS	93.586	1801AKSCIP		38,278	
State Court Improvement Program	USDHHS	93.586	1801AKSCIT		15,184	
Grants to States for Access and Visitation Programs	USDHHS	93.597	1702AKSAVP		36,150	
Grants to States for Access and Visitation Programs	USDHHS	93.597	1802AKSAVP		86,762	
Child Abuse and Neglect Discretionary Activities	USDHHS	93.670	90CA1854		61,437	
Elder Abuse Prevention Interventions Program	USDHHS	93.747	90EJIG0007-01-00		15,162	
Total for Alaska Court System / Alaska Judicial Council					**511,857**	**-**
Department of Commerce, Community and Economic Development						
Schools and Roads - Grants to States	USDA	10.665	National Forest Receipts	FSRC	9,396,293	9,396,292
Economic Adjustment Assistance	USDOC	11.307	SBED	EDC	7,368,662	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	HUD	14.228	B14DC020001, B15DC020001, B16DC020001, B17DC020001, B18DC020001, B19DC020001		1,051,122	917,290
Payments in Lieu of Taxes	USDOI	15.226	Payments in Lieu of Taxes		11,082,169	11,082,169
Distribution of Receipts to State and Local Governments	USDOI	15.439	National Petroleum Reserve Alaska Impact Mitigation		3,754,415	3,754,415
Harold Rogers Prescription Drug Monitoring Program	USDOJ	16.754	RSA8800018; 2017PM-BX-0006		71,475	
Congressionally Mandated Projects	EPA	66.202	XP01J48801, 08RS80037, 08RS90025		1,352,006	1,100,714
Denali Commission Program	DC	90.100	01496-00		90,997	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	RSA0890040; NU17CE924872-02-01		47,000	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	RSA0890039		125,000	
1332 State Innovation Waivers	USDHHS	93.423	SIWIW180004		41,655,393	41,655,393
Child Support Enforcement	USDHHS	93.563	RSA480042		1,174	
Community Services Block Grant	USDHHS	93.569	G18B1AKCOSR, G1901AKCOSR		2,595,483	2,496,314
Medical Assistance Program	USDHHS	93.778	RSA0680470	MC	145,000	

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
The Health Insurance Enforcement and Consumer Protections Grant Program	USDHHS	93.881	1PRPPR170099		22,030	
State Commissions	CNCS	94.003	16CAHAK001		184,069	14,904
AmeriCorps	CNCS	94.006	16CAHAK001, 19CAHAK001		1,245,054	1,105,695
Training and Technical Assistance	CNCS	94.009	16TAHAK001, 19TAHAK001		117,888	2,409
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS	97.023	EMS-2017-RX-0003, EMS-2018-CA-00022		111,368	
Cooperating Technical Partners	USDHS	97.045	EMS-2017-CA-00001, EMS-2016-CA-0005		137,450	
Total for Department of Commerce, Community and Economic Development					**80,554,048**	**71,525,595**
Department of Environmental Conservation						
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025			158,570	
Water and Waste Disposal Systems for Rural Communities	USDA	10.760			3,146,939	355,536
Solid Waste Management Grants	USDA	10.762			37,725	
NOAA NMFS	USDOC	11.U01	45ABNA0B0252		10,866	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	USDOD	12.113			2,163,811	
Environmental Quality and Protection	USDOI	15.236	LC15AC00143-0001		13,554	
Clean-up Contaminated Sites in Alaska	USDOT	20.U01	DTFAWN-15-A-80000		126,374	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA	66.034	PM01J54101		341,485	
Congressionally Mandated Projects	EPA	66.202			13,766,490	1,255,025
Multipurpose Grants to States and Tribes	EPA	66.204	AA01J25201		34,702	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	I0J37901		342,072	
State Public Water System Supervision	EPA	66.432	F00087217		2,569,116	
Water Quality Management Planning	EPA	66.454	C601J48201		100,000	
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000116/W49196	CWFC	319,080	319,080
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000117/W49197	CWFC	7,201,987	7,201,987
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000118/W49199	CWFC	9,603,000	9,603,000
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005816/W49598	DWFC	109,469	109,469
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005817/W49599	DWFC	3,692,877	3,483,974
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005818/W49601	DWFC	7,313,469	4,647,479
Beach Monitoring and Notification Program Implementation Grants	EPA	66.472	CU01J34901		205,021	59,996
Performance Partnership Grants	EPA	66.605			3,981,511	290,347
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608	OS83546601		69,055	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	EPA	66.802	V00J85603		122,089	
Underground Storage Tank Prevention, Detection and Compliance Program	EPA	66.804	L00087518		280,000	

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Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA	66.805	LS01J49801		475,108	
Superfund State and Indian Tribe Core Program Cooperative Agreements	EPA	66.809	VC97055515		144,000	
State and Tribal Response Program Grants	EPA	66.817	RP00J26107		947,754	
LUST Trust Cost Recovery	EPA	66.U01	LUST Trust Cost Recovery		141,286	
Long-Term Surveillance and Maintenance	ERGY	81.136	LM0000402		70,522	
Food and Drug Administration Research	USDHHS	93.103	U18FD006198		906,606	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47002		(284)	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47003		625,928	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47004		(86)	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47008		692,410	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47013		54,983	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47016		284,832	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47033		114,782	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47034		153,761	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47039		259,699	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47040		143,546	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47041		142,797	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47042		844,448	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47043		42,694	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47044		206	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47051		2,861	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47061		30,648	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47062		31,057	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47063		634	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47064		376	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47064		434	
FDA Food Inspections	USDHHS	93.U01	HHSF223201310149 C		791,824	
U.S. Coast Guard Oversight - Juneau/Kodiak	USDHS	97.U01	HSCG8716PPXA7V5		57,131	
Total for Department of Environmental Conservation					**62,669,219**	**27,325,893**
Department of Education and Early Development						
Trade Mitigation Program Eligible Recipient Agency Operational Funds	USDA	10.178	TEFERA		28,000	28,000

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Trade Mitigation Program Eligible Recipient Agency Operational Funds (Food Commodities)	USDA	10.178	TEFERA		1,059,835	1,059,835
CACFP Training Grants	USDA	10.536	CACFPTRAIN		46,801	17,383
School Breakfast Program	USDA	10.553	CHILDN	CNC	12,894,135	12,488,464
National School Lunch Program (Food Commodities)	USDA	10.555	CHILDN	CNC	3,332,793	3,332,793
National School Lunch Program	USDA	10.555	CHILDN	CNC	37,317,808	36,382,170
Child and Adult Care Food Program (Food Commodities)	USDA	10.558	CAACFP & CHILDN		9,612	9,612
Child and Adult Care Food Program	USDA	10.558	CAACFP & CHILDN		9,399,225	9,267,070
Summer Food Service Program for Children (Food Commodities)	USDA	10.559	CHILDN	CNC	3,845	3,845
Summer Food Service Program for Children	USDA	10.559	CHILDN	CNC	1,855,292	1,757,956
State Administrative Expenses for Child Nutrition	USDA	10.560	CNMEAL & SAESAE		1,248,821	375,284
Emergency Food Assistance Program (Administrative Costs)	USDA	10.568	TEAFAP	FDC	217,038	202,000
Emergency Food Assistance Program (Food Commodities)	USDA	10.569	TEAFAP	FDC	1,940,565	1,940,565
Child Nutrition Discretionary Grants Limited Availability	USDA	10.579	ART2AR & CERTGR & CNPEQU		86,866	86,418
Fresh Fruit and Vegetable Program	USDA	10.582	FRESHF		1,893,483	1,714,442
Science	NASA	43.001	NASAML		2,040	1,000
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	NEHGRT		98,617	
Grants to States	IMLS	45.310	LSTAGR		1,048,240	868,364
National Leadership Grants	IMLS	45.312	NAMUSE		5,000	5,000
Title I Grants to Local Educational Agencies	USDOE	84.010	TITLE1		43,781,468	42,444,426
Migrant Education State Grant Program	USDOE	84.011	MIGRNT		13,183,978	12,474,226
Title I State Agency Program for Neglected and Delinquent Children and Youth	USDOE	84.013	TITL1D		343,362	339,601
Special Education Grants to States	USDOE	84.027	SPEVIB	SEC	40,382,207	38,306,380
Impact Aid	USDOE	84.041	Fund 3289		46,459,126	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	VOCAED		4,607,547	3,512,326
Indian Education Grants to Local Educational Agencies	USDOE	84.060	INDEDU		142,608	
Rehabilitation Services Client Assistance Program	USDOE	84.161	CLASSP		65,959	
Special Education Preschool Grants	USDOE	84.173	SPEDPR	SEC	1,187,034	1,064,290
Education for Homeless Children and Youth	USDOE	84.196	HMLESS		228,554	197,416
Twenty-First Century Community Learning Centers	USDOE	84.287	21STCE		5,462,270	5,214,229
Rural Education	USDOE	84.358	RURLOW & RURSMA		67,535	
English Language Acquisition State Grants	USDOE	84.365	TITLE3		1,137,954	980,127
Mathematics and Science Partnerships	USDOE	84.366	MATHSC		263,173	254,284
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	USDOE	84.367	TITL2A		9,374,157	9,179,577
Grants for State Assessments and Related Activities	USDOE	84.369	STATEA		3,903,415	
School Improvement Grants	USDOE	84.377	SCHOOL		1,228,149	1,211,768
Student Support and Academic Enrichment Program	USDOE	84.424	TITLE4		4,768,489	4,641,856
National Historical Publications and Records Grants	NARA	89.003	NHPRCG		9,500	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	AKAWAR		1,821,870	1,282,293

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Every Student Succeeds Act/Preschool Development Grants	USDHHS	93.434	PKDGRT		100,109	92,625
Head Start	USDHHS	93.600	HEADCO		62,662	
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	USDHHS	93.981	CDCPHE		314,122	85,738
Total for Department of Education and Early Development					**251,383,264**	**190,821,363**
Department of Fish and Game						
Wildlife Services	USDA	10	16-7440-1188-CA		1,907	
National Fish and Wildlife Foundation	USDA	11	0801.19.063644		641	
Soil and Water Conservation	USDA	11	68-3A75-18-065		76,043	
Regional Conservation Partnership Program	USDA	11	MOU 2015-003		30,166	
Miscellaneous U.S. Forest Service	USDA	10.U02	12010918P0086		7,640	
Miscellaneous U.S. Forest Service	USDA	10.U03	14-CS-11100400-021		18,847	
Miscellaneous U.S. Forest Service	USDA	10.U04	AG-0109-C-14-0002		41,828	
Miscellaneous U.S. Forest Service	USDA	10.U05	AG-0116-P-14-0012		51,301	51,261
Interjurisdictional Fisheries Act of 1986	USDOC	11	NA13NMF4070190		7,071	
Interjurisdictional Fisheries Act of 1986	USDOC	11	NA18NMF4070301		109,726	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11	Multiple Awards		227,038	
Pacific Fisheries Data Program	USDOC	11	Multiple Awards		3,115,927	
Pacific Fisheries Data Program	USDOC	11	NA14NMF4370087/ 15-50G		207,573	
Pacific Fisheries Data Program	USDOC	11	NA14NMF4370087/ 18-28G		8,901	
Pacific Fisheries Data Program	USDOC	11	NA15NMF4520002/ 16-100G		7,515	
Pacific Fisheries Data Program	USDOC	11	NA15NMF4520002/ 16-101G		11,533	
Pacific Fisheries Data Program	USDOC	11	NA15NMF4520002/ 16-107G		57,753	
Pacific Fisheries Data Program	USDOC	11	NA15NMF4520002/ 16-108G		2,834	
Pacific Fisheries Data Program	USDOC	11	NA15NMF4520002/ 17-91G		3,364	
Pacific Fisheries Data Program	USDOC	11	NA18NMF4370300/ 19-46G		2,005,101	
Pacific Fisheries Data Program	USDOC	11	NA18NMF4370300/ 19-86G		174,553	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC	11	Multiple Awards		9,672,352	1,625,857
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC	11	NA15NMF4380236/ AC-1603		7,395	
Marine Mammal Data Program	USDOC	11	NA16NMF4390029		945,540	
Marine Mammal Data Program	USDOC	11	NA17NMF4390128/ COOP 18-046		19,330	
Marine Mammal Data Program	USDOC	11	NA18NMF4390042		61,857	
Marine Mammal Data Program	USDOC	11	NA18NMF4390164/ COOP 19-106		6,417	
Regional Fishery Management Councils	USDOC	11	2015-2/ IHP 15-089		468	
Regional Fishery Management Councils	USDOC	11	2016-2/ IHP 16-073		22,066	
Regional Fishery Management Councils	USDOC	11	2017-2/ IHP 17-075		7,283	
Unallied Science Program	USDOC	11	Multiple Awards		863,073	139,445

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Unallied Science Program	USDOC	11	NA13NMF4720105/ 1412		3,529	
Unallied Science Program	USDOC	11	NA13NMF4720105/ 1506		1,618	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1618		15,594	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1619		156,275	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1621		45,522	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1622		107,835	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1707		13,434	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1707-90		1,825	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1708		62,044	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1713		124,971	
Unallied Science Program	USDOC	11	NA15NMF4720173/ 1715		62,438	
Unallied Science Program	USDOC	11	NA17NMF4720289/ 1803		43,729	
Unallied Science Program	USDOC	11	NA17NMF4720289/ 1820		47,687	
Miscellaneous NOAA	USDOC	11.U02	1305M318PNFFS002 5		45,462	
Miscellaneous NOAA	USDOC	11.U03	1305M318PNFFS002 5P19001		9,787	
Miscellaneous NOAA	USDOC	11.U04	1305M318PNFFS013 3		21,801	
Miscellaneous NOAA	USDOC	11.U05	1333MF18PNFFS024 3		12,831	
Miscellaneous NOAA	USDOC	11.U06	WE-133F-14-SE- 4018		661	
Basic and Applied Scientific Research	USDOD	12	N00014-16-1-3019		479,904	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	0801.16.049830		33,207	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	Multiple Awards		45,764	
Challenge Cost Share	USDOI	15.238	L14AC00329		1,312	
Challenge Cost Share	USDOI	15.238	L15AC00223		9,141	
Wildlife Resource Management	USDOI	15.247	L16AC00307		20,000	
Sport Fish Restoration	USDOI	15.605	Multiple Awards	F&WC	20,823,936	31,528
Fish and Wildlife Management Assistance	USDOI	15.608	Multiple Awards		618,395	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	Multiple Awards	F&WC	31,869,820	161,178
Cooperative Endangered Species Conservation Fund	USDOI	15.615	F16AP00695		30,592	
Clean Vessel Act	USDOI	15.616	F15AP01007		91,946	
State Wildlife Grants	USDOI	15.634	Multiple Awards		3,075,056	183,632
Alaska Subsistence Management	USDOI	15.636	COOP 19-036		13,553	
Alaska Subsistence Management	USDOI	15.636	Multiple Awards		1,945,597	19,600
Migratory Bird Joint Ventures	USDOI	15.637	F18AC00894		73,106	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Alaska Migratory Bird Co-Management Council	USDOI	15.643	F17AC00179		120,396	
NFWF-USFWS Conservation Partnership	USDOI	15.663	0801.16.050041		12,968	
Cooperative Landscape Conservation	USDOI	15.669	F16AC00290		2,775	
Cooperative Landscape Conservation	USDOI	15.669	F16AC00365		5,721	
Adaptive Science	USDOI	15.670	F15AC00224		6,900	
Adaptive Science	USDOI	15.670	F16AC00290		20,599	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G15AC00197		12,190	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G19AC00026		35,058	
Rivers, Trails and Conservation Assistance	USDOI	15.921	P15AC01761		50	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	Multiple Awards		176,272	
Miscellaneous Fish & Wildlife Service	USDOI	15.U01	G15AC00012		6,210	
Miscellaneous Fish & Wildlife Service	USDOI	15.U02	M12PC00005		370,730	
Miscellaneous Fish & Wildlife Service	USDOI	15.U03	M13PC00015		24,942	
Geosciences	NSF	47.050	RSA4590716/ P0499011	R&DC	22,943	
Health Watersheds Consortium Grant Program	EPA	66.441	83590301		54,635	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	USDHS	97.U02	FPNJ05003		644	
Total for Department of Fish and Game					**78,554,448**	**2,212,501**
Department of Health and Social Services						
Supplemental Nutrition Assistance Program	USDA	10.551		SNAP	173,468,003	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557			19,515,586	5,048,022
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561		SNAP	14,154,398	504,694
Commodity Supplemental Food Program	USDA	10.565		FDC	208,524	160,591
Commodity Supplemental Food Program (Food Commodities)	USDA	10.565		FDC	707,246	707,246
Senior Farmers Market Nutrition Program	USDA	10.576			63,881	58,525
ARRA-WIC Grants To States (WGS)	USDA	10.578	WISA-09-AK-01		529,701	
Juvenile Justice and Delinquency Prevention	USDOJ	16.540			488,425	210,002
Harold Rogers Prescription Drug Monitoring Program	USDOJ	16.754			121,936	
Second Chance Act Reentry Initiative	USDOJ	16.812			38,574	
Special Education-Grants for Infants and Families	USDOE	84.181			2,576,416	1,802,680
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	USDHHS	93.041			34,357	
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	USDHHS	93.042			98,849	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	USDHHS	93.043			94,035	86,729
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	USDHHS	93.044		AC	2,870,111	1,882,883
Special Programs for the Aging, Title III, Part C, Nutrition Services	USDHHS	93.045		AC	2,074,429	1,021,642
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	USDHHS	93.048			258,348	18,324
National Family Caregiver Support, Title III, Part E	USDHHS	93.052			723,981	721,365

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Nutrition Services Incentive Program	USDHHS	93.053		AC	600,930	130,364
Public Health Emergency Preparedness	USDHHS	93.069			63,302	
Medicare Enrollment Assistance Program	USDHHS	93.071			43,078	10,000
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	USDHHS	93.074			4,882,904	789,510
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	USDHHS	93.079			77,485	
Guardianship Assistance	USDHHS	93.090			1,145,976	
Affordable Care Act (ACA) Personal Responsibility Education Program	USDHHS	93.092			220,887	
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110			470,943	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	USDHHS	93.116			690,911	
Emergency Medical Services for Children	USDHHS	93.127			132,003	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS	93.130			14,581	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136			1,928,574	85,000
Projects for Assistance in Transition from Homelessness (PATH)	USDHHS	93.150			431,058	293,883
Grants to States for Loan Repayment	USDHHS	93.165			823,973	
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	USDHHS	93.197			241,378	
Family Planning Services	USDHHS	93.217			762,606	308,688
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	USDHHS	93.224		HCC	14,395	
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234			26,356	
Grants to State to Support Oral Health Workforce Activities	USDHHS	93.236			13,853	
State Capacity Building	USDHHS	93.240			374,830	
State Rural Hospital Flexibility Program	USDHHS	93.241			701,174	26,050
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243			3,628,188	1,841,761
Early Hearing Detection and Intervention	USDHHS	93.251			247,348	35,000
Immunization Cooperative Agreements (Admin Costs)	USDHHS	93.268			1,109,193	
Immunization Cooperative Agreements (Immunizations)	USDHHS	93.268			10,632,630	
Viral Hepatitis Prevention and Control	USDHHS	93.270			140,695	
Centers for Disease Control and Prevention Investigations and Technical Assistance	USDHHS	93.283			253,050	
Small Rural Hospital Improvement Grant Program	USDHHS	93.301			132,012	
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	USDHHS	93.305			1,057,764	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	USDHHS	93.314			149,714	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.323			1,871,385	
State Health Insurance Assistance Program	USDHHS	93.324			193,866	18,324
Behavioral Risk Factor Surveillance System	USDHHS	93.336			154,480	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	USDHHS	93.354			121,879	
ACL Independent Living State Grants	USDHHS	93.369			350,019	334,999
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	USDHHS	93.426			831,582	
State Physical Activity and Nutrition (SPAN	USDHHS	93.439			516,613	
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; PPHF	USDHHS	93.521			276,730	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	USDHHS	93.539			1,764,521	
Promoting Safe and Stable Families	USDHHS	93.556			885,312	221,814
Temporary Assistance for Needy Families	USDHHS	93.558		TANFC	39,113,716	
Low-Income Home Energy Assistance	USDHHS	93.568			10,394,289	
Child Care and Development Block Grant	USDHHS	93.575		CCC	19,917,123	6,629,524
Community-Based Child Abuse Prevention Grants	USDHHS	93.590			447,783	344,758
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	USDHHS	93.596		CCC	8,412,142	
Chafee Education and Training Vouchers Program (ETV)	USDHHS	93.599			204,275	
Adoption and Legal Guardianship Incentive Payments	USDHHS	93.603			194,659	
Developmental Disabilities Basic Support and Advocacy Grants	USDHHS	93.630			615,072	
Developmental Disabilities Projects of National Significance	USDHHS	93.631			145,224	
Children's Justice Grants to States	USDHHS	93.643			69,561	
Stephanie Tubbs Jones Child Welfare Services Program	USDHHS	93.645			85,996	36,776
Foster Care Title IV-E	USDHHS	93.658			24,397,888	
Adoption Assistance	USDHHS	93.659			24,618,042	
Social Services Block Grant	USDHHS	93.667			8,995,306	1,322,545
Child Abuse and Neglect State Grants	USDHHS	93.669			169,098	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	USDHHS	93.674			937,238	160,000
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	USDHHS	93.733			28,637	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	USDHHS	93.757			214,354	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	USDHHS	93.758			525,823	
Children's Health Insurance Program	USDHHS	93.767			30,552,804	
Medicare Hospital Insurance	USDHHS	93.773			919,970	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	USDHHS	93.777		MC	564,630	
Medical Assistance Program	USDHHS	93.778		MC	1,608,733,926	701,836
Opioid STR	USDHHS	93.788			2,868,614	2,621,616
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.815			175,266	
Hospital Preparedness Program (HPP) and Ebola Preparedness and Response Activities	USDHHS	93.817			64,708	
Maternal, Infant and Early Childhood Home Visiting Grant	USDHHS	93.870			1,751,452	
Assistance for Oral Disease Prevention and Control	USDHHS	93.875			107,090	
National Bioterrorism Hospital Preparedness Program	USDHHS	93.889			26,928	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	USDHHS	93.898			3,201,086	
Grants to States for Operation of Offices of Rural Health	USDHHS	93.913			204,503	
HIV Care Formula Grants	USDHHS	93.917			1,105,076	625,392
HIV Prevention Activities Health Department Based	USDHHS	93.940			1,095,696	371,667
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	USDHHS	93.944			2,494	
Assistance Programs for Chronic Disease Prevention and Control	USDHHS	93.945			76,546	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	USDHHS	93.946			178,749	
Block Grants for Community Mental Health Services	USDHHS	93.958			1,812,585	1,520,070
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS	93.959			8,253,506	5,382,000
Sexually Transmitted Diseases (STD) Prevention and Control Grants	USDHHS	93.977			455,271	
Maternal and Child Health Services Block Grant to the States	USDHHS	93.994			762,354	21,000
Total for Department of Health and Social Services					**2,058,404,458**	**36,055,280**
Department of Labor and Workforce Development						
Labor Force Statistics	USDOL	17.002	LFSTAT		574,649	
Compensation and Working Conditions	USDOL	17.005	BLSOSH		69,014	
Employment Service/Wagner-Peyser Funded Activities	USDOL	17.207	DEI0ES, ONESTP, WAGPEY	ESC	4,593,377	
Unemployment Insurance	USDOL	17.225	EUC000, REEMPL, UI0000, UIDUAA, UIDUAB, UI Trust Fund		121,783,985	
Senior Community Service Employment Program	USDOL	17.235	SCSEP0		1,516,600	112,185
Trade Adjustment Assistance	USDOL	17.245	TAA000		77,510	
WIOA Adult Program	USDOL	17.258	WIOAAD	WIAC	2,466,760	216,048
WIOA Youth Activities	USDOL	17.259	WIOAYO	WIAC	2,544,906	1,571,766

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
WIOA Pilots, Demonstrations, and Research Projects	USDOL	17.261	WIAPDR		91,509	
H-1B Job Training Grants	USDOL	17.268	WIAAME		578,520	213,493
Reentry Employment Opportunities	USDOL	17.270	REO000		100,728	
Work Opportunity Tax Credit Program (WOTC)	USDOL	17.271	WOTC00		112,357	
Temporary Labor Certification for Foreign Workers	USDOL	17.273	LABCER		14,961	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	AEQDWG, WIANEG, TETDWG		1,167,225	53,349
WIOA Dislocated Worker Formula Grants	USDOL	17.278	WIOADW	WIAC	4,506,303	58,289
WIOA Dislocated Worker National Reserve Demonstration Grants	USDOL	17.280	OPIOID		207,325	35,259
Apprenticeship USA Grants	USDOL	17.285	APPUSA		347,327	187,919
Occupational Safety and Health State Program	USDOL	17.503	23G001		1,335,046	
Consultation Agreements	USDOL	17.504	21D001		675,296	
Jobs for Veterans State Grants	USDOL	17.801	DVOP00, LVER00	ESC	730,742	
Adult Education - Basic Grants to States	USDOE	84.002	ABE000		927,383	619,210
Federal Pell Grant Program	USDOE	84.063	PELLGR	SFAC	291,680	
Rehabilitation Services Vocational Rehabilitation Grants to States	USDOE	84.126	BASSUP		9,655,003	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	USDOE	84.177	ILOBLN		173,731	171,384
Supported Employment Services for Individuals with the Most Significant Disabilities	USDOE	84.187	SUPEMP, SEMPYO		2,085	
Federal Direct Student Loans	USDOE	84.268	DIRLON	SFAC	192,843	
Denali Commission Program	DC	90.100	DENALI		15,500	
ACL Assistive Technology	USDHHS	93.464	ASTECH		407,188	404,651
Social Security Disability Insurance	SSA	96.001	SSDINS	DISSIC	4,770,995	
Supplemental Security Income	SSA	96.006	SSIREI	DISSIC	699,223	
Social Security - Work Incentives Planning and Assistance Program	SSA	96.008	TKT2WK		37,902	
Total for Department of Labor and Workforce Development					**160,667,673**	**3,643,553**
Department of Military and Veterans' Affairs						
Meteorologic and Hydrologic Modernization Development	USDOC	11.467	20NOAA		537,671	37,114
National Guard Military Operations and Maintenance (O&M) Projects	USDOD	12.401	SRM		16,488,703	
National Guard ChalleNGe Program	USDOD	12.404	50AMYA		3,545,545	
Interagency Hazardous Materials Public Sector Training and Planning Grants	USDOT	20.703	20HMEP		90,435	
Veterans Transportation Project	USDVA	64.035	6TRANS		221,419	189,559
Contract	USDVA	64.U01	V101 (223C) P-5801		76,416	
Denali Commission Program	DC	90.100	2DCCR2016		30,951	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS	97.036	DRF - PA		10,533,692	9,223,724
Hazard Mitigation Grant	USDHS	97.039	DRF - HM		1,058,797	881,470
Emergency Management Performance Grants	USDHS	97.042	20EMPG		3,415,987	1,004,180
Cooperating Technical Partners	USDHS	97.045	20NCTP		89	
Pre-Disaster Mitigation	USDHS	97.047	200PDM		369,945	
Homeland Security Grant Program	USDHS	97.067	20SHSP		3,234,971	2,245,333
Coast Guard	USDHS	97.U03	HSCG89-16-9-0053		288,319	
Total for Department of Military and Veterans' Affairs					**39,892,940**	**13,581,380**
Department of Natural Resources						
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP17PPQFO000C275		279	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP18PPQFO000C038		3,808	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP18PPQFO000C039		4,214	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP18PPQFO000C164		21,945	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP18PPQFO000C294		86,839	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP19PPQFO000C046		1,313	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP19PPQFO000C047		1,583	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	AP19PPQFO000C059		7,416	
Inspection Grading and Standardization	USDA	10.162	AMS1225A2788/3266		4,073	
Market Protection and Promotion	USDA	10.163	16COOLXAK0002		6,394	
Market Protection and Promotion	USDA	10.163	19SCIDXAK0030		12	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	15SCBGPAK0034		18,379	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	16SCBGPAK0036		23,148	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	AM170100XXXXG036		60,194	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	AM180100XXXXG006		80,549	
Organic Certification Cost Share Programs	USDA	10.171	17NOCCSAK0002		4,729	
Farm to School Grant Program	USDA	10.575	201717L320330		37,806	
Technical Assistance for Specialty Crops Program	USDA	10.604	TASC201809		71,865	
Cooperative Forestry Assistance	USDA	10.664	14DG11100106800		273,701	80,695
Cooperative Forestry Assistance	USDA	10.664	15DG11100106812		59,919	
Cooperative Forestry Assistance	USDA	10.664	16DG11100106810		863,348	184,319
Cooperative Forestry Assistance	USDA	10.664	17DG11100106810		698,123	56,070
Cooperative Forestry Assistance	USDA	10.664	18DG11100106810		511,944	
Cooperative Forestry Assistance	USDA	10.664	19DG11100106810		27,578	10,800
Cooperative Forestry Assistance	USDA	10.664	2013DG11100106771		66,869	4,250
Cooperative Forestry Assistance	USDA	10.664	2015DG11100106810		769,506	137,571
Forest Health Protection	USDA	10.680	15DG11100106803		26,240	
Forest Health Protection	USDA	10.680	17DG11100106809		10,013	
Forest Health Protection	USDA	10.680	18DG11100106800		7,054	
Forest Health Protection	USDA	10.680	18DG11100106812		3,366	
Forest Health Protection	USDA	10.680	2013DG11100106779		11,184	
Good Neighbor Authority	USDA	10.691	17-GN-11100100-004		28,885	
State & Private Forestry Cooperative Fire Assistance	USDA	10.698	18DG11100106813		94,918	
Plant Materials for Conservation	USDA	10.905	68015015013		4,373	
Plant Materials for Conservation	USDA	10.905	68015015014		5,900	
Plant Materials for Conservation	USDA	10.905	F15AC01170		9,176	
Young Growth SE	USDA	10.U06	15CS11100106809		967,414	
17 USFS Fire Suppression (AKDF070002)	USDA	10.U07	15-FI-11100100-016		25,754	
18 USFS Fire Suppression	USDA	10.U08	15-FI-11100100-016		12,037,605	
19 USFS Fire Suppression	USDA	10.U09	15-FI-11100100-016		29,410	
Pioneer Peak	USDA	10.U10	17-FI-11100100-005		138,727	
16 FIA Inventory	USDA	10.U11	2016JV11261919028		1,447,775	

STATE OF ALASKA
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For the Fiscal Year Ended June 30, 2019
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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Cultural and Paleontological Resources Management	USDOI	15.224	L14AC00307		19,139	
Cultural and Paleontological Resources Management	USDOI	15.224	L17AC00030		78,034	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	L14AC00101		25,989	
Environmental Quality and Protection	USDOI	15.236	L18AC00019		37,401	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	USDOI	15.250	S18AP20040		319,275	
Abandoned Mine Land Reclamation (AMLR)	USDOI	15.252	S15AF20052		568,773	
Abandoned Mine Land Reclamation (AMLR)	USDOI	15.252	S16AF20040		574,552	
Abandoned Mine Land Reclamation (AMLR)	USDOI	15.252	S17AF20049		31	
Abandoned Mine Land Reclamation (AMLR)	USDOI	15.252	S18AF20058		496,728	
Abandoned Mine Land Reclamation (AMLR)	USDOI	15.252	SF14AF20031		2,770	
Federal Oil and Gas Royalty Management State and Tribal Coordination	USDOI	15.427	D16AC00012		121,648	
Fish and Wildlife Management Assistance	USDOI	15.608	F16AC00878		2,077	
Fish and Wildlife Management Assistance	USDOI	15.608	F18AC00887		44,921	
Fish and Wildlife Management Assistance	USDOI	15.608	F18AP00920		17,880	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	F16AF00087		-	
Wildlife without Borders-Mexico	USDOI	15.641	F18AP0039-0001-0000		12,695	
National Wildlife Refuge System Enhancements	USDOI	15.654	P16AC01267		3,000	
National Fire Plan-Wildland Urban Interface Community Fire Assistance	USDOI	15.674	F15AC01267		13,415	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G15AC00469		7,444	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G16AC00054		545,205	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G16AC00167		40,701	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G16AC00169		10,516	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G16AS00001		29,549	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G16AS00003		8,000	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G18AC00137		266,364	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G18AC00162		37,177	
National Cooperative Geologic Mapping	USDOI	15.810	G17AC00211		18,094	
National Cooperative Geologic Mapping	USDOI	15.810	G19AC00159		26,599	
National Geological and Geophysical Data Preservation	USDOI	15.814	G17AP00063		(1,045)	
National Geological and Geophysical Data Preservation	USDOI	15.814	G18AP00054		22,445	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G10AC00029		331,174	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G16AC00165		756,477	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G19AC00060		106,038	
Energy Cooperatives to Support the National Energy Resources Data System	USDOI	15.819	G15AC00301		25,034	
Historic Preservation Fund Grants-In-Aid	USDOI	15.904	P17AF00043		125,179	67,860
Historic Preservation Fund Grants-In-Aid	USDOI	15.904	P18AF00008		362,886	109,331
Historic Preservation Fund Grants-In-Aid	USDOI	15.904	P19AF00066		436,195	

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Outdoor Recreation Acquisition, Development and Planning	USDOI	15.916	P15AP00366		263,584	238,667
Outdoor Recreation Acquisition, Development and Planning	USDOI	15.916	P15AP00375		62,289	23,470
Outdoor Recreation Acquisition, Development and Planning	USDOI	15.916	P17AP00433		242,014	214,365
Outdoor Recreation Acquisition, Development and Planning	USDOI	15.916	P17AP00436		220,019	187,343
Outdoor Recreation Acquisition, Development and Planning	USDOI	15.916	P18AP00082		201,091	186,302
National Maritime Heritage Grants	USDOI	15.925	140L6318P0053		19,994	
National Maritime Heritage Grants	USDOI	15.925	P16AP00137		51,817	50,000
National Maritime Heritage Grants	USDOI	15.925	P16AP00269		25,716	24,997
Water Use and Data Research	USDOI	15.981	G17AC00003		10,421	
17 BLM Fire Suppression	USDOI	15.U04	BLM MOU AK-2015-002		19,878	
18 BLM Fire Suppression	USDOI	15.U05	BLM MOU AK-2015-002		4,017,234	
19 BLM Fire Suppression	USDOI	15.U06	BLM MOU AK-2015-002		8,761,739	
Intergovernmental Personnel Act	USDOI	15.U07	LLAK910000		124,818	
Irwin Project	USDOI	15.U08	M 4500104134		12,821	
APL Yard Buskin River Diesel Spill	USDOI	15.U09	NOAA15NRD01-0004	HPCC	6,173	
Recreation Trails Program	USDOT	20.219	DTHF70-13-E-00026		1,159,223	599,386
Glen Highway Cultural Resources Survey	USDOT	20.U02	15A7020013501		47,792	
Citizen Science for Earths Systems Program	NASA	43.U01	80NSSC18M0100	R&DC	146,889	
Computer and Information Science and Engineering	NSF	47.070	9920180105		2,983	
Regional Wetland Program Development Grants	EPA	66.461	CD-01J38201		31,184	
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608	OS-83647001-0		101,780	
Denali Commission Program	DC	90.100	01562-00		11,950	
Boating Safety Financial Assistance	USDHS	97.012	3317FAS170102		227,407	
Boating Safety Financial Assistance	USDHS	97.012	3319FAS190102		347,685	
National Dam Safety Program	USDHS	97.041	EMS2018GR00005S01		39,057	
National Dam Safety Program	USDHS	97.041	EMS207GR00004		7,373	
Cooperating Technical Partners	USDHS	97.045	EMS-2016-CA-00006		71,461	
Cooperating Technical Partners	USDHS	97.045	EMS2018CA00016		14,241	
Supplemental Fire Project Agreement	USDHS	97.U04	19FI11100100030		6,767	
FEMA Fire Assistance	USDHS	97.U05	5282-5287-5290		8,667,741	
Joint Base Elmendorf Richardson Cooperative Agreement	USDHS	97.U06	JBERIAA701FY19		17,371	
Total for Department of Natural Resources					**48,986,200**	**2,175,426**
Department of Administration						
Crime Victim Compensation	USDOJ	16.576	2017VCGX0004		153,719	
Crime Victim Compensation	USDOJ	16.576	2018V1GX0004		526,678	
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	2018V3GX0069		29,935	
Commercial Driver's License Program Implementation Grant	USDOT	20.232	FM-CDL-0237-16-01-00		199,492	
Donation of Federal Surplus Personal Property	GSA	39.003			7,225,448	
State Underground Water Source Protection	EPA	66.433	G00J69305-1		119,000	
Total for Department of Administration					**8,254,272**	**-**

Department of Corrections

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By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Residential Substance Abuse Treatment for State Prisoners	USDOJ	16.593	2018-J2-BX-0037		137,958	
State Criminal Alien Assistance Program	USDOJ	16.606	2019-H0367-AK-AP		92,458	
Second Chance Act Reentry Initiative	USDOJ	16.812	2017-CZ-BX-0111		4,566	
Incentive Payment Agreement (IPMOU) between SSA and DOC	SSA	96.U01	IPMOU		36,200	
Total for Department of Corrections					**271,182**	**-**
Department of Revenue						
Child Support Enforcement	USDHHS	93.563			17,646,762	
Total for Department of Revenue					**17,646,762**	**-**
Department of Transportation and Public Facilities						
Cooperative Forest Road Agreements	USDA	10.705			5,420	
National Guard Military Operations and Maintenance (O&M) Projects	USDOD	12.401			128,769	
Airport Improvement Program	USDOT	20.106			212,505,233	
Highway Research and Development Program	USDOT	20.200			(2,170,131)	
Highway Planning and Construction	USDOT	20.205		HPCC	619,280,297	4,731,642
Highway Training and Education	USDOT	20.215			(638,655)	
Motor Carrier Safety Assistance	USDOT	20.218			1,052,690	
Federal Lands Access Program	USDOT	20.224		HPCC	(446,467)	
Performance and Registration Information Systems Management	USDOT	20.231			9,414	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	USDOT	20.237			431,101	3,400
Fuel Tax Evasion-Intergovernmental Enforcement Effort	USDOT	20.240			(200,000)	
Federal Transit Capital Investment Grants	USDOT	20.500		FTC	915,092	148,999
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	USDOT	20.505			312,369	300,091
Formula Grants for Rural Areas and Tribal Transit Program	USDOT	20.509			7,594,740	6,743,087
Enhanced Mobility of Seniors and Individuals with Disabilities	USDOT	20.513		TSPC	566,827	545,368
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	USDOT	20.526		FTC	4,130,853	3,964,732
State and Community Highway Safety	USDOT	20.600		HSC	1,929,218	707,739
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	USDOT	20.608			357,441	
State Traffic Safety Information System Improvement Grants	USDOT	20.610		HSC	2,181	
Incentive Grant Program to Increase Motorcyclist Safety	USDOT	20.612		HSC	11,002	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	USDOT	20.614			50,515	
National Priority Safety Programs	USDOT	20.616		HSC	1,729,314	1,370,146
Total for Department of Transportation and Public Facilities					**847,557,223**	**18,515,204**
Department of Public Safety						
State and Local Implementation Grant Program	USDOC	11.549			692	
National Marine Fisheries Joint Enforcement Agreement	USDOC	11.U07	11.04 and NMFS-JEA		1,239,891	
Sexual Assault Services Formula Program	USDOJ	16.017			838,186	823,772
Justice Systems Response to Families	USDOJ	16.021			144,795	142,364

STATE OF ALASKA
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For the Fiscal Year Ended June 30, 2019
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Missing Children's Assistance	USDOJ	16.543	2010-MC-CX-K031 & 2013-MC-FX-K011		32,244	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554			434,505	
Crime Victim Assistance	USDOJ	16.575			5,778,865	5,573,024
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582			19,719	
Violence Against Women Formula Grants	USDOJ	16.588			826,709	233,283
Project Safe Neighborhoods	USDOJ	16.609			3,981	
Special Data Collection and Statistical Studies	USDOJ	16.734			113,448	
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ	16.738			747,956	210,607
DNA Backlog Reduction Program	USDOJ	16.741			461,152	
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ	16.742			271,554	
Edward Byrne Memorial Competitive Grant Program	USDOJ	16.751			46,990	
NICS Act Record Improvement Program	USDOJ	16.813	2016-NS-BX-K08		126,494	
National Sexual Assault Kit Initiative	USDOJ	16.833			494,169	
Equitable Sharing Program	USDOJ	16.922			597,543	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	USDHHS	93.671			829,347	783,539
High Intensity Drug Trafficking Areas Program	EOP	95.001			536,615	
State Fire Training Systems Grants	USDHS	97.043			15,871	
Assistance to Firefighters Grant	USDHS	97.044			191,213	
Total for Department of Public Safety					**13,751,939**	**7,766,589**
Department of Law						
Violence Against Women Formula Grants	USDOJ	16.588			205,312	
National Sexual Assault Kit Initiative	USDOJ	16.833			7,097	
State Medicaid Fraud Control Units	USDHHS	93.775		MC	1,260,994	
Total for Department of Law					**1,473,403**	**-**
Office of the Governor						
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	EEOC	30.002			16,450	
Help America Vote Act Requirements Payments	EAC	90.401			766,391	
2018 HAVA Election Security Grants	EAC	90.404			15,396	
Total for Office of the Governor					**798,237**	**-**
University of Alaska						
Agricultural Research Basic and Applied Research	USDA	10.001	DAA3-17-63601-2	R&DC	31,285	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00011637	R&DC	15,829	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00011678	R&DC	1,630	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00012425	R&DC	27,797	
Federal-State Marketing Improvement Program	USDA	10.156	G00011111	R&DC	22,626	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	G00011550	R&DC	28	
Cooperative Forestry Research	USDA	10.202	G00011475	R&DC	95,568	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00010814	R&DC	394,224	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00011472	R&DC	578,942	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00011473	R&DC	66,278	

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Sustainable Agriculture Research and Education	USDA	10.215	150893-00001-181	R&DC	26,503	
Sustainable Agriculture Research and Education	USDA	10.215	200592-00001-302	R&DC	9,693	
Sustainable Agriculture Research and Education	USDA	10.215	201207-517	R&DC	20,383	
Sustainable Agriculture Research and Education	USDA	10.215	G178-19-W7506	R&DC	385	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00011680	R&DC	1,008,104	27,670
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00012426	R&DC	44,262	
Homeland Security Agricultural	USDA	10.304	201603794-05 / A17-0222-S002		2,587	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	G00011446	R&DC	10,009	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	G00011677	R&DC	64,694	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	G00012036	R&DC	136,414	31,393
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	MA1403	R&DC	2,595	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	Sub 422517-19100	R&DC	20,878	
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	USDA	10.318	G00012592		32,531	
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	USDA	10.328	BLK246-SB-002		25,471	
Crop Protection and Pest Management Competitive Grants Program	USDA	10.329	G00011759		171,184	
Rural Business Development Grant	USDA	10.351	G00012306		8,535	
Rural Business Development Grant	USDA	10.351	G00012307		43,507	
Cooperative Extension Service	USDA	10.500	9500069084		1,655	
Cooperative Extension Service	USDA	10.500	S19108		8,513	
Cooperative Extension Service	USDA	10.500	G00009635		155,683	
Cooperative Extension Service	USDA	10.500	G00009668		26	
Cooperative Extension Service	USDA	10.500	G00009832		2,702	
Cooperative Extension Service	USDA	10.500	G00009993		1,476	
Cooperative Extension Service	USDA	10.500	G00010434		25,992	
Cooperative Extension Service	USDA	10.500	G00010659		156,142	
Cooperative Extension Service	USDA	10.500	G00010811		(21,806)	
Cooperative Extension Service	USDA	10.500	G00010812		26,573	
Cooperative Extension Service	USDA	10.500	G00011477		474,397	
Cooperative Extension Service	USDA	10.500	G00011536		82,975	
Cooperative Extension Service	USDA	10.500	G00011537		54,237	
Cooperative Extension Service	USDA	10.500	G00011670		72,547	
Cooperative Extension Service	USDA	10.500	G00011760		52,168	
Cooperative Extension Service	USDA	10.500	G00012339		60,225	
Cooperative Extension Service	USDA	10.500	G00012382		64,369	
Cooperative Extension Service	USDA	10.500	G00012483		517,355	
Cooperative Extension Service	USDA	10.500	G00012488		397	
Cooperative Extension Service	USDA	10.500	KSU Sub S17110		29,547	
Cooperative Extension Service	USDA	10.500	SubC00059381-9		19,683	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	ADN 0680160		15,002	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	ADN 0690166		38,114	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	604-271-18002	SNAP	5,482	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	604-271-19002	SNAP	350,445	
SNAP Partnership Grant	USDA	10.577	PO 3409018697 Rev 5		15,635	
Foreign Market Development Cooperator Program	USDA	10.600	G00011027	R&DC	17,253	
Forestry Research	USDA	10.652	G00010799	R&DC	2,584	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Cooperative Forestry Assistance	USDA	10.664	G00011611		8,469	
Rural Development, Forestry, and Communities	USDA	10.672	R1514	R&DC	2,202	
Wood Utilization Assistance	USDA	10.674	G00010240	R&DC	24,297	
Forest Health Protection	USDA	10.680	G00009144	R&DC	55	
Forest Health Protection	USDA	10.680	G00010155	R&DC	5,190	
Forest Health Protection	USDA	10.680	G00010956	R&DC	196,326	
Forest Health Protection	USDA	10.680	G00011011	R&DC	80,140	
National Fish and Wildlife Foundation	USDA	10.683	0801.19.063412		17,895	
Partnership Agreements	USDA	10.699	G00009966	R&DC	357,622	
Partnership Agreements	USDA	10.699	G00010250	R&DC	29,031	
Partnership Agreements	USDA	10.699	G00011502	R&DC	47,463	
Partnership Agreements	USDA	10.699	G00011510	R&DC	35,994	
Partnership Agreements	USDA	10.699	G00011514	R&DC	6,026	
Partnership Agreements	USDA	10.699	G00011656	R&DC	10,496	
Rural Cooperative Development Grants	USDA	10.771	G00012436		120,294	
Soil and Water Conservation	USDA	10.902	G00011781	R&DC	11,461	
Soil Survey	USDA	10.903	G00010442	R&DC	1,906	
Monitoring with Forest Inventory and Analysis in Tanana Valley State Forest	USDA	10.RD	G00009133	R&DC	2,620	
UAF support for "Wood energy in Alaska: quantifying environmental and socioeconomic benefits"	USDA	10.RD	G00009170	R&DC	15,006	
Cofiring wood pellets with coal at electrical generating facilities in Alaska	USDA	10.RD	G00009612	R&DC	13,460	
Critical zone measurements in the perhumid coastal temperate rainforest of Southeast Alaska	USDA	10.RD	G00009615	R&DC	5,836	
Stream discharge and water balance of coastal Alaska watersheds	USDA	10.RD	G00010255	R&DC	794	
Modeling stream ecosystem dynamics to support river restoration and management	USDA	10.RD	G00010715	R&DC	28,138	
GINA_USDA_AHAP_P3	USDA	10.RD	G00012409	R&DC	24,998	
Ocean Exploration	USDOC	11.011	G00010360	R&DC	54,068	
Ocean Exploration	USDOC	11.011	G00010432	R&DC	41	
Ocean Exploration	USDOC	11.011	G00010463	R&DC	34,666	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	G00009727	R&DC	33,635	3,391
Integrated Ocean Observing System (IOOS)	USDOC	11.012	G00009871	R&DC	626,005	226,830
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-50	R&DC	5,999	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-51	R&DC	37,605	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-52	R&DC	193,680	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-60	R&DC	7,652	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-64	R&DC	151,852	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-66	R&DC	56,198	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2404-00	R&DC	269,616	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2407	R&DC	388,640	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2430	R&DC	925	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2431	R&DC	230,299	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2432	R&DC	5,308	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2433	R&DC	107,663	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2435	R&DC	12,684	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2465-02	R&DC	20,000	
Cluster Grants	USDOC	11.020	G00010263	R&DC	70,223	
Economic Development Technical Assistance	USDOC	11.303	G00011688		150,260	
Economic Adjustment Assistance	USDOC	11.307	BEI19-476	EDC	108,311	
Economic Adjustment Assistance	USDOC	11.307	G00011949	EDC	70,638	
Sea Grant Support	USDOC	11.417	G00009215	R&DC	1,173,540	53,470
Sea Grant Support	USDOC	11.417	G00011636	R&DC	10,415	184
Sea Grant Support	USDOC	11.417	G00011685	R&DC	125,906	108,865
Sea Grant Support	USDOC	11.417	G00011687	R&DC	77,206	53,111

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Sea Grant Support	USDOC	11.417	G00011908	R&DC	29,919	
Sea Grant Support	USDOC	11.417	G00011936	R&DC	473,862	9,805
Sea Grant Support	USDOC	11.417	G00012628	R&DC	25,869	
Coastal Zone Management Administration Awards	USDOC	11.419	3004636440 Amend 2	R&DC	257,963	92,141
Coastal Zone Management Administration Awards	USDOC	11.419	3004686665 Amd 1	R&DC	94,825	
Coastal Zone Management Administration Awards	USDOC	11.419	Subaward 3004540567	R&DC	40,252	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420	G00011565	R&DC	208,108	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420	G00012231	R&DC	543,090	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00010941	R&DC	133,276	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00011658	R&DC	152,977	91,038
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00012330	R&DC	108,220	
Climate and Atmospheric Research	USDOC	11.431	G00010264	R&DC	55,284	
Climate and Atmospheric Research	USDOC	11.431	G00010366	R&DC	2,405	
Climate and Atmospheric Research	USDOC	11.431	G00010992	R&DC	37,746	
Climate and Atmospheric Research	USDOC	11.431	G00011055	R&DC	590,248	
Climate and Atmospheric Research	USDOC	11.431	G00011763	R&DC	44,199	
Climate and Atmospheric Research	USDOC	11.431	G00012170	R&DC	72,460	
Climate and Atmospheric Research	USDOC	11.431	G00012377	R&DC	23,354	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC	11.432	G00008751	R&DC	1,940,141	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC	11.432	G-02325-01	R&DC	903	
Columbia River Fisheries Development Program	USDOC	11.436	ADN 1199105	R&DC	15,192	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC	11.438	1195951		9,383	
Marine Mammal Data Program	USDOC	11.439	G00010776	R&DC	78,247	7,054
Marine Mammal Data Program	USDOC	11.439	G00010872	R&DC	204,203	
Marine Mammal Data Program	USDOC	11.439	G00011692	R&DC	35,224	
Marine Mammal Data Program	USDOC	11.439	G00011752	R&DC	49,270	
Marine Mammal Data Program	USDOC	11.439	G00012352	R&DC	37	
Unallied Industry Projects	USDOC	11.452	16-102G	R&DC	50,508	
Weather and Air Quality Research	USDOC	11.459	G00012380	R&DC	89,358	
Habitat Conservation	USDOC	11.463	G00010365	R&DC	40,162	
Applied Meteorological Research	USDOC	11.468	G00010728	R&DC	248,421	
Unallied Science Program	USDOC	11.472	1501	R&DC	9,398	
Unallied Science Program	USDOC	11.472	1607	R&DC	26,934	
Unallied Science Program	USDOC	11.472	1608	R&DC	97,316	
Unallied Science Program	USDOC	11.472	1612	R&DC	98,393	
Unallied Science Program	USDOC	11.472	1613	R&DC	21,030	
Unallied Science Program	USDOC	11.472	1616	R&DC	14,478	
Unallied Science Program	USDOC	11.472	1703	R&DC	79,741	
Unallied Science Program	USDOC	11.472	1707	R&DC	35,368	
Unallied Science Program	USDOC	11.472	1710	R&DC	34,735	
Unallied Science Program	USDOC	11.472	1713	R&DC	7,574	
Unallied Science Program	USDOC	11.472	1715	R&DC	27,822	
Unallied Science Program	USDOC	11.472	1719	R&DC	62,072	
Unallied Science Program	USDOC	11.472	1720	R&DC	28,845	

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Unallied Science Program	USDOC	11.472	1727	R&DC	18,274	
Unallied Science Program	USDOC	11.472	1806	R&DC	20,306	
Unallied Science Program	USDOC	11.472	1426B / F6426-00	R&DC	9,559	
Unallied Science Program	USDOC	11.472	1426C	R&DC	126,526	
Unallied Science Program	USDOC	11.472	1533 / F6533-02	R&DC	24,882	
Unallied Science Program	USDOC	11.472	1702-00	R&DC	57,641	
Unallied Science Program	USDOC	11.472	1702-90	R&DC	12,910	
Unallied Science Program	USDOC	11.472	1710-90	R&DC	2,882	
Unallied Science Program	USDOC	11.472	17-71-03	R&DC	107,285	
Unallied Science Program	USDOC	11.472	17-71-06	R&DC	152,365	
Unallied Science Program	USDOC	11.472	1802 / F8802-00	R&DC	29,437	
Unallied Science Program	USDOC	11.472	1811 / F8811-00	R&DC	4,490	
Unallied Science Program	USDOC	11.472	1814 / F8814-01	R&DC	5,943	
Unallied Science Program	USDOC	11.472	A91-00A	R&DC	536,031	
Unallied Science Program	USDOC	11.472	A98-00A	R&DC	59,485	
Unallied Science Program	USDOC	11.472	Contract 17-71-01 AMD 2	R&DC	47,355	
Unallied Science Program	USDOC	11.472	G00009607	R&DC	100,000	
Unallied Science Program	USDOC	11.472	G00011586	R&DC	67,714	
Unallied Science Program	USDOC	11.472	G00012363	R&DC	197,838	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	USDOC	11.478	1004101 - UAA	R&DC	42,329	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	USDOC	11.478	G00011684	R&DC	262,911	90,914
Minority Business Resource Development	USDOC	11.802	G00012454		213,405	
Regional Climate Services Support in the Western Region	USDOC	11.RD	G00010964	R&DC	27,556	
NOAA NESDIS JPSS PGRR HLPG GINA Contract	USDOC	11.RD	G00012703	R&DC	25,049	
ASG/MAP Manufacturing Extension Partnership (MEP) FFO	USDOC	11.RD	OPDSFOS 15-499	R&DC	138,198	
Procurement Technical Assistance For Business Firms	USDOD	12.002	G00012106		482,668	
Procurement Technical Assistance For Business Firms	USDOD	12.002	G00012809		1,952	
Basic and Applied Scientific Research	USDOD	12.300	090955-16969	R&DC	2,205	
Basic and Applied Scientific Research	USDOD	12.300	1199153 / 1199171	R&DC	46,645	
Basic and Applied Scientific Research	USDOD	12.300	A101266	R&DC	57,443	
Basic and Applied Scientific Research	USDOD	12.300	G00010732	R&DC	31,518	
Basic and Applied Scientific Research	USDOD	12.300	G00010779	R&DC	48,932	
Basic and Applied Scientific Research	USDOD	12.300	G00011091	R&DC	2,123	
Basic and Applied Scientific Research	USDOD	12.300	G00011426	R&DC	102,292	
Basic and Applied Scientific Research	USDOD	12.300	G00011467	R&DC	1,558,069	37,085
Basic and Applied Scientific Research	USDOD	12.300	G00011625	R&DC	60,246	
Basic and Applied Scientific Research	USDOD	12.300	G00012114	R&DC	168,875	
Basic and Applied Scientific Research	USDOD	12.300	G00012201	R&DC	187,653	
Basic and Applied Scientific Research	USDOD	12.300	G00012676	R&DC	214,929	
Basic and Applied Scientific Research	USDOD	12.300	MA1429	R&DC	59,195	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD	12.630	Agreement Signed 10/15/18		2,156	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD	12.630	Award Dated 09/30/17		5,826	
Legacy Resource Management Program	USDOD	12.632	G00011397	R&DC	44,323	
Legacy Resource Management Program	USDOD	12.632	G00012593	R&DC	22,830	
Air Force Defense Research Sciences Program	USDOD	12.800	G00011753	R&DC	895	
Research and Technology Development	USDOD	12.910	RL041-G2	R&DC	1,877	
Materials Management Support - TO0003	USDOD	12.RD	G00009699	R&DC	96,358	

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Interpretive Display at Tripler Army Medical Center TO 0008	USDOD	12.RD	G00010425	R&DC	20,634	
Interpretive Display at Bldg 3010, Schofield Barracks, Hawaii	USDOD	12.RD	G00010427	R&DC	17,286	
Arctic Gravity Data Acquisition and Processing	USDOD	12.RD	G00010982	R&DC	78,615	
Cultural Resource Support, Wake Island, HI, and AK TO0013	USDOD	12.RD	G00011147	R&DC	70,912	3,916
NACT Proposal for HDTRA1-17-R-003: Waveform Operations & Maintenance	USDOD	12.RD	G00011364	R&DC	3,385,180	
Estimation of Uncertainties of Full Moment Tensors	USDOD	12.RD	G00011447	R&DC	134,095	
MGT Species Beluga Whale - All Waters But Six Mile	USDOD	12.RD	G00011765	R&DC	81,165	
MGT Habitat Gravel Pit Reclamation Plan JBER	USDOD	12.RD	G00011767	R&DC	90,726	
Natural Resource Management Support Wildlife	USDOD	12.RD	G00011770	R&DC	345,564	
MGT Habitat Winter Moose Browse, JBER	USDOD	12.RD	G00011791	R&DC	38,480	
MGT Habitat Vegetative Plot JBER	USDOD	12.RD	G00011809	R&DC	33,513	22,562
Statistical Oversight/Bird MGT	USDOD	12.RD	G00011810	R&DC	39,990	
North Slope Coastal Erosion	USDOD	12.RD	G00011821	R&DC	571,931	355,049
Archaeology Survey and Cultural Resources Survey and Evaluation	USDOD	12.RD	G00012104	R&DC	144,058	
Management Species, Bat Survey	USDOD	12.RD	G00012105	R&DC	27,106	
Resilience of boreal ecosystems assessed using high-frequency records of dissolved organic matter and nitrate in streams	USDOD	12.RD	G00012163	R&DC	429,320	
MGT Species, Beluga Whale Prey-All Waters but Six Mile, Mgt Species Beluga Whale Prey Six Mile	USDOD	12.RD	G00012208	R&DC	52,334	
Chernofski Harbom-Mutton Cove Archaeological Excavation, Mapping and Survey	USDOD	12.RD	G00012250	R&DC	111,660	
Tricolored Blackbird at Edwards Air Force Base, California	USDOD	12.RD	G00012392	R&DC	70,932	
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical Detection of Nuclear Proliferation - ADMINISTRATION	USDOD	12.RD	G00012416	R&DC	114,476	
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical Detection of Nuclear Proliferation - GAP	USDOD	12.RD	G00012417	R&DC	133,725	
POA53-CESU 18-06 Mgt. Invasive Species, Ironwood Trees, Bellows Air Force Station, Oahu	USDOD	12.RD	G00012422	R&DC	390,925	
Asbestos Lead Database Development Kadena Air Base, Japan	USDOD	12.RD	G00012435	R&DC	13,752	
UARC FIXED FEE ALL	USDOD	12.RD	G00012569	R&DC	1,298	
Generation of low frequency VLF waves	USDOD	12.RD	G00012637	R&DC	100,000	
Generation of low frequency VLF waves in the ionosphere	USDOD	12.RD	G00012657	R&DC	20,000	
Eielson Air Force Base Base-wide Groundwater Hydrology Model	USDOD	12.RD	PO 02002160 (PM:Cody Black)	R&DC	36,207	
Cultural and Paleontological Resources Management	USDOI	15.224	G00008942		25,304	
Cultural and Paleontological Resources Management	USDOI	15.224	G00010342		4,132	
Cultural and Paleontological Resources Management	USDOI	15.224	G00012232		712,366	
Recreation and Visitor Services	USDOI	15.225	G00008074	R&DC	1,391	2,207
Recreation and Visitor Services	USDOI	15.225	G00010388	R&DC	48,481	
Recreation and Visitor Services	USDOI	15.225	G00010465	R&DC	19,668	
Recreation and Visitor Services	USDOI	15.225	G00011811	R&DC	49,560	11,260

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Invasive and Noxious Plant Management	USDOI	15.230	G00009666	R&DC	14,575	
Invasive and Noxious Plant Management	USDOI	15.230	G00011761	R&DC	137,207	
Invasive and Noxious Plant Management	USDOI	15.230	G00012249	R&DC	20,000	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00008634	R&DC	41,423	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00009071	R&DC	2,475	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00010254	R&DC	12,153	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00010869	R&DC	140,000	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011038	R&DC	80,055	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011064	R&DC	38,777	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011643	R&DC	86,375	
Wildland Fire Research and Studies	USDOI	15.232	G00009722	R&DC	4,399	
Wildland Fire Research and Studies	USDOI	15.232	G00010940	R&DC	163,173	
Wildland Fire Research and Studies	USDOI	15.232	G00011008	R&DC	74,851	
Wildland Fire Research and Studies	USDOI	15.232	G093481	R&DC	1,135	
Wildland Fire Research and Studies	USDOI	15.232	PO U000112610	R&DC	18,787	
Environmental Quality and Protection	USDOI	15.236	G00009721	R&DC	98,649	
Rangeland Resource Management	USDOI	15.237	G00010420	R&DC	4,806	
Challenge Cost Share	USDOI	15.238	G00009440		15,179	
Alaska Coastal Marine Institute	USDOI	15.421	G00008631	R&DC	131,915	
Alaska Coastal Marine Institute	USDOI	15.421	G00008896	R&DC	12,167	
Alaska Coastal Marine Institute	USDOI	15.421	G00010108	R&DC	56	
Alaska Coastal Marine Institute	USDOI	15.421	G00010688	R&DC	2,479	
Alaska Coastal Marine Institute	USDOI	15.421	G00010748	R&DC	97,235	
Alaska Coastal Marine Institute	USDOI	15.421	G00010804	R&DC	43,689	
Alaska Coastal Marine Institute	USDOI	15.421	G00011399	R&DC	46,072	
Alaska Coastal Marine Institute	USDOI	15.421	G00011425	R&DC	1,091	
Alaska Coastal Marine Institute	USDOI	15.421	G00011468	R&DC	39,107	
Alaska Coastal Marine Institute	USDOI	15.421	G00011494	R&DC	23,417	
Alaska Coastal Marine Institute	USDOI	15.421	G00011532	R&DC	30,626	
Alaska Coastal Marine Institute	USDOI	15.421	UTA 12-000603	R&DC	213	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	A91-99A	R&DC	252,127	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011630	R&DC	421,519	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011755	R&DC	273,991	92,344
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011764	R&DC	519,022	109,421
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00012601	R&DC	16,838	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	Sub 5747 PO 574832	R&DC	8,228	
Alaska Native Science and Engineering	USDOI	15.442	G00010939		99,962	
Fish and Wildlife Management Assistance	USDOI	15.608	ADN 1199110 Amend 1	R&DC	58,083	
Fish and Wildlife Management Assistance	USDOI	15.608	Agreement Dtd 4/13/18	R&DC	35,099	
Fish and Wildlife Management Assistance	USDOI	15.608	G00010171	R&DC	26,820	
Fish and Wildlife Management Assistance	USDOI	15.608	G00011112	R&DC	18	
Fish and Wildlife Management Assistance	USDOI	15.608	G00012563	R&DC	44,713	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	1188193	F&WC	88,478	

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Wildlife Restoration and Basic Hunter Education	USDOI	15.611	1199174	F&WC	106,521	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	ADN 1199107	F&WC	21,956	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	ADN1199193	F&WC	4,182	
Coastal	USDOI	15.630	G00010673	R&DC	36,983	
Coastal	USDOI	15.630	G00012285	R&DC	23,455	
State Wildlife Grants	USDOI	15.634	1188108	R&DC	30	
State Wildlife Grants	USDOI	15.634	1199060	R&DC	61,212	
State Wildlife Grants	USDOI	15.634	1199086	R&DC	35,767	
State Wildlife Grants	USDOI	15.634	1199074/1199168/11 99192 AMD 2	R&DC	41,720	
State Wildlife Grants	USDOI	15.634	ADN 1188035	R&DC	17,802	27,388
State Wildlife Grants	USDOI	15.634	ADN 1188036	R&DC	267	
State Wildlife Grants	USDOI	15.634	ADN 1199050/1199185 Amd 1	R&DC	297,129	
State Wildlife Grants	USDOI	15.634	ADN 1199117	R&DC	104,161	
State Wildlife Grants	USDOI	15.634	RSA 1199049	R&DC	23,565	
Research Grants (Generic)	USDOI	15.650	G00011740	R&DC	3,239	
Endangered Species Conservation – Recovery Implementation Funds	USDOI	15.657	G00011794		66,602	
NFWF-USFWS Conservation Partnership	USDOI	15.663	NFWF Proj ID: 8006.16.055085	R&DC	5,876	
Fish and Wildlife Coordination and Assistance	USDOI	15.664	50059 0801.16.050059		12,572	
Cooperative Landscape Conservation	USDOI	15.669	G00009403	R&DC	19,524	
Cooperative Landscape Conservation	USDOI	15.669	G00009453	R&DC	2,175	
Cooperative Landscape Conservation	USDOI	15.669	G00010051	R&DC	47,606	
Cooperative Landscape Conservation	USDOI	15.669	G00011570	R&DC	6,077	
Cooperative Landscape Conservation	USDOI	15.669	G00011622	R&DC	370	
Cooperative Landscape Conservation	USDOI	15.669	G00011801	R&DC	47,805	
Cooperative Landscape Conservation	USDOI	15.669	NWBLLC 2017-1	R&DC	23,158	
Youth Engagement, Education, and Employment	USDOI	15.676	G00011066	R&DC	120,005	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011035	R&DC	19,196	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011087	R&DC	32,917	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011724	R&DC	12,010	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00012197	R&DC	25,346	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00012433	R&DC	1,282	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00012715	R&DC	3,300	
Assistance to State Water Resources Research Institutes	USDOI	15.805	G00010680	R&DC	88,554	10,599
Earthquake Hazards Program Assistance	USDOI	15.807	G00011714	R&DC	771,107	
Earthquake Hazards Program Assistance	USDOI	15.807	G00012198	R&DC	4,642	
Earthquake Hazards Program Assistance	USDOI	15.807	G00012462	R&DC	118,210	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00009924	R&DC	637,544	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00011070	R&DC	37,211	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00011181	R&DC	16,070	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00011629	R&DC	26,976	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00012216	R&DC	17,819	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00012424	R&DC	14,434	
Cooperative Research Units	USDOI	15.812	G00009520	R&DC	137,126	
Cooperative Research Units	USDOI	15.812	G00009974	R&DC	39,865	
Cooperative Research Units	USDOI	15.812	G00010146	R&DC	17,102	

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Cooperative Research Units	USDOI	15.812	G00010836	R&DC	30,199	
Cooperative Research Units	USDOI	15.812	G00010998	R&DC	66,355	3,325
Cooperative Research Units	USDOI	15.812	G00011043	R&DC	333,682	
Cooperative Research Units	USDOI	15.812	G00011201	R&DC	68,129	
Cooperative Research Units	USDOI	15.812	G00012045	R&DC	508,861	
Cooperative Research Units	USDOI	15.812	G00012245	R&DC	9,890	
Cooperative Research Units	USDOI	15.812	G00012345	R&DC	37,642	
National Geospatial Program: Building The National Map	USDOI	15.817	G00012414	R&DC	70,122	
National Geospatial Program: Building The National Map	USDOI	15.817	G00012606	R&DC	20,940	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G00010807	R&DC	62,382	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G00012109	R&DC	1,827,918	19,210
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00011635	R&DC	1,162,867	9,304
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00011711	R&DC	45,978	
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00012554	R&DC	53,274	
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00012725	R&DC	11,827	
Rivers, Trails and Conservation Assistance	USDOI	15.921	G00011183	R&DC	4,459	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00008929	R&DC	43,511	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009500	R&DC	142,580	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009573	R&DC	3,325	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010377	R&DC	12,828	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010410	R&DC	8,423	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010444	R&DC	17,537	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010464	R&DC	13,667	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010766	R&DC	9,112	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010892	R&DC	105,206	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010965	R&DC	395	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011013	R&DC	26,184	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011036	R&DC	26,463	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011075	R&DC	18,478	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011078	R&DC	5,296	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011081	R&DC	28,440	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011097	R&DC	202	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011115	R&DC	37,965	

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Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011117	R&DC	16,786	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011256	R&DC	8,810	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011444	R&DC	7,061	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011516	R&DC	23,674	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011596	R&DC	428	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011599	R&DC	13,209	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011806	R&DC	38,456	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011837	R&DC	40,401	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00012401	R&DC	36,723	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	PO NT54189 / Subaward 54133-A	R&DC	414	
Ebey's Landing National Historical Reserve Trust Board	USDOI	15.956	G00011253	R&DC	3,898	
MARES: pCO2 sensor and analysis	USDOI	15.RD	185700104 14402-64328	R&DC	77	
StateView Program Development and Operations for the State of Alaska	USDOI	15.RD	AV18-AK-01	R&DC	12,139	
Evaluation of nearshore communities and habitats Ecological Process in Lower Cook Inlet	USDOI	15.RD	G00010161	R&DC	23,208	
Comparison of Putative Carex Subspathacea between the Arctic Coastal Plan and the Yukon Kuskokwim Delta and Interpretations of Climate Effects on Grazing Systems	USDOI	15.RD	G00011118	R&DC	3,276	
Trans-Alaska Pipeline System Archaeological Inventory: Phase II	USDOI	15.RD	G00011743	R&DC	4,161	
140M0118Q0042 Arctic Ocean Circulation Model	USDOI	15.RD	G00012273	R&DC	8,003	
USGS AVO Near-real time satellite support for volcano monitoring	USDOI	15.RD	G00012299	R&DC	26,891	
ANWR Snow Training	USDOI	15.RD	G00012353	R&DC	13,181	
Alaska Terrestrial AIM Task Order AK-2 Revised - Greater Moose's Tooth and Willow Oil and Gas Development Areas	USDOI	15.RD	G00012423	R&DC	28,446	
Applying Climate Change Modeling to Local Agricultural Planning and Adaptation in Alaska	USDOI	15.RD	G00012556	R&DC	14,784	
FWS Mig Birds CESU Spring/Summer 2019	USDOI	15.RD	G00012583	R&DC	30,102	
Coastal Marine Institute Program Administration 2019-2024	USDOI	15.RD	G00012804	R&DC	1,468	
Landsat And The Cryosphere: Tracking Interactions Between Ice, Snow, and the Earth System	USDOI	15.RD	PO1000986155	R&DC	26,995	
Native Village of Unalakleet's Feasibility Study to Assess the Establishment of a Regional Norton Sound LiDAR Data Collection Project as a Self-Sustaining Program (Planning for Subsistence Management in Changing Conditions)(NVUFS)	USDOI	15.RD	UAF-ACUASI 2019 SOW NVUFS	R&DC	1,989	
Juvenile Justice and Delinquency Prevention	USDOJ	16.540	RSA Dtd 8/31/18	R&DC	9,194	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ	16.550	G00011144	R&DC	595	393
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	D2016006028		14,021	

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Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	D2019012074		16,599	
Juvenile Mentoring Program	USDOJ	16.726	4-H NMP9	R&DC	12,714	
Juvenile Mentoring Program	USDOJ	16.726	4H-NMP8	R&DC	69,660	
National Sexual Assault Kit Initiative	USDOJ	16.833	19-17SAKI-01/ADN1219043	R&DC	53,163	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	Contract Dtd 8/16/18 ADN795506		292,743	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL	17.282	G00009833		173,194	
Mine Health and Safety Grants	USDOL	17.600	G00012179		130,993	
Air Transportation Centers of Excellence	USDOT	20.109	G00011652	R&DC	23,541	
Air Transportation Centers of Excellence	USDOT	20.109	G00012354	R&DC	1,828	
Air Transportation Centers of Excellence	USDOT	20.109	G00012357	R&DC	66,998	
Highway Research and Development Program	USDOT	20.200	EN 2558042	R&DC	14,780	
Highway Planning and Construction	USDOT	20.205	ADN 2578042 Amd 1	HPCC	18,813	
Highway Planning and Construction	USDOT	20.205	ADN 2578043/2598026 Amend1	HPCC	30,551	
University Transportation Centers Program	USDOT	20.701	BPO 3882	R&DC	22,450	
University Transportation Centers Program	USDOT	20.701	G00009212	R&DC	735,240	597,225
University Transportation Centers Program	USDOT	20.701	G00011341	R&DC	1,273,180	975,505
University Transportation Centers Program	USDOT	20.701	UWSC10217 BPO28344	R&DC	214,546	
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	USDOT	20.724	G00012600	R&DC	17,895	
Science	NASA	43.001	407782	R&DC	58,510	
Science	NASA	43.001	2612013261	R&DC	1,492	
Science	NASA	43.001	0059586 (414333-1)	R&DC	1,879	
Science	NASA	43.001	05762-01	R&DC	25,073	
Science	NASA	43.001	124027-5100419	R&DC	1,520	
Science	NASA	43.001	1555192 PO 1000835538	R&DC	11,954	
Science	NASA	43.001	1820-204-2010726 NNX15AL71G	R&DC	80,997	
Science	NASA	43.001	2015000929 02250-01 NNX15AL12A	R&DC	103,083	
Science	NASA	43.001	52681-Z6031201	R&DC	40,631	
Science	NASA	43.001	A101348	R&DC	71,942	
Science	NASA	43.001	G00006335	R&DC	63	
Science	NASA	43.001	G00007728	R&DC	1,638,435	
Science	NASA	43.001	G00008906	R&DC	2,359,592	
Science	NASA	43.001	G00008981	R&DC	97,503	26,760
Science	NASA	43.001	G00009315	R&DC	21,099	
Science	NASA	43.001	G00009317	R&DC	79,889	
Science	NASA	43.001	G00009414	R&DC	42,117	
Science	NASA	43.001	G00009610	R&DC	9,813	
Science	NASA	43.001	G00009849	R&DC	89,391	
Science	NASA	43.001	G00010049	R&DC	40,697	
Science	NASA	43.001	G00010057	R&DC	40,197	
Science	NASA	43.001	G00010378	R&DC	185,136	38,388
Science	NASA	43.001	G00010424	R&DC	103,745	
Science	NASA	43.001	G00010462	R&DC	79,808	
Science	NASA	43.001	G00010570	R&DC	400,395	22,592
Science	NASA	43.001	G00010587	R&DC	487,662	62,987
Science	NASA	43.001	G00010794	R&DC	13,450	
Science	NASA	43.001	G00010867	R&DC	33,935	
Science	NASA	43.001	G00010876	R&DC	27,438	

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Science	NASA	43.001	G00010946	R&DC	13,478	
Science	NASA	43.001	G00010957	R&DC	3,362	
Science	NASA	43.001	G00010976	R&DC	121,919	
Science	NASA	43.001	G00011095	R&DC	35,002	
Science	NASA	43.001	G00011177	R&DC	98,828	
Science	NASA	43.001	G00011218	R&DC	160,393	
Science	NASA	43.001	G00011459	R&DC	181,912	115,381
Science	NASA	43.001	G00011589	R&DC	628,183	297,654
Science	NASA	43.001	G00011775	R&DC	176,748	1,538
Science	NASA	43.001	G00011777	R&DC	174	
Science	NASA	43.001	G00011901	R&DC	21,518	
Science	NASA	43.001	G00012010	R&DC	89,949	39,340
Science	NASA	43.001	G00012039	R&DC	334,519	161,422
Science	NASA	43.001	G00012074	R&DC	70,040	
Science	NASA	43.001	G00012081	R&DC	59,207	10,630
Science	NASA	43.001	G00012137	R&DC	1,587	
Science	NASA	43.001	G00012209	R&DC	71,294	3,695
Science	NASA	43.001	G00012223	R&DC	15,728	
Science	NASA	43.001	G00012236	R&DC	70,249	
Science	NASA	43.001	G00012257	R&DC	21,947	
Science	NASA	43.001	G00012265	R&DC	149,049	7,052
Science	NASA	43.001	G00012348	R&DC	31,587	
Science	NASA	43.001	G00012383	R&DC	6,235,053	39,423
Science	NASA	43.001	G00012732	R&DC	4,679	
Science	NASA	43.001	G00012739	R&DC	11,893	
Science	NASA	43.001	G0013927500 RO36674 NNX14AQ95G	R&DC	21,705	
Science	NASA	43.001	KK1831	R&DC	109,208	
Science	NASA	43.001	Sub 1554201 PO 1000686852	R&DC	96,066	
Science	NASA	43.001	Sub 61488-01 / PO 241097	R&DC	16,162	
Science	NASA	43.001	Sub 61534-02 / PO 242447	R&DC	14,178	
Science	NASA	43.001	Subcontract 1615131	R&DC	8,514	
Science	NASA	43.001	Subcontract 1616581	R&DC	83,006	
Space Operations	NASA	43.007	G00011430	R&DC	76,160	
Education	NASA	43.008	G00010074	R&DC	749,818	68,156
Education	NASA	43.008	G00010306	R&DC	131,540	
Education	NASA	43.008	G00010332	R&DC	142,052	
Education	NASA	43.008	G00010919	R&DC	4,355	
Education	NASA	43.008	G00011044	R&DC	255,647	
Education	NASA	43.008	G00012645	R&DC	1,976	
Space Technology	NASA	43.012	G00011594	R&DC	47,858	
UAF Scope of Work for "Imaging Arctic Methane Plumes"	NASA	43.RD	1572960	R&DC	319,131	
Volatiles Transport in Lunar Regolith Parameters Study Using the COUPi Discrete Element Method Model	NASA	43.RD	121078 FG3ZN CLIN 1	R&DC	96,443	
NASA NESSF Fellowship: Climate-driven Extent Changes in Perennial Snowfields in the Central Brooks Range, Alaska: Utilizing Satellite Data to Investigate Impacts on Caribou and Inform Native Alaskan	NASA	43.RD	G00011251	R&DC	45,192	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
2017 Funding for UAF Grant G5454: Physical and Geologic Investigations of the Surface Materials Along the MER Traverses: Continuation of Co-I support to the Mars Exploration Rovers Participating Scientist Program (NNH05ZDA001N-MERPS)	NASA	43.RD	G00011509	R&DC	8,496	
A multiple cubesat mission to characterize mechanisms by which geomagnetic storms perturb thermospheric density and composition	NASA	43.RD	G00012706	R&DC	17,124	
Promotion of the Arts Partnership Agreements	NEA	45.025	FY19CAD0027		2,025	
Promotion of the Humanities Federal/State Partnership	NEH	45.129	G19-0008		9,339	
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	G00010744		46,105	
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	G00011302		236	
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	G00011786		22,192	
Promotion of the Humanities Public Programs	NEH	45.164	G00011495		15,644	
Grants to States	IMLS	45.310	CED-19-735-01		1,250	
Engineering Grants	NSF	47.041	G00007866	R&DC	8,664	
Engineering Grants	NSF	47.041	G00011741	R&DC	355,779	
Engineering Grants	NSF	47.041	G00011988	R&DC	30,087	
Engineering Grants	NSF	47.041	G00012113	R&DC	34,250	
Engineering Grants	NSF	47.041	G00012356	R&DC	88,446	
Engineering Grants	NSF	47.041	G00012405	R&DC	68,310	
Engineering Grants	NSF	47.041	G00012512	R&DC	60,278	
Mathematical and Physical Sciences	NSF	47.049	ALF Dtd 6/26/19 $10,000	R&DC	3,495	
Mathematical and Physical Sciences	NSF	47.049	G00008669	R&DC	33,474	
Mathematical and Physical Sciences	NSF	47.049	G00009621	R&DC	7,315	
Mathematical and Physical Sciences	NSF	47.049	G00009622	R&DC	17,723	
Mathematical and Physical Sciences	NSF	47.049	G00010311	R&DC	27,529	
Mathematical and Physical Sciences	NSF	47.049	G00010904	R&DC	20,296	
Mathematical and Physical Sciences	NSF	47.049	G00010960	R&DC	39,492	
Mathematical and Physical Sciences	NSF	47.049	G00011705	R&DC	85,486	
Mathematical and Physical Sciences	NSF	47.049	G00012172	R&DC	41,586	
Mathematical and Physical Sciences	NSF	47.049	GA-2018-273	R&DC	79,844	55,000
Geosciences	NSF	47.050	1003870-UAF / PO P325595	R&DC	8,946	
Geosciences	NSF	47.050	150124-0001-43 Amend 3	R&DC	25,823	
Geosciences	NSF	47.050	43(GG009393) / G11492	R&DC	8,456	
Geosciences	NSF	47.050	43B(GG009393) / G11492	R&DC	107,811	
Geosciences	NSF	47.050	5696-UAF-NSF-5369	R&DC	31,609	
Geosciences	NSF	47.050	5814-UAF-NSF-5369	R&DC	13,031	
Geosciences	NSF	47.050	70413-10264 Amend 4	R&DC	21,226	
Geosciences	NSF	47.050	FY2017-072	R&DC	27,980	
Geosciences	NSF	47.050	G00004196	R&DC	494,232	
Geosciences	NSF	47.050	G00007284	R&DC	1,937	
Geosciences	NSF	47.050	G00008107	R&DC	14,913	
Geosciences	NSF	47.050	G00008287	R&DC	2,945,199	
Geosciences	NSF	47.050	G00008752	R&DC	1,684	
Geosciences	NSF	47.050	G00008872	R&DC	70,724	10,707
Geosciences	NSF	47.050	G00008888	R&DC	106,158	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	G00008959	R&DC	2,322	
Geosciences	NSF	47.050	G00008977	R&DC	30,208	
Geosciences	NSF	47.050	G00009015	R&DC	142,378	
Geosciences	NSF	47.050	G00009051	R&DC	90,288	
Geosciences	NSF	47.050	G00009052	R&DC	110,805	
Geosciences	NSF	47.050	G00009054	R&DC	70,959	8,927
Geosciences	NSF	47.050	G00009070	R&DC	62,263	20,000
Geosciences	NSF	47.050	G00009161	R&DC	226,774	
Geosciences	NSF	47.050	G00009173	R&DC	44,857	
Geosciences	NSF	47.050	G00009230	R&DC	114,688	
Geosciences	NSF	47.050	G00009374	R&DC	449,164	
Geosciences	NSF	47.050	G00009387	R&DC	5,967	
Geosciences	NSF	47.050	G00009513	R&DC	79,949	
Geosciences	NSF	47.050	G00009578	R&DC	6,238	
Geosciences	NSF	47.050	G00009585	R&DC	879,032	534,243
Geosciences	NSF	47.050	G00009620	R&DC	90,617	
Geosciences	NSF	47.050	G00009624	R&DC	117,532	
Geosciences	NSF	47.050	G00009640	R&DC	17,104	
Geosciences	NSF	47.050	G00009641	R&DC	5,210	
Geosciences	NSF	47.050	G00009645	R&DC	9,815	
Geosciences	NSF	47.050	G00009750	R&DC	977,711	
Geosciences	NSF	47.050	G00009823	R&DC	33,660	
Geosciences	NSF	47.050	G00009902	R&DC	13,869	
Geosciences	NSF	47.050	G00009926	R&DC	384,401	
Geosciences	NSF	47.050	G00009953	R&DC	118,641	
Geosciences	NSF	47.050	G00009969	R&DC	16,860	
Geosciences	NSF	47.050	G00009977	R&DC	11,390	
Geosciences	NSF	47.050	G00009989	R&DC	117,322	
Geosciences	NSF	47.050	G00009990	R&DC	73,067	
Geosciences	NSF	47.050	G00010018	R&DC	173	
Geosciences	NSF	47.050	G00010034	R&DC	31,148	
Geosciences	NSF	47.050	G00010054	R&DC	12,253	1,003
Geosciences	NSF	47.050	G00010060	R&DC	47,651	
Geosciences	NSF	47.050	G00010065	R&DC	98,206	
Geosciences	NSF	47.050	G00010085	R&DC	151,839	
Geosciences	NSF	47.050	G00010124	R&DC	160,791	
Geosciences	NSF	47.050	G00010127	R&DC	20,386	
Geosciences	NSF	47.050	G00010199	R&DC	288,614	232,304
Geosciences	NSF	47.050	G00010236	R&DC	135,193	
Geosciences	NSF	47.050	G00010246	R&DC	80,496	
Geosciences	NSF	47.050	G00010283	R&DC	270,260	75,417
Geosciences	NSF	47.050	G00010310	R&DC	78,965	
Geosciences	NSF	47.050	G00010316	R&DC	86,128	
Geosciences	NSF	47.050	G00010317	R&DC	24,144	
Geosciences	NSF	47.050	G00010318	R&DC	677,788	33,989
Geosciences	NSF	47.050	G00010340	R&DC	105,597	
Geosciences	NSF	47.050	G00010363	R&DC	227,326	54,236
Geosciences	NSF	47.050	G00010364	R&DC	92,809	
Geosciences	NSF	47.050	G00010368	R&DC	114,568	
Geosciences	NSF	47.050	G00010371	R&DC	155,442	
Geosciences	NSF	47.050	G00010386	R&DC	27,787	
Geosciences	NSF	47.050	G00010391	R&DC	349,570	
Geosciences	NSF	47.050	G00010449	R&DC	112,398	31,923
Geosciences	NSF	47.050	G00010551	R&DC	93,225	
Geosciences	NSF	47.050	G00010654	R&DC	24,713	
Geosciences	NSF	47.050	G00010666	R&DC	93,963	
Geosciences	NSF	47.050	G00010687	R&DC	61,728	
Geosciences	NSF	47.050	G00010730	R&DC	27,692	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	G00010750	R&DC	59,954	22,378
Geosciences	NSF	47.050	G00010809	R&DC	8,476	
Geosciences	NSF	47.050	G00010824	R&DC	41,758	
Geosciences	NSF	47.050	G00010856	R&DC	66,943	
Geosciences	NSF	47.050	G00010893	R&DC	128,112	
Geosciences	NSF	47.050	G00010915	R&DC	3,297,419	
Geosciences	NSF	47.050	G00010949	R&DC	38,040	
Geosciences	NSF	47.050	G00010953	R&DC	178,454	
Geosciences	NSF	47.050	G00010954	R&DC	101,460	
Geosciences	NSF	47.050	G00010955	R&DC	46,579	
Geosciences	NSF	47.050	G00010966	R&DC	71,527	
Geosciences	NSF	47.050	G00010978	R&DC	85,193	
Geosciences	NSF	47.050	G00011024	R&DC	151,796	
Geosciences	NSF	47.050	G00011025	R&DC	259,742	
Geosciences	NSF	47.050	G00011030	R&DC	6,433	
Geosciences	NSF	47.050	G00011033	R&DC	87,811	
Geosciences	NSF	47.050	G00011045	R&DC	707	
Geosciences	NSF	47.050	G00011071	R&DC	47,099	
Geosciences	NSF	47.050	G00011184	R&DC	13,215	
Geosciences	NSF	47.050	G00011190	R&DC	83,349	
Geosciences	NSF	47.050	G00011203	R&DC	41,213	16,455
Geosciences	NSF	47.050	G00011217	R&DC	76,642	
Geosciences	NSF	47.050	G00011228	R&DC	8,376	
Geosciences	NSF	47.050	G00011245	R&DC	271,339	13,350
Geosciences	NSF	47.050	G00011254	R&DC	97,786	
Geosciences	NSF	47.050	G00011277	R&DC	6,918	
Geosciences	NSF	47.050	G00011281	R&DC	19,485	
Geosciences	NSF	47.050	G00011351	R&DC	243,144	
Geosciences	NSF	47.050	G00011387	R&DC	93,477	
Geosciences	NSF	47.050	G00011471	R&DC	247,136	
Geosciences	NSF	47.050	G00011538	R&DC	98,294	
Geosciences	NSF	47.050	G00011557	R&DC	48,114	
Geosciences	NSF	47.050	G00011590	R&DC	3,931	
Geosciences	NSF	47.050	G00011592	R&DC	91,102	57,900
Geosciences	NSF	47.050	G00011603	R&DC	7,433	
Geosciences	NSF	47.050	G00011608	R&DC	11,735	
Geosciences	NSF	47.050	G00011626	R&DC	55,601	
Geosciences	NSF	47.050	G00011627	R&DC	96,979	
Geosciences	NSF	47.050	G00011674	R&DC	111,044	
Geosciences	NSF	47.050	G00011691	R&DC	7,072	
Geosciences	NSF	47.050	G00011702	R&DC	50,694	
Geosciences	NSF	47.050	G00011704	R&DC	127,728	
Geosciences	NSF	47.050	G00011706	R&DC	95,050	
Geosciences	NSF	47.050	G00011707	R&DC	193,857	1,147
Geosciences	NSF	47.050	G00011708	R&DC	64,419	
Geosciences	NSF	47.050	G00011709	R&DC	1,062,578	333,887
Geosciences	NSF	47.050	G00011719	R&DC	52,729	
Geosciences	NSF	47.050	G00011773	R&DC	59,332	
Geosciences	NSF	47.050	G00011789	R&DC	7,517	
Geosciences	NSF	47.050	G00011841	R&DC	2,345	
Geosciences	NSF	47.050	G00011858	R&DC	4,850	
Geosciences	NSF	47.050	G00011862	R&DC	94,231	
Geosciences	NSF	47.050	G00011900	R&DC	215,954	28,224
Geosciences	NSF	47.050	G00011905	R&DC	20,427	
Geosciences	NSF	47.050	G00011993	R&DC	10,016	
Geosciences	NSF	47.050	G00011994	R&DC	34,496	
Geosciences	NSF	47.050	G00012020	R&DC	162	
Geosciences	NSF	47.050	G00012037	R&DC	145,663	82,825

STATE OF ALASKA
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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	G00012050	R&DC	351,344	
Geosciences	NSF	47.050	G00012061	R&DC	156,675	
Geosciences	NSF	47.050	G00012071	R&DC	134,443	
Geosciences	NSF	47.050	G00012080	R&DC	69,331	5,911
Geosciences	NSF	47.050	G00012110	R&DC	24,811	
Geosciences	NSF	47.050	G00012124	R&DC	21,182	
Geosciences	NSF	47.050	G00012125	R&DC	16,319	
Geosciences	NSF	47.050	G00012127	R&DC	365,422	
Geosciences	NSF	47.050	G00012169	R&DC	85,974	
Geosciences	NSF	47.050	G00012178	R&DC	5,448,078	
Geosciences	NSF	47.050	G00012185	R&DC	118,990	
Geosciences	NSF	47.050	G00012261	R&DC	292,821	
Geosciences	NSF	47.050	G00012282	R&DC	1,687	
Geosciences	NSF	47.050	G00012291	R&DC	20,445	
Geosciences	NSF	47.050	G00012294	R&DC	159,005	
Geosciences	NSF	47.050	G00012305	R&DC	647	
Geosciences	NSF	47.050	G00012316	R&DC	36,165	
Geosciences	NSF	47.050	G00012318	R&DC	112,849	34,000
Geosciences	NSF	47.050	G00012325	R&DC	78,706	
Geosciences	NSF	47.050	G00012326	R&DC	41,963	
Geosciences	NSF	47.050	G00012355	R&DC	973	
Geosciences	NSF	47.050	G00012360	R&DC	64,945	
Geosciences	NSF	47.050	G00012365	R&DC	176,232	
Geosciences	NSF	47.050	G00012366	R&DC	15,398	
Geosciences	NSF	47.050	G00012428	R&DC	101,913	
Geosciences	NSF	47.050	G00012523	R&DC	48,864	
Geosciences	NSF	47.050	G00012609	R&DC	35,248	
Geosciences	NSF	47.050	G00012623	R&DC	27,183	
Geosciences	NSF	47.050	G00012635	R&DC	15,114	
Geosciences	NSF	47.050	G00012709	R&DC	38,423	
Geosciences	NSF	47.050	G00012728	R&DC	7,684	
Geosciences	NSF	47.050	G00012740	R&DC	49,485	
Geosciences	NSF	47.050	G00012772	R&DC	6,979	
Geosciences	NSF	47.050	PO 101765/S6180C Amend 2	R&DC	6,964	
Geosciences	NSF	47.050	S6180D / PO 101766	R&DC	1,515	
Geosciences	NSF	47.050	Subaward 00657	R&DC	75,093	
Geosciences	NSF	47.050	Subaward 06-UAF-SAGE	R&DC	106,098	
Geosciences	NSF	47.050	Subaward 107294	R&DC	15,217	
Geosciences	NSF	47.050	Subaward 4500002571	R&DC	20,775	
Geosciences	NSF	47.050	Subaward 83568-11156	R&DC	6,455	
Geosciences	NSF	47.050	Subaward S2089C-B Pending	R&DC	51,203	
Geosciences	NSF	47.050	Subaward Z17-25760	R&DC	2,037	
Geosciences	NSF	47.050	Subcontract 119-000221	R&DC	412,313	
Geosciences	NSF	47.050	UTA17-000312	R&DC	117,110	
Computer and Information Science and Engineering	NSF	47.070	G00007744	R&DC	4,004	
Computer and Information Science and Engineering	NSF	47.070	G00012388	R&DC	4,418	
Biological Sciences	NSF	47.074	G00009162	R&DC	179,237	
Biological Sciences	NSF	47.074	G00009175	R&DC	20,632	6,590

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Biological Sciences	NSF	47.074	G00009439	R&DC	38,754	23,108
Biological Sciences	NSF	47.074	G00009537	R&DC	2,733	
Biological Sciences	NSF	47.074	G00009579	R&DC	29,308	
Biological Sciences	NSF	47.074	G00010215	R&DC	107,575	
Biological Sciences	NSF	47.074	G00010309	R&DC	29,236	
Biological Sciences	NSF	47.074	G00010627	R&DC	68,648	
Biological Sciences	NSF	47.074	G00010660	R&DC	77,584	1,465
Biological Sciences	NSF	47.074	G00010724	R&DC	44,055	
Biological Sciences	NSF	47.074	G00010881	R&DC	10,038	
Biological Sciences	NSF	47.074	G00010882	R&DC	95,289	
Biological Sciences	NSF	47.074	G00010947	R&DC	74,408	
Biological Sciences	NSF	47.074	G00011029	R&DC	205,844	
Biological Sciences	NSF	47.074	G00011031	R&DC	33,146	
Biological Sciences	NSF	47.074	G00011058	R&DC	47,630	
Biological Sciences	NSF	47.074	G00011192	R&DC	83,707	10,380
Biological Sciences	NSF	47.074	G00011285	R&DC	760,150	
Biological Sciences	NSF	47.074	G00011334	R&DC	16,421	
Biological Sciences	NSF	47.074	G00011640	R&DC	109,550	34,032
Biological Sciences	NSF	47.074	G00012225	R&DC	116,879	
Biological Sciences	NSF	47.074	G00012255	R&DC	153,130	
Biological Sciences	NSF	47.074	G00012317	R&DC	68,628	
Biological Sciences	NSF	47.074	GR103377(CON-80001343)	R&DC	1,782	
Biological Sciences	NSF	47.074	KFS 5648630 and PO 331023	R&DC	80,818	
Biological Sciences	NSF	47.074	Subaward 000519741-001	R&DC	7,360	
Biological Sciences	NSF	47.074	UTA17-000641	R&DC	22,956	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00010334	R&DC	23,265	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00011686	R&DC	47,277	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00011690	R&DC	128,643	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00012112	R&DC	22,251	
Education and Human Resources	NSF	47.076	G00007981	R&DC	2,437	
Education and Human Resources	NSF	47.076	G00008222	R&DC	17,590	
Education and Human Resources	NSF	47.076	G00009373	R&DC	8,377	
Education and Human Resources	NSF	47.076	G00009639	R&DC	7,277	
Education and Human Resources	NSF	47.076	G00009659	R&DC	470,997	
Education and Human Resources	NSF	47.076	G00010485	R&DC	292,658	
Education and Human Resources	NSF	47.076	G00010833	R&DC	10,064	
Education and Human Resources	NSF	47.076	G00011411	R&DC	15,190	
Education and Human Resources	NSF	47.076	G00011478	R&DC	574,484	
Education and Human Resources	NSF	47.076	G00011558	R&DC	202,992	
Education and Human Resources	NSF	47.076	G00011679	R&DC	212,283	68,803
Education and Human Resources	NSF	47.076	G00012235	R&DC	126,894	
Education and Human Resources	NSF	47.076	G00012287	R&DC	189,961	
Education and Human Resources	NSF	47.076	G00012320	R&DC	173,476	
Education and Human Resources	NSF	47.076	G00012364	R&DC	98,784	24,252
Education and Human Resources	NSF	47.076	G00012407	R&DC	119,631	
Education and Human Resources	NSF	47.076	G00012432	R&DC	29,334	
Polar Programs	NSF	47.078	G00007957	R&DC	85,995	
Polar Programs	NSF	47.078	G00008606	R&DC	161,771	
Polar Programs	NSF	47.078	G00008643	R&DC	119,463	
Polar Programs	NSF	47.078	G00011021	R&DC	26,924	
Office of International Science and Engineering	NSF	47.079	67449315 / PO 10372986	R&DC	225,217	
Integrative Activities	NSF	47.083	16-S10 Amend 3	R&DC	32,718	
Integrative Activities	NSF	47.083	G00008075	R&DC	501,572	
Integrative Activities	NSF	47.083	G00011742	R&DC	56,401	

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Integrative Activities	NSF	47.083	G00011772	R&DC	624,589	
Integrative Activities	NSF	47.083	G00012260	R&DC	944,385	
Integrative Activities	NSF	47.083	G00012286	R&DC	6,356	
Integrative Activities	NSF	47.083	G00012427	R&DC	33,028	
NSF IPA Burns	NSF	47.RD	G00011633	R&DC	206,854	
NSF Assignment Agreement for Roman Makarevich	NSF	47.RD	G00012605	R&DC	51,525	
PFISR OPERATIONS AND MAINTENANCE SUPPORT	NSF	47.RD	Sub 35444 (AGS-1840962)	R&DC	100,180	
Small Business Development Centers	SBA	59.037	G00011771		54,917	
Small Business Development Centers	SBA	59.037	G00011796		180,819	
Small Business Development Centers	SBA	59.037	G00012412		232,468	
Prime Technical Assistance	SBA	59.050	G00011805		9,265	
Congressionally Mandated Projects	EPA	66.202	18190062	R&DC	10,846	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	ADN 18180117 / 18190149	R&DC	92,370	
Regional Wetland Program Development Grants	EPA	66.461	G00010516	R&DC	10,642	
Regional Wetland Program Development Grants	EPA	66.461	G00011793	R&DC	28,414	
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	ADN 18190019	DWFC	31,691	
Science To Achieve Results (STAR) Research Program	EPA	66.509	PO 1000397392 / Ref 1552028	R&DC	44,816	
Performance Partnership Grants	EPA	66.605	ADN 18190125	R&DC	31,197	
Performance Partnership Grants	EPA	66.605	G00012680	R&DC	14,104	
Environmental Education Grants	EPA	66.951	G00012442		9,088	3,167
Office of Science Financial Assistance Program	ERGY	81.049	4000116073	R&DC	739,188	
Office of Science Financial Assistance Program	ERGY	81.049	083570-15976	R&DC	28,590	
Office of Science Financial Assistance Program	ERGY	81.049	G00011748	R&DC	175,677	
Office of Science Financial Assistance Program	ERGY	81.049	G00012276	R&DC	137,936	23,553
Renewable Energy Research and Development	ERGY	81.087	2018-09	R&DC	11,185	
Renewable Energy Research and Development	ERGY	81.087	G0152A-A	R&DC	31,430	
Fossil Energy Research and Development	ERGY	81.089	G00011849	R&DC	1,374,332	203,080
Fossil Energy Research and Development	ERGY	81.089	G00012073	R&DC	12,360	
Fossil Energy Research and Development	ERGY	81.089	G00012107	R&DC	1,635,627	1,349,274
Advanced Research Projects Agency - Energy	ERGY	81.135	G00012044	R&DC	388,017	215,416
Advanced Distribution Managements System (ADMS) Platform Program	ERGY	81.RD	377182	R&DC	90,059	
ACEP Scope of Work: Collaboration with LBNL on Remote Off-Grid Microgrid Design Tool	ERGY	81.RD	7338644	R&DC	1,263	
Soil organic carbon stocks in ice wedge polygons, Barrow	ERGY	81.RD	3F-31801	R&DC	7,378	
ARM Lead Mentor: Appendix B-1	ERGY	81.RD	8F-30200	R&DC	101,230	
MC3	ERGY	81.RD	G00011642	R&DC	28,179	
HiLAT: Investigating the role of Arctic sea ice decline on high-latitude ocean and sea ice	ERGY	81.RD	G00012702	R&DC	23,489	
Water Horse Hydroelectric Harvester Development	ERGY	81.RD	G00012815	R&DC	2,034	
Predictive Model for Arctic Coastal Erosion	ERGY	81.RD	PO 1854541	R&DC	57,789	
ARM North Slope of Alaska/Adjacent Arctic Ocean Site Operations Technical Support Contract Instrument Support Specialist (FY18)	ERGY	81.RD	PO 1854849	R&DC	104,250	
UAF participation in: "Resilient Alaskan Distribution system Improvements using Automation, Network analysis, Control, and Energy storage"	ERGY	81.RD	Standard Research Cont. 197572	R&DC	147,226	
ARM Lead Mentor for Solid Precipitation Measurement on the North Slope of Alaska	ERGY	81.RD	Sub 7F-30142	R&DC	108,918	

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Arm Lead Mentor	ERGY	81.RD	Subcontract 6F-31844	R&DC	56,483	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 785518		162	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 785519		112	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 795500		5,141	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 795501		5,169	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 795502		49,809	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 795503		29,642	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 795504		27,337	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	E00001020	SFAC	248,343	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	G00010175	SFAC	18,679	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	G00012142	SFAC	48,748	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	G00012156	SFAC	464,318	
Special Education Grants to States	USDOE	84.027	ADN 0580069	SEC	2,000	
Special Education Grants to States	USDOE	84.027	ADN 0590042	SEC	86,040	
Higher Education Institutional Aid	USDOE	84.031	G00009754		863,192	
Higher Education Institutional Aid	USDOE	84.031	G00009882		792,994	
Higher Education Institutional Aid	USDOE	84.031	G00009921		1,565,749	
Higher Education Institutional Aid	USDOE	84.031	G00010459		776,280	
Higher Education Institutional Aid	USDOE	84.031	G00010483		383,055	
Higher Education Institutional Aid	USDOE	84.031	G00010511		393,916	
Higher Education Institutional Aid	USDOE	84.031	G00010531		767,409	
Higher Education Institutional Aid	USDOE	84.031	G00011059		233,165	
Higher Education Institutional Aid	USDOE	84.031	G00012419		239,861	
Federal Work-Study Program	USDOE	84.033	E00001024	SFAC	56,780	
Federal Work-Study Program	USDOE	84.033	E00001025	SFAC	281,932	
Federal Work-Study Program	USDOE	84.033	G00012143	SFAC	44,718	
TRIO Student Support Services	USDOE	84.042	G00010281	TRIOC	249,892	
TRIO Student Support Services	USDOE	84.042	G00010384	TRIOC	225,220	
TRIO Upward Bound	USDOE	84.047	G00011700	TRIOC	287,928	
TRIO Upward Bound	USDOE	84.047	G00011701	TRIOC	310,533	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	0590035 EL 19.157.05		128,011	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0570042		448	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0590037		21,795	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0590038 EL19.156.01		215,684	156,372
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0590086		12,814	
Federal Pell Grant Program	USDOE	84.063	E00001019	SFAC	6,660,852	
Federal Pell Grant Program	USDOE	84.063	G00010914	SFAC	9,115	
Federal Pell Grant Program	USDOE	84.063	G00012155	SFAC	14,978,790	
Federal Pell Grant Program	USDOE	84.063	G00012175	SFAC	1,513,008	
Federal Pell Grant Program	USDOE	84.063	G00012284	SFAC	2,847	
Rehabilitation Services Vocational Rehabilitation Grants to States	USDOE	84.126	ADN 792103		5,672	
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	USDOE	84.215	U215N170038		76,985	
Federal Direct Student Loans	USDOE	84.268		SFAC	27,306,535	
Federal Direct Student Loans	USDOE	84.268		SFAC	13,784,676	
Federal Direct Student Loans	USDOE	84.268		SFAC	4,283,548	

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Indian Education -- Special Programs for Indian Children	USDOE	84.299	G00012458		10,290	
Alaska Native Educational Programs	USDOE	84.356	305-18-1923		58,533	
Alaska Native Educational Programs	USDOE	84.356	G00009677		5,147	
Alaska Native Educational Programs	USDOE	84.356	G00010470		561,291	
Alaska Native Educational Programs	USDOE	84.356	G00010476		209,136	21,678
Alaska Native Educational Programs	USDOE	84.356	G00010501		193,956	
Alaska Native Educational Programs	USDOE	84.356	ICC-AK Amend 2		14,992	
Native Hawaiian Education	USDOE	84.362	G00012390		134,662	
English Language Acquisition State Grants	USDOE	84.365	Agreement Dtd 1/18/18		68,644	
English Language Acquisition State Grants	USDOE	84.365	G00008005		199,084	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	USDOE	84.367	ADN 0570044/0580074		200	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	USDOE	84.367	ADN 0590036		4,000	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00010910	SFAC	9,444	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00011523	SFAC	143,699	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00012157	SFAC	278,336	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00012174	SFAC	29,008	
Strengthening Minority-Serving Institutions	USDOE	84.382	G00011088		171,630	
TPPSS--Evaluation of the ESEA Title VII, Indian Education LEA Grants Program CAEPR portion	USDOE	84.U01	PO7963 MOD 2		30,212	
AK State Writing Consortium FY10 - Program income for G5602	USDOE	84.U02	Program Income / PNWPC001		214	
FY19 YMHFA Expansion Title IV	USDOE	84.U03	RSA 0590071		28,198	
Denali Commission Program	DC	90.100	G00010604	R&DC	32,467	
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	USDHHS	93.048	G00010269	R&DC	131,634	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00009671		256,421	23,000
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00012411		164,699	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00012481		89,605	3,953
Area Health Education Centers	USDHHS	93.107	G00007653		758,062	614,939
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110	G00006655		470,631	
Environmental Health	USDHHS	93.113	PG15-64491-01 / Pending	R&DC	95	
Environmental Health	USDHHS	93.113	PG18-61047-01	R&DC	246	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS	93.130	ADN0690370		10,136	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN 06-8-0150-1	R&DC	2,431	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN 0690037-1	R&DC	62,759	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN 0690174-1	R&DC	222,841	89,353
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN 0690175-1	R&DC	84,201	

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Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	USDHHS	93.185	Sub Dtd 3/31/18 Amd #1 4/23/19		7,981	
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234	G00012183	R&DC	145,264	42,148
Mental Health Research Grants	USDHHS	93.242	19-010501 B00	R&DC	40,387	
Mental Health Research Grants	USDHHS	93.242	G00011624	R&DC	764,757	157,893
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0590014	R&DC	26,752	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0590015	R&DC	81,443	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0590053	R&DC	130,253	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690176	R&DC	25,719	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690233	R&DC	115,563	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690235	R&DC	42,693	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690250	R&DC	13,871	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690334	R&DC	121,667	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN0590054	R&DC	66,093	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	Agreement Signed 2/6/18	R&DC	37,310	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	Contract Dtd 10/23/17	R&DC	32,534	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	Contract Dtd 11/2/18	R&DC	38,716	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00009783	R&DC	3,746	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00011053	R&DC	185,675	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00011057	R&DC	131,654	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00011084	R&DC	154,312	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	NVHPB-001	R&DC	77,514	
Early Hearing Detection and Intervention	USDHHS	93.251	ADN0690042-1		40,484	
Alcohol Research Programs	USDHHS	93.273	G00010333	R&DC	487,100	79,657
Drug Abuse and Addiction Research Programs	USDHHS	93.279	G00012452	R&DC	177,439	107,500
Centers for Disease Control and Prevention Investigations and Technical Assistance	USDHHS	93.283	G00011902	R&DC	33,666	
Trans-NIH Research Support	USDHHS	93.310	205CRE496 Amend 8	R&DC	159,319	
Trans-NIH Research Support	USDHHS	93.310	206CRE544 Amend 4	R&DC	110,861	
Trans-NIH Research Support	USDHHS	93.310	G00009789	R&DC	1,795,977	73,636
Trans-NIH Research Support	USDHHS	93.310	G00009790	R&DC	2,510,122	31,920
Trans-NIH Research Support	USDHHS	93.310	G00009791	R&DC	951,584	
Trans-NIH Research Support	USDHHS	93.310	G00012782	R&DC	120	
Trans-NIH Research Support	USDHHS	93.310	G00012783	R&DC	11,616	
Trans-NIH Research Support	USDHHS	93.310	Subaward 208CRE616	R&DC	55,298	

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Trans-NIH Research Support	USDHHS	93.310	Subaward 208CRE619	R&DC	73,217	
Research Infrastructure Programs	USDHHS	93.351	G-45694-01	R&DC	7,260	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	USDHHS	93.354	ADN TBN RSA Dtd 12/10/18		69,210	
Cancer Cause and Prevention Research	USDHHS	93.393	Subaward 17-009	R&DC	133,087	
Cancer Treatment Research	USDHHS	93.395	G00012233	R&DC	77,833	
Cancer Research Manpower	USDHHS	93.398	ANTHC 15-U-61682 MOD 7	R&DC	14,973	
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	USDHHS	93.426	ADN 0690432	R&DC	18,211	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	USDHHS	93.433	16207-05	R&DC	2,262	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	USDHHS	93.433	G00011453	R&DC	92,175	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	USDHHS	93.505	ADN0690009 Amd 1		81,612	
Public Health Training Centers Program	USDHHS	93.516	UWSC8209		16,964	
Temporary Assistance for Needy Families	USDHHS	93.558	Agreement Dtd 4/8/19	C477	528,710	
Temporary Assistance for Needy Families	USDHHS	93.558	AVCP TANF & UAF 4-H Subaward	C477	265,595	
Temporary Assistance for Needy Families	USDHHS	93.558	Contract Dtd 3/25/16	C477	339,916	
Child Care and Development Block Grant	USDHHS	93.575	90YE0195	C477	16,065	
Child Care and Development Block Grant	USDHHS	93.575	ALF Dtd 6/12/19 $40,000	C477	14,053	
Developmental Disabilities Projects of National Significance	USDHHS	93.631	ADN0690520		7,575	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS	93.632	G00012308	R&DC	395,445	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS	93.632	PO 7800004482	R&DC	37,226	
Child Welfare Research Training or Demonstration	USDHHS	93.648	18-18-79280 Amend 4	R&DC	121,691	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN 0690179		30,111	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN0690337		9,588	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	USDHHS	93.674	ADN 0680243		41,149	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	USDHHS	93.674	ADN 0690180		343,598	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	USDHHS	93.757	ADN 06-9-0329 / GAE 190003791		49,839	
Opioid STR	USDHHS	93.788	RSA 0690342		56,630	
Cardiovascular Diseases Research	USDHHS	93.837	20112502 Amend 1	R&DC	28,220	
Cardiovascular Diseases Research	USDHHS	93.837	Subaward 2010904	R&DC	31,440	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011116	R&DC	105,542	19,930
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011134	R&DC	283,568	29,325
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011666	R&DC	120,579	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	Subaward 1013135_UAF	R&DC	1,689	

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Allergy and Infectious Diseases Research	USDHHS	93.855	G00010652	R&DC	311,440	
Biomedical Research and Research Training	USDHHS	93.859	18-22QN-UAF-05-BS	R&DC	1,350	
Biomedical Research and Research Training	USDHHS	93.859	FSA.18.001	R&DC	10,883	
Biomedical Research and Research Training	USDHHS	93.859	G00008221	R&DC	139,823	
Biomedical Research and Research Training	USDHHS	93.859	G00009658	R&DC	3,681,634	86,399
Biomedical Research and Research Training	USDHHS	93.859	G00010301	R&DC	399,900	176,094
Biomedical Research and Research Training	USDHHS	93.859	G00011264	R&DC	159,636	
Biomedical Research and Research Training	USDHHS	93.859	G00012744	R&DC	3,637	
Biomedical Research and Research Training	USDHHS	93.859	G122-19-W7389	R&DC	30,724	
Biomedical Research and Research Training	USDHHS	93.859	G126-19-W7384	R&DC	79,408	
Biomedical Research and Research Training	USDHHS	93.859	G127-19-W7387	R&DC	74,102	
Biomedical Research and Research Training	USDHHS	93.859	G128-19-W7388	R&DC	42,495	
Biomedical Research and Research Training	USDHHS	93.859	G130-19-W7439	R&DC	31,893	
Biomedical Research and Research Training	USDHHS	93.859	G137-19-W7439 Amend 1	R&DC	42,561	
Biomedical Research and Research Training	USDHHS	93.859	G148-19-W7439	R&DC	38,361	
Biomedical Research and Research Training	USDHHS	93.859	G169-18-W6798	R&DC	21,315	
Biomedical Research and Research Training	USDHHS	93.859	G170-18-W6796	R&DC	7,994	
Biomedical Research and Research Training	USDHHS	93.859	G204-19-W7439	R&DC	20,559	15,455
Biomedical Research and Research Training	USDHHS	93.859	GR 07327 Amend 2	R&DC	107,757	
Biomedical Research and Research Training	USDHHS	93.859	GR07328	R&DC	36,990	
Biomedical Research and Research Training	USDHHS	93.859	PG18-62732-01	R&DC	5,742	
Biomedical Research and Research Training	USDHHS	93.859	Sub 79590/1142917 Amend 1	R&DC	56,278	
Biomedical Research and Research Training	USDHHS	93.859	Subaward G137-18-W6795	R&DC	13,291	
Biomedical Research and Research Training	USDHHS	93.859	Subaward G152-18-W6798	R&DC	4,437	
Biomedical Research and Research Training	USDHHS	93.859	Subaward G155-18-W6798	R&DC	12,813	
Biomedical Research and Research Training	USDHHS	93.859	Subaward G157-18-W6798	R&DC	22,615	
Biomedical Research and Research Training	USDHHS	93.859	Subaward NWIC-SA24226-UAF	R&DC	175,638	
Biomedical Research and Research Training	USDHHS	93.859	UWSC10374 / BPO30153	R&DC	2,675	
Vision Research	USDHHS	93.867	Subaward G-45693-01	R&DC	670	
Medical Library Assistance	USDHHS	93.879	SubUWSC9122 MOD2 BPO30586		34,267	
PPHF Geriatric Education Centers	USDHHS	93.969	MOA Eff. 5/22/19 Amend 5		350,770	
NIAID Centers of Excellence for Influenza Research and Surveillance	USDHHS	93.RD	HHSN27220140008C /COA #3/ Amd 6	R&DC	101,344	
Improving Science-Ethics Communication at the Nexus of Climate-Food-Water-Energy Health: Community Outreach Project that Engages Elementary School Children in the Anchorage School District	USDHHS	93.RD	Order 605150/Awardee 300	R&DC	39	
Building Tribal Capacity for Climate Change Resilience Year 2	USDHHS	93.RD	P2018.17	R&DC	18,237	
State Commissions	CNCS	94.003	16CAHAK001		1,173	
AmeriCorps	CNCS	94.006	ADN 08-2019-0130		414	
Volunteers in Service to America	CNCS	94.013	G00011312		5,565	
Social Security - Work Incentives Planning and Assistance Program	SSA	96.008	G00010324		75,775	
Boating Safety Financial Assistance	USDHS	97.012	G00012464	R&DC	31,203	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Assistance to Firefighters Grant	USDHS	97.044	G00011780		659,444	
Centers for Homeland Security	USDHS	97.061	G00009634	R&DC	2,869,705	1,289,442
FEMA for 2018 Earthquake UAF MEF Earthquake Repairs	USDHS	97.U07	590307		65,197	
FEMA for 2018 Earthquake UAA 2018 Earthquake Response	USDHS	97.U08	590308		1,215,642	
FEMA for 2018 Earthquake UAF Seward MC Earthquake Repairs	USDHS	97.U09	590309		470	
FEMA for 2018 Earthquake SW Bragaw Earthquake Damage	USDHS	97.U10	590399		48,333	
Total for University of Alaska					**210,918,392**	**10,603,317**
Total Federal Financial Assistance					**4,536,459,079**	**396,835,252**

ABBREVIATIONS

A

AAC	Alaska Administrative Code *or* Alaska Aerospace Corporation
ACF	Administration for Children and Families
ACHIA	Alaska Comprehensive Health Insurance Association
ACS	Alaska Court System
ADP	Automated Data Processing
AEA	Alaska Energy Authority
AGDC	Alaska Gasline Development Corporation
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AI	American Indian
AIAS	Alaska International Airport System
AIDEA	Alaska Industrial Development and Export Authority
AIDS	Acquired Immunodeficiency Virus Syndrome
AIP	Airport Improvement Program
AK	Alaska
ALDER	Alaska Data Enterprise Reporting
AMBBA	Alaska Municipal Bond Bank Authority
AMHTA	Alaska Mental Health Trust Authority
AN	Alaska Native
ANTHC	Alaska Native Tribal Health Consortium
APA	Adult Public Assistance
APF	Alaska Permanent Fund
APFC	Alaska Permanent Fund Corporation
ARC *or* ARRC	Alaska Railroad Corporation
ARHCT	Alaska Retiree Healthcare Trust
ARIES	Alaska's Resource for Integrated Eligibility Services
ARMB	Alaska Retirement Management Board
ARNG	Army National Guard
AS	Alaska Statute
ASCA	Alaska State Council on the Arts
ASD	Administrative Services Director
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute

ASPIB	Alaska State Pension Investment Board

B

BFY	Budget Fiscal Year
BLM	Bureau of Land Management

C

CAFR	Comprehensive Annual Financial Report
CB-496	Foster Care Title IV-E Programs Quarterly Financial Report
CBR *or* CBRF	Constitutional Budget Reserve Fund
CCDF	Child Care and Development Fund
CCPO	Child Care Program Office
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CHIP	Children's Health Insurance Program
CIP	Construction in Progress
CISA	Certified Information Systems Auditor
CMS	Centers for Medicare and Medicaid Services
COD	Common Origination and Disbursement System
COP	Certificate of Participation
CPA	Certified Public Accountant
CSSD	Child Support Services Division

D

DAS	Division of Administrative Services
DBE	Disadvantage Business Enterprise
DBUL	Defined Benefit Unfunded Liability
DCCED	Department of Commerce, Community, and Economic Development
DCP	Deferred Compensation Plan
DCRA	Division of Community and Regional Affairs
DCSS	Division of Child Support Services
DEC	Department of Environmental Conservation
DEED	Department of Education and Early Development
DETS	Division of Employment and Training Services
DFG	Department of Fish and Game
DFMS	Division of Finance and Management Services

DHCS	Division of Health Care Services
DHSS	Department of Health and Social Services
DLA	Division of Legislative Audit
DLWD	Department of Labor and Workforce Development
DMVA	Department of Military and Veterans' Affairs
DNR	Department of Natural Resources
DOA	Department of Administration
DOC	Department of Corrections
DOF	Division of Finance
DOI	Division of Insurance
DOP	Division of Personnel
DOR	Department of Revenue
DOTPF	Department of Transportation and Public Facilities
DOW	Division of Water
DPA	Division of Public Assistance
DPS	Department of Public Safety
DRB	Division of Retirement and Benefits
DSPD	Division of Statewide Program Development
DSS	Division of Support Services

E

ECIO	External Chief Investment Officer
ED	U.S. Department of Education
EFF	Emergency Firefighter
EGWP	Employer Group Waiver Plan
EIS	Eligibility Information Services
EPA	U.S. Environmental Protection Agency
ET	Eligibility Technician
ETA	Employment and Training Administration

F

FAIN	Federal Award Identification Number
FERC	Federal Energy and Regulatory Commission
FFATA	Federal Funding Accountability and Transparency Act
FFELP	Federal Family Education Loan Program
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration

FISP	Facilities Inventory and Support Plan
FMAP	Federal Medical Assistance Percentage
FMS	Finance and Management Services
FNS-10	Food and Nutrition Service Report of School Program Operations
FUTA	Federal Unemployment Tax Act
FX	Foreign Currency
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-Segregated Investments
GF	General Fund
GOV	Office of the Governor

H

HHS	Health and Human Services
HPCC	Highway Planning and Construction Cluster
HPE	Hospital Presumptive Eligibility
HRA	Healthcare Reimbursement Arrangement Plan

I

IAF	International Airport Fund
IBNR	Incurred But Not Reported
ICRP	Indirect Cost Rate Proposal
IEVS	Income Eligibility and Verification System
IF	Infrastructure
IHS	Indian Health Service
IRIS	Integrated Resource Information System
ISF	Information Services Fund
ISP	Information Security Policy
IT	Information Technology

J

JRS	Judicial Retirement System

L

LAW	Department of Law
LEA	Local Education Agency
LIBOR	London Interbank Offered Rate
LLC	Limited Liability Company

M

MAGI	Modified Adjusted Gross Income
MD&A	Management's Discussion and Analysis
MMIS	Medicaid Management Information System
MOU	Memorandum of Understanding
MSA	Master Settlement Agreement and Final Judgment

N

NAV	Net Asset Value
NGMOMP	National Guard Military Operations and Maintenance Project
NGNMRS	National Guard and Alaska Naval Militia Retirement System
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration
NRSRO	Nationally Recognized Statistical Rating Organization
NSLDS	National Student Loan Data System
NTSC	Northern Tobacco Securitization Corporation

O

OA	Outside Auditor
OAD	Obligating Award Document
OAH	Office of Administrative Hearings
OCS	Office of Children's Services
OIT	Office of Information Technology
O&M	Operations and Maintenance
OPEB	Other Post-Employment Benefits

P

PACAP	Public Assistance Cost Allocation Plan
PERS	Public Employees' Retirement System
PERS-DB	PERS – Defined Benefit
PERS-DCR	PERS – Defined Contribution Retirement Plan
P.O.	Post Office
PPHF	Prevention and Public Health Fund
PRPA	Postretirement Pension Adjustment
PVE	Petroleum Violation Escrow

R

RCA	Regulatory Commission of Alaska
RE	Receivables
RHF	Retiree Health Fund
RLF	Revolving Loan Fund
RMP	Retiree Medical Plan
RMTS	Random Moment Time Study
RMW	Remote Maintenance Worker
RSA	Reimbursable Service Agreement

S

SAM	System of Award Management
SBRF	Statutory Budget Reserve Fund
SBS	Supplemental Benefits System
SEC	Special Education Cluster
SEFA	Schedule of Expenditures of Federal Awards
SFAC	Student Financial Assistance Cluster
SHO	State Health Official
SIC	Synthetic Investment Contract
SIFMA	Securities Industry and Financial Markets Association
SLA	Session Laws of Alaska
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSI	Supplemental Security Income
STD	Sexually Transmitted Disease

SUR	Surveillance and Utilization Review Unit
SWCAP	Statewide Cost Allocation Plan

T

TANF	Temporary Assistance for Needy Families
TAPS	Trans-Alaska Pipeline System
THO	Tribal Health Organization
TRS	Teachers' Retirement System
TRS-DB	TRS – Defined Benefits
TRS-DCB	TRS – Defined Contribution Retirement Plan
TSR	Tobacco Settlement Revenue

U

UAAL	Unfunded Actuarial Accrued Liabilities
UCF	Unemployment Compensation Fund
UI	Unemployment Insurance
U.S.	United States
USDA	U.S. Department of Agriculture
USDA-RD	USDA – Rural Development
USDHHS	U.S. Department of Health and Human Services
USDHS	U.S. Department of Homeland Security
USDOD	U.S. Department of Defense
USDOE	U.S. Department of Education
USDOI	U.S. Department of the Interior
USDOL	U.S. Department of Labor
USDOT	U.S. Department of Transportation
USFS	U.S. Forest Service

V

VSW	Village Safe Water

W

WIC	Women, Infants, and Children

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