

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

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

PURPOSE AND SCOPE OF THE REPORT

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

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

REPORT CONCLUSIONS

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

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

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

FINDINGS AND RECOMMENDATIONS

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

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

February 27, 2012

Honorable Members of the
Alaska State Legislature

The Honorable Sean Parnell
Governor
State of Alaska

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

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

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

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

Members of the Legislature
The Honorable Sean Parnell
The Honorable Daniel R. Levinson

- 2 -

February 27, 2012

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

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

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



Kris Curtis, CPA, CISA
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
ORGANIZATIONAL CHART	V
 <u>SECTION I - AUDITOR'S REPORT AND FINANCIAL STATEMENTS</u>	
Independent Auditor's Report	I - 1
Management's Discussion and Analysis	I - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	I - 15
Statement of Activities	I - 16
Fund Financial Statements:	
<u>Governmental Funds</u>	
Balance Sheet	I - 18
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	I - 19
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	I - 20
Reconciliation of the Change in Fund Balances to the Statement of Activities	I - 21
<u>Proprietary Funds</u>	
Statement of Net Assets.....	I - 22
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	I - 23
Statement of Cash Flows	I - 24

TABLE OF CONTENTS

(continued)

	<u>Page</u>
<u>SECTION I - AUDITOR'S REPORT AND FINANCIAL STATEMENTS (CONT.)</u>	
<u>Fiduciary Funds</u>	
Statement of Fiduciary Net Assets	I – 26
Statement of Changes in Fiduciary Net Assets	I – 27
<u>Component Units</u>	
Statement of Net Assets.....	I – 29
Statement of Activities	I – 30
Notes to the Basic Financial Statements	I – 33
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund.....	I – 120
Notes to Required Supplementary Information – Budgetary Reporting	I – 121
<u>SECTION II - RECOMMENDATIONS AND QUESTIONED COSTS</u>	
Introduction.....	II – 1
Summary of Recommendations.....	II – 3
Findings and Recommendations.....	II – 5
Schedule of Findings and Questioned Costs	II – 101

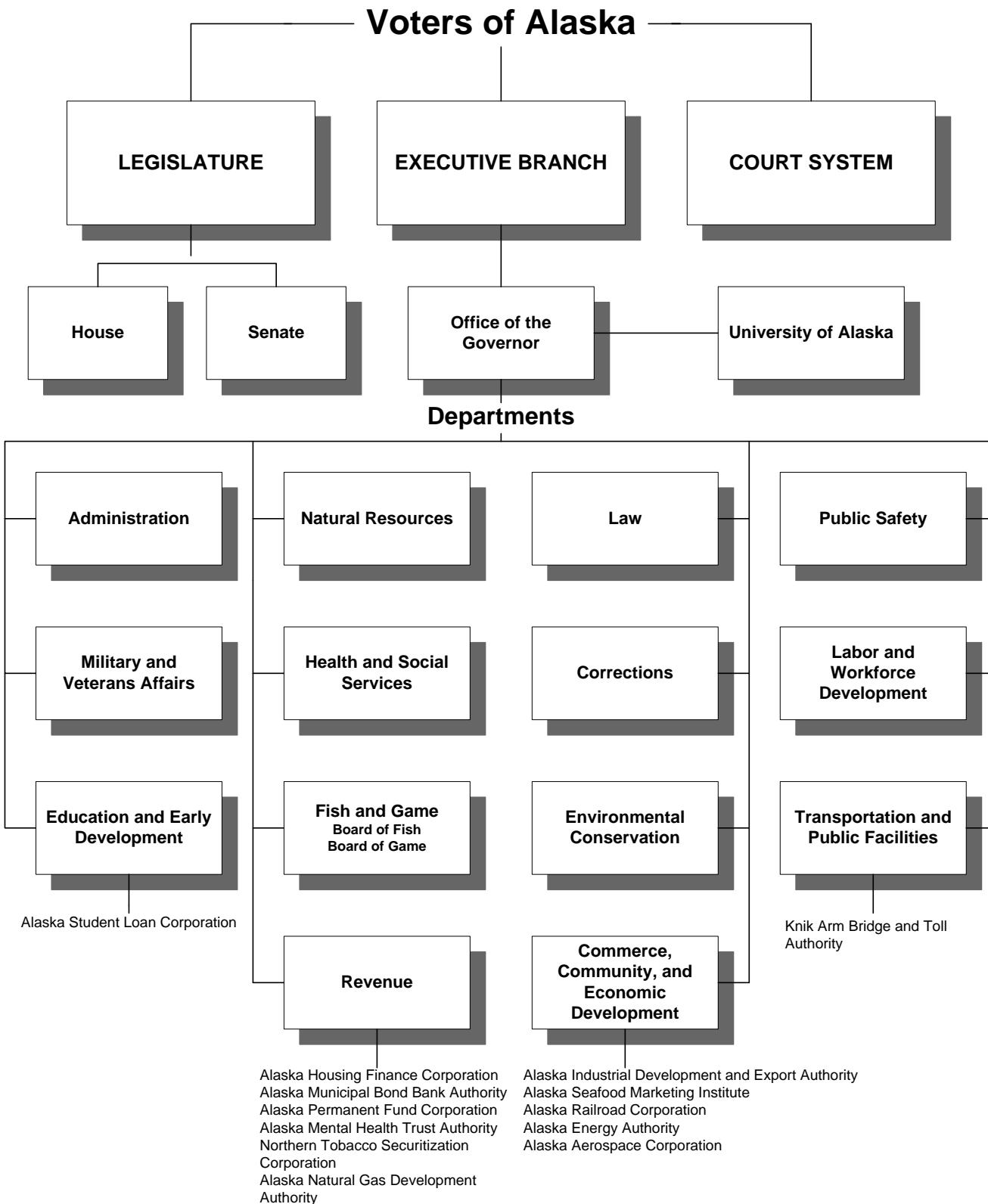
TABLE OF CONTENTS

(continued)

	<u>Page</u>
<u>SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS AND SUPPLEMENTAL INFORMATION</u>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	III – 1
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance, and on Supplementary Information – Schedule of Expenditures of Federal Awards in Accordance with <i>OMB Circular A-133</i>	III – 5
Schedule of Expenditures of Federal Awards by Federal Agency	III – 9
Notes to the Schedule of Expenditures of Federal Awards	III – 33
Summary Schedule of Prior Audit Findings.....	III – 37
Corrective Action Plan	III – 53
<u>SECTION IV - APPENDICES</u>	
Schedule of Expenditures of Federal Awards by State Agency	IV – 1
Statewide Abbreviations.....	IV – 35
Agency Responses	IV – 53
Legislative Auditor’s Additional Comments.....	IV – 85

(Intentionally left blank)

Voters of Alaska



(Intentionally left blank)

SECTION I – AUDITOR’S REPORT AND FINANCIAL STATEMENT

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

Independent Auditor's Report

Members of the Legislative Budget and Audit Committee:

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

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Certain entities of

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, on our consideration of the State of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



Kris Curtis, CPA, CISA
Legislative Auditor

December 9, 2011

STATE OF ALASKA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

Government-wide

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

Fund level

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

Long-term debt

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

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

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

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

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

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

Governmental funds – Most of the State's basic services are reported in the governmental funds. Governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Additional Required Supplementary Information

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

Other Supplementary Information

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

Government-wide Financial Analysis

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

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

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

Net Assets
(Stated in millions)

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

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

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

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

Financial Analysis of the State's Funds

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

Governmental Funds

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

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

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

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

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

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

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

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

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

Alaska Permanent Fund

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

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

The fund is made up of two parts.

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

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

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

General Fund Budgetary Highlights

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

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

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

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

Capital Assets and Debt Administration

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

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

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

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

Long-term Debt
(Stated in millions)

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

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

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

Significant Facts

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

Requests for Information

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

(Intentionally left blank)

BASIC

FINANCIAL STATEMENTS

(Intentionally left blank)

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

STATEMENT 1.01

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

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

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

STATEMENT 1.02

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

General Revenues:
Taxes:
 Severance Taxes
 Selective Sales/Use
 Income Taxes
 Property Taxes
 Other Taxes
Interest and Investment Income (Loss)
Tobacco Settlement
Payments In from Component Units
Payments In from Primary Government
Loss on Sale of Loans to Component Units
Other Revenues
Transfers - Internal Activity
Special Items:
 Impairment of Capital Asset
 Gain on Cancellation of Bonds
 Gain on Sale of Asset
Total General Revenues, Transfers, and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Prior Period Adjustment
Net Assets - End of Year

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

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

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

STATEMENT 1.11

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

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

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

STATEMENT 1.12

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

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 5)

These assets consist of:

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

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

Net pension Asset (Note 7)	364
Other post employment benefits asset (Note 7)	150
Unamortized bond issuance cost	<u>6,115</u>
	6,629

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (See Statement 1.21) 374,931

Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds. 284,120

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

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

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

Notes and bonds payable	(1,117,769)
Accrued interest payable	<u>(16,836)</u>
	(1,134,605)

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

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

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

STATEMENT 1.13

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

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

STATE OF ALASKA**STATEMENT 1.14****Reconciliation of the Change in Fund Balances to the Statement of Activities****Governmental Funds****For the Fiscal Year Ended June 30, 2011****(Stated in Thousands)**

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

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

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

Capital outlay	479,941
Depreciation expense	<u>(319,260)</u>
160,681	

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

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

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

137,861

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

Bond proceeds	(201,837)
Accrued interest	(1,521)
Repayment of bond principal	41,306
Amortization of bond issue costs	<u>504</u>
(161,548)	

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

(8,212)

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

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

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

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

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

STATEMENT 1.21

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

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

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

STATEMENT 1.22

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

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

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

STATEMENT 1.23

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

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

This statement continued on next page.

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

STATEMENT 1.23

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

Noncash Investing, Capital, and Financing Activities:

Contributed Capital Assets	-	811	811	6,930
Net Income (Loss) on Investment	-	183	183	-
Transfers (Out to) Other Funds (Accrual)	-	(175)	(175)	-
Transfers In from Other Funds (Accrual)	-	5	5	-

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

STATEMENT 1.31

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

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

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

STATEMENT 1.32

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

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

(Intentionally left blank)

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

STATEMENT 1.41

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

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

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

STATEMENT 1.42

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

General Revenues:

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

Special Items:

Impairment of Capital Asset
Gain on Cancellation of Bonds
Gain on Sale of Asset
Total General Revenues and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Prior Period Adjustment
Net Assets - End of Year

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

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

(Intentionally left blank)

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

	<i>Page</i>
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	34
A. THE FINANCIAL REPORTING ENTITY.....	34
B. BASIC FINANCIAL STATEMENTS	38
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING	39
D. FINANCIAL STATEMENT PRESENTATION.....	39
E. FISCAL YEAR ENDS	40
F. ASSETS, LIABILITIES, AND NET ASSETS / FUND BALANCE	40
NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE	44
NOTE 3 – PRIOR PERIOD ADJUSTMENTS	45
NOTE 4 – DEPOSIT AND INVESTMENT RISK	45
A. DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE.....	45
B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD	53
C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY	73
NOTE 5 – CAPITAL ASSETS	84
NOTE 6 – SHORT-TERM DEBT, BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS.....	89
A. SUMMARY OF CHANGES	89
B. GENERAL OBLIGATION BONDS AND REVENUE BONDS	90
C. CAPITAL AND OPERATING LEASES	92
D. CERTIFICATES OF PARTICIPATION.....	92
E. DISCRETELY PRESENTED COMPONENT UNITS	93
F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES	93
NOTE 7 – DEFINED BENEFIT PENSION PLANS	97
A. STATE ADMINISTERED PLANS	97
B. NON-STATE ADMINISTERED PLANS.....	106
NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS	106
A. STATE ADMINISTERED PLANS	106
B. NON-STATE ADMINISTERED PLANS.....	109
NOTE 9 – DEFERRED COMPENSATION PLAN	109
NOTE 10 – INTERFUND TRANSACTIONS.....	110
NOTE 11 – RELATED PARTY ACTIVITY	111
NOTE 12 – COMMITMENTS AND CONTINGENCIES	111
A. SICK LEAVE	111
B. SCHOOL DEBT	112
C. RISK MANAGEMENT AND SELF-INSURANCE.....	112
D. LITIGATION	113
E. FEDERAL GRANTS	113
F. DISASTER RELIEF FUND	114
G. FUTURE LOAN COMMITMENTS	114
H. INVESTMENT COMMITMENTS	114
I. POLLUTION REMEDIATION	114
J. ENCUMBRANCES	116
NOTE 13 – SUBSEQUENT EVENTS	116
A. ALASKA MUNICIPAL BOND BANK AUTHORITY.....	116
B. ALASKA CLEAN WATER FUND	116
C. ALASKA DRINKING WATER FUND.....	116
D. UNIVERSITY OF ALASKA	116
E. U.S. CREDIT RATING.....	117
F. GOVERNMENTAL ACTIVITIES - LONG-TERM LIABILITIES	117
G. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY	117
NOTE 14 – SPECIAL ITEMS.....	117
A. ALASKA HOUSING FINANCE CORPORATION	117
B. ALASKA STUDENT LOAN CORPORATION	117
C. ALASKA NATURAL GAS DEVELOPMENT AUTHORITY	117

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

BLENDED COMPONENT UNITS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

D. FINANCIAL STATEMENT PRESENTATION

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

GOVERNMENTAL FUND TYPES

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

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

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

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

PROPRIETARY FUND TYPES

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

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

FIDUCIARY FUND TYPES

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

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

E. FISCAL YEAR ENDS

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

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

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

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

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

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

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

RECEIVABLES

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

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

INTER/INTRAFUND TRANSACTIONS

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

INVENTORIES

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

CAPITAL ASSETS

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

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

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

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

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

COMPENSATED ABSENCES

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

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

NET ASSETS / FUND BALANCE

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

FUND BALANCE COMPONENTS

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

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

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

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

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

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

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

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

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

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

RESTRICTED NET ASSETS

Permanent Funds

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

Net Assets Restricted by Enabling Legislation

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

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

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

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

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

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

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

SPENDING LIMITS

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

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

CONSTITUTIONAL BUDGET RESERVE FUND

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

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

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

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

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

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

NOTE 4 – DEPOSIT AND INVESTMENT RISK

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

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

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

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

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

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

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

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

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

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

Interest Rate Risk

Short-term Fixed Income Pool

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

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

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

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

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

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

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

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

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

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

Other Fixed Income

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

Credit Risk

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

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

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

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

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

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

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

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

Custodial Credit Risk – Deposits

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

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

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

Concentration of Credit Risk

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

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

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

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

Foreign Currency Risk

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

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

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

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

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

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

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

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

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

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

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

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

PENSION FUNDS

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

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

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

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

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

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

	Fair Value (in thousands)				
	Fixed Income Pools				
	Short-term	Retirement	U.S. Treasury	High Yield	International
Bridge Loans	\$ -	\$ -	\$ -	\$ 590	\$ -
Commercial Paper	21,841	-	15,506	-	-
Convertible Bonds	-	-	-	4,873	-
Corporate Bonds	96,613	-	62,458	349,275	-
Deposits	-	-	-	-	1,712
Foreign Corporate Bonds	-	-	-	-	79,536
Foreign Government Bonds	-	-	-	-	275,635
Mortgage-backed	4,485	21,214	59,006	-	-
Mutual Funds	-	-	-	-	-
Other Asset-backed	96,932	-	342	-	-
Overnight Sweep Account (LMCS)	2,606	-	-	19,049	-
Short-term Investment Fund	-	-	-	-	3,297
U.S. Government Agency	5,390	-	14,312	-	-
U.S. Government Agency Discount Notes	7,988	-	-	-	-
U.S. Treasury Bills	45,666	-	-	-	-
U.S. Treasury Bonds	-	-	122,939	-	-
U.S. Treasury Notes	-	-	1472,922	-	10,689
Yankees:					
Corporate	1,907	-	26,171	27,161	-
Government	-	-	1,530	-	-
Fixed Income Pools:					
Equity	-	-	-	466	-
Warrants	-	-	-	35	-
Emerging Markets Debt Pool	-	-	-	-	-
Broad Domestic Equity Pools:					
Convertible Bonds	-	-	-	-	-
Deposits					
Equity	-	-	-	-	-
Limited Partnership	-	-	-	-	-
Mutual Fund					
Options					
Rights					
U.S. Treasury Bills	-	-	-	-	-
Broad International Equity Pool:					
Deposits	-	-	-	-	-
Equity	-	-	-	-	-
Rights	-	-	-	-	-
Emerging Markets Equity Pool	-	-	-	-	-
Private Equity Pool:					
Limited Partnerships	-	-	-	-	-
Absolute Return Pool:					
Limited Partnerships	-	-	-	-	-
Real Estate Pool:					
Commingled Funds	-	-	-	-	-
Limited Partnerships	-	-	-	-	-
Real Estate	-	-	-	-	-
Real Estate Investment Trust Pool:					
Equity	-	-	-	-	-
Energy Pool:					
Limited Partnerships	-	-	-	-	-
Farmland Pool:					
Agricultural Holdings	-	-	-	-	-
Farmland Water Pool:					
Agricultural Holdings	-	-	-	-	-
Timber Pool:					
Timber Holdings	-	-	-	-	-
Participant Directed:					
Collective Investment Funds	-	-	-	-	-
Pooled Investment Funds	-	-	-	-	-
Net Other Assets/(Liabilities)	131	174	(3,256)	4,700	5,594
Other Pool Ownership	(160,099)	19,113	24,327	-	-
Total Invested Assets	\$ 123,460	\$ 40,501	\$ 1796,257	\$ 406,149	\$ 376,463

This table continued on the next page.

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

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

Interest Rate Risk

Short-term Fixed Income Pool

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

Other Defined Benefit Fixed Income Pools

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

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

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

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

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

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

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

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

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

Defined Contribution Pooled Investment Funds

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

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

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

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

Defined Contribution Collective Investment Funds

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

Credit Risk

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

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

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

Retirement Fixed Income:

Commercial paper must carry a rating of at least P-1 by Moody's and A-1 by Standard & Poor's.

Corporate debt securities must be investment grade.

Corporate, asset-backed and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

No more than 40 percent of the portfolio's assets may be invested in investment grade corporate debt.

No more than 15 percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's Corporation or the equivalent by Moody's or Fitch.

U.S. Treasury Fixed Income:

No more than 10 percent of the portfolio's assets may be invested in securities that are not nominal, United States Treasury obligations or the internally managed short term or substantially similar portfolio at the time of purchase.

Corporate, asset-backed, and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

High Yield Fixed Income:

No more than 10 percent of the portfolio's assets may be invested in securities rated A3 or higher.

No more than 25 percent of the portfolio's assets may be invested in securities rated below B3.

No more than 5 percent of the portfolio's assets may be invested in unrated securities.

No more than 10 percent of the portfolio's assets may be invested in countries not rated investment grade, including emerging markets.

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

International Fixed Income:

Corporate and asset-backed obligations must be rated investment grade or better by a recognized credit rating agency.

Commercial paper and Euro commercial paper must be rated A-1 by Standard & Poor's or P-1 by Moody's or the equivalent of a comparable rating agency.

Convertible Bond:

Non-rated convertible securities are permitted provided the manager is able to assign an appropriate credit rating consistent with the criteria used by Standard & Poor's, Moody's, or Fitch. Non-rated securities are limited to 35 percent of the total market value of the portfolio.

The weighted-average rating of the portfolio shall not fall below the Standard & Poor's equivalent of B.

Investments are limited to instruments with a credit rating above CCC- by Standard & Poor's and Caa3 by Moody's. However, the manager may continue to hold securities downgraded below CCC- by Standard & Poor's and Caa3 by Moody's if such an investment is considered appropriate given the ARMB's investment objective.

In the case of a split rating by two or more of the rating agencies, the lower rating shall apply.

TIPS:

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

No more than five percent of the portfolio's assets may be invested in investment grade corporate debt.

No more than five percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's or the equivalents by Moody's or Fitch.

Corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's, Moody's, and

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

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

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

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

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

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

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

Custodial Credit Risk – Deposits

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

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

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

Concentration of Credit Risk

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

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

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

Foreign Currency Risk

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

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

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

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

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

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

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

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

Foreign Exchange, Derivative, and Counterparty Credit Risk

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

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

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

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

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

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

DEFERRED COMPENSATION

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

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

Interest Rate Risk

Collective Investment and Money Market Funds

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

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

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

Interest Income Fund

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

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

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

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

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

Pooled Investment Funds

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

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

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

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

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

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

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

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

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

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

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

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

Foreign Currency Risk

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

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

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

SUPPLEMENTAL BENEFITS SYSTEM

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

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

Interest Rate Risk

Collective Investment and Money Market Funds

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

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

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

Short-term Fixed Income Pool

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

Stable Value Fund

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

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

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

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

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

Pooled Investment Funds

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

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

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

Foreign Currency Risk

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

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

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

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

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

ALASKA PERMANENT FUND CORPORATION

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

Investments and Related Policies

Carrying value of investments

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

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

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

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

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

Interest Rate Risk

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

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

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Forward Exchange Contracts

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

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

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

Equity Index Futures

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

Cash and Temporary Investments

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

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

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

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

Marketable Debt Securities

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

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

Marketable Debt Credit Ratings

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

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

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

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

Marketable Debt Duration

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

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

Preferred and Common Stock

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

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

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

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

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

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

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

Foreign Currency Exposure

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

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

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

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

Real Estate

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

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

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

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

Alternative Investments

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

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

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

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

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

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

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

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

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

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

Alaska Certificates of Deposit

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

Securities Lending

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

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

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

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

Investment Income by Source

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

Interest	
Domestic Marketable Debt Securities	\$ 244,176
Non-domestic Marketable Debt Securities	35,531
Alaska Certificates of Deposit	1,890
Short-term Domestic and Other	2,123
Total Interest	\$ 283,720

Dividends	
Domestic Stocks	\$ 107,030
Non-domestic Stocks	352,823
Total Dividends	\$ 459,853

Real Estate and Other Income	
Directly Owned Real Estate Interest	\$ 1
Directly Owned Real Estate Net Rental Income	127,306
Real Estate Investment Trust Dividends	12,552
Real Return Interest and Dividends	30,038
Absolute Return Management Expenses, Net of Dividend and Interest Income	(17,138)
Distressed and Mezzanine Debt Interest Income, Net of Fees	1,040
Infrastructure Fees, Net of Interest and Dividend Income	(3,291)
Private Equity Dividend Income, Net of Management Expenses	5,335
Class Action Litigation Income	3,393
Loaned Securities, Commission Recapture and Other Income	9,590
Total Real Estate and Other Income	\$ 168,826

Foreign Exchange Contracts and Off-Balance Sheet Risk

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

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

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

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

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

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

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

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

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

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

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

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

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

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

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

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

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

The following relates to the land owned by the State:

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

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

A. SUMMARY OF CHANGES

SHORT-TERM DEBT

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

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

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

LONG-TERM LIABILITIES

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

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

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

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

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

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

B. GENERAL OBLIGATION BONDS AND REVENUE BONDS

GENERAL OBLIGATION BONDS

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

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 52.1	\$ 32.1	\$ 84.2
2013	55.2	28.0	83.2
2014	38.1	25.8	63.9
2015	27.1	24.3	51.4
2016	28.2	23.0	51.2
2017-2021	137.2	94.3	231.5
2022-2026	95.8	66.6	162.4
2027-2031	143.6	37.5	181.1
2032-2036	66.5	5.8	72.3
Total debt service requirements	643.8	\$ 337.4	\$ 981.2
Unamortized bond premium	11.8		
Total principal outstanding	\$ 655.6		

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

REVENUE BONDS

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

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

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

Northern Tobacco Securitization Corporation Revenue Bonds

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

Alaska Sport Fishing Revenue Bonds

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

International Airports Revenue Bonds

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

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

C. CAPITAL AND OPERATING LEASES

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

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

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

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

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

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

D. CERTIFICATES OF PARTICIPATION

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

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

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

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

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

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

F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

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

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

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

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

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

HEDGING DERIVATIVES

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

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

¹ Governmental Purpose Bonds

² Home Mortgage Revenue Bonds

³ State Capital Project Bonds

⁴ London Interbank Offered Rate 1 month

⁵ London Interbank Offered Rate 3 month

⁶ Securities Industry and Financial Markets Municipal Swap Index

⁷ Standard & Poor's/Moody's

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

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

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

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

Interest Rate Risk

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

Credit Risk

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

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

Basis Risk

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

Termination Risk

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

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

Rollover Risk

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

INVESTMENT DERIVATIVES

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

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

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

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

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

Credit Risk

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State of Alaska	2
School Districts	53
Other	3
Total Employers	58

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

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

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

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

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

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

The Judicial Retirement System (JRS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation
				/(Asset)
	2009	\$ 4,952	95.5%	\$ (772)
	2010	5,248	71.0%	751
	2011	5,246	85.0%	1,541
OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	Net OPEB Obligation
				/(Asset)
	2009	\$ 1,422	99.2%	\$ (725)
	2010	1,443	55.4%	(82)
	2011	1,432	49.4%	642

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

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

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

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

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

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

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

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

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

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

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

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

The Elected Public Officers Retirement System (EPORS)

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

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

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

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

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

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

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

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

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

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

ASSET VALUATION

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

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

PLAN MEMBERSHIPS

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

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

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

FUNDING STATUS AND PROGRESS

Actuarial Method and Assumptions

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

The following main assumptions were used in the actuarial valuation.

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

Health Care Inflation

	Medical	Rx
For all systems above:	FY11	6.90%
	FY12	6.40%

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

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

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

B. NON-STATE ADMINISTERED PLANS

THE MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA) PENSION PLAN

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

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Supplemental Benefits System

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

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

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

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

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

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

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

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

B. NON-STATE ADMINISTERED PLANS

THE NORTHWEST MARINE RETIREMENT TRUST (NMRT)

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

NOTE 9 – DEFERRED COMPENSATION PLAN

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

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

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

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

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

NOTE 10 – INTERFUND TRANSACTIONS

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

INTERFUND RECEIVABLE / PAYABLE BALANCES

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

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

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

INTERFUND TRANSFERS

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

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

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

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

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

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

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

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

NOTE 11 – RELATED PARTY ACTIVITY

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

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

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

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

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

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

B. SCHOOL DEBT

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

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

C. RISK MANAGEMENT AND SELF-INSURANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. LITIGATION

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

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

E. FEDERAL GRANTS

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

F. DISASTER RELIEF FUND

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

G. FUTURE LOAN COMMITMENTS

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

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

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

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

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

H. INVESTMENT COMMITMENTS

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

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

I. POLLUTION REMEDIATION

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

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

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

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

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

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

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

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

J. ENCUMBRANCES

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

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

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

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

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

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

B. ALASKA CLEAN WATER FUND

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

C. ALASKA DRINKING WATER FUND

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

D. UNIVERSITY OF ALASKA

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

E. U.S. CREDIT RATING

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

F. GOVERNMENTAL ACTIVITIES - LONG-TERM LIABILITIES

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

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

G. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

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

NOTE 14 – SPECIAL ITEMS

A. ALASKA HOUSING FINANCE CORPORATION

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

B. ALASKA STUDENT LOAN CORPORATION

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

C. ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

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

(Intentionally left blank)

REQUIRED

SUPPLEMENTARY INFORMATION

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

STATEMENT 2.01

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

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

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

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

The types of differences are as follows:

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

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

(Intentionally left blank)

SECTION II – RECOMMENDATIONS AND QUESTIONED COSTS

INTRODUCTION

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

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

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

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

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

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

(Intentionally left blank)

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

-----*Control Deficiencies*-----

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

(Intentionally left blank)

Findings and Recommendations

Table of Contents

Office of the Governor.....	II – 7
Department of Administration.....	II – 9
Department of Law	II – 15
Department of Revenue	II – 17
Department of Education and Early Development.....	II – 21
Department of Health and Social Services	II – 29
Department of Labor and Workforce Development.....	II – 59
Department of Commerce, Community and Economic Development.....	II – 67
Department of Military and Veterans' Affairs	II – 71
Department of Natural Resources.....	II – 79
Department of Fish and Game.....	II – 81
Department of Public Safety.....	II – 83
Department of Environmental Conservation	II – 87
Department of Corrections.....	II – 89
Department of Transportation and Public Facilities.....	II – 91
Alaska Court System	II – 95
Component Units	II – 97

(Intentionally left bland)

OFFICE OF THE GOVERNOR

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

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

(Intentionally left blank)

DEPARTMENT OF ADMINISTRATION

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

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

(Intentionally left blank)

Recommendation No. 1

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

Prior Finding

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

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

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

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

Legislative Audit's Current Position

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

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

Agency Response – Department of Administration

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

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

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

*Contact Person: Cheryl Lowenstein, Director
Division of Administrative Services
Telephone: (907) 465-5655*

Recommendation No. 2

DOA's ETS director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit anonymous access to the State's wide area network (WAN).

There is a significant control deficiency in management of certain system accounts on networks within the State's WAN. This control deficiency increases the risk of inappropriate access to all state systems. The ETS director and the state security officer are aware of the vulnerability but regard the security weakness as a lower priority compared with other information technology projects.

The National Institute of Standards and Technology (NIST)¹ publishes best practices for information systems and network management. NIST recommends personnel tasked with network management ensure that each networked system is configured such that it does not permit unauthorized access to itself or other networks. Furthermore, personnel must not configure a networked system such that it permits anonymous access to the system, except to the extent that such access is required for an authorized purpose.

We recommend the ETS director and the state security officer work with DLWD's IT manager to limit anonymous access to the State's WAN.

¹NIST is the federal technology agency that works with industry to develop and apply technology, measurements, and standards.

Auditor's Note

The details related to this control weakness are being withheld from this report to prevent the weakness from being exploited. Pertinent, sensitive details have been communicated to agency management in a separate, confidential document.

Agency Response – Department of Administration

The Department of Administration (DOA), Division of Enterprise Technology (ETS) and the Department of Labor and Workforce Development (DLWD) both concur with this recommendation.

DLWD understands that the security situation has changed and has been working with ETS to find a solution that is secure, continues to provide the same level of service and is fiscally sound.

DLWD and ETS will continue to work together until an acceptable solution is found.

*Contact Person: Cheryl Lowenstein, Director
Division of Administrative Services
Telephone: (907) 465-5655*

Agency Response – Department of Labor and Workforce Development

DLWD agrees with the recommendation to limit anonymous access to the State's WAN. The Department understands that we need to work with the ETS to find a solution to eliminate anonymous access from the state network. The Department will continue to work with ETS until a solution is found to resolve this issue.

*Contact Person: Brynn Keith, Director
Division of Administrative Services
Telephone: (907) 465-4518*

Recommendation No. 3

The DOA commissioner and the State's chief procurement officer should consider amending the procurement rules contained in the Alaska Administrative Manual (AAM), Section 82, Appendix 1.

Not all of the State's significant contracts must adhere to the State's procurement law. AAM 82, Appendix 1 exempts the following activities from the procurement code:

Transfers or expenditures of funds where the end product of the transaction does not result in consideration in the form of supplies, services, or professional services being returned to the State.

For example, the Department of Education and Early Development (DEED) has two multi-year projects worth a total of \$25.8 million that provide professional services to school districts.² DEED believes AAM 82, Appendix 1 pertains to school districts receiving the related consideration; therefore, these two projects are exempt from the procurement law. This exemption applies even though the contracts were paid with state funds, negotiated by state employees, and entered into using state contract forms.

Alaska Statute 36.30.005 assigns procurement authority to DOA's commissioner and the State's chief procurement officer. Both of these individuals are charged with creating and enforcing procurement laws that provide a fair, competitive, and open procurement process. It is unclear why all state negotiated contracts are not subjected to the safeguards provided by the procurement law.

We recommend DOA's commissioner and the State's chief procurement officer consider amending the procurement rules contained in AAM 82, Appendix 1 to support the prudent use of state funds.

Agency Response – Department of Administration

The Department of Administration (DOA), the Commissioner, and the State's chief procurement officer concurs with Recommendation No. 3.

However, it should be noted that AAM Section 82, Appendix 1 is not a rule, but rather a supplement to the rules contained in AAM Section 82, which clarifies circumstances in which the procurement code does not apply. Therefore, amending Appendix 1 will not change any procurement rules. We agree that Appendix 1 should be clarified, and that language regarding documentation and the prudent expenditure of State funds should be added. DOA is currently working on draft language for this provision with the Attorney General's office.

*Contact Person: Cheryl Lowenstein, Director
Division of Administrative Services
Telephone: (907) 465-5655*

²The two projects include the Alaska Statewide Mentor Project and the State System of Support-Content Support Specialists.

DEPARTMENT OF LAW

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

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

(Intentionally left blank)

DEPARTMENT OF REVENUE

One recommendation was made to the Department of Revenue (DOR) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 4 is not resolved and is reiterated in this report as Recommendation No. 4.

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

(Intentionally left blank)

Recommendation No. 4

The DOR commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

Prior Finding

From FY 08 through FY 10, significant deficiencies in controls were reported over the auditing of severance tax revenues by DOR's Tax Division. Control deficiencies included insufficient audit oversight, a lack of standard procedures guiding the audit process, inadequate audit reviews, and untimely tax return reviews and reconciliations.

Alaska Statutes, Title 43 gives DOR the authority to collect tax revenues for the State and to ascertain the correctness of such revenues. The department's main tool for ascertaining the correctness of severance tax revenues is its Tax Division audit section. Historically, DOR's audit section has relied upon standard audit programs and supervisor review and oversight to ensure that their audits are timely, accurate, and that audit results can withstand the scrutiny of the administrative appeal process and, in some cases, litigation. With the passage of more complex tax laws such as the *Petroleum Profits Tax*³ (PPT) and *Alaska's Clear and Equitable Share*⁴ (ACES), management's controls over the auditing of severance taxes have deteriorated.

Legislative Audit's Current Position

While Tax Division management has made improvements in audit oversight, written standard procedures, and audit reviews, the control deficiencies identified in prior audits have not been fully addressed for FY 11.

Written standard procedures were implemented in FY 11 for audits started during the fiscal year. However, due to the multi-year timeframe for the Tax Division to complete audits, we could not confirm the full implementation of these procedures. Tax audits do not come under the statewide single audit review until they are completed and an assessment is made. As of the end of FY 11, no audits have been completed under the new procedures. Additionally, the audit plan guiding the Tax Division auditors in conducting audits under the PPT and ACES tax laws was not fully designed as of the end of FY 11. Tax Division management expects it to be completed in FY 12 and used for audits started during that fiscal year.

Since the passage of the ACES tax legislation, the Tax Division has worked on updating the annual tax return reporting template with worksheets to support all summary tax calculations. However, it is not complete. Consequently, the Tax Division receives support for the tax calculations in various formats from taxpayers. Some information is sent in a format that

³PPT was enacted in August 2006.

⁴ACES was enacted in November 2007.

does not allow Tax Division auditors to analyze the data. Any analysis performed requires the auditor to re-enter data into another electronic format.

In 2011, the legislature appropriated \$34.7 million for a new tax revenue management system. However, according to Tax Division management, the project will take at least five years to complete. Implementing the annual tax return reporting template will be a temporary remedy during development of a new tax system.

Oil and gas severance taxes, totaling approximately \$4.1 billion in FY 11, are a significant source of revenue for the State of Alaska. Insufficient internal controls over the auditing of severance tax revenue may result in the loss of revenue and increase the risk that tax revenue assessments will not hold upon appeal.

We recommend that DOR's commissioner take action to ensure that Tax Division management continues to improve controls over the auditing of severance tax revenues. Specifically, standardized audit processes should be fully developed and implemented.

Agency Response – Department of Revenue

We agree with Legislative Audit's position that management needs to continue to improve audit oversight by standardizing audit procedures and controls. As stated in your agency's letter, written standard procedures were drafted and implemented in FY 11. However, as further stated, the audits which your agency reviewed were not conducted under those new written standards as those audits were started and closed prior to implementation of the new written standards. In FY 12, we expect to conduct current and new audits under the written standards and also expect to refine those audit standards as we move forward. We further plan to have those written audit policies and procedures fully implemented by the end of FY 12.

We also agree with Legislative Audit's concern regarding the annual tax return reporting template. We are in the final vetting stages of completing the tax return form, and it will be discussed with all interested companies prior to the Tax Division requiring its use. We did send out a notice to everyone on our interested parties list and posted on our website that 2011 tax returns should be filed using the summary page that is being incorporated into the return. Finally, we plan to have the tax return ready for our production tax audit group to use to compare and verify company filings and computations.

*Contact Person: Jerry Burnett, Director
Administrative Services Division
Telephone: (907) 465-2312*

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Two recommendations were made to the Department of Education and Early Development (DEED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 5 and 6 have been resolved.

Four new recommendations have been made during the FY 11 statewide single audit and are included as Recommendation Nos. 5 through 8.

(Intentionally left blank)

Recommendation No. 5

The DEED Teaching and Learning Support (TLS) director should strengthen review procedures to ensure compliance with period of availability requirements.

Improving Teacher Quality (Title II-A) expenditures totaling \$48,115 were charged to the FFY 08 grant award (#S367B080002) after the allowable funding period. Two adjusting entries transferred expenditures from the FFY 09 award to the FFY 08 award for the purpose of fully expending the FFY 08 award.

Per 34 CFR 80.23(a), funds may be expended only for costs obligated during the funding period specified for the program grant. Additionally, 34 CFR 76.709(a) allows states to obligate unexpended funds for one additional year following the end of the original grant period. All charges to the FFY 08 award were required to be obligated by September 30, 2010. The underlying expenditure activity of the adjusting entries was not obligated within the allowable period thereby creating noncompliance with the federal period of availability requirement and questioned costs totaling \$48,115.

We recommend the TLS director strengthen review procedures to ensure compliance with period of availability requirements of the Improving Teacher Quality program. Furthermore, to become compliant with the allowable costs requirements, an adjustment moving the questioned costs to an available grant should be processed.

CFDA: 84.367
Questioned Costs: \$48,115

Federal Agency: USDOE
Noncompliance
Allowable Costs, Period of Availability

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 5 and is in the process of strengthening our review procedures to ensure compliance with the period of availability requirements of the Title II, Part A, Improving Teacher Quality program. In addition, the department has processed an adjustment moving the questioned costs to an available grant.

*Contact Person: Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

Recommendation No. 6

The DEED Division of Administrative Services (DAS) director should implement procedures to ensure federal suspension and debarment requirements are met.

Six of 11 files tested for compliance with federal suspension and debarment requirements lacked evidence that DEED staff verified the vendor or that the subgrantee was not suspended or debarred. This noncompliance was limited to discretionary grants and Special Education and School Improvement Grants program contracts.

Per 2 CFR 180.300, participants in covered transactions⁵ must verify that the entity with whom they intend to do business is not suspended or debarred. This may be accomplished by:

- Checking the Excluded Parties List System;
- Collecting a certification from the entity; or
- Adding a clause or condition to the covered transaction with the entity.

DEED personnel collect certifications from subgrantees when entering into formula grant agreements; however, they were not aware that the suspension and debarment requirement is also applicable to contracts and discretionary grants. By not performing verification procedures, DEED increases its risk of entering into contracts and grants with entities that have been suspended or debarred.

We recommend the DAS director implement procedures to comply with the federal suspension and debarment requirements for all covered transactions.

CFDA: 84.027, 84.173, 84.391

84.392, 84.377, 84.388

Questioned Costs: None

Federal Agency: USDOE

Noncompliance

Procurement and Suspension and Debarment

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 6 and is in the process of implementing procedures to ensure federal suspension and debarment requirements are met for both contracts and discretionary grants receiving federal funding. The department has modified our Standard Agreement Form for contracts to include an appendix with the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion. In addition, the department will provide an Assurances section for discretionary grants that includes the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion.

⁵All contracts expected to be equal to or to exceed \$25,000 and all subawards to subrecipients, irrespective of award amount, are considered to be covered transactions.

Contact Person: *Mark Lewis, Acting Director*
Administrative Services
Telephone: (907) 465-6472

Recommendation No. 7

The TLS director and the DAS director should develop and implement procedures to ensure federal procurement documentation meets minimum requirements.

DEED has multi-year projects worth \$25.8 million that provide professional services to school districts. Two projects, the Alaska Statewide Mentor Project and the State System of Support-Content Support Specialist, are comprised of multiple contracts. Two contract files from these projects were reviewed. In both, DEED failed to maintain documentation to support the basis for contractor selections, the justification to forego seeking competitive bids, and the basis for award prices. The two FY 11 contract files reviewed totaled \$156,136.

Per 34 CFR 74.46, specific minimum procurement documentation must be maintained for purchases. Documentation requirements include:

- The basis for contractor selections;
- Justification for lack of competition when competitive bids or offers are not obtained; and
- The basis for award cost or prices.

DEED does not have formal written procedures to ensure contractual documentation is obtained and maintained. The lack of documentation has resulted in DEED being noncompliant with federal procurement documentation requirements. This deficiency is applicable to the Special Education Program, School Improvement Grant Program, and the Improving Teacher Quality program.

We recommend the TLS director and the DAS director develop and implement procedures to meet minimal documentation requirements to ensure compliance with federal procurement regulations.

CFDA: 84.367, 84.027, 84.377
Questioned Costs: None

Federal Agency: USDOE
Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Education and Early Development

The department understands the requirements for federal procurement documentation and agrees with the importance of meeting the minimum requirements. The department will review our procurement procedures and develop written procedures to include oversight and verification that the minimum requirements are met and to ensure compliance with federal procurement regulations.

*Contact Person: Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

Recommendation No. 8

The TLS director should develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 report.

DEED staff do not monitor the accuracy of subrecipient data reported on the quarterly 1512 reports for any of the programs subject to the reporting requirement. Additionally, the number of jobs retained or created for the State Fiscal Stabilization Fund (SFSF) program's 1512 report for the period ending March 31, 2011, did not include the State's largest school district. This erroneous information could be inappropriately relied upon by users of the 1512 report. DEED personnel were unaware of the requirement to monitor the accuracy of subrecipient information.

The *American Recovery and Reinvestment Act*, Section 1512(c)(4) requires each recipient that received recovery funds from a federal agency to submit a report that contains detailed information. The report must document any subcontracts or subgrants awarded by the recipient and include the data elements required to comply with the Federal Funding Accountability and Transparency Act. Furthermore, *United States Office of Management and Budget Memoranda M-09-21*, Section 4.2, dated June 22, 2009, states, “*Data quality is an important responsibility of key stakeholders identified in the Recovery Act. Prime recipients, as owners of the data submitted, have the principal responsibility for the quality of the information submitted.*”

We recommend the TLS director develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 quarterly reports. Additionally, we recommend the director correct the erroneous number of retained or created jobs reported in the SFSF program's 1512 report for the period ending March 31, 2011.

CFDA: 84.389, 84.391, 84.392, 84.394,
84.386, 84.388, 10.568

Questioned Costs: None

Federal Agency: USDOE, USDA
Significant Deficiency, Noncompliance
Reporting

Agency Response – Department of Education and Early Development

The department is aware of the requirement to monitor the accuracy of subrecipient information and has developed and implemented procedures to monitor the accuracy of subrecipient data reported on the 1512 quarterly reports. The department, however, cannot correct the erroneous number of retained or created jobs in the SFSF program's 1512 report for the quarter ending March 31, 2011 since the time period for corrections on that quarter have passed.

*Contact Person: Mark Lewis, Acting Director
Administrative Services
Telephone: (907) 465-6472*

(Intentionally left blank)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Fourteen recommendations were made to the Department of Health and Social Services (DHSS) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 13 and 19 have been resolved. Prior year Recommendation Nos. 10, 14, 15, and 17 were not significant issues in the current year and are not reiterated in this report. Prior year Recommendation Nos. 9, 11, 16, 18, and 20 are not resolved and have been included in this report as part of Recommendation Nos. 15, 16, 21, 22, and 24, respectively. Prior year Recommendation No. 7 is not fully resolved. The unresolved control deficiencies are part of new Recommendation No. 9. Prior year Recommendation No. 8 is not resolved and is included as part of new Recommendation No. 11. Most of the findings associated with prior year Recommendation No. 12 have been resolved. The unresolved portion of prior year Recommendation No. 12 has been included in this report as part of new Recommendation No. 17.

In addition to the three new recommendations mentioned above (Recommendation Nos. 9, 11, and 17), eight additional new recommendations have been made during the FY 11 statewide single audit and are included in this report as Recommendation Nos. 10, 12, 13, 14, 18, 19, 20, and 23.

(Intentionally left blank)

Recommendation No. 9

The DHSS Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Time charged to federal programs for employees who worked on multiple programs was not adequately supported. Errors identified in testing 42 employees included the following.

- One employee timesheet could not be located;
- One employee's time charges did not agree with the approved timesheet; and
- Records documenting time charged by seven employees did not identify the time worked by program or other cost objective.

According to the agency, if time worked by program is not specifically identified, the employee's time will be charged to programs based on default coding entered in the payroll system. Without the use of positive timekeeping, the time charged to the programs is not in compliance with federal requirements.

United States Office of Management and Budget (OMB) Circular A-87 requires appropriate time distribution records support employee compensation charged to more than one federal grant or other cost objective. Additionally, the allocation must reflect actual time worked on the program or be based on a federally approved allocation system.

The federal programs affected by these errors are the Medical Assistance Program (Medicaid) and the Women, Infants, and Children Special Supplemental Nutrition Program (WIC).

Additionally, time charged by two of 13 tested employees who worked on a single federal program was not supported by the required semi-annual certifications. One individual's personal service costs were charged solely to WIC. This employee indicated that they did not work solely on that program and did not use positive timekeeping. One individual who worked solely on Medicaid overlooked signing a certification.

OMB Circular A-87 further requires that when employees are expected to work solely on a single federal award or cost objective, their personal service charges be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

We recommend the FMS assistant commissioner ensure that personal service expenditures comply with *OMB Circular A-87* requirements. Specifically, we recommend that DHSS consistently implement positive time keeping or other federally approved methods, and

ensure that personal service expenditures of employees working solely on one federal program are supported by semi-annual certifications.

CFDA: 10.557
Questioned Costs: \$67,559
CFDA: 93.778
Questioned Costs: \$32,098

Federal Agency: USDA, USDHHS
Noncompliance
Allowable Costs

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The WIC Unit has implemented internal control policies to ensure that all program staff will perform positive timekeeping to the collocation code. Supervisors will verify charges are captured appropriately. The newly hired WIC Administrative Assistance I will perform AKPAY input for each pay-period of all timesheets that identify work completed under each program code. The AA I will track and prepare for signature the semi-annual certifications for any employee that works under a single federal program code.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 10

The FMS assistance commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

Expenditures eligible for federal reimbursement are reconciled to federal revenues quarterly by DHSS staff to ensure federal revenues are drawn and received timely. This important control was not functioning effectively during FY 11 for five major federal programs.

Eleven of 14 FY 11 quarterly reconciliations covering five major federal programs contained errors. The errors were in four main areas. (1) Reconciliations were not performed or not performed in sufficient time to be an effective control; (2) necessary reconciliation adjustments were not processed; (3) the reconciliation did not contain all eligible expenditures; and/or (4) information in the reconciliations could not be traced to the state accounting system (AKSAS) because of accounting structure changes processed after the reconciliations were performed. Specific errors by federal program include the following.

- Adoption Assistance – The quarter ending March 31, 2011 reconciling adjustment was not processed.

- Medicaid – Certain expenditures contained in the Medicaid reconciliations for the quarters ending September 30, 2010 and March 31, 2011, did not tie to AKSAS due to structural changes made after the reconciliations were performed. Additionally, the March 31, 2011 reconciling adjustments were not fully processed. Furthermore, the September 30, 2010 reconciliation understated two expenditure line items.
- Children's Health Insurance Program (SCHIP) – For the quarters ending September 30, 2010 and March 31, 2011, reconciling adjustments were not processed. Furthermore, material expenditure line items in the March 31, 2011 reconciliation did not tie to AKSAS. Agency fiscal staff could not provide an explanation for the unsupported information.
- Temporary Assistance for Needy Families (TANF) – The quarter ending March 31, 2011 reconciling adjustment was not processed.
- Child Care and Development Fund (CCDF) – Reconciliations for the quarters ending September 30, 2010 and December 31, 2010, were not performed. A reconciliation was performed for the quarter ending March 31, 2011 that encompassed the first two quarters.

The majority of reconciliations were not done timely. Some were as late as two months after the quarter close.

A lack of written policies or procedures for performing reconciliations contributed to the errors. This finding is a symptom of the internal control deficiencies discussed in Recommendation No. 23 of this report.

OMB Circular A-87, Attachment A, Section C.1.a states that for costs to be allowable for federal reimbursement, they must be reasonable and necessary for the proper and efficient performance and administration of federal awards. Not performing reconciliations accurately and/or timely increases the risk that DHSS staff could over-draw federal revenues resulting in an interest liability. It may also lead to under-drawing revenues which results in a loss of interest revenue to the State.

We recommend the FMS assistant commissioner implement written policies and procedures and provide adequate oversight to ensure that quarterly reconciliations are done timely and accurately.

CFDA: 93.777, 93.778, 93.558, 93.659,
93.767, 93.575, 93.596
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Cash Management

Agency Response – Department of Health and Social Services

DHSS concurs with the FY 11 recommendation. Effective October 1, 2011 management within the revenue unit changed. Since that time, the unit has been evaluating its federal reporting practices resulting in federal revenues recorded in AKSAS. Currently, the revenue staff is working on developing appropriate reconciliation tools for the federal entitlement programs. We expect these additional tools will help assure that quarterly reconciliations are performed timely and accurately.

Currently, all FMS units are tasked with complete, written updates to policies and procedures. While the process is collaborative and deliberative, we anticipate completion of most unit procedures by the end of FY 12. Concentrated efforts are placed on those processes with no written procedures, many of which are being developed anew.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 11

The FMS assistant commissioner should ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

DHSS fiscal staff have not followed up subrecipient single audit reports from December 2010 through August 2011. The backlog of subrecipient audits could not be determined because DHSS stopped logging the receipt of the audits in April 2011. Management decisions regarding single audit findings were not issued, and DHSS staff did not ensure that subrecipients took appropriate and timely corrective action. Furthermore, during this time, there has been no consideration whether the audits necessitated adjustments to DHSS financial records.

DHSS employed two internal auditors who both retired in April 2011. Their positions were not filled, and duties for following up the subrecipient audits were not reassigned. DHSS' financial management section experienced high turnover during FY 11 which contributed to the lack of oversight.

OMB Circular A-133, Section 400(d)(5) requires entities that award federal funds to “issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.” Furthermore, OMB Circular A-133, Section 400(d)(6) states that pass-through entities are required to “consider whether subrecipient audits necessitate adjustment of the pass-through entity’s financial records.”

Monitoring subrecipient audit findings is a significant internal control which, if not implemented, can lead to noncompliant grantees receiving additional federal funds.

We recommend that the FMS assistant commissioner ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

CFDA: 93.659, 10.557, 93.575, 93.713
Questioned Costs: None

Federal Agency: USDHHS and USDA
Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Health and Social Services

DHSS concurs with this recommendation. DHSS long-time internal audit staff both retired in April of 2011 and after ten months of active recruitment efforts FMS successfully recruited one of the two positions in February of 2012. DHSS continues to actively recruit the remaining position while addressing both current and backlog subrecipient reports.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 12

The DPA director should ensure only valid expenditures are charged for the WIC program.

In May 2011, the WIC subsystem⁶ erroneously created an additional file of food warrant transactions totaling \$119,819 that interfaced with AKSAS and resulted in duplicate charges to the program. Based on procedures performed, we confirmed this to be the only occurrence of such an error for FY 11.

During the monthly reconciliation process, the erroneous posting was identified by DHSS staff; however, due to insufficient follow-up and inadequate supervisory review the error was not corrected. Although the monthly Food and Nutrition Service (FNS) 798 report was correct, the erroneous posting resulted in an over draw of federal funds on award 7AK700AK7.

⁶The WIC subsystem contains a detailed listing of all the food warrants issued to participants. Daily, the system compiles all the warrants redeemed into an interface file based on bank information also contained on the WIC subsystem. The next working day the interface file is submitted for posting the food warrant expenditures to the state accounting system.

Federal program cost guidance in *OMB Circular A-87*, Attachment A, Section E.1 states, “*Direct costs are those that can be identified specifically with a particular final cost objective.*” In this case, there were no real costs associated with the erroneous posting.

We recommend the DPA director fully implement existing reconciliation procedures, including supervisory review, to ensure only valid program expenditures are charged to the WIC program. Furthermore, DHSS should process an adjustment to remove the erroneous expenditures and amend future federal draws.

CFDA: 10.557
Questioned Costs: \$119,819

Federal Agency: USDA
Noncompliance
Allowable Costs

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. The transaction totaling \$119,819 did not result in a duplicate charge on the federal report. The transaction was posted through the Alaska State Accounting System (AKSAS) in an account which was not picked up on the federal report and although this type of error occurred only once in FY 2011, DPA has looked at this as a learning opportunity. DPA has implemented a new process to ensure monthly reconciliations are placed in a “tickler” file for followed-up. In addition, weekly discussions will occur with the direct line supervisor to ensure loops are closed when identified, so now two staff hold this responsibility for ensuring corrective actions are taken.

Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 13

The FMS assistant commissioner should develop procedures to comply with subaward reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA).

During FY 11, DHSS staff did not file the required reports to comply with the FFATA subaward reporting requirements for 14 of 16 WIC subrecipients. DHSS management was not familiar with the new federal requirements. Failing to comply with FFATA requirements may jeopardize future federal funding.

Federal law 2 CFR 170 requires prime awardees of individual federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or

over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

We recommend that the FMS assistant commissioner ensure the reports are filed to comply with the FFATA subaward reporting requirements. We furthermore recommend that procedures be developed to ensure future compliance with FFATA.

CFDA: 10.557
Questioned Costs: None

Federal Agency: USDA
Significant Deficiency, Noncompliance
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with this recommendation. FFATA is an unfunded federal mandate and the department must absorb the related workload and costs. DHSS estimates that as a prime awardee, it may have to evaluate at a minimum, 250 individual subawardees and no system exists that provides the required information to assist with this assessment.

DHSS is evaluating existing resources to determine how to implement.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 14

The DPA director should ensure reports are monitored and there is follow-up as required for the WIC program.

In FY 11, two of the four special tests and provisions which require report review were not adequately performed in accordance with the WIC program⁷ federal requirements. Specifically, the food instrument (FI) and cash value voucher disposition report (FI disposition report) and the FI price enforcement and error report were not monitored. Report monitoring includes review and appropriate follow-up within 120 days of detecting questionable items or suspected errors. The deficiencies identified are as follows.

FI disposition reports: There are four different FI disposition reports required monthly (expired, lost/stolen, duplicate and un-match). Three months for a total of 12 reports were tested as part of this audit. Of the 12 reports, nine were not reviewed as required⁸ nor was

⁷Federal Grant Award Ref. No.: 7AK700AK7 for program year 2011.

⁸Per 7 CFR 246.12(q), *Food Delivery Systems: Food Instrument and Cash-Value Voucher Disposition:*

follow-up performed within 120 days of the report date. The expired and lost/stolen reports were not reviewed at all, and the duplicate and un-match reports were partially reviewed by staff in half of the reports tested. Additionally, insufficient documentation existed to determine if appropriate follow-up had occurred within the required 120-day timeframe.

FI price enforcement and error reports: Seven of 26 bi-weekly FI price enforcement and error reports covering a three month time period were tested. All seven lacked sufficient documentation to determine if WIC was compliant with program requirements.⁹ These requirements mandate review and appropriate follow-up by program staff within 120 days of report issuance. Although evidence suggests review and follow-up action is performed by program staff, insufficient documentation exists to determine compliance during FY 11.

Insufficient report monitoring is due, in part, to a lack of procedures for report review and follow-up, and inadequate oversight by program managers to ensure review activities are completed as required. Report monitoring primarily ensures costs of food items are contained, and only eligible participants receive benefits. By not performing adequate monitoring functions sufficiently and routinely, food costs could unreasonably increase and ineligible participants could receive benefits, both of which result in reducing benefits available for eligible participants. According to 7 CFR 246.23(a)(4), *Claims and Penalties*, the federal oversight agency could establish a claim against the State for not taking appropriate follow-up action on redeemed FIs that cannot be matched against valid enrollment and issuance records.

Accordingly, we recommend the DPA director develop and implement report monitoring procedures for both review and follow-up activities. Furthermore, the director should ensure program managers are performing adequate oversight of the program report monitoring, to ensure compliance with WIC federal requirements.

CFDA: 10.557

Questioned Costs: None

Federal Agency: USDA
Significant Deficiency, Noncompliance
Special Tests and Provisions

The State agency must account for the disposition of all food instruments and cash-value vouchers as either issued or voided, and as either redeemed or unredeemed. Redeemed food instruments and cash value vouchers must be identified as validly issued, lost, stolen, expired, duplicate, or not matching valid enrollment and issuance records.

In this case, we consider *validly issued* to be food instruments which have not been flagged in the four reports listed above, or voided, since an invalid issuance should be identified and reported in one of those four reports during the bank redemption processing.

⁹Per 7 CFR 246.12(k) (1), *Food Delivery Systems: Retail Food Delivery Systems- System to Review Food Instruments and Cash-Value Vouchers for Vendor Claims:*

The State agency must take follow-up action within 120 days of detecting any questionable food instruments or cash-value vouchers, suspected vendor overcharges, and other errors and must implement procedures to reduce the number of errors when possible.

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The WIC Vendor Unit has implemented corrective action measures to ensure that Food Instrument (FI) disposition reports, FI price enforcement, and error reports are adequately reviewed with appropriate follow-up action within the required timeframes. Corrective action measures have also been developed to ensure that reviews and follow-up actions are sufficiently documented.

Procedures have been written for each type of report review, including the timing and disposition for the reports. The reviewer dates and initials the report and documentation of any follow-up is notated and attached. The reviewer's name and the review date are entered into an electronic tracking spreadsheet, which is itself reviewed by the Vendor Manager prior to quarterly compliance review meetings. Quarterly compliance review meetings have been established to ensure that all required compliance is timely and there is an opportunity for issues to be identified and addressed. The Vendor Manager reports to the WIC Program Manager after each quarterly meeting, confirming that all review activities have been completed as required.

Written procedures for reviewing and acting upon FI disposition reports and FI price enforcement and error reports are attached. These procedures are in draft form; a more formalized version will be prepared for inclusion in the Vendor Unit Desk Manual later this year. The reports include:

FI disposition

- *Dual participation AKWIC 504-A*
- *Duplicate Social Security Number – AKWIC 504-D*
- *Void Redeemed – AKWIC 504-E*
- *Unmatched Warrant – AKWIC 442*

FI price enforcement and error

- *Weekly Reimbursement Report*

On December 12, 2011, a second Project Assistant was hired by the WIC Program. The addition of this staff member enabled the Vendor Unit to fulfill the requirements under 7 CFR 246.12 for report review, action, and documentation.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 15

The DPA director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

Prior Finding

Monitoring of WIC vendors was not performed in accordance with federal requirements in FY 10. These federal requirements include compliance investigations of high-risk vendors¹⁰ and a review of vendors¹¹ that potentially derive more than 50 percent of their annual food sales revenue from WIC food instruments. Consequently, the WIC program was not in compliance with the special test and provision requirements.

Only two of nine required compliance investigations of high risk vendors were completed by September 30, 2009, in accordance with 7 CFR 246.12(j)(4)(i). Additionally, WIC program staff did not review the FFY 09 federal report, “*Authorized Vendors Potentially Meeting the Above-50-Percent Criterion*,” which identified 10 potential above-50-percent vendors and, therefore, did not maintain compliance with 7 CFR 246.12(g)(4)(i)(F). At least one of the vendors exceeded the 50 percent threshold (at 53 percent) and should have been suspended from the program.

Insufficient vendor monitoring is due to inadequate oversight by program managers. There is a significant deficiency in controls to ensure staff perform monitoring activities as federally required. Vendor monitoring primarily ensures costs of food items are contained, and only eligible participants receive benefits. By not performing vendor monitoring sufficiently and routinely, food costs could unreasonably increase and ineligible participants could receive benefits, both of which result in reducing benefits available for eligible participants.

Legislative Audit's Current Position

Improvements were made during FY 11. All of the required compliance investigations were performed; however, one of the ten required investigations failed to meet compliance requirements due to insufficient documentation. Although the investigation was completed and determined successful, program staff did not document the required information¹² for compliance buys.

¹⁰High risk vendors are vendors identified as having a high probability of committing a vendor violation of federal program requirements.

¹¹These potential vendors are referred to as above-50 percent vendors.

¹² Per 7 CFR 246. (j)(4)(6)(i)-(ii): *Documentation- Monitoring Visits:*

(i)The state agency must document the following information for all monitoring visits, including routine monitoring visits, inventory audits and compliance buys; (A) the date of the monitoring visit, inventory audit, or compliance buy; (B)the names(s) and signatures(s) of the reviewer(s) (C) the nature of any problem(s) detected.

Insufficient documentation was due to a failure of the staff performing compliance investigations to use established WIC forms. Additionally, there was inadequate oversight by program managers to ensure staff completed documentations as federally required. Insufficient monitoring could result in a reduction of food benefits available for eligible participants.

We recommend the DPA director take action to ensure WIC program managers improve controls and oversight of staff performing high risk vendor compliance investigations to meet the federal compliance requirements.

CFDA: 10.557

Questioned Costs: None

Federal Agency: USDA

Noncompliance

Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The Vendor Unit has developed procedures for conducting a high-risk vendor assessment for the 186 currently authorized Alaska WIC vendors according to the criteria listed in the State Plan:

- *Warrant redemptions show low variance within the same food instrument.*
- *Warrant redemptions show a high mean value.*
- *Warrant redemptions show a high volume or frequency of monetary errors.*
- *Vendor has a high number of complaints against the store.*

Ten high-risk vendors have been identified and prioritized for compliance investigations. The Vendor Manager will conduct a review of each compliance investigation and write a memo to the file certifying that the investigation and disposition are complete and all documentation is included in the record of the investigation. Results will be reported to the Alaska WIC Program Manager.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

(ii)For compliance buys, the state must also document; (A) the date of the buy (B) a description of the cashier involved in each transaction (C) the types and quantities of items purchased, shelf prices or prices charged other customers, and price charged for each item purchased if available. Price information may be obtained prior to, during, or subsequent to the compliance buy. (D) the final disposition of all items as destroyed, donated, provided to other authorities, or kept as evidence.

Recommendation No. 16

The DHSS TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

Prior Finding

DHSS' application and review process does not ensure TANF clients meet all eligibility requirements.

Federal law 42 USC 608(a)(8) states, in part:

A State may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more States under TANF, Title XIX, or the Food Stamp Act of 1977, or benefits in two or more States under the Supplemental Security Income program under Title XVI of the Social Security Act. If the President of the United States grants a pardon with respect to the conduct that was the subject of the conviction, this prohibition will not apply for any month beginning after the date of the pardon.

Current TANF application procedures do not accommodate this requirement. Staff considered the felony check done during the application process as adequate for addressing this federal law. However, not all crimes associated with fraudulent statements or misrepresentations with respect to places of residence are labeled as felonies. Additionally, current felony check procedures do not identify non-Alaskan crimes. As a result, there could be TANF clients that are not eligible because of fraudulent crimes committed during the prior ten-year period.

Legislative Audit's Current Position

DHSS' application procedures remained unchanged during FY 11. According to DHSS management, no action has been taken due to a 50 percent turnover in the DPA policy section.

We again recommend the DPA director alter the application process to inquire about an applicant's compliance with 42 USC 608(a)(8). We also recommend that DPA's director take action to ensure current TANF clients are in compliance with this federal law.

CFDA: 93.558
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency, Noncompliance
Eligibility

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation that procedures to ensure compliance with 42 USC 608(a)(8) be improved. There is no national record or database the Department can access to verify felony convictions specific to public assistance fraud. There are currently two methods used by Division of Public Assistance staff to determine whether applicants or recipients are receiving benefits from another state.

The general application asks applicants if they received public assistance in another state including TANF, Food Stamps, Medicaid or other cash programs. If the answer is positive, the applicant is asked to list any states they received benefits in including who in the household received the benefit as well as the dates benefits were received. DPA staff will then contact the other state to determine whether the benefits are still being received, the number of countable TANF months used and whether there were any penalties put in place in the other state.

The Division of Public Assistance also takes part in the Public Assistance Reporting Information System (PARIS) match. The PARIS match provides states with information about benefits clients may be receiving from other states including payments from the Veteran's Administration, the Department of Defense and Interstate Match files. When the PARIS match shows a recipient is receiving benefits from another state, further investigation is conducted by staff and fraud penalties instituted as needed.

The Division of Public Assistance is implementing several strategies to ensure no caretaker relative who has been convicted of a felony for misrepresenting their state of residence in order to fraudulently receive welfare benefits at any time during the past 10 years receives benefits in Alaska. In the absence of third party verification, the division's general application for assistance is being updated to include a question requiring applicants and caretaker relatives to self-certify that they have not been convicted in the past 10 years of this crime. In addition, the division's core training will be updated to ensure all eligibility staff are trained on this requirement. Both policy and procedure manuals will be updated to support this process in FY 2012.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 17

The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

The FY 11 quarterly financial ACF-696 reports for three (FFY 09 – FFY 11) CCDF grants were not supported in detail by the agency's accounting records. Insufficient accounting

system support was the result of incorrect coding of activity in the accounting structures and a lack of written procedures to ensure CCDF expenditures are accurately tracked and reported correctly in the federal financial reports.

Federal law 45 CFR 92.20(b)(1) requires CCDF financial reports be accurate, complete, and supported by accounting records. The CCDF program could lose funding or have its grants terminated if the State fails to comply with the CCDF grant terms which includes reporting requirements.¹³

We recommend the DPA administrative manager take action to ensure CCDF expenditures are appropriately tracked in AKSAS and its related cost allocation system. Additionally, written procedures should be finalized to help ensure staff complete and file reports accurately and in accordance with federal requirements.

CFDA: 93.575, 93.596
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Reporting

Agency Response – Department of Health and Social Services

DHSS does not concur. Quarterly direct expenditures are based on underlying accounting records in the Alaska Statewide Accounting System (AKSAS). DHSS only relies on the MAXCARS system for indirect costs which reports .01% of total expenditures in any given quarter.

Child Care Development Fund (CCDF) has four different funding sources (Mandatory, Matching, Discretionary and Maintenance of Effort) available for each quarter. The CCDF report requires the quarterly expenditures be reported at the quarterly allocation within the ceilings of each expenditure rate (E.g., 70% of mandatory must be spent on direct services, not more than 5% of total funds can be spent on Administrative, etc). All these factors must be considered when preparing each quarterly report. Additionally the Administration for Children and Families (ACF) Online Data Collection (OLDC) has built in edit checks that prevent the report from being submitted if these funding restrictions are not followed.

It is the DPA's management decision on how to finance the program within the Federal rules and regulations. During SFY 11, Finance Management Services (FMS) prepared the Federal reports, supplement review was performed by DPA's Administrative Operations Manager (AOM), the Revenue unit reviewed and entered into OLDC, and DPA's AOM certified the report in OLDC.

¹³Per 45 CFR 92.43(a):

Remedies for noncompliance include: (1) temporarily withholding cash payments pending correction; (2) disallowance of all or part of the cost of the activity or action not in compliance; (3) wholly or partly suspending or terminating the current award; (4) withholding further awards for the program; or (5) take other remedies that may be legally available.

During the FFY10 Statewide Single Audit, the Division of Legislative Audit discovered report errors and omissions (see SWSA FY10, Recommendation #12) that were corrected during SFY11 with the concurrence of ACF program manager. DHSS/DPA believes it's these corrections that lead auditors to believe the reports are not supported by accounting records.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

As a point of clarification, DPA's reliance on a worksheet for the financial report is insufficient accounting support because the worksheet numbers do not reconcile to the accounting records from AKSAS in FY 11. Each quarterly financial ACF-696 report for each grant should be supported by AKSAS at the time of filing. Reconciling items should be clearly documented.

Recommendation No. 18

The DPA director should identify and recover unallowable child care payments for the CCDF program.

The Child Care Program Office (CCPO) is not actively reviewing and making determinations on referrals received from local administrators¹⁴ regarding potential overpayments of program benefits or intentional program violations. Only three determinations were made on the 141 referrals received in FY 11. An additional 16 determinations to not pursue action¹⁵ were made in FY 11 on FY 10 referrals; however, there were 58 FY 10 referrals that remained unresolved.

CCPO management reported staff turnover and conflicting priorities caused a backlog in the authentication of the referrals. In response, CCPO management decided to prioritize current referrals over older referrals.

¹⁴Local governments or nonprofit agencies responsible for providing child care referral services, comprehensive consumer awareness, and education and training to families, child care providers, and the general public.

¹⁵They made a decision to not pursue action on these referrals because they were for amounts less than \$100.

Federal regulation¹⁶ requires the CCPO to recover child care payments that are the result of fraud. Additionally, state regulation¹⁷ requires the CCPO to investigate possible overpayments of program benefits to a participating family or provider, make determinations, and take action to recover overpayments. By not actively reviewing and pursuing overpayments and program violations, the CCPO allows providers and recipients to potentially abuse the federal CCDF program.

We recommend the DPA director identify and recover unallowable child care payments associated with potential overpayments of program benefits and intentional program violations.

CFDA: 93.575, 93.596, 93.713

Questioned Costs: Indeterminate

Federal Agency: USDHHS

Noncompliance

Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. The Division of Public Assistance, Child Care Program Office (CCPO) prioritized current referrals over older referrals to remain compliant with Child Care Development Fund (CCDF) requirements in FY 12. CCPO staff will be working into their workload all FY 11 potential overpayments of program benefits or intentional program violations.

The process to identify potential overpayments of program benefits or intentional program violations is as follows: Incorrect payments may be identified through the annual monitor review process of grantees, review of monthly files by the Division's Quality Assessment/Quality Assurance staff or by the Local Administrator's office. When an incorrect payment totaling \$100 or more is suspected, grantees submit the incorrect payment and any supporting documentation to the CCPO for review and determination. Child Care Assistance Program policy section 150 (attached) provides information about Incorrect Payments for grantees. The CCPO has developed internal processes and procedures for review and determination of incorrect payments.

In the event the CCPO experiences significant staff turnover within our Child Care Assistance Team, the Child Care Assistance Program Coordinator and CCPO Manager will collaborate to explore options for maintaining timeliness in processing and recovery of incorrect payments. Options include re-prioritizing projects and work, shifting workloads, utilizing staff members from other CCPO teams, or hiring a non-perm short term employee to focus only on potential overpayments of program benefits or intentional program violations.

¹⁶45 CFR 98.60(i).

¹⁷ AAC 41.415.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 19

The FMS assistant commissioner should improve procedures over the reporting of Medicaid program expenditures.

The CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) reports for the first and third quarters of state fiscal year 2011 underreported the federal share of Medicaid program expenditures by \$268,235¹⁸ and \$627,494¹⁹ respectively.

The underreporting was due to formula and input errors primarily caused by a lack of clear procedures for the preparation of federal reports, including post preparation review. Consequently, reported amounts do not reflect actual expenditures. Federal regulation 42 CFR 430.30(c)(2) specifies that the CMS-64 report should reflect the “*State’s accounting of actual recorded expenditures.*”

We recommend the FMS assistant commissioner strengthen review procedures to ensure that reported amounts are supported by underlying accounting records. Furthermore, we recommend the FMS assistant commissioner ensure the CMS-64 report meets federal requirements including accurate presentation of prior period adjustments to correct any outstanding errors.

CFDA 93.778
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency, Noncompliance
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs. Current management has revamped the fiscal administration from two to three units. The third unit, Federal Allocation Management Unit, oversees the preparation of the CMS-64 report and recruited an additional Accountant as of March 1, 2012 to manage the federal reporting responsibilities associated with the Medicaid program.

¹⁸The \$268,235 underreported on the first quarter CMS-64 should have been included on line 29 of the 64.10 Base section of the report which rolls up to line 6 column F of the CMS 64 Summary section.

¹⁹The \$627,494 underreported on the third quarter CMS-64 should have been included as an additional \$466,188 on line 2A and \$161,306 on line 2B of the 64.10 Base section of the report which rolls up to line 6 column F of the CMS 64 Summary section.

A plan has also been implemented to review and update, as needed, existing DHSS policies. In the case of federal reporting, written policy is being drafted with procedures and internal controls documented. The existing excel spreadsheets are under review and will be updated with improved cross controls.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 20

The DHSS Division of Senior and Disabilities Services (DSDS) director should establish written procedures and provide oversight to ensure that provider files include complete requirements for certification.

DSDS lacks adequate procedures to ensure provider certification files are documented in a complete and accurate manner. Provider certification files do not consistently contain supporting provider certification documentation, and multiple files are missing records. Out of 39 files reviewed, 15 files were incomplete. Six provider background checks and 11 training certifications were missing. Additionally, three files lacked the lead provider agreement.

DSDS management stated that a dramatic increase in community-based waiver services/providers has created staffing resource issues leading to problems such as the filing of documents. Management was aware of the situation prior to the audit and reported taking steps, such as implementing a new filing system, to address the issue.

Alaska regulations require a provider of home and community-based waiver services to meet applicable certification criteria, including qualifications and program standards, set out in the department's Home and Community-Based Waiver Service Certification Application Packet.²⁰ Furthermore, federal regulations indicate that DSDS must comply with minimum protection requirements²¹ and provide satisfactory safeguard assurances to be eligible to provide home or community-based waiver services. In accordance with Alaska regulations and as a protection and safeguard requirement, all certified providers must provide proof of successful completion of the DSDS training course within a two-year period, and proof of a valid fingerprint-based criminal history check.²²

The health and welfare of the recipients of these services is at risk when DSDS certification files cannot provide assurances that providers and their employees were properly screened and adequately trained prior to certification.

²⁰7 AAC 130.220, 7 AAC 125.060, and 7 AAC 10.910.

²¹42 CFR 441.404.

²²7 AAC 10.910.

We recommend that the DSDS director take action to ensure all certification files are complete to support the certification of home and community-based service providers.

CFDA: 93.778

Questioned Costs: None

Federal Agency: USDHHS

Significant Deficiency

Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The division has since taken action to develop and implement procedures to ensure all certification files are complete and support the certification of home and community based service providers.

Improvements include use of a standardized provider file table of contents, conversion of an application into new content order, notice to providers to submit evidence of compliance, and no renewal of certification without all evidence of compliance in the provider file. The division has taken action to remediate missing certification records and to adopt the new procedures for all existing and future files.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 21

The DHSS Division of Health Care Services (DHCS) director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

Prior Finding

The DHSS Medicaid fiscal agent did not conduct the required number of utilization reviews per quarter, nor did they meet the required enrollment levels in the Care Management Program (CMP) as stipulated in the fiscal agent's contract. The contract specifies the fiscal agent must conduct 25 utilization reviews per quarter and enroll 150 Medicaid recipients in the CMP. For FY 10, only eight utilization reviews were completed, and CMP enrollment only reached 114 Medicaid recipients. Consequently, DHSS paid the full amount for the surveillance and utilization review functions even though the fiscal agent did not fulfill all of the contractual obligations.

Federal regulations require a post-payment review process to develop and review utilization and provider service profiles, and develop exception criteria so that the State may correct

misutilization practices of recipients and providers.²³ DHSS relies on a contract with its Medicaid fiscal agent to perform these reviews. Due to staff turnover, lack of expertise by the fiscal agent, and insufficient oversight by DHCS, the Medicaid fiscal agent did not meet contract performance requirements.

Failure to meet surveillance and utilization review requirements increases the risk of fraud and abuse associated with allowable costs, allowable activities, and eligibility. The financial consequences can be extensive given that, during FY 10, over \$1 billion was paid by the State of Alaska for Medicaid services (state and federal funds).

Legislative Audit's Current Position

In FY 11, there was an improvement by the fiscal agent to meet the CMP enrollment requirement. However, the fiscal agent did not meet the contractually required 25 utilization reviews per quarter. Only five reviews were completed in FY 11. In March 2011, DHCS sent a cure letter to the fiscal agent reiterating the required deliverables and gave the fiscal agent 90 days to achieve compliance.

It is the State's responsibility to implement methods and procedures to safeguard against unnecessary utilization of care and services. If the fiscal agent continues to fail to complete the required utilization reviews, we recommend the DHCS director consider other alternatives to ensure the surveillance and utilization control program is in compliance with federal regulations.²⁴

CFDA: 93.775

Questioned Costs: None

CFDA: 93.767, 93.778

Questioned Costs: Indeterminate

Federal Agency: USDHHS
Significant Deficiency, Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the findings as documented in Recommendation. The goal of DHCS is to hold the Medical Assistance Program (Medicaid) fiscal agent accountable for contract requirements related to surveillance and utilization reviews. To this end, efforts are underway to restructure the surveillance and utilization review (SURS) program and to ensure fiscal agent contract compliance. During FY 10, the fiscal agent did conduct SURS activities. The following describes those activities that supported DHCS activities to control fraud and abuse in the Medicaid program.

During FY10 the fiscal agent performed focused reviews. These reviews targeted duplication of services and services billed for procedures after a recipient's date of death. Although

²³42 CFR 456.23.

²⁴42 CFR 456.3-4.

these reviews do not encompass a comprehensive review of all provider types, these activities did result in collection of monies paid by the Medicaid program.

The fiscal agent received, reviewed, researched, and dispositioned more than 100 complaints from providers and recipients. The fiscal agent also conducted activities, including generation, collection, and reporting of findings, to process Recipient Explanation of Medicaid Benefits (REOMB's) each month.

The program experienced growth in the Care Management Program (CMP). Regulatory changes in 2007 imposed a provision for review of a recipient's medical records, which significantly slowed the number of recipients assigned to the CMP.

Efforts to redesign the control files for the SURS activities required collaboration between DHCS and ACS. Had we not worked in collaboration with ACS to redesign the SURS program, any providers selected for review during FY 10 would have been selected from a control file built with incomplete metrics. This could have resulted in inappropriate selection of providers for review.

Contact Person: *Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 22

The FMS assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

Prior Finding

For FY 10, the reporting of federal expenditures in the SEFA was incomplete, inaccurate, and in some instances, unsupported by the accounting records. We identified discrepancies in, including but not limited to, the reporting of unsupported expenditures, incorrect footnote disclosures, incorrect amounts provided to subrecipients, and unreported *American Recovery and Reinvestment Act* (ARRA) activity. The ten material discrepancies were corrected by the agency and are correctly presented in the statewide SEFA; the immaterial discrepancies remain uncorrected.

Two main factors contribute to the numerous reporting errors: (1) lack of clear procedures for the preparation of the SEFA, including post-preparation review, and (2) lack of communication between program staff and the revenue unit (preparer of the SEFA).

OMB Circular A-133 requires auditees to prepare the SEFA, which includes providing total federal awards expended for each individual federal program. Additional required items

include, to the extent practical, amounts provided to subrecipients and notes to the schedule stating the value of federal awards expended in the form of non-cash assistance.

The SEFA serves as the primary basis for the determination of major programs as required by *OMB Circular A-133*. The misidentification of both regular and ARRA award expenditures in the schedule increases the risk of noncompliance with *OMB Circular A-133* audit and reporting requirements.

Legislative Audit's Current Position

While the reporting of federal expenditures has improved for FY 11, inaccuracies and, in some instances, lack of adequate support continued. Errors in the amount of federal expenditures reported in the SEFA of five percent or greater were identified in six programs. The federal expenditures for these programs were corrected by the agency and are correctly presented in the statewide SEFA.

The reporting errors are primarily due to the agency's continued lack of clear procedures for preparing the SEFA, including post-preparation review.

We recommend the FMS assistant commissioner ensure that reported amounts are supported by underlying accounting records, including accurately reporting ARRA-funded activity. Furthermore, we recommend the FMS assistant commissioner strengthen procedures over the preparation of the SEFA, including post-preparation review, to ensure that the reporting of federal expenditures meets *OMB Circular A-133* requirements.²⁵ As part of strengthening procedures, we recommend the FMS assistant commissioner ensure staff involved in the preparation and review of the SEFA communicate effectively with program staff to obtain complete and accurate data regarding federal expenditures.

CFDAs: 93.268, 93.558, 93.568, 93.575,
93.596, 93.658, 93.667
Questioned Costs: None

Federal Agency: USDHHS
Significant Deficiency
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. Overall, FMS is in the process of updating its policy and procedure manual(s). Within the revenue unit, this includes desk manuals for various tasks and assignments. The revenue section manager will ensure the SEFA preparation procedures are included in this ongoing project.

However, DHSS disagrees with the referenced five percent or greater errors found within six programs identified as being corrected. Five of the items identified relate the federally allowable TANF transfers to the CCDF and SSBG programs. These amounts were reported

²⁵OMB Circular A-133, Section 300(d) and Section 310(b)(3).

within the revenue and expenditure cells of the SEFA rather than the adjustments column. This action was considered necessary as the SEFA excel spreadsheet did not allow for any adjustments to locked and formatted columns. DHSS believes the substance of the information was included within the content of the schedule.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Recommendation No. 23

The DHSS commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

Numerous systematic control deficiencies associated with DHSS financial management were detected. Many of the deficiencies are associated with the department's cost allocation system, MAXCARS, which was implemented in 2008. MAXCARS was not designed to facilitate federal reporting nor was it designed to facilitate cash management. However, the department is relying on the system to accomplish both of these important tasks.

To compensate for the system's shortcomings in cash management and federal reporting, DHSS management has implemented numerous manual processes. These manual processes have not proven successful in terms of effectively using the department's resources or in providing reliable, accurate data in a timely manner. The resulting increase in workloads and associated problems have contributed to a high turnover of DHSS staff.

DHSS' inability to effectively maintain its accounting structures has also made accounting for its fiscal activity difficult. The department lacks a formal documented process to ensure accounting structures are accurately and timely updated.

Specifically, we found the following control deficiencies.

1. Program Code Changes – Costs are accumulated and allocated to federal programs based, in part, on the assigned program codes in AKSAS. Changing a program code forever alters the accounting records; therefore, changes to program codes should be limited and well documented. DHSS' central fiscal management decentralized the ability to request and process program code changes so that divisional fiscal staff could change codes when they determined necessary. DHSS' central finance and management section did not provide oversight or appropriate approval of program code changes, thereby making it impossible to tie DHSS' subsidiary cost allocation system to AKSAS. No logging or tracking of the changes was maintained to provide an adequate audit trail.

2. Untimely Allocation of Federal Revenue Receipts – When federal revenues are received by the State, they are typically recorded in default coding until DHSS fiscal staff enters the correct coding in AKSAS. The default coding necessary to post revenue to the correct appropriations/accounts was not entered into AKSAS for the following federal programs and time periods.

Federal Program	Number of Months Revenue was not posted in AKSAS
TANF	1
WIC	1
Medicaid	3
SCHIP	3
Adoption Assistance	5
Immunization Grants	6
CCDF	9

Not posting revenue timely prevents management from actively managing their budget. It also keeps DHSS from accurately performing important tasks such as reconciliations and federal reporting. Fiscal staff claim that federal revenues were not allocated timely because other tasks, such as performing their quarterly close out for MAXCARS, took priority.

3. Lack of and/or Inappropriate Approval – There were three FY 11 expenditure transactions that were approved inappropriately. In one instance, a transaction was input into AKSAS and certified by the same person. The *Alaska Administrative Manual* prohibits these two functions from being performed by the same individual. The fiscal staff member approved and certified the transaction because it was time sensitive and no other individual was available to authorize the transaction.

In another instance, a transaction was processed with supporting documentation that clearly showed that the transaction was for a prior year. The third instance was a duplicate transaction resulting from a system interface error that was identified by DHSS staff but not corrected. This error is discussed in in Recommendation No. 12.

4. Untimely Reconciliations – As discussed in more detail in Recommendation No. 10, fiscal staff did not reconcile the cost allocation system to AKSAS accurately or timely. Without proper reconciliations, DHSS increases the risk of incorrectly reporting federal expenditures and revenues. It also increases the risk of mismanaging its budget which could lead to appropriation shortfalls.

5. Poor Documentation and Lack of Support – As discussed in Recommendation No. 17, certain federal reports were not supported in detail by the accounting records. A lack

of written procedures and inaccurate accounting structures contributed to the lack of supporting documentation.

6. Timeliness of Federal Reporting – Filing federal reports timely has been a challenge for DHSS fiscal staff. Many federal reports were not filed timely during FY 11. Two quarterly TANF A-196 reports were filed over 30 days late and one Immunization Grants SF-269 report was filed over seven months late. Several other federal reports were filed from one to 30 days late.

The above control deficiencies can lead, in part, to unsupported or inappropriate expenditures, lost interest revenue, increased likelihood of questioned costs for federal programs, and difficulty in managing budgets. *Alaska Administrative Manual* 10.035 requires that each state agency maintain records sufficient for audit purposes. Alaska Statute 37.05.150 requires AKSAS to provide records by pertinent classification showing the actual revenue or receipts at all times. Alaska Statute 37.10.030 states that the employee approving a transaction is responsible for its accuracy and will be held accountable for improper payments.

Accordingly, we recommend the DHSS commissioner improve internal controls over its financial management. As part of improving internal controls, we recommend improving DHSS' maintenance of accounting structures. We also recommend the DHSS commissioner consider alternative systems to facilitate federal reporting and cash management.

Agency Response – Department of Health and Social Services

DHSS partially concurs with this FY 11 recommendation. DHSS current management is aware of MAXCARS deficiencies regarding federal reporting and revenue collections. Potential updates and/or new systems are being explored as resources allow.

Current management is developing procedures and implementing practices that provide for adequate internal controls. However, DHSS shares the distinction with few other states as an “umbrella” agency where every major federal public assistance program, whether it is an entitlement program or a block grant, is administered within the same governmental department. All of these programs must be under a Public Assistance Cost Allocation Plan (PACAP) and all of these programs are subject to mandated changes-many times multiple changes in any given year. In order to maintain compliance with federal regulation changes or directives from federal granting agencies while maximizing federal revenue, changes to the assigned program codes are necessary and need to continue. Program code changes that are valid and appropriate will occur during the State’s fiscal year and will appear to be have been in place effective July 1, of the fiscal year because the State’s current accounting system (AKSAS) does not provide any alternative.

DHSS has made significant improvements in adding ample, qualified certifiers throughout the department to ascertain that time sensitive documents, as well as routine documents, will

be adequately and properly certified. Training is on-going with fiscal staff to ensure compliance with State of Alaska Policy and Procedures and DHSS internal controls.

DHSS anticipates timeliness and accuracy to improve as significant staff turnovers and vacancy rates improve. In FY 11, FMS Revenue and Fiscal Units experienced vacancy rates of up to 50% for a good portion of the year. Currently, the Fiscal Unit has 1 vacancy out of 19 positions. The Revenue Unit has 1 out of 8 positions vacant.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. DHSS has failed to maintain an audit trail of changes to program codes. Without an audit trail, costs charged to federal programs may be unallowable as they are not supported by the State's accounting system.

Recommendation No. 24

The FMS assistant commissioner should take measures to resolve revenue shortfall issues.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections. Eight potential shortfalls previously identified in FY 10 are still outstanding in FY 11.

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
AR 22975-09	Senior and Disabilities Services	\$ 1,782,804
AR 22980-09	Departmental Support Services	\$ 111,376
AR 22812-10	WIA Youth Juvenile Justice- RSA	\$ 8,310
AR 22820-10	Bring the Kids Home- RSA	\$ 4,123
AR 22930-10	Health Care Services	\$ 1,897,003
AR 22970-10	Public Health	\$ 823,343
AR 22980-10	Departmental Support Services	\$ 828,632
AR 23847-10	Safety and Support Equipment	\$ 30,663

Additionally, five new potential shortfalls have been identified.

Appropriation	Appropriation Title	Amount
AR 22794-11	Future Use	\$ 1,739
AR 22820-11	Bring the Kids Home- RSA	\$ 7,207
AR 22950-11	Public Assistance	\$ 910,984
AR 22970-11	Public Health	\$ 743,569
AR 26121-11	Pioneer Home Deferred Maintenance	\$ 12,732

The revenue shortfalls are a result of weaknesses in internal controls over the monitoring of revenue collections and untimely revenue billings.

We recommend the FMS assistant commissioner work with the directors of the relevant divisions to collect earned revenues where possible and request supplemental appropriations for the remaining revenue shortfall amounts. Additionally, we recommend the DHSS fiscal staff strengthen internal controls over the billing and monitoring of revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. FMS management is aware of revenue shortfalls being calculated due to ineffective yearend financial closeout processes in prior years. The FMS revenue section in coordination with the FMS budget section and the Division of Finance is in the process of correcting prior year accounting system transactions and expects to be completed by the end of SFY 2012. For those appropriations that cannot be corrected by AKSAS transactions and remain in revenue shortfall status, DHSS will need to seek ratification.

*Contact Person: Nancy Rolfzen, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630*

(Intentionally left blank)

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

One recommendation was made to the Department of Labor and Workforce Development (DLWD) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 21 has been resolved.

Three new recommendations have been made during the FY 11 statewide single audit and are included as Recommendation Nos. 25 through 27. Furthermore, a recommendation related to this department, which requires cooperation with the Department of Administration, is included as Recommendation No. 2.

(Intentionally left blank)

Recommendation No. 25

The DLWD Employment Security Division (ESD) director should ensure personal service expenditures charged to federal programs comply with federal cost principals.

The *Workforce Investment Act* (WIA) program is funded by three federal grants. Many employees engage in activities that may be charged to multiple WIA grants or to both WIA and non-WIA programs. In testing 33 timesheets, 17 (51 percent) showed evidence that a time allocation methodology was used to allocate personal service cost expenditures between multiple federal programs. Follow-up interviews with four of these employees revealed that at least three separate methodologies are being used, none of which are federally approved.

United States Office of Management and Budget (OMB) *Circular A-87*, Attachment B, Section 8.h.4 requires, in part, that, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be documented and reflect an after-the-fact distribution of actual employee activity. Alternative methods of time and wage allocation using a substitute system are permitted if approved by the cognizant federal agency.

According to ESD management, employees are instructed to use positive timekeeping when working on multiple programs; however, there are no written guidelines that define positive timekeeping. Consequently, employees do not have a clear understanding of positive timekeeping. Not using either positive timekeeping or a federally approved time allocation methodology could result in over- or under-charging allowable expenditures to federal programs, and the State may be asked to repay unallowable personal service costs.

We recommend the DLWD ESD director provide necessary training to employees working on multiple programs to ensure personal service costs are documented in compliance with federal regulations. Furthermore, if alternative methods of distribution are preferred, DLWD should obtain federal approval.

CFDA: 17.258, 17.260
Questioned Costs: Indeterminate

Federal Agency: USDOL
Noncompliance
Allowable Costs

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The ESD director has worked with ESD management to ensure that written procedures are in place that addresses charging personal services expenditures to federal programs and that they comply with federal cost principles. The ESD director has met with senior management to ensure that program staff immediately received additional instruction on procedures for positive timekeeping.

*Contact Person: Brynn Keith, Director
Division of Administrative Services
Telephone: (907) 465-4518*

Recommendation No. 26

The DLWD Division of Business Partnerships (DBP) director should ensure annual performance progress reports for the WIA program are accurate.

The program year 2009 Employment and Training Administration (ETA) 9091 performance progress report submitted in FY 11 was not accurate. The program year 2009 report validation²⁶ summary showed that 73 of 320 program outcomes had an error rate exceeding the United States Department of Labor's (USDOL) tolerable error rate. Consequently, the WIA program was not in compliance with performance reporting requirements. Per discussion with DBP staff, the excessive error rate is primarily due to programming issues with the system used to produce the annual performance reports. However, the inaccuracies could also be due to other reasons. DBP staff is researching the differences to determine the exact cause.

Federal regulations²⁷ require an annual performance progress report for each of the three federal grants that fund the WIA program. USDOL guidance for reporting performance outcomes stipulates that state grantees will be considered non-compliant with reporting requirements when they fail to submit an accurate annual report. Per federal regulations,²⁸ states submitting inaccurate annual performance progress reports may be treated as failing to comply with reporting requirements and subject to a sanction of five percent or less of the total grant award. A sanction would be in addition to having to repay the amount of any incentive funds granted based on the invalid report. Furthermore, failure to accurately report could disqualify the State from potential WIA incentive grants.

We recommend the DBP director determine the cause of the inaccurate report and take necessary corrective action to ensure the ETA-9091 report is accurate.

CFDA: 17.258, 17.259, 17.260
Questioned Costs: None

Federal Agency: USDOL
Significant Deficiency, Noncompliance
Reporting

²⁶Report validation compares the performance results reported by a state to those calculated by USDOL's ETA validation software to verify the accuracy of the State's report.

²⁷20 CFR 667.300(e).

²⁸20 CFR 667.300 (e)(2).

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The auditors' recommendation focuses on the 73 of 320 program outcomes with an "error" rate exceeding the United States Department of Labor's (USDOL) tolerable threshold. The auditors indicate that the error rates are caused by an unknown programming issue within the system used to produce the annual performance report. The recommendation ends with comments on regulations that require accurate reporting.

The discrepancies are the result of two different calculation models applied to the raw performance data. In 2009, the state used its own model, while USDOL used a generic model developed by a software vendor it contracted to gather its performance data. The reason USDOL allows any variance is due to the different interpretations of outcome measure definitions. The division was aware its calculation model was exceeding these thresholds at the time the WIA annual report was submitted. At that time, the Department contacted the proper representatives from USDOL. The Department indicated its intent to revise its calculation model with the development of the new performance management system. While USDOL agreed to these terms, the Department has subsequently made the decision to adopt the generic calculation model to eliminate all variances and ensure compliance.

The Department concurs with the auditor's recommendation, and considers the issue resolved.

*Contact Person: Brynn Keith, Director
Division of Administrative Services
Telephone: (907) 465-4518*

Recommendation No. 27

The DLWD DBP director should review and update procedures as necessary to ensure grantee monitoring complies with federal requirements.

DBP was not in compliance with two aspects of subrecipient monitoring in FY 11. Specifically, two of five grantees tested did not submit required monthly reports for at least five months during the fiscal year. Secondly, DBP staff did not ensure within the required timeframe that a subrecipient took appropriate corrective action in response to noncompliance identified in the subrecipient's *OMB Circular A-133* single audit.

Federal regulations²⁹ require the State to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To comply with this requirement, DBP management has established a grant monitoring policy which mandates WIA grantees submit monthly reports to the division.

²⁹20 CFR 667.400(c)(1) and 29 CFR 97.40(a).

Additional federal regulations³⁰ stipulate that states providing federal awards to subgrantees must ensure that appropriate corrective action is taken on audit findings within six months of receiving the audit report.

Failure to comply with the required monthly report submission by grantees was generally due to turnover in staff responsible for monitoring. Additionally, established procedures were not followed to ensure the division verified that appropriate corrective action was taken timely after receiving the subrecipient's single audit report. Monitoring subrecipient audit findings is a significant internal control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

Accordingly, we recommend the DBP director take steps to ensure that required monthly reports are submitted and audit findings are followed-up in a timely manner.

CFDA: 17.259

Questioned Costs: None

Federal Agency: USDOL

Noncompliance

Subrecipient Monitoring

Agency Response – Department of Labor and Workforce Development

The auditors reported that two of five grantees tested did not submit required monthly reports for at least five months during the fiscal year. Federal regulations at 20 CFR 667.400(c)(1) and 29 CFR 97.40(a) require the state to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To accomplish this end, the division established a grant monitoring policy that grantees submit monthly reports to the division.

The missing grantee reports were primarily a result of staff turnover. The division has hired a new staff person who ensures that the monthly reports are submitted timely as required. This person reviews the reports to ensure appropriate compliance and performance is achieved and provides any assistance to the grantees when required. The division believes appropriate corrective action to this portion of the recommendation has been taken and considers the issue resolved.

The auditors' recommendation states, in part, that DBP staff did not ensure within the required timeframe that a sub-recipient took appropriate corrective action in response to noncompliance identified in the sub-recipient's OMB Circular A-133 single audit. The recommendation further states, in part, that "established procedures were not followed to ensure the division verified appropriate corrective action was taken timely after receiving the sub-recipient's audit report."

³⁰29 CFR 97.26(b)(3).

The Department believes it has adequate systems and procedures for ensuring appropriate corrective action is taken when sub-recipient audit reports identify findings of noncompliance. When sub-recipient audit findings are identified, the division routinely completes its audit resolution procedures to ensure appropriate corrective action is taken, when necessary. The division believes the sub-recipient audit report identified by the Legislative Auditors was an isolated incident. However, the division has implemented audit resolution procedures, and subsequently issued an Initial Determination in which additional corrective action or explanation is required of the sub-recipient. The Department considers this issue resolved.

*Contact Person: Brynn Keith, Director
Division of Administrative Services
Telephone: (907) 465-4518*

(Intentionally left blank)

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Two recommendations were made to the Department of Commerce, Community, and Economic Development (DCCED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation Nos. 22 and 23 have been resolved.

One new recommendation has been made during the FY 11 statewide single audit and is included as Recommendation No. 28.

(Intentionally left blank)

Recommendation No. 28

The DCCED Division of Administrative Services (DAS) director should develop and implement policies and procedures to ensure that management decisions on audit findings are issued timely.

DCCED staff failed to issue a management decision regarding a subrecipient's single audit finding for the Schools and Roads – Grants to States program within the federally required six-month time period. Due to an oversight, DCCED staff followed up on the subrecipient's financial finding but did not follow up on the federal program related finding.

DCCED personnel do not have policies and procedures to ensure accurate and timely follow up on subrecipient *United States Office of Management and Budget Circular A-133* audit findings. Monitoring subrecipient audit findings is a significant control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

Per 7 CFR 3052.400(d)(5), pass-through entities must “*issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.*”

We recommend the DAS director establish written procedures to ensure subrecipient *OMB Circular A-133* audit findings are followed up accurately and timely.

CFDA: 10.665

Federal Agency: USDA

Questioned Costs: None

Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Commerce, Community, and Economic Development

We concur that the department should develop and implement policies and procedures to ensure that management decisions on subrecipient A-133 audit findings are issued timely. The department has drafted a written procedure for subrecipient A-133 audits that is being reviewed by appropriate parties for approval and implementation. We anticipate issuance and distribution of these procedures this fiscal year.

*Contact Person: JoEllen Hanrahan, Director
Division of Administrative Services
Telephone: (907) 465-2506*

(Intentionally left blank)

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

No recommendations were made to the Department of Military and Veterans' Affairs (DMVA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

Four new recommendations have been made during the FY 11 statewide single audit, and are included as Recommendation Nos. 29 through 32.

(Intentionally left blank)

Recommendation No. 29

The DMVA Division of Administrative Services (DAS) director should develop and implement procedures to ensure federal suspension and debarment requirements are met.

Six of six subgrantee files tested for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program did not include a clause or condition in the grant agreement regarding subgrantee's responsibility for compliance with federal suspension and debarment requirements. Furthermore, subgrantee files lacked evidence that DMVA staff verified the subgrantee was not suspended or debarred.

Four of four vendor contracts reviewed for the National Guard Military Operations and Maintenance program did not include a suspension and debarment clause or condition in the contract. These vendor files also lacked evidence that DMVA staff verified that the contractor was not suspended or debarred.

Per 2 CFR 180.300, participants in covered transactions³¹ must verify that the entity with whom they intend to do business with is not suspended or debarred. This may be accomplished by:

- Checking the Excluded Parties List System;
- Collecting a certification from the entity; or
- Adding a clause or condition to the covered transaction with the entity.

Additionally, 2 CFR 180.330 states that before entering into a covered transaction, participants must require that entities:

1. Comply with the federal requirement as a condition of participation in the transaction; and
2. Ensure the requirement to comply is passed on to each person with whom the entity enters into a covered transaction.

By not including a clause or condition in the grant agreement or contract, DMVA increases the risk of entering into a contract with subgrantees or vendors who have been suspended or debarred.

We recommend the DAS director develop and implement procedures to ensure compliance with the federal suspension and debarment requirement.

³¹All contracts expected to be equal to or to exceed \$25,000 and all subawards to subrecipients, irrespective of award amount, are considered to be covered transactions. Additionally, 2 CFR 180.220(c) states that a subcontract is also a covered transaction if it is awarded by a participant in a procurement transaction under a grant agreement equal to or expected to exceed \$25,000.

CFDA: 97.036, 12.401
Questioned Costs: None

Federal Agency: USDHS, USDOD
Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will develop and implement procedures to ensure federal suspension and debarment requirements are met. DMVA will implement a process effective May 1, 2012 to ensure federal suspension and debarment compliance documentation is retained. DMVA will implement a policy to ensure all vendors, as required by OMB A-133, whom we intend to do business with are not suspended or debarred. We will check the Excluded Parties List and keep the appropriate support noting the vendor is not on the list.

*Contact Person: Susan Colligan, Director
Administrative Services Division
Telephone: (907) 428-6881*

Recommendation No. 30

The DMVA DAS director should implement procedures to ensure procurement documentation is retained.

Six of ten vendor files tested for compliance with Alaska procurement statutes lacked documentation of the solicitation, bid responses, and award justification. This finding relates to the National Guard Military Operations and Maintenance program. Rather than contacting at least three firms or individuals for a quotation or informal proposal, DMVA issues a public notice via electronic media. This is a suitable method of solicitation; however, DMVA does not retain the public notice as part of the procurement file. Without proper documentation supporting the procurement, DMVA cannot demonstrate compliance with state procurement requirements.

Alaska Statute 36.30.320(c) does not require small procurements to be made through competitive sealed bid or competitive sealed proposals; however, AS 36.30.320(e) requires adequate public notice. Furthermore, AS 36.30.250(a) states that the contract file must contain the basis on which the procurement was made.

DMVA does not have adequate procedures to ensure solicitation information is retained in the procurement files. As a result, they are not compliant with state law for small procurement.

We recommend the DAS director implement procedures to comply with the state procurement requirements.

CFDA: 12.401
Questioned Costs: None

Federal Agency: USDOD
Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff is in the process of implementing procedures to ensure appropriate procurement documentation is retained for all the divisions in the department. DMVA will implement a process effective May 1, 2012 to ensure that document retention for Alaska Procurement processes and procedures are in place and documented. DMVA Procurement Officer will send out the procurement procedures to all procurement staff notifying them of the current procedures, including document retention for the solicitation, bid responses, and award justification.

*Contact Person: Susan Colligan, Director
Administrative Services Division
Telephone: (907) 428-6881*

Recommendation No. 31

The DMVA DAS director should develop and implement procedures to ensure *Federal Funding Accountability and Transparency Act of 2006 (FFATA)* reports are submitted.

During FY 11, DMVA staff did not file the required FFATA reports to comply with subaward reporting requirements for three of three Disaster Grants – Public Assistance (Presidentially Declared Disasters) program sub-awards issued after October 1, 2010. DMVA does not have procedures to ensure FFATA reports for sub-awards are completed and submitted timely. Failing to comply with FFATA requirements may jeopardize future federal funding.

Federal law 2 CFR 170 requires all prime recipients of individual federal grants greater than or equal to \$25,000 awarded on or after October 1, 2010, to report sub-award and executive compensation data on the FFATA Subaward Reporting System by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$25,000.

We recommend the DAS director develop and implement written procedures to ensure reports are filed to comply with the FFATA subaward reporting requirements.

CFDA: 97.036
Questioned Costs: None

Federal Agency: USDHS
Noncompliance
Reporting

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure that Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted. DMVA will implement a policy effective May 1, 2012 to ensure timely processing of FFATA reports. Once a Disaster Grant, that qualifies under Federal 2 CFR 170 reaches or exceeds \$25,000 awarded on or after October 1, 2010, the Disaster Relief Fund (DRF) Accountant III will run a report to identify all grants that meet the criteria as noted above. The DRF Accountant III will log onto the FFATA Subaward Reporting System (FSRS) at www.FSRS.com and verify all grant recipients listed on the report are in the FSRS and input the subrecipient information for those not already in the FSRS for which the prime recipient awarded any sub-grant greater than or equal to \$25,000.

*Contact Person: Susan Colligan, Director
Administrative Services Division
Telephone: (907) 428-6881*

Recommendation No. 32

The DMVA DAS director should develop and implement procedures to ensure that management decisions on audit findings are issued timely.

Federal award recipients that subgrant federal funds are required to perform monitoring activities. Monitoring includes, in part, issuing timely management decisions for deficiencies identified in subrecipient *United States Office of Management and Budget* (OMB) *Circular A-133* audit reports. DMVA staff failed to issue a management decision within the federally required six-month time period for one of seven monitoring files reviewed for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program.

DMVA does not have procedures to ensure follow-up on subrecipient *OMB Circular A-133* audit findings occurs timely. Furthermore, upon inquiry DMVA was unable to provide evidence of any management decisions issued during FY 11. Monitoring subrecipient audit findings is a significant control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

OMB Circular A-133, Section 400(d)(5) requires pass-through entities to “issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.”

We recommend the DAS director develop and implement written procedures to ensure subrecipient audit findings are followed up and management decisions are issued timely.

CFDA: 97.036
Questioned Costs: None

Federal Agency: USDHS
Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Military and Veterans’ Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement policies and procedures to ensure that management decisions on audit findings are issued in a timely manner. DMVA will implement a process effective May 1, 2012 to ensure subrecipient’s management decisions on audit findings are issued within a timely manner. The process will include notification to the DMVA Finance Officer from the State Single Audit point of contact, once notified the DMVA Finance Officer will draft a memo to notify the subrecipient that per OMB Circular A-133 they “must issue a management decision on audit findings within six months after the receipt of the subrecipient’s audit report.” Included in the memo the DMVA Finance Officer will request correspondence from the subrecipient regarding management decisions on audit findings to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. DMVA Finance Officer will note that in cases of continued inability or unwillingness of a subrecipient to address audit findings or have required audits, DMVA will take appropriate actions using sanctions. DMVA Finance Officer will include the DMVA Grant Administrator on all aforementioned correspondence to subrecipient.

Contact Person: Susan Colligan, Director
Administrative Services Director
Telephone: (907) 428-6881

(Intentionally left blank)

DEPARTMENT OF NATURAL RESOURCES

One recommendation was made to the Department of Natural Resources in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 24 has been resolved.

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

(Intentionally left blank)

DEPARTMENT OF FISH AND GAME

No recommendations were made to the Department of Fish and Game in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*.

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

(Intentionally left blank)

DEPARTMENT OF PUBLIC SAFETY

One recommendation was made to the Department of Public Safety (DPS) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 25 has been resolved.

One new recommendation has been made during the FY 11 statewide single audit and is included as Recommendation No. 33.

(Intentionally left blank)

Recommendation No. 33

The DPS finance officer should take measures to resolve revenue shortfall issues.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Two potential shortfalls were identified:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
AR 47410-11	Statewide Facility Maintenance	\$ 152,085
AR 47892-11	RS2503026 Crime Lab	\$ 2,228

The revenue shortfall for AR 47410-11 is due to DPS not processing the year-end revenue adjusting entry required according to the agencies method for distributing statewide facilities maintenance costs. The shortfall for AR 47892-11 is due to untimely revenue billings under a reimbursable service agreement with the Department of Transportation and Public Facilities.

We recommend that the DPS finance officer work with Office of Management and Budget to correct revenue shortfalls if possible and request supplemental appropriations if necessary. We further recommend the finance officer improve procedures for billing and monitoring of revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Public Safety

DPS agrees with this recommendation.

The management letter identified two areas with revenue shortfalls. It is worth noting that each of these are technical “shortfalls” in that no revenue actually due was under-collected, however the correct accounting transactions were either not entered, or were entered incorrectly and did not process timely. Neither of these issues resulted in any over-expenditure of funds.

The department agrees that potential revenue shortfalls should be identified and appropriate measures should be taken in a timely and accurate manner. The department experienced significant turnover and absences in the budget and finance offices. We are continuing to train staff to prevent future occurrences of this situation.

*Contact Person: Danial Spencer, Director
 Division of Administrative Services
 Telephone: (907) 465-5488*

(Intentionally left blank)

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

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

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

(Intentionally left blank)

DEPARTMENT OF CORRECTIONS

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

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

(Intentionally left blank)

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

One recommendation was made to the Department of Transportation and Public Facilities (DOTPF) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010*. Prior year Recommendation No. 26 has been resolved.

One new recommendation has been made during the FY 11 statewide single audit and is included as Recommendation No. 34.

(Intentionally left blank)

Recommendation No. 34

The DOTPF Division of Administrative Services (DAS) director should work with the State Equipment Fleet manager to improve the accounting and reporting for the Highway Equipment Working Capital Fund (HEWCF).

The FY 11 financial statements prepared for HEWCF contained numerous errors in the reporting of capital assets, capital contributions, depreciation, and operating expenditures. Several of the errors required audit adjustments to ensure HEWCF activity was properly reported in the State's *Comprehensive Annual Financial Report*.

Most of the errors were associated with HEWCF's end-of-the-year adjustment process. The accountant responsible for HEWCF year-end adjustments retired in FY 09, and the duties were out-sourced to a private accounting firm. A procedures manual was created to guide the private accounting firm through the year-end process; however, since much of the prior HEWCF accountant's knowledge was not passed on to the remaining accounting team, the manual was incomplete. DOTPF accountants did not review the private accounting firm's adjustments.

HEWCF was established by AS 44.68.210 as a state internal service fund to be used for the necessary expenses resulting from centralized equipment maintenance and for operating supply depots. Generally accepted accounting principles require that proprietary funds such as HEWCF be reported using the accrual basis of accounting, and capital assets be reported based on historical cost.

We recommend the DOTPF DAS director work with the State Equipment Fleet manager to improve the accounting and reporting for HEWCF. Improvements should include revising the year-end adjustment procedures manual to ensure it comprehensively addresses all necessary adjustments. Additionally, DOTPF accountants with adequate experience should review the year-end adjustments for accuracy.

Agency Response – Department of Transportation and Public Facilities

The Commissioner asked that I respond on his behalf. The Department of Transportation and Public Facilities has reviewed the FY 11 Statewide Single Audit. The Department agrees with your recommendation. I as the Administrative Services Director will work with Diana Rotkis to revise the year-end adjustments manual. Additionally, the department's Fiscal Officer will be responsible for reviewing the year-end adjustments for accuracy.

*Contact Person: Mary Siroky, Director
Division of Administrative Services
Telephone: (907) 465-3911*

(Intentionally left blank)

ALASKA COURT SYSTEM

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

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

(Intentionally left blank)

COMPONENT UNITS

This section includes one federal compliance recommendation to Alaska Housing Finance Corporation (AHFC). A complete copy of AHFC's report may be obtained directly from AHFC.

(Intentionally left blank)

Alaska Housing Finance Corporation

Recommendation No. 35

Incorrect or Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program

Criteria: According to *the OMB A-133 Compliance Supplement*, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Condition: Of the 60 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.

Questioned Costs: \$2,332

Context: Third party verification within 120 days of the examination or reexamination is required to determine if all income is included in the Housing Assistance Payment (HAP) calculation. Based on HUD guidance, there are types of income that should be included and others that should be excluded from the calculations. Amounts not properly verified through a third party source could significantly change the income calculations.

Effect: The Corporation may have inaccurately calculated voucher payments or required tenant rent contributions.

Cause: The Corporation failed to obtain sufficient documentation supporting compliance with the requirement as stated in their administrative plan and the HUD guidance.

Recommendation: We recommend that management review procedures for obtaining third party income verification, and establish controls to ensure that the procedures are followed and that documentation is adequate throughout the program. We also recommend that AHFC continue to perform quarterly file reviews, in order to identify and correct deficiencies in documentation. We further recommend additional on-site inspections of files for those locations with only one employee responsible for performing income determinations.

CFDA: 14.881

Questioned Costs: \$2,332

Federal Agency: USHUD
Noncompliance
Eligibility

Agency Response – Alaska Housing Finance Corporation

All five files were brought to the attention of Housing Operations staff during the audit. All of the discrepancies were discussed with respective staff and corrected along with a review of proper procedures. One of the five files was part of the sample selected in the FY2011 Office of Inspector General review. Although cited in this audit, it should be noted that as a result of the OIG review documentation was located in the client file demonstrating that the Medicare income in question was now properly excluded in the income and rent calculation.

The audit recommendation reflects to large measure the same condition and recommendation made by the OIG in its Housing Choice Voucher file review. Since then, the Public Housing Division reassigned one staff to the position of Program Development Coordinator responsible for a Division wide quality assurance policy and procedure. Responsibilities include assurance that quarterly file reviews are completed and staff training where file reviews reveal a need. Establishment of the position and completion of the QC policy and procedure effectively closed the OIG review, documented by an August 15, 2011 HUD Region X letter.

*Contact Person: Nola Cedergreen, Director
Administrative Services
Telephone: (907) 330-8448*

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Part I – Summary of Auditor’s Results

- a) An unqualified opinion was issued on the basic financial statements of the State of Alaska.
- b) Significant deficiencies, but no material weaknesses, in internal controls over financial reporting were disclosed by the audit of the basic financial statements.
- c) There was no noncompliance which was material to the basic financial statements.
- d) Significant deficiencies, but no material weaknesses, in internal controls over major federal programs were disclosed by the audit.
- e) The independent auditor’s report on compliance with requirements applicable to each major federal program expressed an unqualified opinion for all 50 programs.
- f) There were several audit findings that were required to be reported under Section 510(a) of *United States Office and Management and Budget* (OMB) *Circular A-133*. These are summarized in Part III of this Schedule of Findings and Questioned Costs. The detail findings and recommendations can be read in Section II – Recommendations and Questioned Costs of this report.
- g) The State of Alaska has 50 major federal programs for the fiscal year ended June 30, 2011 as follows:

<u>CFDA or Other Identifying Number</u>	<u>Federal Program Title</u>
10.410	Very Low to Moderate Income Housing Loans
10.557	Special Supplemental Food Program for Women, Infants, and Children
10.568, 10.569	ARRA - Emergency Food Assistance Cluster
10.665	School and Roads - Grants to States
10.688	ARRA - Recovery Act of 2009: Wildland Fire Management
11.417	Sea Grant Support
11.557	ARRA - Broadband Technology Opportunities Program
12.400	Military Construction, National Guard

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Part I – Summary of Auditor’s Results (continued)

<u>CFDA or Other Identifying Number</u>	<u>Federal Program Title</u>
12.401	National Guard Military Operations and Maintenance (O&M) Projects
12.999	Track Realignment Projects
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
14.258	ARRA - Tax Credit Assistance Program
14.881	Moving to Work Demonstration Program
14.885	ARRA - Public Housing Capital Fund Stimulus
16.738, 16.803	ARRA - Justice Assistance Grants Cluster
17.225	ARRA - Unemployment Insurance
17.258, 17.259, 17.260, 17.278	ARRA - Workforce Investment Act Cluster
17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
20.106	ARRA - Airport Improvement Program
20.205, 20.219, 20.933, 23.003	ARRA - Highway Planning and Construction Cluster
20.314	Railroad Development
20.500, 20.507	Federal Transit Cluster
64.114	Veterans Housing - Guaranteed and Insured Loans
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds
81.041	State Energy Program
81.042	ARRA - Weatherization Assistance for Low-Income Persons
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program
84.010, 84.389	ARRA - Title I, Part A Cluster
84.027/84.173/.391/.392	ARRA - Special Education - Grants to States

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Part I – Summary of Auditor’s Results (continued)

<u>CFDA or Other Identifying Number</u>	<u>Federal Program Title</u>
84.031	Higher Education - Institutional Aid
84.032L	Federal Family Education Loans
84.041, 84.404	ARRA - Impact Aid Cluster
84.318, 84.386	ARRA - Education Technology State Grants Cluster
84.356	Alaska Educational Programs
84.367	Improving Teacher Quality
84.377, 84.388	ARRA - School Improvement Grants Cluster
84.394, 84.397	ARRA - State Fiscal Stabilization Fund Cluster
90.100	Denali Commission
93.268, 93.712	ARRA - Immunization Cluster
93.558, 93.714, 93.716	ARRA - Temporary Assistance for Needy Families Cluster
93.563	ARRA - Child Support Enforcement
93.569, 93.710	ARRA - Community Services Block Grants Cluster
93.659	ARRA - Adoption Assistance
93.575, 93.596, 93.713	ARRA - Child Care Development Block Grant Cluster
93.767	State's Children's Insurance Program
93.775, 93.777, 93.778	ARRA - Medical Assistance
97.036	Disaster Grants - Public Assistance
Various	Research and Development Cluster

- h) A threshold of \$10,435,350 was used to distinguish between Type A and Type B programs as those terms are defined in *OMB Circular A-133*.
- i) The State of Alaska qualifies as a low-risk auditee under Section 530 of *OMB Circular A-133*.

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Part II – Findings related to the Basic Financial Statements

Significant Deficiencies

<u>State Department</u>	<u>Recommendation Number</u>
Revenue	Recommendation No. 4

Irregularities and Illegal Acts

There were no reportable findings relating to irregularities and illegal acts.

Part III – Federal Findings and Questioned Costs

<u>Federal Agency/</u> <u>Recommendation Number</u>	<u>Questioned Costs</u>	<u>Comments</u>
USDA		
Recommendation No. 8		None
Recommendation No. 9	\$ 67,559	Significant Deficiency, Noncompliance
Recommendation No. 11		Noncompliance
Recommendation No. 12	\$ 119,819	Significant Deficiency, Noncompliance
Recommendation No. 13		Noncompliance
Recommendation No. 14		Significant Deficiency, Noncompliance
Recommendation No. 15		Significant Deficiency, Noncompliance
Recommendation No. 28		Noncompliance
USDOD		
Recommendation No. 29		Significant Deficiency, Noncompliance
Recommendation No. 30		Significant Deficiency, Noncompliance
USDHUD		
Recommendation No. 35	\$ 2,332	Noncompliance
USDOL		
Recommendation No. 25		Indeterminate
Recommendation No. 26		None
Recommendation No. 27		Significant Deficiency, Noncompliance
Noncompliance		
USDOE		
Recommendation No. 5	\$ 48,115	Noncompliance
Recommendation No. 6		Noncompliance
Recommendation No. 7		Significant Deficiency, Noncompliance

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

Part III – Federal Findings and Questioned Costs (*continued*)

USDOE (*continued*)

Recommendation No. 8		None	Significant Deficiency, Noncompliance
----------------------	--	------	---------------------------------------

USDHHS

Recommendation No. 9	\$	32,098	Noncompliance
Recommendation No. 10		None	Significant Deficiency
Recommendation No. 11		None	Significant Deficiency, Noncompliance
Recommendation No. 16		None	Significant Deficiency, Noncompliance
Recommendation No. 17		None	Significant Deficiency
Recommendation No. 18		Indeterminate	Noncompliance
Recommendation No. 19		None	Significant Deficiency, Noncompliance
Recommendation No. 20		None	Significant Deficiency
Recommendation No. 21		None	Significant Deficiency, Noncompliance
Recommendation No. 22		None	Significant Deficiency

USDHS

Recommendation No. 29		None	Significant Deficiency, Noncompliance
Recommendation No. 31		None	Noncompliance
Recommendation No. 32		None	Significant Deficiency, Noncompliance

(Intentionally left blank)

**SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS
AND SUPPLEMENTARY INFORMATION**

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Legislative Budget and Audit Committee:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2011, which collectively comprise the State of Alaska's basic financial statements and have issued our report thereon dated December 9, 2011. Our report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one discretely presented component unit, the Alaska Mental Health Trust Authority. This report does not include results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards*. These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit) and the Supplemental Benefit System, Public Employees Retirement System and Teachers Retirement System (fiduciary funds).

Internal Control Over Financial Reporting

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alaska's

internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to indentify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the preceding section of Recommendations and Questions Costs, that we consider to be a significant deficiency in internal control over financial reporting. Our recommendation for this instance is indentified in the Summary of Recommendations under *Basic Financial Statements – Significant Deficiency*. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

However, we noted certain other matters which are described in the preceding section of Recommendations and Questioned Costs. Our recommendations for these instances are identified in the Summary of Recommendations under *Other State Issues*.

The state agencies' responses to the findings identified in our audit are included in the proceeding Section II – Recommendations and Questioned Costs as well as in the succeeding Section IV – Appendices. We did not audit these responses to the findings, and accordingly, we express no opinion on them.

This report is intended for the information and use of the State's management, members of the Alaska Legislature, the federal awarding agencies, and pass-through entities. It is not

intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Kris Curtis, CPA, CISA
Legislative Auditor

December 9, 2011

(Intentionally left blank)

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each
Major Program, on Internal Control Over Compliance, and on Supplementary
Information – Schedule of Expenditures of
Federal Awards in Accordance with OMB Circular A-133

Members of the Legislative Budget
and Audit Committee:

Compliance

We have audited the State of Alaska's compliance with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect to each of its major federal programs for the fiscal year ended June 30, 2011. The State of Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Alaska's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

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

In our opinion, the State of Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with *OMB Circular A-133*. These instances are listed in the accompanying Summary of Recommendations and Schedule of Findings and Questioned Costs described in detail in Section II - Recommendations and Questioned Costs.

Internal Control Over Compliance

The management of the State of Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Alaska's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies. These instances are listed in the accompanying Summary of Recommendations and Schedule of Findings and Questioned Costs and described in detail in Section II - Recommendations and Questioned Costs. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The state agencies' responses to the findings identified in our audit are included in the preceding Section II – Recommendations and Questioned Costs as well as the succeeding Section IV –

Appendices. We did not audit the responses to the findings and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. That report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the State's management, members of the Alaska Legislature, the federal awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Kris Curtis, CPA, CISA
Legislative Auditor

February 21, 2012, except for the
Schedule of Expenditures of
Federal Awards, which is
dated December 9, 2011

(Intentionally left blank)

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
U.S. DEPARTMENT OF AGRICULTURE						
Child Nutrition Cluster						
School Breakfast Program	DEED		10.553	17131	7,455,863	7,455,863
National School Lunch Program - Food Commodities	DEED		10.555	17132	2,189,054	2,189,054
National School Lunch Program	DEED		10.555	17132	29,098,297	29,098,297
Special Milk Program for Children	DEED		10.556	17133	4,004	4,004
Summer Food Service Program for Children	DEED		10.559	17137	1,305,696	1,205,658
Total for Child Nutrition Cluster					40,052,914	39,952,876
Emergency Food Assistance Cluster						
ARRA-Emergency Food Assistance Program (Administrative Costs)	DEED	ARRA	10.568	17196	50,700	50,700
Emergency Food Assistance Program (Administrative Costs)	DEED		10.568	17138	153,110	134,983
Emergency Food Assistance Program (Food Commodities)	DEED		10.569		1,336,893	1,336,893
Total for Emergency Food Assistance Cluster					1,540,703	1,522,576
Supplemental Nutrition Assistance Program Cluster						
Supplemental Nutrition Assistance Program	DHSS		10.551		172,009,747	
ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DHSS	ARRA	10.561		157,700	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DHSS		10.561		14,800,653	37,700
Total for Supplemental Nutrition Assistance Program Cluster					186,968,100	37,700
Schools and Roads Cluster						
Schools and Roads - Grants to States	DCCED		10.665	National Forest Receipts	15,857,565	15,857,565
Schools and Roads - Grants to States	DOTPF		10.665		170,000	
Total for Schools and Roads Cluster					16,027,565	15,857,565
Plant and Animal Disease, Pest Control, and Animal Care	DEC		10.025		137,657	
Plant and Animal Disease, Pest Control, and Animal Care	DFG		10.025		95,019	
Plant and Animal Disease, Pest Control, and Animal Care	DNR		10.025		239,989	
2009 Aquaculture Grant Program	DFG		10.103		40,717	40,717
Inspection Grading and Standardization	DNR		10.162		12,905	
Market Protection and Promotion	DNR		10.163		143,580	
Specialty Crop Block Grant Program	DNR		10.169		33,603	
Specialty Crop Block Grant Program - Farm Bill	DNR		10.170		171,094	
Grants for Agricultural Research, Special Research Grants (Pass-through University of California, Davis)	UofA		10.200	09-002101-UAF1	417	
Grants for Agricultural Research, Special Research Grants	UofA		10.200		376,300	
Grants for Agricultural Research-Competitive Research Grants	UofA		10.206		218,084	
Sustainable Agriculture Research and Education (Pass-through Utah State University)	UofA		10.215	90758036	14,325	
Community Food Projects	UofA		10.225		64,395	
Secondary and Two-Year Postsecondary Agriculture Education Challenge	UofA		10.226		51,122	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Integrated Programs (Pass-through University of California, Davis)	UofA		10.228		1,408,901	
Integrated Programs (Pass-through University of Idaho)	UofA		10.303	07-001492-UAK	9,334	
Integrated Programs (Pass-through University of California, Davis)	UofA		10.303	BJKH15 SB005	83,568	
Homeland Security-Agricultural (Pass-through University of California, Davis)	UofA		10.304	07-002558-12/Pending	32,596	
Agriculture and Food Research Initiative (AFRI) (Pass-through University of Agriculture and Food Research Initiative (AFRI)	UofA		10.310	Pending	25,782	
Beginning Farmer and Rancher Development Program	UofA		10.310		1,622	
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF) (Pass-through University of Minnesota)	UofA	ARRA	10.311		59,218	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	UofA		10.443		62,193	
Food Safety Cooperative Agreements	DEC		10.479		80,199	10,000
Cooperative Extension Service (Pass-through University of Wyoming)	UofA		10.500	1000781	19,527	
Cooperative Extension Service (Pass-through University of Wyoming)	UofA		10.500	1000782	2,415	
Cooperative Extension Service (Pass-through Utah State University)	UofA		10.500	100906004	877	
Cooperative Extension Service (Pass-through Purdue University)	UofA		10.500	8000041653	7,393	
Cooperative Extension Service (Pass-through Washington State University)	UofA		10.500	104777-G00189_0	77,733	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	2007-48661-03868 (S08023.03)/P	(1,717)	
Cooperative Extension Service (Pass-through University of Idaho)	UofA		10.500	BSK701-SB-001 / PO#0028400	87,561	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S08107.01/.02/.03	7,188	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S10144/P-THRU 2007-48661-03868	19,123	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S11143	32,677	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	Subcont 08-0861062, FW10-609	14,056	
Cooperative Extension Service (Pass-through Utah State University)	UofA		10.500	UTSTUNV46467AK2	1,998	
Cooperative Extension Service (Pass-through University of Wyoming)	UofA		10.500	Y560309	694	
Cooperative Extension Service (Pass-through University of Arizona)	UofA		10.500		6,855	
Cooperative Extension Service	UofA		10.500		1,806,390	72,165
Special Supplemental Nutrition Program for Women, Infants, and Children	DHSS		10.557	EN 0611422	23,881,338	6,017,069
Special Supplemental Nutrition Program for Women, Infants, and Children	UofA		10.557		32,080	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Special Supplemental Nutrition Program for Women, Infants, and Children	UofA	10.557	EN 611458		7,153	
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through State of Oklahoma)	UofA	10.557	PO3409015400 (Orig 3409014142)		14,297	
Child and Adult Care Food Program - Food Commodities	DEED	10.558	17134		28,151	28,151
Child and Adult Care Food Program	DEED	10.558	17134		8,065,818	8,004,316
State Administrative Expenses for Child Nutrition	DEED	10.560	17135		725,850	
Commodity Supplemental Food Program	DHSS	10.565			285,935	
WIC Farmers Market Nutrition Program (FMNP)	DHSS	10.572			193,756	
Team Nutrition Grants	DEED	10.574	17400		37,277	
Senior Farmers Market Nutrition Program	DHSS	10.576			61,541	85,050
ARRA-WIC Grants to States	DHSS	ARRA 10.578	WISA-09-AK-01		194,638	
ARRA-Child Nutrition Discretionary Grants Limited Availability	DEED	ARRA 10.579	17195		47,260	
Child Nutrition Discretionary Grants Limited Availability	DEED	10.579	17169		95,091	68,235
Fresh Fruit and Vegetable Program	DEED	10.582	17166		1,056,082	1,034,575
Market Access Program	ASMI	10.601	AR 29592-10&11 AR 29825-10&11 CC 08713509 Fed Portion		4,326,334	
Quality Samples Program	ASMI	10.605	AR 29592-11 AR 29824-11 CC 08713509 Fed Portion		828	
Forestry Research	ARRC	10.652	05DG11100000226		15	
Forestry Research	UofA	10.652			4,056	
Cooperative Forestry Assistance	DNR	10.664			2,717,667	
Cooperative Forestry Assistance	UofA	10.664			234,042	
Forest Legacy Program	DNR	10.676			34,383	
Forest Land Enhancement Program	DNR	10.677			112,015	
Forest Health Protection	DNR	10.680			60,502	
Forest Health Protection	UofA	10.680			19,510	
ARRA-Recovery Act of 2009: Wildland Fire Management	DNR	ARRA 10.688	09DG11100489003; 09DG11100489011; 10DG11100489017		2,431,368	
ARRA-Recovery Act of 2009: Wildland Fire Management	OG	ARRA 10.688			414,241	
Water and Waste Disposal Systems for Rural Communities	DEC	10.760			6,893,815	708,435
Community Facilities Loans and Grants	DCCED	10.766	Rural Broadband Internet Access Grant	(660,984)	(668,745)	
Community Facilities Loans and Grants	DCCED	10.766	Rural Broadband Internet Access Grant	700,857	668,745	
Rural Business Enterprise Grants	UofA	10.769			259,286	
Rural Cooperative Development Grants	UofA	10.771			224,044	
Assistance to High Energy Cost Rural Communities	AEA	10.859	Various		44,905	41,565
Plant Materials for Conservation	DNR	10.905			245,495	
Conservation Security Program	DNR	10.921			2,000	
Pesticide Recordkeeping	DEC	10.999	12-25-A-5266		16,846	
Forest Service Regulatory Oversight	DEC	10.999	AG-0109-P-08-0028		456	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42003		2,739	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42006		2,768	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42007		1,943	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42013		24,900	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42015		14,918	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42077		16,644	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	DFG	10.999	42086		202	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	DFG	10.999	42088		64,192	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42099		1,676	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42117		4,970	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42118		4,648	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42120		15,803	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42121		8,743	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	DFG	10.999	42123		4,781	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	DFG	10.999	42124		35,415	
Miscellaneous US Forest Service-Wildlife Research	DFG	10.999	42139		5,075	
USFS Fire Suppression (AKDF070002)	DNR	10.999	07FI11100100006		427,577	
Student Intern Program	DNR	10.999	10PA11100400087		3,235	
Sikes Act Environmental Consultation	DNR	10.999	AG0116C110011		2,317	
USDA Contract - Design 24' bridge on Forest Service Road	DOTPF	10.999	USDA 05RO-11100100-120		104	
USFS Contract - Fish passage-ways on Mitkof, Hydaburg, and Yakutat	DOTPF	10.999	USFS 07-RO-11100100-076		201,754	
Miscellaneous (Pass-through Kansas State University)	UofA	10.999	KSU S11106		22,975	
Miscellaneous	UofA	10.999			51,464	
Total for U.S. DEPARTMENT OF AGRICULTURE					303,761,463	73,671,475

U.S. DEPARTMENT OF COMMERCE

Economic Development Cluster

Investments for Public Works and Economic Development Facilities	DLWD	11.300	805	681,063
Investments for Public Works and Economic Development Facilities	DOTPF	11.300	07-01-05925	800,000
ARRA-Economic Adjustment Assistance	UofA	ARRA 11.307		155,054
Economic Adjustment Assistance	DCCED	11.307	07-79-05719	16,800
Economic Adjustment Assistance	DCCED	11.307		478,658
				647,763

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Economic Adjustment Assistance	DCCED	11.307	07-79-06232		13,628	
Total for Economic Development Cluster					2,145,203	664,563
Census Special Tabulations and Services	DLWD	11.005	804		14,163	
Economic Development-Technical Assistance	UofA	11.303			134,848	
Anadromous Fish Conservation Act Program	DFG	11.405			7,838	
Interjurisdictional Fisheries Act of 1986	DFG	11.407			165,230	
Interjurisdictional Fisheries Act of 1986	UofA	11.407			(2,602)	
Sea Grant Support	DFG	11.417			21,092	
Sea Grant Support (Pass-through University of Mississippi)	UofA	11.417	10-03-058		16,629	
Sea Grant Support	UofA	11.417	ADN510407/EN511099		9,557	
Sea Grant Support	UofA	11.417			2,112,111	137,203
Coastal Zone Management Administration Awards	DCCED	11.419	NA08NOS4190428		11,129	11,129
Coastal Zone Management Administration Awards	DCCED	11.419	NA08NOS4190428		26,931	26,931
Coastal Zone Management Administration Awards	DCCED	11.419	NA09NOS4190116		69,659	68,561
Coastal Zone Management Administration Awards	DCCED	11.419	NA10NOS4190169		5,000	5,000
Coastal Zone Management Administration Awards	DCCED	11.419	NA10NOS4190169		29,938	29,938
Coastal Zone Management Administration Awards	DCCED	11.419	NA10NOS4190169		529,400	529,400
Coastal Zone Management Administration Awards	DNR	11.419			1,639,245	
Coastal Zone Management Administration Awards	UofA	11.419	ADN 901017		3,353	
Coastal Zone Management Estuarine Research Reserves	DFG	11.420			654,051	
Coastal Zone Management Estuarine Research Reserves	UofA	11.420			13,710	
Pacific Fisheries Data Program (Pass-Through from Pacific States Marine Fisheries Commission)	DFG	11.437			2,161,880	
Pacific Fisheries Data Program	DFG	11.437			3,273,927	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED	11.438	NA07NMF4380288		154,155	139,906
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED	11.438	NA08NMF4380597		5,791	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED	11.438	NA10NMF4380355		21,605	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED	11.438	NA10NMF4380355		1,519,072	1,505,482
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DFG	11.438			23,181,286	3,064,798
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DNR	11.438			550,000	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA	11.438	RS 1105970		150,000	
Marine Mammal Data Program	DFG	11.439			1,672,516	
Regional Fishery Management Council	DFG	11.441			49,738	
Unallied Industry Projects	UofA	11.452			19,953	
Meteorologic and Hydrologic Modernization Development	DMVA	11.467	35457		605,286	144,721
Applied Meteorological Research	DMVA	11.468	35458		281,731	281,731
Unallied Science Program (Pass-through from North Slope Borough)	DFG	11.472			21,785	
Unallied Science Program (Pass-through from North Pacific Research Board)	DFG	11.472			141,447	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	503		(174)	
Unallied Science Program	UofA	11.472			50,767	
Educational Partnership Program	UofA	11.481			(114)	
Public Safety Interoperable Communications Grant Program	DMVA	11.555	34035		1,681,758	1,030,593
ARRA-Broadband Technology Opportunities Program (BTOP)	DEED	ARRA 11.557	17353		137,039	
ARRA-Broadband Technology Opportunities Program (BTOP)	UofA	ARRA 11.557			804,003	79,599
Miscellaneous Inspection Service	DEC	11.999	45ABNAON0252		989	
NOAA Pribilof Island Restoration	DEC	11.999	AB133A10SE3096		2,320	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41617		4,966	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41627		13,470	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41637		83,011	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41639		50,000	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41640		3,173	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41707		6,664	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41721		2,287	
Miscellaneous NOAA-Marine Mammal Research	DFG	11.999	41726		15,544	
Miscellaneous NOAA-Federal Travel	DFG	11.999	41732		93,937	
Miscellaneous NOAA-Federal Travel	DFG	11.999	41738		16,144	
Miscellaneous NOAA-Federal Travel	DFG	11.999	41739		15,738	
Miscellaneous NOAA-Research Vessel Charters	DFG	11.999	41950		46,331	
National Marine Fisheries Joint Enforcement Agreement	DPS	11.999	11.04 and 06/07/08-NMFS-JEA		1,638,926	
Sea Grant Support (Pass-through Consortium for Oceanographic Research & Education)	UofA	11.999	SA 10-34		17,500	
Miscellaneous	UofA	11.999			93,033	
Total for U.S. DEPARTMENT OF COMMERCE					46,193,969	7,719,555

U.S. DEPARTMENT OF DEFENSE

Procurement Technical Assistance For Business Firms	UofA	12.002		345,239
State Memorandum of Agreement Program for the Reimbursement of Technical Services	DEC	12.113		2,715,891
Military Construction, National Guard	AAC	12.400	W91ZRU-06-2-3038	2,077,917
Military Construction, National Guard	DMVA	12.400	35400	11,385,559

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
National Guard Military Operations and Maintenance (O&M) Projects	DMVA	12,401	35401		16,114,944	
National Guard ChalleNGe Program	DMVA	12,404	35404		6,163,178	
Military Medical Research and Development	DFG	12,420			27,669	
Basic Scientific Research (Pass-through Academy of Applied Science)	UofA	12,431	Sbgrmt; 08-48,49,50 DATE 8.7.8		456	
Access to Joint Tanana Training Complex-2008 (Pass-through from Federal Railroad Administration)	ARRC	12,999	DTFR53-08-G-00008		7,432,124	
FY 2005-Military Installations Track Realignment - Elmendorf AFB and Ft. Richardson (Pass-through from Federal Railroad Administration)	ARRC	12,999	DTFRDV-05-G-00005		1,417	
FY2006 Locomotives and Rail Cars to Support the Stryker Brigade (Pass-through from Federal Railroad Administration)	ARRC	12,999	DTFRDV-06-G-00007		627	
Northern Line Realignment & Extension (Pass-through from Federal Railroad Administration)	ARRC	12,999	DTFRDV-07-G-00006		540,047	
Track Realignment - Ft. Wainwright-2006	ARRC	12,999	DTFRDV-08-G-00008		6,702	
USAF Elmendorf Site Cleanup	DEC	12,999	FA500007A0008		2,083	
Miscellaneous Army-Wildlife Research - Wolves	DFG	12,999	42505		3,975	
Miscellaneous Army-Wildlife Research	DFG	12,999	42507		6,562	
Miscellaneous Army-Fish Surveys	DFG	12,999	42508		7,592	
Miscellaneous Army-Wildlife Research	DFG	12,999	42509		4,000	
Miscellaneous Army-Wildlife Research - Bear	DFG	12,999	42510		1,010	
Miscellaneous Army-Habitat Restoration	DFG	12,999	42511		33,084	
Miscellaneous Army-Marine Mammal Research	DFG	12,999	42512		40,365	
Miscellaneous Army-Wildlife Research - Moose	DFG	12,999	42518		51,352	
Miscellaneous Army-Wildlife Research - Bear	DFG	12,999	42530		104,209	
Miscellaneous Army-Wildlife Research	DFG	12,999	42555		29,556	
Miscellaneous Army-Wildlife Research - Bear	DFG	12,999	42557		6,549	
Miscellaneous Army-Marine Mammal Research	DFG	12,999	42564		24,963	
Galena Airport Contract to maintain USAF safety	DOTPF	12,999	12.F65501-95C0017		26,350	
King Salmon Airport Contract to maintain USAF safety	DOTPF	12,999	12.F65501-96C0006		465,561	
US Army - Space & Missile Defense Command	DOTPF	12,999	MOA USASMDC		5,311	
Funding from US Navy for Adak Airport Operations	DOTPF	12,999	N6871104MDC4010		899,379	
Miscellaneous	UofA	12,999			25,502	12,616
Total for U.S. DEPARTMENT OF DEFENSE					48,549,173	12,616

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CDBG - Entitlement Grants Cluster

Community Development Block Grants/Entitlement Grants	AHFC	14.218		4,827,951	4,827,951
Total for CDBG - Entitlement Grants Cluster				4,827,951	4,827,951

CFP Cluster

ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	AHFC	ARRA	14.885		930,541
Total for CFP Cluster				930,541	-

CDBG - State-Administered CDBG Cluster

Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED	14.228	B-05-DC-02-0001		351,302	351,302
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED	14.228	B-06-DC-02-0001		56,937	56,937
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED	14.228	B-07-DC-02-0001		1,318,051	1,318,051
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED	14.228	B-08-DC-02-0001		948,787	920,994
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED	14.228	B-09-DC-02-0001		131,800	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED	14.228	B-10-DC-02-0001		31,284	
ARRA-Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii – (Recovery Act Funded)	DCCED	ARRA	14.255	B-09-DY-02-0001	747,372	747,372
Total for CDBG - State-Administered CDBG Cluster					3,585,533	3,394,656

Housing Voucher Cluster

Section 8 Housing Choice Vouchers	AHFC	14.871		1,206,836	
Total for Housing Voucher Cluster				1,206,836	-

Section 8 Project-Based Cluster

Section 8 Housing Assistance Payments Program	AHFC	14.195		8,958,095	
Section 8 Moderate Rehabilitation Single Room Occupancy	AHFC	14.249		473,220	403,015
Total for Section 8 Project-Based Cluster				9,431,315	403,015

Mortgage Insurance - Homes	AHFC	14.117		5,098,757	
Community Development Block Grants /Technical Assistance Program	AHFC	14.227		55,871	55,871

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Emergency Shelter Grants Program	AHFC		14.231		212,534	212,534
Supportive Housing Program	AHFC		14.235		14,673	12,357
Shelter Plus Care	AHFC		14.238		687,789	687,789
HOME Investment Partnerships Program	AHFC		14.239		2,079,163	2,079,163
Housing Opportunities for Persons with AIDS	AHFC		14.241		490,900	490,900
ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	AHFC	ARRA	14.257		447,581	350,772
ARRA-Tax Credit Assistance Program (Recovery Act Funded)	AHFC	ARRA	14.258		2,778,893	2,778,893
Alaska Native / Native Hawaiian Institutions Assisting Communities	UofA		14.515		1,371,703	522,509
Public and Indian Housing-Indian Loan Guarantee Program	AHFC		14.865		667,588	
Resident Opportunity and Supportive Services - Service Coordinators	AHFC		14.870		91,434	67,015
Moving to Work Demonstration Program	AHFC		14.881		45,086,445	
Total for U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					79,065,507	15,883,425

U.S. DEPARTMENT OF THE INTERIOR

Fish and Wildlife Cluster

Sport Fish Restoration Program	DFG	15.605		18,458,363	134,978
Wildlife Restoration and Basic Hunter Education	DFG	15.611		15,569,867	
Total for Fish and Wildlife Cluster				34,028,230	134,978

Forestry on Indian Lands	DCCED	15.035	8E00440122	4,420	
Indian Education-Higher Education Grant Program	UofA	15.114		40,940	
Cooperative Inspection Agreements with States and Tribes	DFG	15.222		7,168	
Cultural Resource Management	DNR	15.224		500,090	
Cultural Resource Management	UofA	15.224		1,178,498	
Recreation Resource Management	DFG	15.225		41,290	
Payments in Lieu of Taxes	DCCED	15.226	Payments in Lieu of Taxes	57,821	57,821
Payments in Lieu of Taxes	DCCED	15.226	Payments in Lieu of Taxes	9,740,770	9,740,770
Distribution of Receipts to State and Local Governments	DCCED	15.227	National Petroleum Reserve Alaska Impact Mitigation	10,171,708	10,171,708
National Fire Plan - Wildland Urban Interface Community Fire Assistance	DNR	15.228		9,184	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	DFG	15.231		7,042	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	DFG	15.231		71,060	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	DFG	15.231		99,230	
Fish, Wildlife and Plant Conservation Resource Management	DFG	15.231		154,181	
Fish, Wildlife and Plant Conservation Resource Management	DNR	15.231		37,189	
Fish, Wildlife and Plant Conservation Resource Management	UofA	15.231		154	
Wildland Fire Research and Studies Program	UofA	15.232		42,260	
Environmental Quality and Protection Resource Management	DNR	15.236		8,119	
Challenge Cost Share	DFG	15.238		32,472	
Management Initiatives	DNR	15.239		263,489	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal	DNR	15.250		235,421	
Abandoned Mine Land Reclamation (AMLR) Program	DNR	15.252		823,674	
Coastal Impact Assistance Program (CIAP)	DCCED	15.426	M09AF15484	-	9,092
Coastal Impact Assistance Program (CIAP)	DCCED	15.426	M09AF15484	-	11,100
Coastal Impact Assistance Program (CIAP)	DCCED	15.426	M09AF15484	-	27,859
Coastal Impact Assistance Program (CIAP)	DCCED	15.426	M09AF15484	-	36,594
Coastal Impact Assistance Program (CIAP)	DCCED	15.426	M11AF00065	294	
Coastal Impact Assistance Program (CIAP)	DNR	15.426		2,591,332	
Federal Oil and Gas Royalty Management	DNR	15.427		113,045	
Fish and Wildlife Management Assistance	DFG	15.608		919,949	
Fish and Wildlife Management Assistance	DNR	15.608		20,672	
Fish and Wildlife Management Assistance (Pass-through National Fish and Wildlife Foundation)	UofA	15.608	2007-0140-000	102	
Coastal Wetlands Planning, Protection and Restoration Act	DFG	15.614		266,187	
Coastal Wetlands Planning, Protection and Restoration Act	DNR	15.614		999,431	
Cooperative Endangered Species Conservation Fund	DFG	15.615		88,000	
Sportfishing and Boating Safety Act	DFG	15.622		1,500,000	1,500,000
Enhanced Hunter Education and Safety Program	DFG	15.626		64,863	
Coastal Program	DFG	15.630		68,857	
Coastal Program	DNR	15.630		10,000	
Coastal Program	UofA	15.630		29,830	
Partners for Fish and Wildlife	DFG	15.631		27,103	
Partners for Fish and Wildlife	DNR	15.631		5,647	
Landowner Incentive Program	DFG	15.633		48,852	
State Wildlife Grants	DFG	15.634		3,260,910	
Alaska Subsistence Management	DFG	15.636		1,975,933	
Challenge Cost Share	DFG	15.642		5,225	
Challenge Cost Share	UofA	15.642		61,683	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Service Training and Technical Assistance (Generic Training)	UofA	15.649			3,639	
Research Grants (Generic)	UofA	15.650			20,338	
Migratory Bird Monitoring, Assessment and Conservation	DFG	15.655			29,912	
ARRA-Recovery Act Funds-Habitat Enhancement, Restoration and Earthquake Hazards Reduction Program	OG	ARRA	15.656		29,043	
ARRA-U.S. Geological Survey-Research and Data Collection	UofA	ARRA	15.808		659,666	
U.S. Geological Survey-Research and Data Collection	DNR	15.808			308,854	
U.S. Geological Survey-Research and Data Collection	UofA	15.808			437,296	
National Cooperative Geologic Mapping Program	DNR	15.810			82,323	
National Geological and Geophysical Data Preservation Program	DNR	15.814			213,948	
ARRA-Volcano Hazards Program Research and Monitoring	OG	ARRA	15.818		33,685	
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	DNR	15.819			463,240	
Disposal of Surplus Wildlife	UofA	15.900			11,205	
Historic Preservation Fund Grants-In-Aid	DNR	15.904			101,449	
Historic Preservation Fund Grants-In-Aid	UofA	15.904			909,541	
Outdoor Recreation-Acquisition, Development and Planning	DNR	15.916			38,571	
Native American Graves Protection and Repatriation Act	UofA	15.922			244,595	
Save America's Treasures	DNR	15.929			18,588	
Bureau of Land Management Oversight	DEC	15.999	L10PA00439		39,145	
Bureau of Land Management Oversight	DEC	15.999	L11PA00032		44,404	
National Park Service Oversight	DEC	15.999	P9917100001		51,104	
National Park Service Oversight	DEC	15.999	P9917110001		5,348	
Miscellaneous US Fish & Wildlife Service - Salmon Harvest Assessment-Copper River	DFG	15.999	41023		25,234	
Miscellaneous US Fish & Wildlife Service - Climate Change/Impact Studies	DFG	15.999	41026		31,636	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	DFG	15.999	41027		38,353	
Miscellaneous US Fish & Wildlife Service - Lake Herring Harvest Assessment	DFG	15.999	41028		16,500	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	DFG	15.999	41048		3,519	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Deer	DFG	15.999	41080		22,700	
Miscellaneous US Fish & Wildlife Service - Migratory Bird Regulation	DFG	15.999	41081		5,763	
Committee Meetings					4,166	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Big Game	DFG	15.999	41082		19,611	
Miscellaneous US Fish & Wildlife Service - Avian Flu Testing	DFG	15.999	41092		20,421	
Miscellaneous US Fish & Wildlife Service - Subsistence Fishing Data	DFG	15.999	41202		2,688	
Miscellaneous US Fish & Wildlife Service - Non-salmon Harvesting	DFG	15.999	41306		2,268	
Assessment					146,657	
Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales	DFG	15.999	41309		209,908	
Miscellaneous Minerals Management Service - Marine Mammal Research-Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales	DFG	15.999	41310		215,575	
Miscellaneous BLM - Wildlife Population Monitoring	DFG	15.999	41317		3,476	
Miscellaneous BLM - ARLIS	DFG	15.999	41419		34,000	
Miscellaneous BLM - Wildlife Research-Caribou	DFG	15.999	41446		51,849	
Miscellaneous BLM - Burbot and Pike Research	DFG	15.999	41447		75,319	
Miscellaneous BLM - Wildlife Research-Mountain Goats	DFG	15.999	41448		22,193	
Miscellaneous National Park Service - Burbot counts-Tanada/Copper Lakes	DFG	15.999	41507		1,434	
Miscellaneous National Park Service - Historical Subsistence Methods	DFG	15.999	41516		15,507	
Miscellaneous National Park Service - Harvest Assessments	DFG	15.999	41517		50,756	
Miscellaneous National Park Service - Wildlife Surveys	DFG	15.999	41518		6,784	
Miscellaneous National Park Service - Walrus Studies	DFG	15.999	41520		1,627	
Miscellaneous National Park Service - Wildlife Research-Bear	DFG	15.999	41545		18,611	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	DFG	15.999	41559		29,799	
Miscellaneous US Fish & Wildlife Service - Adak Oil Spill Response	DFG	15.999	41581		8,990	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	DFG	15.999	41584		595	
Tok Hazardous Fuels	DNR	15.999	701817J675		100,279	
Portage River - Afognak Coastal Protection	DNR	15.999	AK-C-12-L-1		40	
Bureau of Indian Affairs Fire Suppression	DNR	15.999	E00440/2010/92310/AZA1		100,000	
USFWS Fire Suppression	DNR	15.999	Fire		264	
Cook Inlet Tertiary Nonmarine Formations	DNR	15.999	G09PX01841		16,000	
Legacy Archival Photos	DNR	15.999	G10PX01780		9,763	
Consistency Review for Eastern Interior	DNR	15.999	L09PX02269		891	
Consistency Reviews	DNR	15.999	L10PX04502		13,065	
BLM Fire Suppression	DNR	15.999	LAA040005		9,279,769	
National Park Service Fire Suppression	DNR	15.999	P9865110028		25,513	
Planning Assistance	DNR	15.999	P9911110022		30,000	
RTCAP Banners & Brochures	DNR	15.999	R9911100041		61,847	
Sand Point School Loop Rd BIA	DOTPF	15.999	FRH53637		215,961	
Emmonak A/P Clinic Rd F&WS	DOTPF	15.999	FWS701818J718		60,792	
Miscellaneous (Pass-through Michigan Technological University)	UofA	15.999	100259Z1 P0083070		40,946	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Miscellaneous (Pass-through National Fish and Wildlife Foundation DC)	UofA	15.999		2003-0265-018	10,848	
Miscellaneous	UofA	15.999			349,355	
Total for U.S. DEPARTMENT OF THE INTERIOR					84,759,491	21,689,922
U.S. DEPARTMENT OF JUSTICE						
JAG Program Cluster						
Edward Byrne Memorial Justice Assistance Grant Program	DPS	16.738			1,277,165	680,140
ARRA-Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG)	DPS	ARRA	16.803		1,114,984	
Program/Grants to States and Territories						
Total for JAG Program Cluster					2,392,149	680,140
Sexual Assault Services Formula Program	DPS	16.017			126,823	118,463
Juvenile Accountability Block Grants	DHSS	16.523			256,591	
Supervised Visitation, Safe Havens for Children	DPS	16.527			72,893	71,956
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	DHSS	16.529			191,758	
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	UofA	16.529	EN 693070 RD 6312		(2,584)	
Juvenile Justice and Delinquency Prevention - Allocation to States	DHSS	16.540			582,643	142,535
Part E - Developing, Testing and Demonstrating Promising New Programs	DHSS	16.541			118,351	
Victims of Child Abuse (Pass-through from National Court Appointed Special Advocate)	DOA	16.547	AK10900-09-0710-S		55,000	
Title V - Delinquency Prevention Program	DHSS	16.548			289,759	80,060
National Criminal History Improvement Program (NCHIP)	DPS	16.554			422,261	
Crime Victim Assistance	DPS	16.575			1,367,388	1,295,507
Crime Victim Compensation	DOA	16.576			486,905	
Edward Byrne Memorial State and Local Law Enforcement Assistance	DPS	16.580			582,577	
Discretionary Grants Program						
Edward Byrne Memorial State and Local Law Enforcement Assistance	LAW	16.580			292,356	
Discretionary Grants Program						
Crime Victim Assistance/Discretionary Grants	DOA	16.582	AK11331-09-0610-T		36,370	
Drug Court Discretionary Grant Program	DOTPF	16.585			22,287	
Drug Court Discretionary Grant Program	DOTPF	16.585			44,122	
ARRA-Violence Against Women Formula Grants	DPS	ARRA	16.588		638,782	269,939
Violence Against Women Formula Grants	DPS	16.588			1,433,397	325,579
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	DPS	16.589			224,634	203,542
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	DPS	16.590			353,015	341,479
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	LAW	16.590			111,291	
Residential Substance Abuse Treatment for State Prisoners	DPS	16.593			148,636	
State Criminal Alien Assistance Program	DOC	16.606	2010-AP-BX-0845		116,873	
Project Safe Neighborhoods	DPS	16.609			12,340	
Public Safety Partnership and Community Policing Grants	DOA	16.710			392,613	
Public Safety Partnership and Community Policing Grants	DPS	16.710			1,145,962	
Enforcing Underage Drinking Laws Program	DHSS	16.727			300,739	119,136
Drug Prevention Program	DPS	16.728			9,886	
Paul Coverdell Forensic Sciences Improvement Grant Program	DPS	16.742			219,740	
Forensic Casework DNA Backlog Reduction Program	DPS	16.743			313,843	
Congressionally Recommended Awards	DPS	16.753	CY09		823,849	
Harold Rogers Prescription Drug Monitoring Program	DCCED	16.754	2009-PM-BX-0010		1,248	
Harold Rogers Prescription Drug Monitoring Program	DCCED	16.754	2009-PM-BX-0010		106,915	
ARRA-Recovery Act-State Victim Assistance Formula Grant Program	DPS	ARRA	16.801		157,370	157,233
Northern Border Prosecution Initiative Program	LAW	16.814			90,978	
Counterdrug Support Program-Asset Forfeiture	DMVA	16.999	35160/AKQNGCD0		28,258	
Equitable Sharing Program	DOC	16.999	Equitable Sharing Prog		5,053	
Marijuana Eradication	DPS	16.999	16.05-2 & CY08/CY09		108,430	
Miscellaneous	UofA	16.999			54,504	
Total for U.S. DEPARTMENT OF JUSTICE					14,136,005	3,805,569
U.S. DEPARTMENT OF LABOR						
Employment Service Cluster						
ARRA-Employment Service/Wagner-Peyser Funded Activities	DLWD	ARRA	17.207	953/960	550,296	
Employment Service/Wagner-Peyser Funded Activities	DLWD	17.207	911/961		9,182,643	
Disabled Veterans' Outreach Program (DVOP)	DLWD	17.801	893		287,022	
Local Veterans' Employment Representative Program	DLWD	17.804	895		291,022	
Total for Employment Service Cluster					10,310,983	-
Workforce Investment Act Cluster						
ARRA-WIA Adult Program	DLWD	ARRA	17.258	997	400,543	290
WIA Adult Program	DLWD	17.258	922/923		2,140,776	398
ARRA-WIA Youth Activities	DLWD	ARRA	17.259	999	830,154	208,593
WIA Youth Activities	DHSS	17.259			-	163,000

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
WIA Youth Activities	DLWD	17.259	952		2,856,930	1,329,488
WIA Youth Activities	UofA	17.259	EN 716102		112,391	
ARRA-WIA Dislocated Workers	DLWD	ARRA 17.260	998		1,521,835	151
WIA Dislocated Workers	DLWD	17.260	932/933/937		3,147,784	1,011,450
WIA Dislocated Workers	UofA	17.260	ADN710649		222,453	
WIA Dislocated Workers	UofA	17.260	EN 716119		250,000	
WIA Dislocated Workers	UofA	17.260	EN 796100		(68)	
WIA Dislocated Workers	UofA	17.260	EN706113/700012/700531		76	
WIA Dislocated Workers Formula Grants	DLWD	17.278	938/939		1,508,326	223,569
Total for Workforce Investment Act Cluster					12,991,200	2,936,939
Labor Force Statistics	DLWD	17.002	850		659,807	
Compensation and Working Conditions	DLWD	17.005	853		110,333	
ARRA-Unemployment Insurance (EUC)	DLWD	ARRA 17.225	987		617,215	
ARRA-Unemployment Insurance (FAC)	DLWD	ARRA 17.225	FU 33030 - AC 79544/69444		9,436,232	
Unemployment Insurance	DLWD	17.225	864		344,021,822	
Senior Community Service Employment Program	DLWD	17.235	955		2,586,442	2,065,773
Trade Adjustment Assistance	DLWD	17.245	871		341,607	
Work Incentive Grants	DLWD	17.266	885		15,480	
H-1B Job Training Grants	UofA	17.268			72,388	
Community Based Job Training Grants	UofA	17.269			587,093	78,711
Work Opportunity Tax Credit Program (WOTC)	DLWD	17.271	915		60,012	
Temporary Labor Certification for Foreign Workers	DLWD	17.273	856		65,092	
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	AEA	ARRA 17.275	GJ-19959-10-55-A-2		106,267	
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	DLWD	ARRA 17.275	899		1,155,506	149,681
Occupational Safety and Health - State Program	DLWD	17.503	887		1,390,821	
Consultation Agreements	DLWD	17.504	888		574,749	
Mine Health and Safety Grants	UofA	17.600			1,686	
Disability Employment Policy Development	DHSS	17.720			119,180	
Transition Assistance Program	DLWD	17.807	897		65,706	
Total for U.S. DEPARTMENT OF LABOR					385,289,621	5,231,104

U.S. DEPARTMENT OF TRANSPORTATION

Federal Transit Cluster

Federal Transit - Capital Investment Grants	AIDEA	20.500	AK-04-0012-00	5,991,565	
Federal Transit - Capital Investment Grants	AIDEA	20.500	AK-55-0001-00	1,541,924	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-03-0035	51,986	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-03-0039	3,815	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-03-0052	1,911	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-03-0059	50,752	
Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration)	ARRC	20.500	AK-04-0003	31,728	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0007	15,133	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0009	51,576	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0010	16,637	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0011	172,340	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0015	1,485,940	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0016	1,622,428	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0017	795,238	
Federal Transit - Capital Investment Grants	ARRC	20.500	AK-05-0018	11,120,210	
Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration)	ARRC	20.500	AK-55-0003	75,188	
Federal Transit - Capital Investment Grants	DOTPF	20.500		8,891,124	2,638,900
ARRA-Federal Transit - Formula Grants	ARRC	ARRA 20.507	AK-96-X001-00	12,020,856	
Federal Transit - Formula Grants	ARRC	20.507	AK-90-X043-00	92,208	
Federal Transit - Formula Grants	ARRC	20.507	AK-90-X050-00	594,232	
Federal Transit - Formula Grants	ARRC	20.507	AK-90-X053-00	589,240	
Federal Transit - Formula Grants	ARRC	20.507	AK-90-X057-00	14,874,700	
Federal Transit - Formula Grants	ARRC	20.507	AK-90-X058-00	2,325,058	
Total for Federal Transit Cluster				62,415,789	2,638,900

Highway Planning and Construction Cluster

ARRA-Highway Planning and Construction	DOTPF	ARRA 20.205		67,043,405	
Highway Planning and Construction	DCCED	20.205	MGS-003(100)	-	1,206
Highway Planning and Construction	DOTPF	20.205	WFL-DTFH70-09-E-00002	4,042,918	2,447,923
Highway Planning and Construction	DOTPF	20.205		302,082,932	
Highway Planning and Construction	KABATA	20.205	PJ E 56047	3,724,978	
Highway Planning and Construction	UofA	20.205	EN.2573008	775	
Highway Planning and Construction	UofA	20.205		72,588	
Recreational Trails Program	DNR	20.219		1,324,099	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Recreational Trails Program	UofA	20.219	10795961		123,982	
Total for Highway Planning and Construction Cluster					378,415,677	2,449,129
Highway Safety Cluster						
State and Community Highway Safety	DOTPF	20.600			2,024,639	1,450,613
Alcohol Impaired Driving Countermeasures Incentive Grants I	COURT	20.601			811,274	
Alcohol Impaired Driving Countermeasures Incentive Grants I	DOTPF	20.601			785,998	265,358
Alcohol Impaired Driving Countermeasures Incentive Grants I	DPS	20.601			824,823	
Occupant Protection Incentive Grants	DOTPF	20.602			126,579	98,010
Safety Belt Performance Grants	DOTPF	20.609			29,356	28,660
State Traffic Safety Information System Improvement Grants	DOTPF	20.610			560,729	20,890
Incentive Grant Program to Increase Motorcyclist Safety	DOTPF	20.612			66,759	58,666
Child Safety and Child Booster Seats Incentive Grants	DOTPF	20.613			156,488	108,110
Total for Highway Safety Cluster					5,386,645	2,030,307
Transit Services Programs Cluster						
Capital Assistance Program for Elderly Persons and Persons with Disabilities	DOTPF	20.513			749,432	685,338
Job Access - Reverse Commute	DOTPF	20.516			169,484	194,601
New Freedom Program	DOTPF	20.521			1,252	1,252
Total for Transit Services Programs Cluster					920,168	881,191
ARRA-Airport Improvement Program	DOTPF	ARRA	20.106		18,007,645	
Airport Improvement Program	DOTPF	20.106			160,120,393	
Air Transportation Centers of Excellence (Pass-through Embry-Riddle Aeronautical University)	UofA	20.109	61077-UAA PO 142015 Amend 1		7,302	
Highway Research and Development Program (Pass-through University of Idaho, NIATT)	UofA	20.200	KLK262 SB 002		45,667	
Highway Training and Education	UofA	20.215			295,416	
National Motor Carrier Safety	DOTPF	20.218			862,945	
Performance and Registration Information Systems Management	DOTPF	20.231			32,807	
Commercial Driver's License Program Improvement Grant	DOA	20.232	RS 0210851		541,833	
Commercial Driver's License Program Improvement Grant	DPS	20.232			519,383	
Commercial Driver's License Program Improvement Grant	UofA	20.232	EN 0211034		70,180	
Border Enforcement Grants	DOTPF	20.233			322,214	
Commercial Motor Vehicle Operator Training Grants	DOTPF	20.235			1,279	
Commercial Vehicle Information Systems and Networks	DOTPF	20.237			53,403	
Commercial Drivers License Information System (CDLIS) Modernization	DOA	20.238			214,156	
Railroad Development	ARRC	20.314	FR-RLD-0002-09-01-00		1,862,067	
Railroad Development	ARRC	20.314	FR-RLD-0005-10-01-00		83,611	
Railroad Development	ARRC	20.314	FR-RRR-0005-08-01-00		935,977	
Railroad Development	ARRC	20.314	FR-RRR-0010-08-01-01		255,650	
Railroad Development	DOTPF	20.314	FRA-FR-RRR-0010-08-01-00		123,602	
Metropolitan Transportation Planning	DOTPF	20.505			385,822	394,559
ARRA-Formula Grants for Other Than Urbanized Areas	DOTPF	ARRA	20.509		2,565,189	
Formula Grants for Other Than Urbanized Areas	DOTPF	20.509			5,207,699	4,753,550
Public Transportation Research	DOTPF	20.514			2,280	213
Alcohol Open Container Requirements	DHSS	20.607			12,000	12,000
Alcohol Open Container Requirements	DOTPF	20.607			2,166,932	1,226,473
Alcohol Open Container Requirements	DPS	20.607			894,520	
Interagency Hazardous Materials Public Sector Training and Planning Grants	DMVA	20.703	35703		130,613	
Anchorage International Airport Rail Passenger Station - 1999	ARRC	20.999	DTFRDV-99-G-60005		33,691	
Clean up Contaminated Sites in AK	DEC	20.999	DTFAAL-04X-8000		94,179	
Alaska Trails Initiative	DNR	20.999	DTHF70-05-E-00028		1,391,170	
Mendenhall Spur Rd ITS Project FHWA	DOTPF	20.999	09-RO-111001000-031		72,464	
SE Forest Highway Project FHWA	DOTPF	20.999	AK-PFH-43(8) & AK-PFH-40-1(1)		13,854	
FAA Agreement - Deadhorse & Kotzebue Combined Facility	DOTPF	20.999	DTFA04-92-89229		127,559	
FAA P.O. - Goodnews Bay Airport runway edge lighting	DOTPF	20.999	DTFAA 05-A-00009		351	
Takotna A/P Electrical line extension FAA FRH52265	DOTPF	20.999	DTFAA 05-A-00009		211,929	
Barrow A/P Access Rd & Parking Lot Rehab FAA	DOTPF	20.999	DTFAA 06-A-00006		85,758	
FAA P.O. - Nightmute Airport runway edge lighting	DOTPF	20.999	DTFAA 06-A-00009		1,358	
FAA P.O. - Atka Airport Lighting	DOTPF	20.999	DTFAA 06-X-00009		(51,343)	
FAA P.O. - Goodnews Bay Airport Install Papi & REILs	DOTPF	20.999	DTFAAL 05-X-00011		(548)	
FAA P.O. - Kongiganak Airport Lighting	DOTPF	20.999	DTFAWA-06-A00009		443	
Cue Based Pilot Training FAA FRH5210	DOTPF	20.999	FAA-DTFAAL-09-C-00020		529,373	
Northern Region PAPI's and REIL's FFy05	DOTPF	20.999	FAA-DTFAAL-05-A-00002		290,916	
Perryville A/P Lighting FAA FRH57892	DOTPF	20.999	FAA-DTFAWA-04-A-00003		(39,015)	
FAA P.O. - Kohkanok Airport Lighting	DOTPF	20.999	FAA-DTFAWA-04-A-00003		(31,600)	
FAA P.O. - Kohkanok Airport Lighting	DOTPF	20.999	FAA-DTFAWA-05-A-000011		(23,974)	
FAA P.O. - Tuntutuliak Airport runway edge lighting	DOTPF	20.999	FAA-FAWA-26--A00009		56,479	
Contract with FHWA Office of Acquisition Management for CLARUS	DOTPF	20.999	FHWA-HAAM 40F		92	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Motor Carrier Safety Assistance	DOTPF	20,999		FHWA-MN10021	34,989	
Metarvik Evacuation Rd FHWA	DOTPF	20,999		FRH80611	393,460	
Klawock Causeway Fish Passage FHWA	DOTPF	20,999		NA09NMF4630301	422,036	
Miscellaneous (Pass-through Oil Spill Recovery Institute)	UofA	20,999	39365		17,500	
Total for U.S. DEPARTMENT OF TRANSPORTATION					646,489,985	14,386,322
U.S. DEPARTMENT OF TREASURY						
Rural Banking and Financial Services Education	DCCED	21,999	08PA041		41,750	41,750
Jobs and Growth Tax Relief Reconciliation Act of 2002	DCCED	21,999		Jobs & Growth Tax Relief Reconciliation	8,450	8,450
Jobs and Growth Tax Relief Reconciliation Act of 2002	DCCED	21,999		Jobs & Growth Tax Relief Reconciliation Act of	50,000	50,000
Jobs and Growth Tax Relief Reconciliation Act of 2003	DEED	21,999	17100		546,384	
Total for U.S. DEPARTMENT OF TREASURY					646,584	100,200
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION						
Employment Discrimination - State and Local Fair Employment Practices	OG	30.002			160,384	
Agency Contracts						
Total for U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					160,384	-
U.S. GENERAL SERVICES ADMINISTRATION						
Donation of Federal Surplus Personal Property	DOA	39.003			81,282	
Election Reform Payments	OG	39.011			219,213	
Total for U.S. GENERAL SERVICES ADMINISTRATION					300,495	-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
Science	UofA	43.001			184,385	
Miscellaneous (Pass-through University of Tennessee, Knoxville)	UofA	43.999	A11-0338-S001		4,812	
Miscellaneous (Pass-through Alaska Challenger Center For Space Science Technology, Inc.)	UofA	43.999	S12985		94,451	
Miscellaneous	UofA	43.999			459,864	155,014
Total for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					743,512	155,014
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Museums for America	UofA	45.301			49,726	
21st Century Museum Professionals	DEED	45.307	17276		3,500	
Grants to States	DEED	45.310	17336		955,657	741,635
Grants to States	UofA	45.310	ADN510238		12,571	
Grants to States	UofA	45.310	EN 510263		52,066	
Grants to States	UofA	45.310	EN510264		9,023	
Grants to States	UofA	45.310	Grant Dated 7/14/10		85,028	
Grants to States	UofA	45.310	InterLibrary Cooperation Grant		12,459	
Grants to States	UofA	45.310	LS-00-10-0002-10/Pending		19,716	
Laura Bush 21st Century Librarian Program	DEED	45.313	17258		69,731	
Total for INSTITUTE OF MUSEUM AND LIBRARY SERVICES					1,269,477	741,635
NATIONAL ENDOWMENT FOR THE ARTS						
Promotion of the Arts-Grants to Organizations and Individuals	DEED	45.024	17212		12,000	
Promotion of the Arts-Partnership Agreements	DEED	45.025	17335		787,538	312,210
Promotion of the Arts-Partnership Agreements	UofA	45.025	FY10CAD0040		73	
Promotion of the Arts-Partnership Agreements	UofA	45.025	FY11CAD0033		3,500	
Total for NATIONAL ENDOWMENT FOR THE ARTS					803,111	312,210
NATIONAL SCIENCE FOUNDATION						
Engineering Grants	UofA	47.041			146,456	49,529
Geosciences (Pass-through WGBH Educational Foundation)	UofA	47.050	2008000779A		7,392	
Geosciences	UofA	47.050			898,334	
Computer and Information Science and Engineering (Pass-through Carnegie Mellon University)	UofA	47.070	1120822-184882		29,400	
Computer and Information Science and Engineering	UofA	47.070			161,964	
Biological Sciences	UofA	47.074			284,487	
Social, Behavioral, and Economic Sciences	UofA	47.075			88,968	
Education and Human Resources	UofA	47.076			1,858,873	
Polar Programs (Pass-through Columbia University)	UofA	47.078	3 (ACCT 5-24906)		6,843	
Polar Programs	UofA	47.078			660,031	
International Science and Engineering (OISE)	UofA	47.079			1,219	
Office of Experimental Program to Stimulate Competitive Research	UofA	47.081			93,021	
ARRA-Trans-NSF Recovery Act Research Support	UofA	47.082			878,836	
Miscellaneous	UofA	47.999			151,111	
Total for NATIONAL SCIENCE FOUNDATION					5,266,935	49,529
U.S. SMALL BUSINESS ADMINISTRATION						
8(a) Business Development Program	UofA	59.006			84,783	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Small Business Development Centers	UofA	59.037			722,845	
Total for U.S. SMALL BUSINESS ADMINISTRATION					807,628	-
U.S. DEPARTMENT OF VETERANS AFFAIRS						
Veterans Housing - Guaranteed and Insured Loans	AHFC	64.114			8,684,201	
State Approving Agency	DMVA	64.999	35091/P-5101		76,042	
Traffic Mitigation in to new VA clinic	DOTPF	64.999	USDVA FRH 51790		10,723	
Total for U.S. DEPARTMENT OF VETERANS AFFAIRS					8,770,966	-
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	AEA	66.034	XA-960429-01		7,536	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	DEC	66.034			229,521	
ARRA-State Clean Diesel Grant Program	DEC	ARRA 66.040			933,644	
State Clean Diesel Grant Program	AEA	66.040	DS96077901		46,733	
State Clean Diesel Grant Program	ARRC	66.040	2D-00JO4201-0		509,915	
State Clean Diesel Grant Program	DEC	66.040			65,158	
Congressionally Mandated Projects	DCCED	66.202	XP00J26701		1,622,179	84,103
Congressionally Mandated Projects	DCCED	66.202	XP-96035001-6		935	
Congressionally Mandated Projects	DEC	66.202			31,319,039	3,466,859
Congressionally Mandated Projects	UofA	66.202			209,346	
State Environmental Justice Cooperative Agreement Program	DEC	66.312			23,659	
Water Pollution Control State, Interstate, and Tribal Program Support	DEC	66.419			329,781	
State Public Water System Supervision	DEC	66.432			2,454,628	
State Underground Water Source Protection	DOA	66.433			130,000	
ARRA-Water Quality Management Planning	DEC	ARRA 66.454			101,514	
Water Quality Management Planning	DEC	66.454			123,000	
ARRA-Capitalization Grants for Clean Water State Revolving Funds	DEC	ARRA 66.458			13,772,032	13,332,462
Capitalization Grants for Clean Water State Revolving Funds	DEC	66.458			2,954,223	2,769,126
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	DEC	ARRA 66.468			9,747,547	9,115,455
Capitalization Grants for Drinking Water State Revolving Funds	DEC	66.468			8,424,959	5,293,470
Beach Monitoring and Notification Program Implementation Grants	DEC	66.472			240,610	39,963
Water Protection Grants to the States	DEC	66.474			32,101	
Office of Research and Development Consolidated	DEC	66.511			40,286	
Performance Partnership Grants	DEC	66.605			4,976,349	219,518
Environmental Information Exchange Network Grant Program and Related Assistance	DEC	66.608			32,694	
Consolidated Pesticide Enforcement Cooperative Agreements	DEC	66.700			303,295	
Pollution Prevention Grants Program	DEC	66.708			117,357	
Underground Storage Tank Prevention, Detection and Compliance Program	DEC	66.804			360,605	
ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action	DEC	ARRA 66.805			405,242	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	DEC	66.805			493,163	
Superfund State and Indian Tribe Core Program Cooperative Agreements	DEC	66.809			116,681	
State and Tribal Response Program Grants	DEC	66.817			688,245	
LUST Trust Cost Recovery	DEC	66.999	LUST Trust Cost Recovery		3,916	
EPA-IPA for Al Schuler	DEC	66.999	MO1110BDR052		25,534	
Miscellaneous (Pass-through Venetie Village Council)	UofA	66.999	S00013808		4,288	
Total for U.S. ENVIRONMENTAL PROTECTION AGENCY					80,845,715	34,320,956
U.S. DEPARTMENT OF ENERGY						
ARRA-State Energy Program	AEA	ARRA 81.041	DE-EE0000217		702,863	662,949
ARRA-State Energy Program	AHFC	ARRA 81.041			3,039,130	1,030,616
State Energy Program	AEA	81.041	DE-EE0004501		53,811	
State Energy Program	AEA	81.041	DE-FOA0000308		88,000	
State Energy Program	AHFC	81.041			106,390	
ARRA-Weatherization Assistance for Low-Income Persons	AHFC	ARRA 81.042			4,267,726	2,024,782
Weatherization Assistance for Low-Income Persons	AHFC	81.042			3,887,303	873,104
Renewable Energy Research and Development (Pass-through from University of Washington)	AEA	81.087	DE-EE0001110		8,674	
Renewable Energy Research and Development	AEA	81.087	DE-FG36-05GO85038		395,883	393,618
Fossil Energy Research and Development	UofA	81.089			257,460	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	AEA	81.117	DE-FG3604R021600		638	
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	DCCED	ARRA 81.122	DE-OE0000170		94,555	
ARRA-Energy Efficient Appliance Rebate Program (EEARP)	AHFC	ARRA 81.127			234,503	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	AEA	ARRA 81.128	DE-EE0000827		1,477,531	1,175,444
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	AHFC	ARRA 81.128			1,591,277	1,541,533
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	UofA	ARRA 81.128	02/10-01 ARRA		2,884	
Miscellaneous	UofA	81.999	Pending		1,933	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	UofA	81.999	Subcontract #400098845		39,218	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Miscellaneous	UofA		81.999		3,000	
Total for U.S. DEPARTMENT OF ENERGY					16,252,779	7,702,046
U.S. DEPARTMENT OF EDUCATION						
Education of Homeless Children and Youth Cluster						
Education for Homeless Children and Youth	DEED	84.196	17257		176,626	154,484
ARRA-Education for Homeless Children and Youth, Recovery Act	DEED	ARRA 84.387	17193		140,225	140,225
Total for Education of Homeless Children and Youth Cluster					316,851	294,709
Early Intervention Services (IDEA) Cluster						
Special Education - Grants for Infants and Families	DHSS	84.181			1,872,005	1,315,200
ARRA-Special Education-Grants for Infants and Families, Recovery Act	DHSS	ARRA 84.393			1,609,806	997,932
ARRA-Special Education - Grants for Infants and Families, Recovery Act	UofA	ARRA 84.393	EN 0611465		20,000	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	UofA	ARRA 84.393	EN 611455		119,029	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	UofA	ARRA 84.393	EN 611464		34,501	
Total for Early Intervention Services (IDEA) Cluster					3,655,341	2,313,132
Educational Technology State Grants Cluster						
Education Technology State Grants	DEED	84.318	17241		1,569,885	1,539,396
ARRA-Education Technology State Grants, Recovery Act	DEED	ARRA 84.386	17197		1,248,649	1,248,649
Total for Educational Technology State Grants Cluster					2,818,534	2,788,045
Impact Aid Cluster						
Impact Aid	DEED	84.041	17238		39,625,809	
ARRA-Impact Aid -School Construction Formula Grants, Recovery Act	DEED	ARRA 84.404	17238		32,832	
Total for Impact Aid Cluster					39,658,641	-
Independent Living Services for Older Individuals who are Blind Cluster						
Rehabilitation Services - Independent Living Services for Older Individuals who are Blind	DLWD	84.177	827		242,382	221,850
ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act	DLWD	ARRA 84.399	894		1,170	
Total for Independent Living Services for Older Individuals who are Blind Cluster					243,552	221,850
Independent Living State Grants Cluster						
Independent Living - State Grants	DLWD	84.169	823		355,011	296,601
ARRA-Independent Living State Grants, Recovery Act	DLWD	ARRA 84.398	890		76,965	76,965
Total for Independent Living State Grants Cluster					431,976	373,566
Special Education Cluster (IDEA)						
Special Education - Grants to States	DEED	84.027	17232		33,923,266	30,249,366
Special Education - Grants to States	UofA	84.027	ADN 0500136/10.157.02		(26)	
Special Education - Grants to States	UofA	84.027	EN 510035		32,111	
Special Education - Grants to States	UofA	84.027	EN 510262		6,614	
Special Education - Grants to States	UofA	84.027	EN0510658 FS11.156.03		28,475	
Special Education - Preschool Grants	DEED	84.173	17242		1,208,266	1,164,775
ARRA-Special Education Grants to States, Recovery Act	DEED	ARRA 84.391	17191		17,805,179	17,805,179
ARRA-Special Education-Preschool Grants, Recovery Act	DEED	ARRA 84.392	17192		910,989	910,989
Total for Special Education Cluster (IDEA)					53,914,874	50,130,309
Student Financial Assistance Programs Cluster						
Federal Supplemental Educational Opportunity Grants	UofA	84.007			980,262	
Federal Work-Study Program	UofA	84.033			420,147	
ARRA-Federal Pell Grant Program	UofA	ARRA 84.063			(509,486)	
Federal Pell Grant Program	DLWD	84.063	815		414,263	
Federal Direct Student Loans	UofA	84.063			24,572,867	
Federal Direct Student Loans	DLWD	84.268	837		419,513	
Academic Competitiveness Grants	UofA	84.268			76,097,269	
National Science and Mathematics Access to Retain Talent (SMART) Grants	UofA	84.375			154,111	
	UofA	84.376			516,039	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	UofA	84.379			63,569	
Federal Family Education Loans	ASLC	84.032L			(4,996,164)	
Total for Student Financial Assistance Programs Cluster					98,132,390	-
State Fiscal Stabilization Fund Cluster						
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants,	DEED	ARRA 84.394	17398		64,232,288	59,697,276
ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery	DCCED	ARRA 84.397A	S397A090002		4,698,125	4,660,046
Total for State Fiscal Stabilization Fund Cluster					68,930,413	64,357,322

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
School Improvement Grants Cluster						
School Improvement Grants	DEED		84.377	17165	985,154	864,818
ARRA-State Improvement Grants, Recovery Act	DEED	ARRA	84.388	17198	1,279,323	1,233,783
Total for School Improvement Grants Cluster					2,264,477	2,098,601
Title I, Part A Cluster						
Title I Grants to Local Educational Agencies	DEED		84.010	17126	36,244,706	35,900,493
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	DEED	ARRA	84.389	17194	17,353,821	17,353,821
Total for Title I, Part A Cluster					53,598,527	53,254,314
Teacher Quality Partnership Grants Cluster						
Teacher Quality Partnership Grants	UofA		84.336		864,706	250,390
Total for Teacher Quality Partnership Grants Cluster					864,706	250,390
TRIO Cluster						
TRIO - Student Support Services	UofA		84.042		488,551	
TRIO - Talent Search	UofA		84.044		700,623	
TRIO - Upward Bound	UofA		84.047		1,338,373	161,905
TRIO - Educational Opportunity Centers	UofA		84.066		634,188	
Total for TRIO Cluster					3,161,735	161,905
Vocational Rehabilitation Cluster						
Rehabilitation Services - Vocational Rehabilitation Grants to States	DLWD		84.126	819	11,527,653	124,407
ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	DLWD	ARRA	84.390A	892	723,781	84,236
Total for Vocational Rehabilitation Cluster					12,251,434	208,643
Adult Education - Basic Grants to States	DLWD		84.002	813/87046	955,280	836,598
Adult Education - Basic Grants to States	UofA		84.002	ADN 710564	119,885	
Adult Education - Basic Grants to States	UofA		84.002	ADN 770016	(5)	
Adult Education - Basic Grants to States	UofA		84.002	EN 705601	(286)	
Adult Education - Basic Grants to States	UofA		84.002	EN 715601	58,826	
Adult Education - Basic Grants to States	UofA		84.002	EN 715602	30,025	
Adult Education - Basic Grants to States	UofA		84.002	EN 715603	24,653	
Migrant Education - State Grant Program	DEED		84.011	17127	7,829,990	7,187,190
Title I State Agency Program for Neglected and Delinquent Children and Youth	DEED		84.013	17129	247,696	245,751
Higher Education - Institutional Aid	UofA		84.031		12,033,767	22,500
Career and Technical Education - Basic Grants to States	DEED		84.048	17244	3,782,793	2,497,687
Career and Technical Education - Basic Grants to States	UofA		84.048	45-11-0805	1,850	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 510107 Amend 1	2,745	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 510145	12,969	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 510429	98,327	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 510590	47,994	
Fund for the Improvement of Postsecondary Education	UofA		84.116		463,520	
Migrant Education - Coordination Program	DEED		84.144	17167	13,947	
Rehabilitation Services - Client Assistance Program	DEED		84.161	17152	124,563	
Safe and Drug-Free Schools and Communities - National Programs	DEED		84.184	17220	91,838	
Byrd Honors Scholarships	DEED		84.185	17254	98,625	
Safe and Drug-Free Schools and Communities - State Grants	DEED		84.186	17255	451,677	439,073
Supported Employment Services for Individuals with the Most Significant	DLWD		84.187	830	320,802	
Even Start - State Educational Agencies	DEED		84.213	17264	290,647	273,753
Fund for the Improvement of Education	DEED		84.215	17231	95,666	
Fund for the Improvement of Education	UofA		84.215		(85)	
Assistive Technology	DLWD		84.224	834	430,289	425,000
Tech-Prep Education	DEED		84.243	17246	281,121	
Tech-Prep Education	UofA		84.243	EN 510108	279,058	
Tech-Prep Education	UofA		84.243	EN500150	882	
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	DLWD		84.265	836	23,597	
Twenty-First Century Community Learning Centers	DEED		84.287	17271	5,829,096	5,674,113
Indian Education, Special Programs for Indian Children	UofA		84.299		246,751	
Education Research, Development and Dissemination	UofA		84.305		452,343	
Special Education - State Personnel Development	DEED		84.323	17159	290,377	18,824
Special Education - State Personnel Development	UofA		84.323	ADN 0500138/FS10.168.01	2,230	
Special Education - State Personnel Development	UofA		84.323	ADN 510312	216,527	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	DEED		84.330	17122	31,794	
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	DOC		84.331	Q331A100002	54,483	
Transition to Teaching	DEED		84.350	17164	599,968	
Alaska Native Educational Programs (Pass-through Alaska Native Heritage	UofA		84.356	Agreement Dated 12/08/10	9,225	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	UofA	84.356		MOA Dtd 07/14/10	7,972	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	UofA	84.356		MOA Dtd 08/17/10	8,306	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	UofA	84.356		MOA Dtd 10/01/09 E-mail Dtd5/10	832	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	UofA	84.356		MOA Dtd 11/06/09 E-mail Dtd5/10	1,175	
Alaska Native Educational Programs	UofA	84.356			4,339,381	277,647
Reading First State Grants	DEED	84.357	17273		90,869	86,706
Rural Education	DEED	84.358	17373		73,434	51,503
Native Hawaiian Education (Pass-through Pacific Tsunami Museum, Inc.)	UofA	84.362		MOA PTM 09/01/10	28,658	
School Leadership	DEED	84.363	17189		134,000	
English Language Acquisition Grants	DEED	84.365	17175		1,330,423	1,186,147
Mathematics and Science Partnerships	DEED	84.366	17252		396,147	384,777
Improving Teacher Quality State Grants	DEED	84.367	17172		16,103,990	15,725,360
Improving Teacher Quality State Grants	UofA	84.367	HE 11.159.01		16,448	
Grants for State Assessments and Related Activities	DEED	84.369	17171		4,226,728	
Grants for State Assessments and Related Activities	UofA	84.369	510294		5,119	
Grants for State Assessments and Related Activities	UofA	84.369	EN 510669		2,414	
Striving Readers	DEED	84.371	17211		74,758	
Transition Programs for Students with Intellectual Disabilities into Higher Education Jobs Fund	UofA	84.407			57,808	
Fund for Justice and Education for the Color of Justice Program (Pass-through Council on Legal Education Opportunity)	DEED	84.410	17239		1,497,752	1,494,383
Amchitka Oversight Monitoring	DEC	84.999		DE-FG01-06LM00075	143,415	
Consolidated Programs IASA Admin	DEED	84.999	17300		648,157	
Miscellaneous (Pass-through National Writing Project Corporation)	UofA	84.999		Contract 09-AK02	89,997	
Miscellaneous	UofA	84.999		PNWPC001	38,154	
Miscellaneous (Pass-through WestEd)	UofA	84.999		S11-030	56,156	
Leveraging Educational Assistance Partnership	ACPE	84.069A		N069A100002	51,811	
Leveraging Educational Assistance Partnership	ACPE	84.069B		N069B100001	70,660	
College Access Challenge Grant Program	ACPE	84.378A		P378A090025	330,000	
College Access Challenge Grant Program	ACPE	84.378A		P378A100025	14,434	
Total for U.S. DEPARTMENT OF EDUCATION					406,031,549	213,279,798
<hr/>						
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION						
National Historical Publications and Records Grants	DEED	89.003	17141		24,606	
Total for NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					24,606	-
<hr/>						
DENALI COMMISSION						
Denali Commission Program	AEA	90.100	366		53,740	
Denali Commission Program	AEA	90.100	Various		11,308,940	9,059,572
Denali Commission Program	AHFC	90.100			3,482,667	3,482,667
Denali Commission Program	DCCED	90.100	0074-DC-2002-127		64,007	(1,206)
Denali Commission Program	DCCED	90.100	01315-00		1,584	
Denali Commission Program	DCCED	90.100	186-05		78,385	
Denali Commission Program	DEC	90.100			45,628	
Denali Commission Program	DHSS	90.100			544,166	
Denali Commission Program	DLWD	90.100	842		1,361,708	758,232
Denali Commission Program	DOTPF	90.100			1,792,805	12,950
Denali Commission Program (Pass-through Alaska Public Broadcasting, Inc.)	UofA	90.100	174-05 Denali Commission		44,108	
Denali Commission Program	UofA	90.100			576,291	
Total for DENALI COMMISSION					19,354,029	13,312,215
<hr/>						
ELECTION ASSISTANCE COMMISSION						
Help America Vote Act Requirements Payments	OG	90.401			434,119	
Total for ELECTION ASSISTANCE COMMISSION					434,119	-
<hr/>						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Aging Cluster						
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	DHSS	93.044			1,849,574	1,529,525
Special Program for the Aging - Title III, Part C - Nutrition Services	DHSS	93.045			3,336,290	2,752,551
Nutrition Services Incentive Program	DHSS	93.053			380,232	
Total for Aging Cluster					5,566,096	4,282,076
<hr/>						
Child Care and Development Fund Cluster						
Child Care and Development Block Grant	DHSS	93.575			23,344,688	6,530,999
Child Care Mandatory and Matching Funds of the Child Care and Development	DHSS	93.596			8,048,391	
ARRA-Child Care and Development Block Grant	DHSS	ARRA	93.713		2,012,681	72,000

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Total for Child Care and Development Fund Cluster					33,405,760	6,602,999
CSBG Cluster						
Community Services Block Grant	DCCED		93.569	G09B1AKCOSR	6,277	1
Community Services Block Grant	DCCED		93.569	G10B1AKCOSR	2,225,746	2,101,776
Community Services Block Grant	DCCED		93.569	G11B1AKCOSR	522,743	522,743
ARRA-Community Services Block Grant	DCCED	ARRA	93.710	G-0901 AKCOS2	953,456	953,456
ARRA-Community Services Block Grant (Pass-through Rural Alaska Community Action Program)	UofA	ARRA	93.710	Project 1781	15,288	
Total for CSBG Cluster					3,723,510	3,577,976
Head Start Cluster						
Head Start	DEED		93.600	17330	157,745	20,000
Total for Head Start Cluster					157,745	20,000
Immunization Cluster						
Immunization Grants	DHSS		93.268		15,736,933	58,950
ARRA-Immunization	DHSS	ARRA	93.712		94,560	
Total for Immunization Cluster					15,831,493	58,950
Medicaid Cluster						
State Medicaid Fraud Control Units	LAW		93.775		601,125	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	DCCED		93.777	05AK50000	(25,000)	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	DHSS		93.777		483,465	
ARRA-Medical Assistance Program	DHSS	ARRA	93.778		102,860,329	
Medical Assistance Program	DEED		93.778	17304	737,470	737,470
Medical Assistance Program	DHSS		93.778		793,282,075	
Total for Medicaid Cluster					897,939,464	737,470
TANF Cluster						
Temporary Assistance for Needy Families	DHSS		93.558		31,855,780	
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	DHSS	ARRA	93.714		2,061,873	
Total for TANF Cluster					33,917,653	-
Compassion Capital Fund	DHSS		93.009		202,732	
Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	DHSS		93.041		25,224	
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	DHSS		93.042		83,900	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	DHSS		93.043		270,261	83,380
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	UofA		93.043	EN 0604882	(3,205)	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	UofA		93.043	EN 693076	(2,354)	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	DHSS		93.048		195,153	154,572
National Family Caregiver Support, Title III, Part E	DHSS		93.052		719,964	732,916
Public Health Emergency Preparedness	DHSS		93.069		5,463,067	1,354,370
ARRA-Medicare Enrollment Assistance Program	DHSS	ARRA	93.071		2,133	
Emergency System for Advance Registration of Volunteer Health Professionals	DHSS		93.089		92,140	
Maternal and Child Health Federal Consolidated Programs	DHSS		93.110		1,370,579	
Maternal and Child Health Federal Consolidated Programs (Pass-through Children's Hospital Los Angeles)	UofA		93.110	Sub Agreement# 228 Amend 2	(1,390)	
Maternal and Child Health Federal Consolidated Programs	UofA		93.110		137,671	7,726
Environmental Health	UofA		93.113		534,523	116,343
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	DHSS		93.116		474,865	52,829
Emergency Medical Services for Children	DHSS		93.127		170,471	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	DHSS		93.130		684,768	
Injury Prevention and Control Research and State and Community Based Projects for Assistance in Transition from Homelessness (PATH)	DHSS		93.136		167,224	
Grants to States for Loan Repayment Program	DHSS		93.150		297,623	363,140
Urban Indian Health Services	DHSS		93.165		4,145	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC)	DEC		93.210		58,284	
Family Planning - Services	DHSS		93.217		8,326,978	
Traumatic Brain Injury State Demonstration Grant Program	DHSS		93.234		611,502	421,326
					35,288	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
State Capacity Building	DHSS	93.240			190,875	
State Rural Hospital Flexibility Program	DHSS	93.241			568,018	126,900
Mental Health Research Grants	UofA	93.242			434,509	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	DHSS	93.243			893,823	388,981
Universal Newborn Hearing Screening	DHSS	93.251			275,209	56,500
Occupational Safety and Health Program	DHSS	93.262			-	25,000
Alcohol Research Programs	UofA	93.273			67	
Drug Abuse and Addiction Research Programs	UofA	93.279			4,784	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHSS	93.283			7,655,712	15,500
Centers for Disease Control and Prevention - Investigations and Technical Assistance	UofA	93.283			294,415	
Teenage Pregnancy Prevention Program	DHSS	93.297			173,740	
Small Rural Hospital Improvement Grant Program	DHSS	93.301			156,346	
Advanced Nursing Education Traineeships	UofA	93.358			26,795	
Nurse Education, Practice and Retention Grants (Pass-through University of Washington)	UofA	93.359	699947		4,315	
National Center for Research Resources	UofA	93.389			312,398	
ARRA-Equipment to Enhance Training for Health Professionals	UofA	ARRA	93.411		295,144	
ARRA-State Primary Care Office	DHSS	ARRA	93.414		28,417	
ARRA-Nursing Workforce Diversity	UofA	ARRA	93.417		311,879	
Strengthening Public Health Infrastructure for Improved Health Outcomes	DHSS	93.507			34,611	
Affordable Care Act (ACA) State Health Care Workforce Development Grants	DLWD	93.509	835		47,493	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC)and Emerging Infections Program (EIP) Cooperative	DHSS	93.521			340,909	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	DHSS	93.523			80,006	
Promoting Safe and Stable Families	DHSS	93.556			687,899	435,972
ARRA-Child Support Enforcement	DOR	ARRA	93.563		297,000	
Child Support Enforcement	DOR	93.563			18,454,392	
Low-Income Home Energy Assistance	AHFC	93.568			700,000	700,000
Low-Income Home Energy Assistance	DHSS	93.568			12,356,459	
State Court Improvement Program	COURT	93.586	0901AKSCID		98,402	
State Court Improvement Program	COURT	93.586	0901AKSCIP		46,081	
State Court Improvement Program	COURT	93.586	0901AKSCIT		79,496	
State Court Improvement Program	COURT	93.586	1001AKSCID		19,271	
State Court Improvement Program	COURT	93.586	1001AKSCIP		99,101	
Community-Based Child Abuse Prevention Grants	DHSS	93.590			279,635	263,987
Grants to States for Access and Visitation Programs	COURT	93.597	0902AKSAVP		29,277	
Grants to States for Access and Visitation Programs	COURT	93.597	1002AKSAVP		72,908	
Chafee Education and Training Vouchers Program (ETV)	DHSS	93.599			166,576	
Adoption Incentive Payments	DHSS	93.603			107,678	
Voting Access for Individuals with Disabilities - Grants to States	OG	93.617			30,866	
Developmental Disabilities Basic Support and Advocacy Grants	DHSS	93.630			319,311	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For	UofA	93.632	Subcontract FY2009-034		(2,567)	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	UofA	93.632			561,526	
Children's Justice Grants to States	DHSS	93.643			92,723	
Stephanie Tubbs Jones Child Welfare Services Program	DHSS	93.645			212,193	
ARRA-Foster Care, Title IV-E	DHSS	ARRA	93.658		321,522	
Foster Care, Title IV-E	DHSS	93.658			15,040,617	1,397,500
Foster Care, Title IV-E	UofA	93.658	EN 0604850		7,404	
Foster Care, Title IV-E	UofA	93.658	EN 0611406 Amend 1		119,241	
Foster Care, Title IV-E	UofA	93.658	EN 0683053 Amend 1		(22)	
ARRA-Adoption Assistance	DHSS	ARRA	93.659		993,512	
Adoption Assistance	DHSS	93.659			10,064,834	
Social Services Block Grant	DHSS	93.667			9,195,495	865,018
Child Abuse and Neglect State Grants	DHSS	93.669			42,317	
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	DPS	93.671			735,429	695,612
Chafee Foster Care Independence Program	DHSS	93.674			332,120	87,543
ARRA-Trans-NIH Recovery Act Research Support	UofA	ARRA	93.701		659,320	
ARRA-National Center for Research Resources, Recovery Act Construction	UofA	ARRA	93.702		570,338	
ARRA-Preventing Healthcare-Associated Infections	DHSS	ARRA	93.717		135,399	
ARRA-State Grants to Promote Health Information Technology	DHSS	ARRA	93.719		2,385,368	
ARRA-Health Information Technology Professionals in Health Care (Pass-through Dakota State University)	UofA	ARRA	93.721	DS1000003-2-ALASKA	31,685	
ARRA-IHS Tribal Agreements (Pass-through from ANTHC)	DEC	ARRA	93.722		6,378,174	126,024

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	DHSS	ARRA	93.723		175,247	
ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	DHSS	ARRA	93.725		22,094	6,000
Children's Health Insurance Program	DHSS		93.767		20,215,542	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	DHSS		93.768		742,346	
Medicare - Hospital Insurance	DHSS		93.773		610,685	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DHSS		93.779		69,729	223,022
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	UofA		93.779	RSA 0610626	100,078	
Alternatives to Psychiatric Residential Treatment Facilities for Children	DHSS		93.789		7,132	
Health Careers Opportunity Program (Pass-through University of Washington)	UofA		93.822	Subcontract 169916	(438)	
Area Health Education Centers Infrastructure Development Awards	UofA		93.824		1,477,244	1,207,135
Specially Selected Health Projects	DHSS		93.888		3,016	
Specially Selected Health Projects	UofA		93.888		419,383	
National Bioterrorism Hospital Preparedness Program	DHSS		93.889		1,370,014	92,258
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	DHSS		93.912		32,176	
Grants to States for Operation of Offices of Rural Health	DHSS		93.913		197,476	
HIV Care Formula Grants	DHSS		93.917		1,336,735	391,865
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	DEED		93.938	17308	270,936	62,190
HIV Prevention Activities - Health Department Based	DHSS		93.940		1,780,951	664,111
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	DHSS		93.944		145,006	
Block Grants for Community Mental Health Services	DHSS		93.958		770,582	510,490
Block Grants for Prevention and Treatment of Substance Abuse	DHSS		93.959		4,724,367	4,287,548
Block Grants for Prevention and Treatment of Substance Abuse (Pass-through University of Washington)	UofA		93.959	660357	1,136	
Block Grants for Prevention and Treatment of Substance Abuse	UofA		93.959	602-11-009	60,082	
Geriatric Education Centers	UofA		93.969		40,325	
Preventive Health Services - Sexually Transmitted Diseases Control Grants	DHSS		93.977		394,474	
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	DHSS		93.988		-	20,000
Preventive Health and Health Services Block Grant	DHSS		93.991		301,005	
Maternal and Child Health Services Bock Grant to States	DHSS		93.994		1,111,683	96,000
FDA Food Inspections	DEC		93.999	HHSF223200100042C	924,614	
FDA Food Inspections	DEC		93.999	HHSF223200940021C	213	
Adult Lead Surveillance Data	DHSS		93.999	030178D4D-CDC	15,364	
NCHS Contract	DHSS		93.999	200-2000-07201	112,812	
Mammography Inspection	DHSS		93.999	223-03-4401	9,310	
NIOSH Trauma Registry	DHSS		93.999	243-03-1045	86,250	
Acquire satellite imagery for processing into a cue based aviation simulation	DOTPF		93.999	CDC-214-2010-M-32462	26,289	
Miscellaneous (Pass-through University of Texas, San Antonio)	UofA		93.999	3902-65UAF	13,920	
Miscellaneous (Pass-through AK Network on Domestic Violence & Sexual	UofA		93.999	Contract DTD 2/25/11	4,050	
Miscellaneous (Pass-through Iowa State University)	UofA		93.999	Partnership Agreement I.S.	23,743	
Miscellaneous	UofA		93.999		34,883	
Total for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					1,141,944,166	31,311,229

U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

State Commissions	DCCED	94.003	10CAHAK001	1,516	
State Commissions	DCCED	94.003	10CAHAK001	225,322	
Learn and Serve America-School and Community Based Programs	DCCED	94.004	09KSPAK001	1,138	
Learn and Serve America-School and Community Based Programs	DCCED	94.004	09KSPAK001	29,896	
Learn and Serve America - Higher Education (Pass-through Princeton	UofA	94.005	Sub 00001316 MOD 3	15,408	
ARRA-AmeriCorps	DCCED	ARRA	94.006	09RCHAK001	7,493
ARRA-AmeriCorps	DCCED	ARRA	94.006	09RFHAK001	35,827
AmeriCorps	DCCED	94.006	06AFHAK001	9,196	
AmeriCorps	DCCED	94.006	07ACHAK001	609,274	
AmeriCorps	DCCED	94.006	10ACHAK001	684,065	
AmeriCorps	DCCED	94.006	10ESHAK001	646,272	
Program Development and Innovation Grants	DCCED	94.007	09CDHAK001	8,749	
Program Development and Innovation Grants	DCCED	94.007	09CDHAK001	21,358	
Training and Technical Assistance	DCCED	94.009	08PTHAK001	2,573	
Training and Technical Assistance	DCCED	94.009	11PTHAK001	38,236	
Volunteers in Service to America	UofA	94.013		7,494	
Total for U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				33,910	
				3,723	
				18,771	
				2,358,548	
				2,040,385	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
SOCIAL SECURITY ADMINISTRATION						
Disability Insurance/SSI Cluster						
Social Security - Disability Insurance	DLWD	96.001	844		4,605,368	
Supplemental Security Income	DLWD	96.006	845		285,204	
Total for Disability Insurance/SSI Cluster					4,890,572	-
Social Security - Work Incentives Planning and Assistance Program	UofA	96.008			76,471	
Incentive Payment Agreement (IPMOU) between SSA and DOC	DOC	96.999	IPMOU		36,400	
Total for SOCIAL SECURITY ADMINISTRATION					5,003,443	-
U.S. DEPARTMENT OF HOMELAND SECURITY						
Homeland Security Cluster						
Citizen Corps	DMVA	97.053	34030		149,011	111,811
Homeland Security Grant Program	DOTPF	97.067			832,297	
Metropolitan Medical Response System	DMVA	97.071	34040		593,917	570,640
Total for Homeland Security Cluster					1,575,225	682,451
Pilot Demonstration or Earmarked Projects	DMVA	97.001	35916		174,038	64,371
State and Local Homeland Security National Training Program (Pass-through University of Hawaii)	UofA	97.005	Z976302		15,677	
Boating Safety Financial Assistance	DNR	97.012			794,826	
State Access to the Oil Spill Liability Trust Fund	DNR	97.013			1,415	
Pre-Disaster Mitigation (PDM) Competitive Grants	DMVA	97.017	34013		136,754	
Community Assistance Program State Support Services Element (CAP-SSSE)	DCCED	97.023	EMS-2010-GR-0004		47,501	
Community Assistance Program State Support Services Element (CAP-SSSE)	DCCED	97.023	EMS-2011-GR-0004		36,019	
Emergency Management Institute - Training Assistance	DMVA	97.026	34052		19,124	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC	97.036	1663-DR-AK		13,050	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC	97.036	1669-DR-AK		1,200	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC	97.036	1796-DR-AK		1,249,415	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC	97.036	1843-DR-AK		308,292	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DMVA	97.036	35036		11,146,790	10,223,064
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DOTPF	97.036	35036		15,194,484	
Hazard Mitigation Grant	DMVA	97.039	35039		252,359	191,175
National Dam Safety Program	DNR	97.041			34,554	
Emergency Management Performance Grants	DMVA	97.042	35915		2,769,742	694,444
State Fire Training Systems Grants	DPS	97.043			13,811	
Cooperating Technical Partners	DCCED	97.045	EMS-2009-GR-0014		32,432	
Cooperating Technical Partners	DCCED	97.045	EMS-2010-GR-0016		10,762	
Fire Management Assistance Grant	DNR	97.046			2,850,344	
Pre-Disaster Mitigation	ARRC	97.047	HMGP-10PDM-GR34070		371	
Pre-Disaster Mitigation	DMVA	97.047	34064		189,083	24,814
Emergency Operations Centers	DMVA	97.052	35925		4,192	4,192
Interoperable Emergency Communications	DMVA	97.055	35919		124,888	124,888
ARRA-Port Security Grant Program	ARRC	97.056	2009-PU-RI-0180		143	
Port Security Grant Program	ARRC	97.056	2007-GB-T7-0208		5,890	
Port Security Grant Program	ARRC	97.056	2007-GB-T7-0249		4,953	
Port Security Grant Program	ARRC	97.056	2007-GB-T7-K078		28,844	
Port Security Grant Program	ARRC	97.056	2008-GB-T7-0026		44,266	
Port Security Grant Program	ARRC	97.056	2008-GB-T7-0027		41,806	
Port Security Grant Program	ARRC	97.056	2009-PU-T9-0006		24,400	
Port Security Grant Program	ARRC	97.056	2009-PU-T9-0007		24,400	
Port Security Grant Program	DOTPF	97.056	HS-2006-GB-T6-0033		769	
National Explosives Detection Canine Team Program	DOTPF	97.072			142,250	
State Homeland Security Program (SHSP)	DMVA	97.073	34050		6,230,155	4,458,822
Buffer Zone Protection Program (BZPP)	DMVA	97.078	35554		89,073	64,657
Earthquake Consortium	DMVA	97.082	35920		108,883	
ARRA-Port Security Grant Program (ARRA)	DOTPF	97.116	HS 2009-PU-R1-0210		5,374	
US Coast Guard Oversight - Kodiak	DEC	97.999	HSCG5010P643H12		22,818	
US Coast Guard Oversight - Juneau	DEC	97.999	HSCG8710P6XA001		4,978	
US Coast Guard Oversight - Juneau	DEC	97.999	HSCG8711P6XA001		9,152	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	DFG	97.999	42708		891	
Kodiak A/P USCG Soil Remediation USCG	DOTPF	97.999	FRH53594		21,238	
Total for U.S. DEPARTMENT OF HOMELAND SECURITY					43,806,631	16,532,878
OFFICE OF THE FEDERAL COORDINATOR						
Office of Federal Coordinator; Lidar Imaging	DNR	99.999	E4036782		300,000	
Total for OFFICE OF THE FEDERAL COORDINATOR					300,000	-

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE						
Agricultural Research-Basic and Applied Research	UofA	10.001			1,186,115	452,132
Plant and Animal Disease, Pest Control, and Animal Care	UofA	10.025			31,974	
Grants for Agricultural Research, Special Research Grants (Pass-through Utah State University)	UofA	10.200	61553007		1,676	
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	UofA	10.200	ADAP-121-UAF		2,054	
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	UofA	10.200	Z936926		5,240	
Grants for Agricultural Research, Special Research Grants	UofA	10.200			878,516	84,306
Cooperative Forestry Research	UofA	10.202			498,297	
Payments to Agricultural Experiment Stations Under the Hatch Act	UofA	10.203			1,395,854	
Grants for Agricultural Research-Competitive Research Grants	UofA	10.206			52,519	
Agriculture and Food Research Initiative (AFRI)	UofA	10.310			156,404	
Cooperative Extension Service	UofA	10.500			72,309	
Foreign Market Development Cooperator Program	UofA	10.600			47,357	
Forestry Research	UofA	10.652			4,845	
Cooperative Forestry Assistance	UofA	10.664			53,520	
Forest Health Protection (Pass-through Anchorage Park Foundation)	UofA	10.680	Project 147		1,955	
Forest Health Protection	UofA	10.680			62,174	
Resource Conservation and Development	UofA	10.901			29,447	
Soil and Water Conservation (Pass-through University of Idaho)	UofA	10.902	Req 0015680		10,460	
Miscellaneous (Pass-through Alaska Association of Conservation Districts)	UofA	10.999	Agreement Dated 7/20/10		66,666	
Miscellaneous	UofA	10.999			442,003	
Total R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE					4,999,385	536,438
R&D Cluster for U.S. DEPARTMENT OF COMMERCE						
Ocean Exploration	UofA	11.011			10,009	
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	UofA	11.400			309,728	234,387
Sea Grant Support	UofA	11.417			126,595	
Coastal Zone Management Administration Awards	UofA	11.419	RSA ADN 45-09-0805		(840)	
Coastal Zone Management Estuarine Research Reserves	UofA	11.420			26,756	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	UofA	11.427			125,298	
Undersea Research	UofA	11.430			1,088,465	505,216
Climate and Atmospheric Research	UofA	11.431			752,186	
National Oceanic and Atmospheric Administration (NOAA) Cooperative	UofA	11.432			1,867,979	46,457
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA	11.438	ADN 1115958		48,281	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA	11.438	RSA 1115951		32,864	
Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	UofA	11.438	RSA 1115959		28,132	
Marine Mammal Data Program	UofA	11.439			674,967	
Special Oceanic and Atmospheric Projects	UofA	11.460			212,553	
ARRA-Habitat Conservation (Pass-through National Fish and Wildlife Foundation DC)	UofA	11.463	ARRA 2008-0066-008		69,033	
Meteorologic and Hydrologic Modernization Development	UofA	11.467			2,796	
Applied Meteorological Research (Pass-through University of Mississippi)	UofA	11.468	UM 09-09-024		161,030	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 1004		152,990	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 1005		106,029	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 1008		15,773	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 1012		5,250	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 1022		53,789	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 614		(993)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 702		(3,086)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 708		(223)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 714		17,240	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 804		(787)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 805		142,587	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 814		42,928	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 821		18,995	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 828		10,116	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 901		3,867	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 904		16,138	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 908-A		41,790	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 908-B		33,682	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 909		9,012	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 912		20,582	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 913		12,072	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 915		8,269	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 916		22,697	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 918		46,775	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472	Project 920		74,900	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project 923	18,608	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project 927	75,721	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project 928	10,288	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project 929	28,646	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B51	94,241	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B52	25,394	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B53	109,179	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B67	50,268	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B68	(18,584)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B75	(39,562)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project B77	64,906	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project G81	120,880	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA	11.472		Project G84	16,633	
Unallied Science Program	UofA	11.472			8,680	
Coastal Services Center (Pass-through University of Maryland, UMCES)	UofA	11.473		CA-07-11 Z7315-1	24,830	
Coastal Services Center (Pass-through University of Maryland, UMCES)	UofA	11.473		CA10-27	228,275	
Coastal Services Center (Pass-through Seward Association for Advancement of Science)	UofA	11.473		H-2201	557	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA	11.473		H2221-00	79,243	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA	11.473		H2223-00	140,349	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA	11.473		H222400/Pending	136,760	
Educational Partnership Program (Pass-through North Carolina A&T State University)	UofA	11.481		Subagreement 270040E	64,250	
Miscellaneous	UofA	11.999			65,370	
Total R&D Cluster for U.S. DEPARTMENT OF COMMERCE					7,691,156	786,060
R&D Cluster for U.S. DEPARTMENT OF DEFENSE						
Collaborative Research and Development (Pass-through University of	UofA	12.114		UM 07-11-041	118,451	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	UofA	12.300		A100585	68,842	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	UofA	12.300		A100694	116,974	133,918
Basic and Applied Scientific Research	UofA	12.300			761,407	
Military Medical Research and Development	UofA	12.420			1,035,312	9,144
Basic Scientific Research (Pass-through Mississippi State University)	UofA	12.431		060803-360295-01	208,206	408,893
Basic Scientific Research (Pass-through Oklahoma State University)	UofA	12.431		AE-5-48940	21,643	
Basic Scientific Research	UofA	12.431			1,126,289	
Invitational Grants for Military-Connected Schools (Pass-through Anchorage School District)	UofA	12.557		11-1401	16,714	
Basic, Applied, and Advanced Research in Science and Engineering	UofA	12.630			92,719	
Air Force Defense Research Sciences Program	UofA	12.800			452,298	
Research and Technology Development (Pass-through University of Florida)	UofA	12.910		1005018/1905-1100068429	13,461	
Research and Technology Development	UofA	12.910			671,040	
Miscellaneous	UofA	12.999			2,873,591	
Total R&D Cluster for U.S. DEPARTMENT OF DEFENSE					7,576,947	551,955
R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR						
Cultural Resource Management	UofA	15.224			84,047	
Recreation Resource Management	UofA	15.225			78,081	
Invasive and Noxious Plant Management	UofA	15.230			55,986	
ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe)	UofA	ARRA 15.231		BLM0F021-BLM0F025 to 1	289,009	
ARRA-Fish, Wildlife and Plant Conservation Resource Management	UofA	ARRA 15.231			24,362	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through National Fish and Wildlife Foundation DC)	UofA	15.231		2009-0035-010	4,829	
Fish, Wildlife and Plant Conservation Resource Management	UofA	15.231			30,712	
Wildland Fire Research and Studies Program (Pass-through University of Nevada, Reno)	UofA	15.232		UNR-11-75 / PO 111GC000031	5,792	
Environmental Quality and Protection Resource Management	UofA	15.236			132,243	
Rangeland Resource Management	UofA	15.237			81,619	
Alaska Coastal Marine Institute	UofA	15.421			535,683	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through Continental Shelf Association Inc)	UofA	15.423		CSA JOB 2253	(3,857)	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas, Austin)	UofA	15.423		UTA-09-000282	58,337	
Minerals Management Service (MMS) Environmental Studies Program (ESP)	UofA	15.423			669,867	
Fish and Wildlife Management Assistance	UofA	15.608			19,146	
Challenge Cost Share	UofA	15.642			15,818	
Research Grants (Generic)	UofA	15.650			899,202	35,000
Assistance to State Water Resources Research Institutes	UofA	15.805			80,941	14,712
Earthquake Hazards Reduction Program	UofA	15.807			25,590	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
ARRA-U.S. Geological Survey-Research and Data Collection	UofA	ARRA	15.808		8,869	
U.S. Geological Survey-Research and Data Collection (Pass-through America View, Incorporated)	UofA		15.808	AVO8-AK01	29,779	
U.S. Geological Survey-Research and Data Collection	UofA		15.808		1,441,068	
National Cooperative Geologic Mapping Program	UofA		15.810		15,639	
Gap Analysis Program	UofA		15.811		235,535	
Cooperative Research Units Program	UofA		15.812		1,555,075	6,593
Minerals Resources External Research Program	UofA		15.816		39,658	12,686
ARRA-Volcano Hazards Program Research and Monitoring	UofA	ARRA	15.818		1,042,014	
Disposal of Surplus Wildlife	UofA		15.900		118,859	
Outdoor Recreation-Acquisition, Development and Planning	UofA		15.916		39,737	
National Center for Preservation Technology and Training	UofA		15.923		4,467	
Pass-through University of Vermont	UofA		15.999	20118 Initial 2002	1,175	
Pass-through Rutgers, The State University of New Jersey	UofA		15.999	419914-32767	815	
Pass-through Hoonah Indian Association	UofA		15.999	MOA Dated 02/01/10	912	
Pass-through Rutgers, The State University of New Jersey	UofA		15.999	PO S953776 0000326714-21833	33,744	
Miscellaneous	UofA		15.999		1,165,201	88,351
Total R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR					8,819,954	157,342
R&D Cluster for U.S. DEPARTMENT OF JUSTICE						
Title V - Delinquency Prevention Program	UofA		16.548	EN 0611405	6,889	
State Justice Statistics Program for Statistical Analysis Centers	UofA		16.550		53,346	
Total R&D Cluster for U.S. DEPARTMENT OF JUSTICE					60,235	-
R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION						
Air Transportation Centers of Excellence	UofA		20.109		169,821	
University Transportation Centers Program (Pass-through Portland State University Transportation Centers Program)	UofA		20.701	GCA 6384	13,336	
Research Grants (Pass-through University of Hawaii)	UofA		20.701		2,390,119	260,907
Total R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION					2,589,090	260,907
R&D Cluster for U.S. DEPARTMENT OF TREASURY						
Miscellaneous	UofA		21.999		378,739	
Total R&D Cluster for U.S. DEPARTMENT OF TREASURY					378,739	-
R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION						
Federal Citizen Information Center	UofA		39.009		8,922,406	58,309
Total R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION					8,922,406	58,309
R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
ARRA-Science	UofA	ARRA	43.001		240,747	
Science (Pass-through JPL)	UofA		43.001	1241499	92,989	
Science (Pass-through Prince William Sound Science Center)	UofA		43.001	10-65-10	173,159	
Science (Pass-through The Aerospace Corporation)	UofA		43.001	PO 4600003770	25,091	
Science (Pass-through JPL)	UofA		43.001	Sub 1322658	34,022	
Science (Pass-through University of Maryland)	UofA		43.001	Sub Z631501	100,480	
Science	UofA		43.001		372,554	
Aeronautics (Pass-through University of Colorado)	UofA		43.002	1545830REF:SPO70172	21,537	
Miscellaneous (Pass-through Bermuda Institute of Ocean Sciences)	UofA		43.999	36800	66,908	
Miscellaneous (Pass-through The John Hopkins University)	UofA		43.999	957706	173,561	
Miscellaneous (Pass-through University of California, Berkeley)	UofA		43.999	1-0001080910	(446)	
Miscellaneous (Pass-through University of South Florida)	UofA		43.999	2500-1441-00-B	1,656	
Miscellaneous (Pass-through Montclair State University)	UofA		43.999	NNX09AL03G/PO-S102366	66,196	
Miscellaneous (Pass-through SETI Institute)	UofA		43.999	PO 08-SC-1019	8,700	
Miscellaneous (Pass-through University of Pittsburgh)	UofA		43.999	Sub 0008149	64,336	
Miscellaneous (Pass-through University of New Hampshire)	UofA		43.999	Sub 09-046	175,193	
Miscellaneous (Pass-through JPL)	UofA		43.999	Sub 1418562	55,413	
Miscellaneous (Pass-through University of Washington)	UofA		43.999	Subcontract 486547	101,360	
Miscellaneous (Pass-through University of Maryland)	UofA		43.999	Z627201	16,557	
Miscellaneous	UofA		43.999		13,816,717	
Total R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					15,606,730	-
R&D Cluster for NATIONAL SCIENCE FOUNDATION						
Development Testbed Center Visitor Program (Pass-through National Center for Atmospheric Research)	UofA		47.003	Z11-87895	5,371	
Engineering Grants (Pass-through Georgia Institute of Technology)	UofA		47.041	RA0693-G1 / PO #2720014478	35,657	
Engineering Grants	UofA		47.041		8,393	
Engineering Grants (Pass-through Stanford University)	UofA		47.049	Subaward Number 30891-A	8,118	
Mathematical and Physical Sciences	UofA		47.049		428,658	
Geosciences (Pass-through University of Southern California)	UofA		47.050	149701	51,462	
Geosciences (Pass-through Virginia Polytechnic Institute)	UofA		47.050	478052-19099	45,163	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
Geosciences (Pass-through SRI International)	UofA	47.050	59-001127		462,279	
Geosciences (Pass-through Cornell University)	UofA	47.050	62144-9481		14,988	
Geosciences (Pass-through Rutgers University)	UofA	47.050	PO 4150 / S1409651		457	
Geosciences (Pass-through Woods Hole Oceanographic Institution)	UofA	47.050	Subaward Number A100638		25,974	
Geosciences	UofA	47.050			5,939,930	244,351
Computer and Information Science and Engineering	UofA	47.070			257,638	31,426
Biological Sciences (Pass-through University of Washington)	UofA	47.074	592485		18,312	
Biological Sciences (Pass-through South Dakota State University)	UofA	47.074	3TC097		15,900	
Biological Sciences (Pass-through Wright State University)	UofA	47.074	DEB-0926162		12,590	
Biological Sciences (Pass-through University of Notre Dame)	UofA	47.074	Subaward Number 201717		11,312	
Biological Sciences	UofA	47.074			2,671,241	188,252
Social, Behavioral, and Economic Sciences	UofA	47.075			291,712	
Education and Human Resources	UofA	47.076			2,534,777	
ARRA-Polar Programs	UofA	ARRA	47.078		214,859	
Polar Programs (Pass-through San Diego State University)	UofA	47.078	53702A 7807 E006811		12,040	
Polar Programs (Pass-through Bermuda Institute of Ocean Sciences)	UofA	47.078	BIOS 072145		19,801	
Polar Programs (Pass-through University of Maryland, UMCES)	UofA	47.078	CA 08-09		145	
Polar Programs (Pass-through Woods Hole Oceanographic Institution)	UofA	47.078	PO S115043		1,179	
Polar Programs (Pass-through University of Washington)	UofA	47.078	Subcontract 573685 MOD 1		12,560	
Polar Programs	UofA	47.078			12,871,251	165,806
International Science and Engineering (OISE) (Pass-through U.S. Civilian Research & Development Foundation)	UofA	47.079	RUB22991NO10		13,490	
International Science and Engineering (OISE) (Pass-through University of Hawaii, Manoa)	UofA	47.079	Z946967 / PO 660191		3,250	
International Science and Engineering (OISE)	UofA	47.079			274,372	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through Lehigh	UofA	ARRA	47.082	542068-78001	38,254	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Washington)	UofA	ARRA	47.082	ARRA ARC-0908262 / 657596Z	7,216	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Colorado)	UofA	ARRA	47.082	ARRA SPO 0000069542	150,103	
ARRA-Trans-NSF Recovery Act Research Support	UofA	ARRA	47.082		31,579,697	
ARRA-Miscellaneous	UofA	ARRA	47.999		24,702	
Total R&D Cluster for NATIONAL SCIENCE FOUNDATION					58,062,851	629,835
R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION						
Prime Technical Assistance	UofA	59.050			164,508	
Total R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION					164,508	-
R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY						
Water Pollution Control State, Interstate, and Tribal Program Support	UofA	66.419	RS/1800017/EN 1800502		289	
Water Pollution Control State, Interstate, and Tribal Program Support	UofA	66.419	RS1810168/EN 1810521		20,722	
P3 Award: National Student Design Competition for Sustainability	UofA	66.516			6,718	
Miscellaneous (Pass-through NatureServe)	UofA	66.999	EP-W-07-080 (WA 3-20)		47,747	
Miscellaneous (Pass-through NatureServe)	UofA	66.999	EPW-07-080(WA2-11&WA2-14)		24,770	
Miscellaneous (Pass-through Kenai Watershed Forum)	UofA	66.999	KWF-UAF-001		(34)	
Total R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY					100,212	-
R&D Cluster for U.S. DEPARTMENT OF ENERGY						
Office of Science Financial Assistance Program	UofA	81.049			895,182	
ARRA-Renewable Energy Research and Development	UofA	ARRA	81.087	Agreement Signed 06/10/2010	529,734	
Renewable Energy Research and Development (Pass-through Ocean Renewable Power Company-Alaska)	UofA	81.087			8,903	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	UofA	81.087	EP-P36535/C16572		48,754	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	UofA	81.087	EP-P37092/C16755		90,613	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	UofA	81.089	Contract 643168		145,740	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	UofA	81.089	Standard PO: 746154		19,698	
Fossil Energy Research and Development	UofA	81.089			955,291	48,008
Energy Efficiency and Conservation Block Grant Program (EECBG)	UofA	81.128	400114 /EEC-10-ISR-1		37,766	
Energy Efficiency and Conservation Block Grant Program (EECBG) (Pass-through Fairbanks North Star Borough)	UofA	81.128	PO 114239		18,839	
ARRA-Geologic Sequestration Training and Research Grant Program	UofA	81.133			241,009	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	UofA	81.999	9064		12,875	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	UofA	81.999	17560		51,903	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	UofA	81.999	128750		58,004	
Miscellaneous	UofA	81.999			217,776	
Total R&D Cluster for U.S. DEPARTMENT OF ENERGY					3,332,087	48,008

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Recipient
R&D Cluster for U.S. DEPARTMENT OF EDUCATION						
Alaska Native Educational Programs (Pass-through Alaska Pacific University)	UofA		84.356	Agreement Dated 04/21/08	3,714	
Alaska Native Educational Programs (Pass-through Association of Alaska School Boards)	UofA		84.356	Amended PO 100-1SER-06	(3,893)	
Miscellaneous (Pass-through Alaska Humanities Forum)	UofA		84.999	Agreement Dated 6/06 Amend 05/09	53,154	10,979
Miscellaneous (Pass-through Anchorage School District)	UofA		84.999	PR/PO 9P13709 Amend 1	(188)	
Total R&D Cluster for U.S. DEPARTMENT OF EDUCATION					52,787	10,979
R&D Cluster for DENALI COMMISSION						
Denali Commission Program (Pass-through Chaninik Wind Group)	UofA	90.100	CWG2011-001		8,008	
Denali Commission Program (Pass-through Cordova Electric Cooperative)	UofA	90.100	PO 000000971		80,176	
Denali Commission Program (Pass-through Ocean Renewable Power Company - Alaska)	UofA	90.100	UAF11-0017		35,430	
Denali Commission Program	UofA	90.100			4,119,619	33,223
Total R&D Cluster for DENALI COMMISSION					4,243,233	33,223
R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	UofA	93.048			190,794	
Human Genome Research	UofA	93.172			356,521	107,851
Research on Healthcare Costs, Quality and Outcomes	UofA	93.226			234,950	67,473
Mental Health Research Grants	UofA	93.242			694,081	30,268
Occupational Safety and Health Program	UofA	93.262			201,021	15,959
Drug Abuse and Addiction Research Programs (Pass-through Pacific Institute for Research and Evaluation Louisville Center)	UofA	93.279	0049.02.01 MOD 2 DTD 5/16/11		17,293	
Drug Abuse and Addiction Research Programs	UofA	93.279			519,825	
National Center for Health Workforce Analysis	UofA	93.300			34,300	
Minority Health and Health Disparities Research	UofA	93.307			553,634	39,611
National Center for Research Resources	UofA	93.389			4,722,010	17,640
Family Connection Grants (Pass-through OnTrack, Inc.)	UofA	93.605	Agreement Dated 01/19/10		19,734	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through Harvard)	UofA	ARRA 93.701	149728.386555.0207		255,852	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through Alaska Native Tribal Health Consortium)	UofA	ARRA 93.701	ANTHC-10-P-28245(ARRA)		21,678	
ARRA-Trans-NIH Recovery Act Research Support	UofA	ARRA 93.701			2,197,712	320,319
Diabetes, Digestive, and Kidney Diseases Extramural Research	UofA	93.847			492,870	108,158
Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium)	UofA	93.853	3U1NS048069-04S3		6,382	
Extramural Research Programs in the Neurosciences and Neurological Allergy, Immunology and Transplantation Research (Pass-through J. Craig Venture Institute)	UofA	93.853			283,619	101,205
Extramural Research Programs in the Neurosciences and Neurological Allergy, Immunology and Transplantation Research (Pass-through J. Craig Venture Institute)	UofA	93.855	IGSP Agreement 12/02/09		21,528	
Biomedical Research and Research Training (Pass-through University of Washington)	UofA	93.859	697269/Pending		114,790	
Miscellaneous (Pass-through Southeast Alaska Regional Health Consortium)	UofA	93.999	78399-YR3 PO16523		116,239	5,896
Miscellaneous (Pass-through Alaska Native Tribal Health Consortium)	UofA	93.999	ANTHC-10-C29939 MOD 001		120,706	
Miscellaneous (Pass-through Mount Sinai School of Medicine)	UofA	93.999	HHSN266200700010C		758,774	
Total R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					11,934,313	814,380
R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY						
Centers for Homeland Security (Pass-through University of Hawaii)	UofA	97.061	Z884255/Pending		545,773	24,767
Total R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY					545,773	24,767
TOTAL FEDERAL FINANCIAL ASSISTANCE						
					3,478,450,297	466,170,286

(Intentionally left blank)

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Note 1: Purpose of the Schedule

The federal Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* requires a schedule of expenditures of federal awards showing total federal financial assistance for the period covered in the financial statements. Each federal financial assistance program must be identified as it is in the *Catalog of Federal Domestic Assistance* (CFDA) and its CFDA number. When CFDA information is not available, another federal identifying number must be used.

Note 2: Significant Accounting Policies

- A. **Reporting Entity** – The accompanying schedule includes the federal financial assistance programs administered by the State of Alaska for the fiscal year ended June 30, 2011.
- B. **Fiscal Year Ends** – The State of Alaska and component units of the State are reported using fiscal years, which end on June 30, except the Alaska Railroad Corporation whose fiscal year ends December 31.
- C. **Basis of Accounting** – The schedules were prepared using the modified accrual method of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- D. **Basis of Presentation** – The accompanying schedule presents expenditures of federal awards for each federal financial assistance program in accordance with OMB Circular A-133. Federal program titles are reported as presented in the CFDA whenever possible.

Expenditures of Federal Awards – As defined in OMB Circular A-133, federal financial assistance means assistance provided by a federal agency in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, or direct appropriations. However, it does not include direct federal cash assistance to individuals. Federal financial assistance includes awards received directly from federal agencies, or indirectly through other units of state and local government and private nonprofit agencies.

Program Clusters – OMB Circular A-133 identifies programs to be considered clusters of programs for auditing purposes. These clusters consist of related programs that share common compliance requirements.

Note 3: Non Cash Assistance

- A. **Federal Surplus Property Program** – All assistance provided to the Federal Surplus Property Program is in the form of donations of excess property to the Division of General Services. In FY11 the State processed federal property valued at \$348,851 donors acquisition cost. For OMB Circular A-133 purposes, the donated property is valued at 23.3% of donors cost. This is the expenditure amount shown on the schedule \$81,282. The ending inventory at June 30, 2011, carried at the donors' acquisition cost was \$59,458. (CFDA 39.003)
- B. **Commodities** – The Department of Education and Early Development administers federal commodities distribution through other governmental and nonprofit agencies. In FY11, commodities distributed totaled \$3,554,098 (\$3,554,098 regular [\$2,189,054 CFDA 10.555; \$28,151 CFDA 10.558, \$1,336,893 CFDA 10.569] and \$0 American Recovery and Reinvestment Act [ARRA] [CFDA 10.569]). Commodities are valued at cost. These commodities are not reported in the State of Alaska basic financial statements for the year ended June 30, 2011.
- C. **Immunization Grants** – Federal expenditures include vaccines received during FY11 valued at \$13,735,569. (CFDA 93.268)

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

D. Supplemental Nutrition Assistance Program (SNAP) – At fiscal year end, June 30, 2011, \$172,009,747 of SNAP benefits were redeemed.

The reported expenditures for benefits under SNAP (CFDA 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of ARRA. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes.

As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2009. (CFDA 10.551).

Note 4: WIC Rebates

During FY11 the Alaska Department of Health and Social Services (DHSS) earned cash rebates of \$3,925,715 from infant formula manufacturers on sales of formula to participants in the WIC Program. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(a) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enables DHSS to extend program benefits to approximately 5,407 more persons than could have been served this fiscal year in the absence of the rebate contract. The number of additional persons provided benefits was determined by dividing the total amount of program benefits by the total annual case load to determine average individual benefits. Total rebate dollars were then divided by the average benefit, determining the increased food instruments issued. This result is divided by 12 months. (CFDA 10.557)

Note 5: Loans

A. AHFC Loan Guarantee Programs – During FY11, AHFC owned mortgage loans with various federal insurance and guarantee agreements covering future losses. Coverage under the Veterans Affairs Mortgage Guarantee is subject to a loss limit. Those programs, and the related principal balance of the loans covered at June 30, 2011, are:

CFDA 14.117	HUD FHA Mortgage Insurance	\$ 642,031,569
CFDA 14.865	HUD Loan Guarantees for Indian Housing	89,118,090
CFDA 64.114	Department of Veterans' Affairs Mortgage Guarantees	550,260,832
CFDA 10.410	Farmers Home Administration Mortgage Insurance	178,522,499
Total Loan Guarantees and Insurance Programs		<u>\$ 1,459,932,990</u>

B. Federally Funded Student Loan Programs – Paul Douglas Teacher Scholarship program requires scholarship recipients to pay back assistance received if certain program requirements are not fulfilled. As of June 30, 2011, there was one outstanding scholarship, which totaled \$1,522. (CFDA 84.176)

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

- C. Last Resort Housing Loans** – The Department of Transportation and Public Facilities (DOT/PF) made last resort housing loans in compliance with Uniform Relocation Assistance and Real Property Acquisition Act. FY11 loan disbursements, if any, are included in CFDA 20.205 and CFDA 20.106. The exact amount is not readily available. Loans outstanding at June 30, 2011, totaled \$36,244. Federal share of principal is \$34,204.
- D. Federal Family Education Loan Program (FFELP)** – FFELP loans are governed by the Higher Education Act (Act). The Act provides for federal: (a) insurance or reinsurance of eligible loans, (b) interest subsidy payment to eligible lenders with respect to certain subsidized loans (Stafford and Consolidation), and (c) special allowance payments (net of excess interest) paid by the Secretary of the U.S. Department of Education to holders of eligible loans. FFELP loans outstanding at year end were \$183,413,733. (CFDA 84.032L)
- E. Small Business Economic Development Loan Fund** – The U.S. Department of Commerce funds the Economic Development Assistance Revolving Loan Fund for the Department of Commerce, Community and Economic Development. The federal share of loans outstanding is estimated at \$4,742,924 as of June 30, 2011. (CFDA 11.307)

Note 6: Capitalization Grants

- A. Clean Water State Revolving Funds** – The U.S. Environmental Protection Agency jointly funds the Alaska Clean Water Fund with the State of Alaska. At fiscal year end June 30, 2011, 157 loan commitments totaling \$361,237,486 had been granted from the base loan program. Total loans against these commitments were \$249,945,681, consist of \$1,288 in disadvantage assistance and \$249,944,393 in loan assistance of which \$161,144,611 was federal participation. Of the \$161,144,611, \$2,769,126 was disbursed in FY11. In addition, 20 ARRA loan commitments totaling \$22,516,800 had been granted. Total ARRA loans against these commitments were \$18,492,103 of which \$17,156,301 was subsidized and \$1,335,802 was unsubsidized and require repayment. Repayment received during FY11 totaled \$11,819,306. Loans outstanding at June 30, 2011, totaled \$133,097,705 of which \$692,659 were ARRA. (CFDA 66.458)
- B. Drinking Water State Revolving Fund** – EPA jointly funds the Alaska Safe Drinking Water Loan Fund with the State of Alaska. At fiscal year end June 30, 2011, 126 loan commitments totaling \$227,814,001 had been granted which consists of \$7,821,000 in disadvantaged assistance and \$219,993,001 in loan assistance from the base loan program. Total loans against these commitments were \$167,968,816 of which \$103,225,719 was federal participation. Of the \$103,225,719, \$5,293,470 was disbursed in FY11. In addition, 26 American Recovery and Reinvestment Act (ARRA) loan commitments totaling \$17,515,400 had been granted. Total ARRA loans against these commitments were \$14,169,720 of which \$13,354,085 was subsidized and \$815,635 was unsubsidized and require repayment. Repayment received during FY11 totaled \$6,936,140. Loans outstanding at June 30, 2011, totaled \$135,887,311 of which \$573,438 were ARRA. (CFDA 66.468)

Note 7: Unemployment Insurance

Federal participation in FY11 Unemployment Insurance benefits was \$133,291,253 (this includes \$9,436,232 under the ARRA Federal Additional Unemployment Compensation Program). Federal participation for program administration was \$29,034,639 (this includes \$1,094,828 under the Extend Unemployment Compensation Program; and \$617,215 under ARRA Extended Unemployment Compensation Program. UI benefits paid by the State during FY11 were \$191,749,378 and REED Act distribution was \$948,291. (CFDA 17.225)

Note 8: Petroleum Violation Escrow

Department of Energy (ENERGY) programs were funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the Schedule of Expenditures of Federal Awards. PVE funds represent the State of Alaska's share of settlement proceeds in various lawsuits between the federal government and oil

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

producers. During FY11, Alaska Housing Finance Corporation expended \$0 from the trust fund in support of ENERGY programs. (CFDA 81.041)

Note 9: Medical Assistance Program Claims

Deferrals of school-based administrative claims of \$13.5 million exist for prior years (\$0.6 million for FY10, \$4.8 million for FY08, and \$8.1 million for prior years). The \$8.1 million in deferrals for years prior to FY08 were determined uncollectible by DHSS. Also, DHSS received \$6.9 million in supplemental general fund appropriations to offset a portion of the outstanding deferrals determined to be uncollectible.

Per the final report of the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) Review of School-Based Administrative Claiming Program, the outstanding prior year's deferrals will be resolved using a back-casting approach. After DHSS has generated valid time study results and claims for at least four consecutive quarters, DHSS may submit to CMS a proposed methodology for applying the time study results to adjust all prior period claims. The four consecutive quarters must be completed by December 31, 2011. At this time, DHSS believes valid time study results and claims have been generated for two consecutive reporting quarters. (CFDA 93.778)

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: 02-40004-04 Finding Number: 25 Fiscal Year: 2003 Initial Finding Year: 2003 Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$6,480,333	Prior Audit Finding: <u>DHSS' Division of Health Care Services director and the Department of Education and Early Development's (DEED) Division of Teaching and Learning Support director should work together to improve procedures for claiming reimbursement of Medicaid school-based administrative costs to ensure costs are claimed in accordance with federal law.</u> Status/corrective action planned/reasons for no further action: This recommendation has been partially resolved. The Medicaid School Based Services program has been transferred to the Division of Finance and Management Services. The program was conducted during SFY 2011; however, it was discontinued in SFY 2012 due to decrease in participating school districts. DHSS continues to work with CMS to resolve the findings of the Financial Management Review and reach a settlement of costs claimed from 2003 through December 31, 2009.
Report: 02-40005-05 Finding Number: 18 Fiscal Year: 2004 Initial Finding Year: 2003 Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$5,505,244	Prior Audit Finding: <u>DHSS' Division of Health Care Services director and the Department of Education and Early Development's (DEED) Division of Teaching and Learning Support director should work together to improve procedures for claiming reimbursement of Medicaid school-based administrative costs to ensure costs are claimed in accordance with federal law.</u> Status/corrective action planned/reasons for no further action: Please refer to updated response on finding #25, report 02-40004-04.
Report: 02-40005-05 Finding Number: 21 Fiscal Year: 2004 Initial Finding Year: 2004 Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$1,155,982	Prior Audit Finding: <u>We recommend the State Medicaid director improve internal controls over prescription drug payments.</u> Status/corrective action planned/reasons for no further action: The Department has the new pharmacy regulations ready to implement with system programming complete, however legal difficulties from lawsuits have resulted in delayed implementation. Questioned costs have been researched and resolved.
Report: 02-40006-06 Finding Number: 17 Fiscal Year: 2005 Initial Finding Year: 2002 Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: None	Prior Audit Finding: <u>The State Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.</u> Status/corrective action planned/reasons for no further action: The Department is working with Centers for Medicare and Medicaid Services on addressing the vulnerabilities in Alaska's program integrity practices. In FY12 the program Integrity functions have been realigned and now fall under the supervision of the Deputy Commissioner of Medicaid and Health Care Policy where they work in tandem with the Medicaid Divisions. In addition, Health Care Services has engaged in multiple meetings with the fiscal agent, Affiliated Computer Services (ACS), to discuss progress and ACS has been able to correct some deficiencies. Health Care Services prepared and sent a cure letter to ACS on March 1, 2011. The cure letter reiterated the required SURS contract deliverables and gave the fiscal agent 90-days to achieve compliance. In July 2011, HCS began withholding contractual fees from ACS.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40009-09**
Finding Number: **03**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS**
and USDA

State Agency: **DHSS**

CFDA: **10.551**

CFDA: **10.557**

CFDA: **10.561**

CFDA: **93.558**

CFDA: **93.568**

CFDA: **93.659**

CFDA: **93.767**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

DHSS' Assistant Commissioner should develop adequate controls to ensure data entered into Maximus Cost Allocation and Rate System (MAXCARS) is accurate and complete.

Status/corrective action planned/reasons for no further action:

Current management has implemented a corrective action plan and anticipates it will be completed during FFY2012. A considerable amount of documentation, draft processes and procedures exist providing guidance and controls supporting the types of documentation; internal controls; and processing schedules. This information is being reviewed; finalized and consolidated into an operating manual, which will be made available to stakeholders. An updated user's manual was obtained from MAXIMUS during the first quarter of FFY2012 and will be included.

Report: **02-40009-09**
Finding Number: **04**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS**
and USDA

State Agency: **DHSS**

CFDA: **10.551**

CFDA: **10.557**

CFDA: **10.561**

CFDA: **93.558**

CFDA: **93.568**

CFDA: **93.659**

CFDA: **93.767**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

DHSS' assistant commissioner of Finance Management Services should implement controls over federal revenue collections.

Status/corrective action planned/reasons for no further action:

Current management has implemented a corrective action plan and anticipates it will be completed by the end of FFY2012. In October, 2011 the Assistant Commissioner tasked section heads, with assistance from DHSS Stakeholders (i.e. Division AOM), to review and update as needed existing DHSS policies. If no policies previously existed, new policy is to be drafted and existing operating procedures documented. In the case of federal reporting and revenue collection, written policy is being drafted and procedures and internal controls documented. Additionally, the FMS fiscal section has been revamped to include three units-Finance; Revenue; and the Federal Allocation Management Unit. It is anticipated that with the new work model and a third Accountant V, there will be less reliance on any one fiscal manager.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40009-09**
Finding Number: **05**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **10.551**
CFDA: **10.557**
CFDA: **10.561**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.659**
CFDA: **93.767**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Report: **02-40009-09**
Finding Number: **06**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **93.558**
Questioned Costs: **\$418,573**

CFDA: **10.551**
CFDA: **10.557**
CFDA: **10.561**
CFDA: **93.568**
CFDA: **93.569**
CFDA: **93.767**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Report: **02-40009-09**
Finding Number: **08**
Fiscal Year: **2008**
Initial Finding Year: **2002**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.775**
CFDA: **93.778**
CFDA: **93.767**
Questioned Costs: **None**

Prior Audit Finding:
DHSS' assistant commissioner of Finance and Management Services should ensure that staff are adequately trained and supervised.

Status/corrective action planned/reasons for no further action:
Current management recognizes the need for adequately trained and supervised staff and views this finding as a continuous process. A departmental training academy was held in SFY2011 during the fall of 2010, however, attendance was low. In addition to state-wide training courses through DOA, ongoing training is currently available to staff for Microsoft desk-top applications at their desks via "Meet Me" sessions; Federal Grant training was provided last June to DHSS managers and Federal Cost Allocation Training is scheduled for March, 2012.

Prior Audit Finding:
DHSS Finance Officer should ensure that expenditures are supported by sufficient documentation.

Status/corrective action planned/reasons for no further action:
Current management has implemented a corrective action plan and anticipates it will be completed by the end of FFY2012. In October, 2011 the Assistant Commissioner tasked section heads, with assistance from DHSS Stakeholders (i.e. Division AOM), to review and update as needed existing DHSS policies. If no policies previously existed, new policy is to be drafted and existing operating procedures documented. In the case of expenditures, written policy is being updated and procedures and internal controls documented.

Prior Audit Finding:
The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.

Status/corrective action planned/reasons for no further action:
Please refer to the response on finding #17, report 02-40006-06.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: 02-40009-09 Finding Number: 11 Fiscal Year: 2008 Initial Finding Year: 2008	Prior Audit Finding: <u>We recommend the director of DHSS' Division of Behavioral Health take steps to ensure out-of-state providers of residential psychiatric treatment centers (RPTC) are paid in accordance with federal and state requirements.</u>
Federal Agency: USDHHS State Agency: DHSS CFDA: 93.767 Questioned Costs: \$16,952 CFDA: 93.778 Questioned Costs: \$211,835	Status/corrective action planned/reasons for no further action: This audit finding was partially resolved in accordance with OMB Circular A-133 §_.315. The department concurs with the need to better document negotiated RPTC rates. The Division of Behavioral Health (DBH) has made progress in efforts to establish documented policies and procedures to support their negotiated rate agreements with providers. Documented policies and procedures are in place and affected DBH staff has received training to appropriately apply these policies and procedures. Rate negotiations are conducted in accordance with 7 AAC 43.380 (c) and files maintained for each out-of-state residential psychiatric treatment center (RPTC) provider include the cost information provided by the facility in support of their negotiated rates for the services provided. These new policies and procedures are not retroactively applied to rates previously established, and only apply to new and/or updated rates. DHSS is currently working with the federal agency regarding questioned costs.
Report: 02-40009-09 Finding Number: 20 Fiscal Year: 2008 Initial Finding Year: 2008	Prior Audit Finding: <u>According to OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in procedures, two forms shall be placed in the client folder.</u>
Federal Agency: HUD State Agency: AHFC CFDA: 14.871 Questioned Costs: None	Status/corrective action planned/reasons for no further action: This finding was resolved. Please refer to updated response on finding #24, report 02-40010-10.
Report: 02-40010-10 Finding Number: 04 Fiscal Year: 2009 Initial Finding Year: 2008	Prior Audit Finding: <u>The Department of Health and Social Services' (DHSS) assistant commissioner should develop adequate controls to ensure the data entered into Maximus Cost Allocation and Rate System (MAXCARS) is accurate and complete.</u>
Federal Agency: USDA and USDHHS State Agency: DHSS CFDA: 10.561 CFDA: 93.558 CFDA: 93.767 CFDA: 93.778 Questioned Costs: None	Status/corrective action planned/reasons for no further action: Please refer to the response on finding #03, report 02-40009-09.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

<p>Report: 02-40010-10 Finding Number: 05 Fiscal Year: 2009 Initial Finding Year: 2008</p> <p>Federal Agency: USDA and USDHHS State Agency: DHSS CFDA: 10.561 CFDA: 93.558 CFDA: 93.767 CFDA: 93.778 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>The DHSS assistant commissioner should ensure that expenditures are supported by sufficient documentation.</u></p> <p>Status/corrective action planned/reasons for no further action: Please refer to the response on finding #04, report 02-40009-09.</p>
<p>Report: 02-40010-10 Finding Number: 06 Fiscal Year: 2009 Initial Finding Year: 2008</p> <p>Federal Agency: USDA and USDHHS State Agency: DHSS CFDA: 10.561 Questioned Costs: \$16,697 CFDA: 93.268 Questioned Costs: \$41,242 CFDA: 93.558 Questioned Costs: \$4,101 CFDA: 93.767 Questioned Costs: \$18,527 CFDA: 93.778 Questioned Costs: \$104,901</p>	<p>Questioned costs for CFDA 93.268, CFDA 93.767 and CFDA 93.778 have been resolved. The department is working with the appropriate federal agencies to resolve the remaining questioned costs.</p>
<p>Report: 02-40010-10 Finding Number: 09 Fiscal Year: 2009 Initial Finding Year: 2009</p> <p>Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$120,509</p>	<p>Prior Audit Finding: <u>DHSS' deputy commissioner for Medicaid and Health Care Policy Division should ensure that personal services expenditures charged to Medicaid program comply with federal cost principles.</u></p> <p>Status/corrective action planned/reasons for no further action: DHSS believes improvements have been made and the federal programs benefited by the employees time and effort. DHSS is a large agency with thousands of employees administrating several federal programs. This issue will be an ongoing challenge; however, DHSS issued written policy and guidelines in June, 2011. It is posted on the departmental website, as is the necessary reporting form. Furthermore, reminders are sent out quarterly to all Division and section heads when distributing instructions for completing statistics.</p>

DHSS does not concur that questioned costs exists for this audit recommendation.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: 02-40010-10 Finding Number: 11 Fiscal Year: 2009 Initial Finding Year: 2009	Prior Audit Finding: <u>The FMS assistant commissioner should improve the exchange of information between divisions to ensure that all necessary adjustments affecting federal draws and changes in the cost allocation processes are communicated to the Revenue Unit.</u>
Federal Agency: USDHHS State Agency: DHSS CFDA: 93.658 Questioned Costs: \$319,034 CFDA: 93.659 CFDA: 93.778 Questioned Costs: None	Status/corrective action planned/reasons for no further action: DHSS no longer believes these audit findings are valid. It has been over two years since the finding was issued, the federal agency is not following up on the finding, and no management decision has been issued. Additionally, we have supporting documentation showing that no questioned costs exist. The allocation issues have been addressed through the PACAP and MAXCARS. Communication issues have been addressed by FMS management.
Report: 02-40010-10 Finding Number: 13 Fiscal Year: 2009 Initial Finding Year: 2009	Prior Audit Finding: <u>The DHSS assistant commissioner should establish internal controls over access to MAXCARS.</u>
Federal Agency: USDA and USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$119,525 CFDA: 10.561 CFDA: 93.767 Questioned Costs: None	Status/corrective action planned/reasons for no further action: DHSS believes this audit finding has been resolved and there is no follow up occurring with the federal oversight agency. Additionally, supporting documentation has been provided with previous responses reflecting no questioned costs exist; allocation issues addressed through PACAP and MAXCARS; and communication issues addressed by FMS management.
Report: 02-40010-10 Finding Number: 14 Fiscal Year: 2009 Initial Finding Year: 2002	Prior Audit Finding: <u>The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.</u>
Federal Agency: USDHHS State Agency: DHSS CFDA: 93.775 Questioned Costs: None CFDA: 93.767 CFDA: 93.778 Questioned Costs: Indeterminate	Status/corrective action planned/reasons for no further action: Please refer to the response on finding #17, report 02-40006-06.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**

Finding Number: **16**

Fiscal Year: **2009**

Initial Finding Year: **2009**

Federal Agency: **USDHHS**

State Agency: **DHSS**

CFDA: **93.767**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

The Division of Health Care Services' (DHCS) director should improve internal controls over the processing and payment of durable medical equipment (DME) claims.

Status/corrective action planned/reasons for no further action:

Adjusted Claims

The Department concurs that there is room for improvement in the current adjustment process. Current practice allows an adjustment to increase units as long as the request is within the allowed amount on the prior authorization. The prior authorization is reflective of the physician's prescription. Not requiring a delivery receipt or other form of proof does leave room for providers to take advantage of the good faith system. As such, the Department intends to address this concern by implementing policy to require additional supporting documentation when a provider requests a positive adjustment to a claim.

Miscellaneous DME Items

The nature of the DME program and the lack sufficient codes to appropriately report specific pieces of DME make multiple payment methodologies and multiple claim adjustments necessary. The Department is required to use the standardized code set designated by the Center for Medicare and Medicaid Services (CMS). Automation of system edits and reimbursement rates is limited by the lack of adequate codes to report services rendered. The Department intends to address some of these concerns by providing policy guidance to providers on appropriate use of miscellaneous codes that will alleviate multiple pricing of the same or similar items under different miscellaneous codes.

Reimbursement Rates

The Department is still researching and developing the regulations regarding the DME program pricing. The methodologies utilized ensured Alaska Medicaid recipients received uninterrupted access to medically necessary DME and supplies. Clarification of the requirements for utilizing a payment methodology other than the standard methodology and implementing a regular schedule for updating the DME Fee Schedule are some examples of regulatory changes that will provide the Department better controls for the processing of DME claims.

Prescribing Physicians

While we concur that there are currently no checks to ensure that a prescribing physician is licensed, however entering the name of the requesting physician into the Medicaid information system would only enable verification of physicians enrolled with Alaska Medicaid. Not all prescribing physicians are enrolled with Medicaid and therefore licensing information is not obtainable through the Medicaid information system.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40010-10**

Finding Number: **17**

Fiscal Year: **2009**

Initial Finding Year: **2009**

Federal Agency: **USDHHS**

State Agency: **DHSS**

CFDA: **93.767**

CFDA: **93.778**

Questioned Costs: **None**

Prior Audit Finding:

DHCS' director should improve and enforce policies, procedures, and processes over travel claims.

Status/corrective action planned/reasons for no further action:

This audit recommendation has been partially implemented.

To implement an automated process to match health care claims with corresponding travel will require new technology. We are hopeful that the new MMIS system will have the capability to systematically review and match travel with a health care claim.

In addition to the new MMIS system, DHSS is currently developing a new travel prior authorization system. This new system is expected to allow the collection of data to support the medical necessity of the travel request. The system will require such information as the referring and receiving providers, dates of medical appointments, and diagnosis and medical symptoms.

The new travel prior authorization system is currently being tested and may be ready for pilot early calendar year 2012. This system will capture all updated PA information supplied by the requesting or receiving health aide or provider. Once implemented, HCS will examine ways to compare requested travel with a health care encounter.

Alaska requires travelers maintain a certain flexibility to harmonize the actual travel with breaks in weather, volcano activity and changes in medical appointment or carrier availability, the dates of travel should be reflected on the claim that is submitted to MMIS for payment. The department will continue to work with the travel contractor in developing procedures to ensure claim service dates match actual dates of travel. In all instances that we are aware of, the actual travel occurred within the dates approved on the prior authorization.

Report: **02-40010-10**

Finding Number: **24**

Fiscal Year: **2009**

Initial Finding Year: **2008**

Federal Agency: **HUD**

State Agency: **AHFC**

CFDA: **14.871**

Questioned Costs: **None**

Prior Audit Finding:

Department of Housing and Urban Development – Section 8 Housing Choice Vouchers. According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Status/corrective action planned/reasons for no further action:

This finding was resolved. Please refer to updated response on finding #27, report 02-40011-11.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: 02-40010-10 Finding Number: 25 Fiscal Year: 2009 Initial Finding Year: 2009 Federal Agency: HUD State Agency: AHFC CFDA: 14.871 Questioned Costs: None	Prior Audit Finding: <u>Department of Housing and Urban Development – Section 8 Housing Choice Vouchers.</u> <u>According to OMB A-133 Compliance Supplement, the public housing agency (PHA) must use third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.</u> Status/corrective action planned/reasons for no further action: This remains a finding in the current year. Please see updated response on finding #28, report 02-40011-11.
Report: 02-40011-11 Finding Number: 05 Fiscal Year: 2010 Initial Finding Year: 2010 Federal Agency: USDOE and USDA State Agency: DEED CFDA: 10.560 CFDA: 84.027 CFDA: 84.999 CFDA: 84.369 CFDA: 84.048 Questioned Costs: Indeterminate	Prior Audit Finding: <u>DEED's Division of Teaching and Learning Support (TLS) 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: The department feels this finding is resolved in accordance with OMB Circular A-133 §_.315. The department has reviewed our timekeeping procedures and made corrections for tracking time for those employees who work on multiple federal programs.
Report: 02-40011-11 Finding Number: 06 Fiscal Year: 2010 Initial Finding Year: 2010 Federal Agency: USDA State Agency: DEED CFDA: 10.568 CFDA: 10.569 Questioned Costs: None	Prior Audit Finding: <u>DEED's TLS director should develop and submit the required state distribution plan for the Emergency Food Assistance Cluster (EFAC) to ensure compliance with federal regulations.</u> Status/corrective action planned/reasons for no further action: This finding is resolved in accordance with OMB Circular A-133 §_.315.
Report: 02-40011-11 Finding Number: 07 Fiscal Year: 2010 Initial Finding Year: 2010 Federal Agency: USDA and USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$153,205 CFDA: 10.557 Questioned Costs: \$48,486 CFDA: 93.658 Questioned Costs: \$52,472	Prior Audit Finding: <u>The Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal costs principles.</u> Status/corrective action planned/reasons for no further action: DHSS is a large agency with thousands of employees administrating several federal programs. This issue will be an ongoing challenge; however, DHSS issued written policy and guidelines in June, 2011. It is posted on the departmental website, as is the necessary reporting form. Furthermore, reminders are sent out quarterly to all Division and section heads when distributing instructions for completing statistics.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

<p>Report: 02-40011-11 Finding Number: 08 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: DC and USDHHS State Agency: DHSS CFDA: 90.100 CFDA: 93.224 CFDA: 93.575 CFDA: 93.889 Questioned Costs: Indeterminate</p>	<p>Prior Audit Finding: <u>DHSS' internal audit manager should ensure that management decisions related to subrecipient audit findings are issued timely.</u></p> <p>Status/corrective action planned/reasons for no further action: Current management has implemented a corrective action plan with a tentative completion date by the end of FFY 2012. DHSS has continued to actively recruit the internal audit unit positions and had anticipated having one filled by January 1st, only to have candidate withdraw days earlier. Due to the uniqueness of the Internal Audit job class it has proven difficult to staff this unit and if the most recent recruitment is unsuccessful, FMS management will decide on an alternative approach to meeting the subrecipient audit requirements.</p>
<p>Report: 02-40011-11 Finding Number: 09 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDA State Agency: DHSS CFDA: 10.557 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>The Division of Public Assistance's (DPA) director should ensure vendors participating in WIC program are adequately monitored according to federal requirements.</u></p> <p>Status/corrective action planned/reasons for no further action: DHSS concurs with the findings. During FY11 an additional staff person was hired in the vendor management unit. Additionally, some procedures were developed to start addressing compliance issues. Also during FY11 vendor management staff increased the number of inventory audits in an attempt to meet the 5% minimum investigations required of high risk vendors.</p>
<p>Report: 02-40011-11 Finding Number: 10 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDHHS State Agency: DHSS CFDA: 93.558 Questioned Costs: Indeterminate</p>	<p>Prior Audit Finding: <u>DHSS' DPA director should implement policies and procedures to ensure the accurate and timely documentation of client participation status.</u></p> <p>Status/corrective action planned/reasons for no further action: DPA is currently creating programmatic reports capturing the required information regarding client participation activities. The work request for the system operations team to develop the documentation demonstrating compliance has been submitted. The EIS system programmers are completing programming and will shortly begin implementation. Currently, DPA is conducting a business process review and exploring potential alternatives to the existing EIS database. The new EIS system will be developed to thoroughly document code line 49 of the ACF 199. DPA program management anticipates satisfying the corrective action plan upon completion of FFY2011 reporting.</p>
<p>Report: 02-40011-11 Finding Number: 11 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDHSS State Agency: DHSS CFDA: 93.558 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>DHSS' TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.</u></p> <p>Status/corrective action planned/reasons for no further action: The Division will update its program manual to provide clarification regarding welfare fraud convictions and program eligibility. Applications will be revised to include a question regarding felony convictions. Training for eligibility technicians will also be updated and guidance provided to staff directing them on the line of questions to pursue and clarify any disclosure by applicants about felony convictions that may affect program eligibility. DPA program management anticipates satisfying the corrective action plan be the end of FFY 2012.</p>

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: 02-40011-11 Finding Number: 12 Fiscal Year: 2010 Initial Finding Year: 2010	Prior Audit Finding: <u>DPA's administrative manager should improve procedures over the federal Child Care and Development Fund's (CCDF) program reporting requirements.</u>
Federal Agency: USDHHS State Agency: DHSS CFDA: 93.575 CFDA: 93.596 Questioned Costs: None	Status/corrective action planned/reasons for no further action: The audit recommendation has been partially resolved. After some key staff turnover, DPA staff identified inaccuracies had occurred with the federal ACF-696 report. Subsequently, federal financial reports were adjusted for the differences. The current DPA staff worked with the Administration for Children and Families (ACF) representative to revise the reports. The revised information ensured that required MOE expenditures were reported. The ACF has determined that appropriate action has been taken to ensure compliance with MOE requirements. The ACF does not request the return of the questioned costs. DHSS is currently developing written policies and procedures for the preparation of CCDF's reporting requirements.
Report: 02-40011-11 Finding Number: 13 Fiscal Year: 2010 Initial Finding Year: 2010	Prior Audit Finding: <u>FMS' assistant commissioner should ensure reimbursement of Health Facilities Licensing and Certification costs are claimed in accordance with federal regulation.</u>
Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$121,938	Status/corrective action planned/reasons for no further action: DHSS believes these findings are no longer valid due to guidance from CMS that these costs may be claimed and reimbursed at 75% FFP. This audit finding was resolved in accordance with OMB Circular A-133 §_.315.
Report: 02-40011-11 Finding Number: 14 Fiscal Year: 2010 Initial Finding Year: 2010	Prior Audit Finding: <u>DHSS' deputy commissioner for Medicaid and Health Care Policy should ensure necessary changes occur to prevent over billing Medicaid for third party liability administrative costs.</u>
Federal Agency: USDHHS State Agency: DHSS CFDA: 93.778 Questioned Costs: \$223,538	Status/corrective action planned/reasons for no further action: The required accounting structure change has been processed in the State of Alaska's accounting system. This corrective action should ensure the correct federal reimbursement rate is applied. The Department agrees with this finding, but still disputes the assertion that it overbilled Medicaid by \$223,538 of which \$199,299 were American Recovery and Reinvestment Act (ARRA) funds. DHSS is reviewing the support documentation from which the represented overbilling estimates were obtained. Once this information is reviewed and verified, DHSS will take the appropriate corrective action.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**

Finding Number: **15**

Fiscal Year: **2010**

Initial Finding Year: **2010**

Federal Agency: **USDHHS**

State Agency: **DHSS**

CFDA: **93.778**

CFDA: **93.767**

Questioned Costs:

Indeterminate

Prior Audit Finding:

The DHSS deputy commissioner for Medicaid and Health Care Policy should ensure compliance with program regulations concerning the enrollment of Personal Care Assistants (PCA) and the processing and payment of PCA program claims.

Status/corrective action planned/reasons for no further action:

Health Care Services and Senior and Disability Services jointly implemented a PCA enrollment effort in September 2010. The effort began with structural preparations so that MMIS would process the claims correctly. We then began preparing and educating the PCA agencies for their role including holding a “Town Hall Meeting” to solicit input and allay concerns. Based upon this input, we developed a streamlined enrollment process to minimize the administrative burden to the Agencies and individual rendering PCA’s.

The Medicaid program began an individual personal care attendant (PCA) enrollment effort late 2010. Effective March 15, 2011, we required rendering PCA identification numbers on all claims from PCA Agencies. As of January 24, 2012 we have 6,464 active PCA’s and 663 inactive PCA’s. We receive and process about 200 new PCA applications each month.

In FY12 System edits are in place to deny payment to any claim without a rendering provider (PCA) identified or a renderer with expired credentials. Additional edits have been implemented including better functionality to identify duplicate claims secondary to having the rendering provider on the claim.

Report: **02-40011-11**

Finding Number: **16**

Fiscal Year: **2010**

Initial Finding Year: **2010**

Federal Agency: **USDHHS**

State Agency: **DHSS**

CFDA: **93.775**

Questioned Costs: **None**

CFDA: **93.767 and 93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

The HCS director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

Status/corrective action planned/reasons for no further action:

Health Care Services has engaged in multiple meetings with the fiscal agent, Affiliated Computer Services (ACS), to discuss progress and ACS has been able to correct some deficiencies. Health Care Services prepared and sent a cure letter to ACS on March 1, 2011. The cure letter reiterated the required SURS contract deliverables and gave the fiscal agent 90-days to achieve compliance.

In FY12, ACS has come into compliance with providing the contractually required number of staff in their SURS program and has complied with providing quarterly reports and collaborating with HCS staff to develop selection criteria.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**

Finding Number: **17**

Fiscal Year: **2010**

Initial Finding Year: **2010**

Federal Agency: **USDHHS**

State Agency: **DHSS**

CFDA: **93.767**

CFDA: **93.778**

Questioned Costs:

Indeterminate

Prior Audit Finding:

The HCS director should develop written policies and procedures for the alternative reimbursement methodology over durable medical equipment and supplies (DME).

Status/corrective action planned/reasons for no further action:

In response to this audit finding, HCS developed and distributed the following message to DME providers beginning on December 8, 2011:

Providers requesting positive adjustments to a paid claim may be required to submit documentation to support the positive adjustment. Documentation that would support such an adjustment may include, but is not limited to a delivery slip signed by the recipient. A provider shall retain records necessary to disclose fully to the department the extent of services provided to recipients. Information regarding a payment must be made available upon request to state and federal personnel agencies associated with the Medicaid program per 7 AAC 105.220 (a)-(f).

Beginning February 15, 2012, HCS will randomly select positive adjustments on claims with miscellaneous codes and request supporting documentation. Adjustments that do not have supporting documentation will be voided.

DHSS is still researching and developing the regulations regarding the DME program pricing.

Report: **02-40011-11**

Finding Number: **18**

Fiscal Year: **2010**

Initial Finding Year: **2010**

Federal Agency: **USDHHS and**

USDA

State Agency: **DHSS**

CFDA: **10.551**

CFDA: **10.561**

CFDA: **10.557**

CFDA: **93.558**

CFDA: **93.568**

CFDA: **93.575**

CFDA: **93.596**

CFDA: **93.713**

CFDA: **93.658**

CFDA: **93.767**

CFDA: **93.775**

CFDA: **93.777**

CFDA: **93.778**

Questioned Costs: **None**

Prior Audit Finding:

FMS' assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

Status/corrective action planned/reasons for no further action:

DHSS concurs with this recommendation.

Current management has implemented a corrective action plan and anticipates it will be completed by the end of FFY2012. In October, 2011 the Assistant Commissioner tasked section heads, with assistance from DHSS Stakeholders (i.e. Division AOM), to review and update as needed existing DHSS policies. If no policies previously existed, new policy is to be drafted and existing operating procedures documented. In the case of federal reporting and revenue collection, written policy is being drafted and procedures and internal controls documented.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

<p>Report: 02-40011-11 Finding Number: 21 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDOL State Agency: DLWD CFDA: 17.225 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>DLWD's information technology (IT) manager should address weaknesses over the Unemployment Compensation (UC) Information System.</u></p> <p>Status/corrective action planned/reasons for no further action: DLWD has remediated all audit findings based on implementation of policies, procedures, and initiatives. Due to the sensitive nature of these IT improvements, we are communicating the corrective action details under a separate communication.</p>
<p>Report: 02-40011-11 Finding Number: 22 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDOE State Agency: DCCED CFDA: 84.397 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>DCCED's commissioner should ensure that American Recovery and Reinvestment Act (ARRA) Section 1511 certificates are prepared and published on the State of Alaska ARRA website.</u></p> <p>Status/corrective action planned/reasons for no further action: This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(1).</p>
<p>Report: 02-40011-11 Finding Number: 23 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDOE State Agency: DCCED CFDA: 84.397 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>DCCED's director of the Division of Community and Regional Affairs (DCRA) should ensure ARRA 1512 reports are correctly prepared and adequately reviewed.</u></p> <p>Status/corrective action planned/reasons for no further action: This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(1).</p>
<p>Report: 02-40011-11 Finding Number: 24 Fiscal Year: 2010 Initial Finding Year: 2010</p> <p>Federal Agency: USDOI State Agency: DNR CFDA: 15.LAA040005 Questioned Costs: None</p>	<p>Prior Audit Finding: <u>The director of DNR's Division of Support Services should implement procedures to ensure that the federal suspension and debarment requirements are met.</u></p> <p>Status/corrective action planned/reasons for no further action: This audit finding is resolved in accordance with OMB Circular A-133 §_.315.</p>

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**
Finding Number: **27**
Fiscal Year: **2010**
Initial Finding Year: **2008**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.881**
Questioned Costs: **None Identified**

Prior Audit Finding:
Lack of Documentation to Assess Rent Reasonableness – Eligibility – Compliance – Direct Program

According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Of the 60 participant files tested, three files were found to have deficiency in the documentation of a reasonable rent determination.

We reported a similar finding when we tested the files for this program in 2005, 2008, and 2009. At that time, AHFC revised the Unassisted Unit Comparability Survey form and trained staff on proper procedures for the program. During our current testing we still found that 3 of 60 files tested were deficient in this area.

Status/corrective action planned/reasons for no further action:
This finding was resolved in 2011.

Report: **02-40011-11**
Finding Number: **28**
Fiscal Year: **2010**
Initial Finding Year: **2009**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.881**
Questioned Costs: **None Identified**

Prior Audit Finding:
Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program

According to the OMB A-133 Compliance Supplement, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Of the 88 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.

Third party verification is required to determine if all income is included in the HAP payment calculation. Amounts not verified through a third party source could significantly change the income calculations.

We reported a similar finding when we tested the files for this program in 2009.

Status/corrective action planned/reasons for no further action:
Continues as a finding in the current year. See finding #35, report 02-40012-12.

STATE OF ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FY 2011 Audit

Report: **02-40011-11**

Finding Number: **29**

Fiscal Year: **2010**

Initial Finding Year: **2010**

Federal Agency: **USDHUD**

State Agency: **AHFC**

CFDA: **14.218**

CFDA: **14.239**

Questioned Costs: **None known**

Prior Audit Finding:

Subrecipient Monitoring – Compliance – Direct Program

Acquisitions financed with grant funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and its implementing regulations at 49 CFR Part 24. The grantee must ensure that the owner is informed in writing of what the grantee believes to be the market value of the property; and that the grantee will not acquire the property if negotiations fail to result in an amicable agreement (see 49 CFR 24.101(b)(1) & (b)(2)).

The HUD Regional Relocation Specialist found during her review of the Corporation's subrecipients that voluntary sales disclosure letters were not issued prior to the execution of purchase and sale agreements and often did not contain legitimate estimates of fair values. She also found that files did not sufficiently evidence compliance with the relocation requirements of 49 CFR Part 24.

Status/corrective action planned/reasons for no further action:

This finding was resolved in 2011.

Report: **02-40011-11**

Finding Number: **30**

Fiscal Year: **2010**

Initial Finding Year: **2010**

Federal Agency: **USDHUD**

State Agency: **AHFC**

CFDA: **14.881**

Questioned Costs: **None Identified**

Prior Audit Finding:

Unexecuted Lease Agreement – Special Tests and Provisions – Compliance – Direct Program.

According to 24 CFR 982.308(b)(1) the tenant and the owner must enter into a written lease for the unit. The lease must be executed by the owner and the tenant.

Of the 100 participant files tested, we found two instances where Housing Assistance Payments (HAPs) were made on behalf of a participant to a landlord without documentation in the file of an executed lease between the tenant and landlord.

Status/corrective action planned/reasons for no further action:

This finding was resolved in 2011.

STATE OF ALASKA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2011

The State of Alaska is required by *OMB Circular A-133* to submit a corrective action plan for the findings in the *Statewide Single Audit for the Fiscal Year Ended June 30, 2011*. The corrective action plan is incorporated in the agencies' responses to the auditor's recommendations in Section II – Recommendations and Questioned Costs. The agency response for each recommendation immediately follows the auditor's recommendation. A complete copy of each agency's response letter including attachments, if any, is also contained in Section IV – APPENDICES.

(Intentionally left blank)

SECTION IV – APPENDICES

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ALASKA AEROSPACE CORPORATION							
Military Construction, National Guard	USDOD		12.400	W91ZRU-06-2-3038		2,077,917	
Total for ALASKA AEROSPACE CORPORATION						2,077,917	-
ALASKA COMMISSION ON POSTSECONDARY EDUCATION							
Leveraging Educational Assistance Partnership	USDOE		84.069A	N069A100002		51,811	
Leveraging Educational Assistance Partnership	USDOE		84.069B	N069B100001		70,660	
College Access Challenge Grant Program	USDOE		84.378A	P378A090025		330,000	
College Access Challenge Grant Program	USDOE		84.378A	P378A100025		14,434	
Total for ALASKA COMMISSION ON POSTSECONDARY EDUCATION						466,905	-
ALASKA ENERGY AUTHORITY							
Assistance to High Energy Cost Rural Communities	USDA		10.859	Various		44,905	41,565
ARRA -Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	USDOL	ARRA	17.275	GJ-19959-10-55-A-2		106,267	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities	EPA		66.034	XA-960429-01		7,536	
Relating to the Clean Air Act							
State Clean Diesel Grant Program	EPA		66.040	DS96077901		46,733	
ARRA -State Energy Program	ENERGY	ARRA	81.041	DE-EE0000217		702,863	662,949
State Energy Program	ENERGY		81.041	DE-EE0004501		53,811	
State Energy Program	ENERGY		81.041	DE-FOA0000308		88,000	
Renewable Energy Research and Development (Pass-through from University of Washington)	ENERGY		81.087	DE-EE0001110		8,674	
Renewable Energy Research and Development	ENERGY		81.087	DE-FG36-05GO85038		395,883	393,618
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ENERGY		81.117	DE-FG3604R021600		638	
ARRA -Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	ARRA	81.128	DE-EE0000827		1,477,531	1,175,444
Denali Commission Program	DC		90.100	366		53,740	
Denali Commission Program	DC		90.100	Various		11,308,940	9,059,572
Total for ALASKA ENERGY AUTHORITY						14,295,521	11,333,148
ALASKA HOUSING FINANCE CORPORATION							
Mortgage Insurance - Homes	HUD		14.117			5,098,757	
Section 8 Housing Assistance Payments Program	HUD		14.195		S8PBC	8,958,095	
Community Development Block Grants/Entitlement Grants	HUD		14.218		CEGC	4,827,951	4,827,951
Community Development Block Grants /Technical Assistance Program	HUD		14.227			55,871	55,871
Emergency Shelter Grants Program	HUD		14.231			212,534	212,534
Supportive Housing Program	HUD		14.235			14,673	12,357
Shelter Plus Care	HUD		14.238			687,789	687,789
HOME Investment Partnerships Program	HUD		14.239			2,079,163	2,079,163
Housing Opportunities for Persons with AIDS	HUD		14.241			490,900	490,900
Section 8 Moderate Rehabilitation Single Room Occupancy	HUD		14.249		S8PBC	473,220	403,015
ARRA -Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	HUD	ARRA	14.257			447,581	350,772
ARRA -Tax Credit Assistance Program (Recovery Act Funded)	HUD	ARRA	14.258			2,778,893	2,778,893
Public and Indian Housing-Indian Loan Guarantee Program	HUD		14.865			667,588	
Resident Opportunity and Supportive Services - Service Coordinators	HUD		14.870			91,434	67,015
Section 8 Housing Choice Vouchers	HUD		14.871		HVC	1,206,836	
Moving to Work Demonstration Program	HUD		14.881			45,086,445	
ARRA -Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	HUD	ARRA	14.885		CFPC	930,541	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Veterans Housing - Guaranteed and Insured Loans	USDVA		64.114			8,684,201	
ARRA-State Energy Program	ENERGY	ARRA	81.041			3,039,130	1,030,616
State Energy Program	ENERGY		81.041			106,390	
ARRA-Weatherization Assistance for Low-Income Persons	ENERGY	ARRA	81.042			4,267,726	2,024,782
Weatherization Assistance for Low-Income Persons	ENERGY		81.042			3,887,303	873,104
ARRA-Energy Efficient Appliance Rebate Program (EEARP)	ENERGY	ARRA	81.127			234,503	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	ARRA	81.128			1,591,277	1,541,533
Denali Commission Program	DC		90.100			3,482,667	3,482,667
Low-Income Home Energy Assistance	USDHHS		93.568			700,000	700,000
Total for ALASKA HOUSING FINANCE CORPORATION						100,101,468	21,618,962

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

Federal Transit - Capital Investment Grants	USDOT	20.500	AK-04-0012-00	FTC	5,991,565	
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-55-0001-00	FTC	1,541,924	
Total for ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY					7,533,489	-

ALASKA RAILROAD CORPORATION

Forestry Research	USDA	10.652	05DG11100000226		15		
Access to Joint Tanana Training Complex-2008 (Pass-through from Federal Railroad Administration)	USDOD	12.999	DTFR53-08-G-00008		7,432,124		
FY 2005-Military Installations Track Realignment - Elmendorf AFB and Ft. Richardson (Pass-through from Federal Railroad Administration)	USDOD	12.999	DTFRDV-05-G-00005		1,417		
FY2006 Locomotives and Rail Cars to Support the Stryker Brigade (Pass-through from Federal Railroad Administration)	USDOD	12.999	DTFRDV-06-G-00007		627		
Northern Line Realignment & Extension (Pass-through from Federal Railroad Administration)	USDOD	12.999	DTFRDV-07-G-00006		540,047		
Track Realignment - Ft. Wainwright-2006	USDOD	12.999	DTFRDV-06-G-00008		6,702		
Railroad Development	USDOT	20.314	FR-RLD-0002-09-01-00		1,862,067		
Railroad Development	USDOT	20.314	FR-RLD-0005-10-01-00		83,611		
Railroad Development	USDOT	20.314	FR-RRR-0005-08-01-00		935,977		
Railroad Development	USDOT	20.314	FR-RRR-0010-08-01-01		255,650		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-03-0035	FTC	51,986		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-03-0039	FTC	3,815		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-03-0052	FTC	1,911		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-03-0059	FTC	50,752		
Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration)	USDOT	20.500	AK-04-0003	FTC	31,728		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0007	FTC	15,133		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0009	FTC	51,576		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0010	FTC	16,637		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0011	FTC	172,340		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0015	FTC	1,485,940		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0016	FTC	1,622,428		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0017	FTC	795,238		
Federal Transit - Capital Investment Grants	USDOT	20.500	AK-05-0018	FTC	11,120,210		
Federal Transit - Capital Investment Grants (Pass-through from Federal Transit Administration)	USDOT	20.500	AK-55-0003	FTC	75,188		
ARRA-Federal Transit - Formula Grants	USDOT	ARRA	20.507	AK-96-X001-00	FTC	12,020,856	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X043-00	FTC	92,208	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X050-00	FTC	594,232	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X053-00	FTC	589,240	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X057-00	FTC	14,874,700	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X058-00	FTC	2,325,058	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Anchorage International Airport Rail Passenger Station - USDOT 1999			20.999	DTFRDV-99-G-60005		33,691	
State Clean Diesel Grant Program	EPA		66.040	2D-00JO4201-0		509,915	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1663-DR-AK		13,050	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1669-DR-AK		1,200	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1796-DR-AK		1,249,415	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1843-DR-AK		308,292	
Pre-Disaster Mitigation	USDHS		97.047	HMGP-10PDM-GR34070		371	
ARRA -Port Security Grant Program	USDHS	ARRA	97.056	2009-PU-RI-0180		143	
Port Security Grant Program	USDHS		97.056	2007-GB-T7-0208		5,890	
Port Security Grant Program	USDHS		97.056	2007-GB-T7-0249		4,953	
Port Security Grant Program	USDHS		97.056	2007-GB-T7-K078		28,844	
Port Security Grant Program	USDHS		97.056	2008-GB-T7-0026		44,266	
Port Security Grant Program	USDHS		97.056	2008-GB-T7-0027		41,806	
Port Security Grant Program	USDHS		97.056	2009-PU-T9-0006		24,400	
Port Security Grant Program	USDHS		97.056	2009-PU-T9-0007		24,400	
Total for ALASKA RAILROAD CORPORATION						59,400,049	-
ALASKA STUDENT LOAN CORPORATION							
Federal Family Education Loans	USDOE		84.032L		SFAC	(4,996,164)	
Total for ALASKA STUDENT LOAN CORPORATION						(4,996,164)	-
ALASKA SEAFOOD MARKETING INSTITUTE							
Market Access Program	USDA		10.601	AR 29592-10&11 AR 29825-10&11 CC 08713509 Fed Portion		4,326,334	
Quality Samples Program	USDA		10.605	AR 29592-11 AR 29824-11 CC 08713509 Fed Portion		828	
Total for ALASKA SEAFOOD MARKETING INSTITUTE						4,327,162	-
ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL							
Alcohol Impaired Driving Countermeasures Incentive Grants I	USDOT		20.601		HSC	811,274	
Fund for Justice and Education for the Color of Justice Program (Pass-through Council on Legal Education Opportunity)	USDOE		84.936			3,650	
State Court Improvement Program	USDHHS		93.586	0901AKSCID		98,402	
State Court Improvement Program	USDHHS		93.586	0901AKSCIP		46,081	
State Court Improvement Program	USDHHS		93.586	0901AKSCIT		79,496	
State Court Improvement Program	USDHHS		93.586	1001AKSCID		19,271	
State Court Improvement Program	USDHHS		93.586	1001AKSCIP		99,101	
Grants to States for Access and Visitation Programs	USDHHS		93.597	0902AKSAVP		29,277	
Grants to States for Access and Visitation Programs	USDHHS		93.597	1002AKSAVP		72,908	
Total for ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL						1,259,460	-
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT							
Schools and Roads - Grants to States	USDA		10.665	National Forest Receipts	SRC	15,857,565	15,857,565
Community Facilities Loans and Grants	USDA		10.766	Rural Broadband Internet Access Grant		(660,984)	(668,745)
Community Facilities Loans and Grants	USDA		10.766	Rural Broadband Internet Access Grant		700,857	668,745
Economic Adjustment Assistance	USDOC		11.307	07-79-05719	EDC	16,800	16,800
Economic Adjustment Assistance	USDOC		11.307		EDC	478,658	647,763
Economic Adjustment Assistance	USDOC		11.307	07-79-06232	EDC	13,628	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Coastal Zone Management Administration Awards	USDOC		11.419	NA08NOS4190428		11,129	11,129
Coastal Zone Management Administration Awards	USDOC		11.419	NA08NOS4190428		26,931	26,931
Coastal Zone Management Administration Awards	USDOC		11.419	NA09NOS4190116		69,659	68,561
Coastal Zone Management Administration Awards	USDOC		11.419	NA10NOS4190169		5,000	5,000
Coastal Zone Management Administration Awards	USDOC		11.419	NA10NOS4190169		29,938	29,938
Coastal Zone Management Administration Awards	USDOC		11.419	NA10NOS4190169		529,400	529,400
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA07NMF4380288		154,155	139,906
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA08NMF4380597		5,791	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA10NMF4380355		21,605	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA10NMF4380355		1,519,072	1,505,482
Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii			14.228	B-05-DC-02-0001	CSACC	351,302	351,302
Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii			14.228	B-06-DC-02-0001	CSACC	56,937	56,937
Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii			14.228	B-07-DC-02-0001	CSACC	1,318,051	1,318,051
Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii			14.228	B-08-DC-02-0001	CSACC	948,787	920,994
Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii			14.228	B-09-DC-02-0001	CSACC	131,800	
Community Development Block Grants/State's program HUD and Non-Entitlement Grants in Hawaii			14.228	B-10-DC-02-0001	CSACC	31,284	
ARRA-Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii – (Recovery Act Funded)	HUD	ARRA	14.255	B-09-DY-02-0001	CSACC	747,372	747,372
Forestry on Indian Lands Payments in Lieu of Taxes	USDOI		15.035	8E00440122		4,420	
	USDOI		15.226	Payments in Lieu of Taxes		57,821	57,821
Payments in Lieu of Taxes	USDOI		15.226	Payments in Lieu of Taxes		9,740,770	9,740,770
Distribution of Receipts to State and Local Governments	USDOI		15.227	National Petroleum Reserve Alaska Impact Mitigation		10,171,708	10,171,708
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	M09AF15484			9,092
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	M09AF15484			11,100
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	M09AF15484			27,859
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	M09AF15484			36,594
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	M11AF00065			294
Harold Rogers Prescription Drug Monitoring Program	USDOJ		16.754	2009-PM-BX-0010			1,248
Harold Rogers Prescription Drug Monitoring Program	USDOJ		16.754	2009-PM-BX-0010			106,915
Highway Planning and Construction	USDOT		20.205	MGS-003(100)	HPCC		1,206
Rural Banking and Financial Services Education	USTreas		21.999	08PA041			41,750
Jobs and Growth Tax Relief Reconciliation Act of 2002	USTreas		21.999	Jobs and Growth Tax Relief Reconciliation Act of 2002			8,450
Jobs and Growth Tax Relief Reconciliation Act of 2002	USTreas		21.999	Jobs and Growth Tax Relief Reconciliation Act of 2002			50,000
Congressionally Mandated Projects	EPA		66.202	XP00J26701		1,622,179	84,103
Congressionally Mandated Projects	EPA		66.202	XP-96035001-6		935	
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	ENERGY	ARRA	81.122	DE-OE0000170			94,555
Denali Commission Program	DC		90.100	0074-DC-2002-127		64,007	(1,206)
Denali Commission Program	DC		90.100	01315-00		1,584	
Denali Commission Program	DC		90.100	186-05		78,385	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Community Services Block Grant	USDHHS		93.569	G09B1AKCOSR	CSBGC	6,277	1
Community Services Block Grant	USDHHS		93.569	G10B1AKCOSR	CSBGC	2,225,746	2,101,776
Community Services Block Grant	USDHHS		93.569	G11B1AKCOSR	CSBGC	522,743	522,743
ARRA-Community Services Block Grant	USDHHS	ARRA	93.710	G-0901 AKCOS2	CSBGC	953,456	953,456
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	USDHHS		93.777	05AK50000	MC	(25,000)	
State Commissions	USCNCS		94.003	10CAHAK001		1,516	
State Commissions	USCNCS		94.003	10CAHAK001		225,322	
Learn and Serve America-School and Community Based Programs	USCNCS		94.004	09KSPAK001		1,138	
Learn and Serve America-School and Community Based Programs	USCNCS		94.004	09KSPAK001		29,896	15,408
ARRA-AmeriCorps	USCNCS	ARRA	94.006	09RCHAK001		35,827	35,827
ARRA-AmeriCorps	USCNCS	ARRA	94.006	09RFHAK001		9,196	9,196
AmeriCorps	USCNCS		94.006	06AFHAK001		609,274	609,274
AmeriCorps	USCNCS		94.006	07ACHAK001		684,065	684,065
AmeriCorps	USCNCS		94.006	10ACHAK001		646,272	646,272
AmeriCorps	USCNCS		94.006	10ESHAK001		8,749	8,749
Program Development and Innovation Grants	USCNCS		94.007	09CDHAK001		21,358	5,329
Program Development and Innovation Grants	USCNCS		94.007	09CDHAK001		2,573	
Training and Technical Assistance	USCNCS		94.009	08PTHAK001		38,236	7,494
Training and Technical Assistance	USCNCS		94.009	11PTHAK001		33,910	18,771
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS		97.023	EMS-2010-GR-0004		47,501	
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS		97.023	EMS-2011-GR-0004		36,019	
Cooperating Technical Partners	USDHS		97.045	EMS-2009-GR-0014		32,432	
Cooperating Technical Partners	USDHS		97.045	EMS-2010-GR-0016		10,762	
ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act	USDOE	ARRA	84.397A	S397A090002	SFSFC	4,698,125	4,660,046
Total for DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT						55,265,151	52,750,785

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			137,657	
Food Safety Cooperative Agreements	USDA		10.479			19,527	
Water and Waste Disposal Systems for Rural Communities	USDA		10.760			6,893,815	708,435
Pesticide Recordkeeping	USDA		10.999	12-25-A-5266		16,846	
Forest Service Regulatory Oversight	USDA		10.999	AG-0109-P-08-0028		456	
Miscellaneous Inspection Service	USDOC		11.999	45ABNAON0252		989	
NOAA Pribilof Island Restoration	USDOC		11.999	AB133A10SE3096		2,320	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	USDOD		12.113			2,715,891	
USAF Elmendorf Site Cleanup	USDOD		12.999	FA500007A0008		2,083	
Bureau of Land Management Oversight	USDOI		15.999	L10PA00439		44,404	
Bureau of Land Management Oversight	USDOI		15.999	L11PA00032		51,104	
National Park Service Oversight	USDOI		15.999	P9917100001		5,348	
National Park Service Oversight	USDOI		15.999	P9917110001		25,234	
Clean up Contaminated Sites in AK	USDOT		20.999	DTFAAL-04X-8000		94,179	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA		66.034			229,521	
ARRA-State Clean Diesel Grant Program	EPA	ARRA	66.040			933,644	
State Clean Diesel Grant Program	EPA		66.040			65,158	
Congressionally Mandated Projects	EPA		66.202			31,319,039	3,466,859
State Environmental Justice Cooperative Agreement Program	EPA		66.312			23,659	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419			329,781	
State Public Water System Supervision	EPA		66.432			2,454,628	
ARRA -Water Quality Management Planning	EPA	ARRA	66.454			101,514	
Water Quality Management Planning	EPA		66.454			123,000	
ARRA -Capitalization Grants for Clean Water State Revolving Funds	EPA	ARRA	66.458			13,772,032	13,332,462
Capitalization Grants for Clean Water State Revolving Funds	EPA		66.458			2,954,223	2,769,126
ARRA -Capitalization Grants for Drinking Water State Revolving Funds	EPA	ARRA	66.468			9,747,547	9,115,455
Capitalization Grants for Drinking Water State Revolving Funds	EPA		66.468			8,424,959	5,293,470
Beach Monitoring and Notification Program Implementation Grants	EPA		66.472			240,610	39,963
Water Protection Grants to the States	EPA		66.474			32,101	
Office of Research and Development Consolidated Research/Training/Fellowships	EPA		66.511			40,286	
Performance Partnership Grants	EPA		66.605			4,976,349	219,518
Environmental Information Exchange Network Grant Program and Related Assistance	EPA		66.608			32,694	
Consolidated Pesticide Enforcement Cooperative Agreements	EPA		66.700			303,295	
Pollution Prevention Grants Program	EPA		66.708			117,357	
Underground Storage Tank Prevention, Detection and Compliance Program	EPA		66.804			360,605	
ARRA -Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA	ARRA	66.805			405,242	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA		66.805			493,163	
Superfund State and Indian Tribe Core Program Cooperative Agreements	EPA		66.809			116,681	
State and Tribal Response Program Grants	EPA		66.817			688,245	
LUST Trust Cost Recovery	EPA		66.999	LUST Trust Cost Recovery		3,916	
EPA-IPA for Al Schuler	EPA		66.999	MO1110BDR052		25,534	
Amchitka Oversight Monitoring	USDOE		84.999	DE-FG01-06LM00075		143,415	
Denali Commission Program	DC		90.100			45,628	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC)	USDHHS		93.210			8,326,978	
ARRA -IHS Tribal Agreements (Pass-through from ANTHC)	USDHHS	ARRA	93.722			6,378,174	126,024
FDA Food Inspections	USDHHS		93.999	HHSF223200100042C		924,614	
FDA Food Inspections	USDHHS		93.999	HHSF223200940021C		213	
US Coast Guard Oversight - Kodiak	USDHS		97.999	HSCG5010P643H12		22,818	
US Coast Guard Oversight - Juneau	USDHS		97.999	HSCG8710P6XA001		4,978	
US Coast Guard Oversight - Juneau	USDHS		97.999	HSCG8711P6XA001		9,152	
Total for DEPARTMENT OF ENVIRONMENTAL CONSERVATION						104,180,606	35,071,312

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

School Breakfast Program	USDA	10.553	17131	CNC	7,455,863	7,455,863
National School Lunch Program - Food Commodities	USDA	10.555	17132	CNC	2,189,054	2,189,054
National School Lunch Program	USDA	10.555	17132	CNC	29,098,297	29,098,297
Special Milk Program for Children	USDA	10.556	17133	CNC	4,004	4,004
Child and Adult Care Food Program - Food Commodities	USDA	10.558	17134		28,151	28,151
Child and Adult Care Food Program	USDA	10.558	17134		8,065,818	8,004,316

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Summer Food Service Program for Children	USDA		10.559	17137		1,305,696	1,205,658
State Administrative Expenses for Child Nutrition	USDA		10.560	17135		725,850	
ARRA-Emergency Food Assistance Program (Administrative Costs)	USDA	ARRA	10.568	17196	EFAC	50,700	50,700
Emergency Food Assistance Program (Administrative Costs)	USDA		10.568	17138	EFAC	153,110	134,983
Emergency Food Assistance Program (Food Commodities)	USDA		10.569		EFAC	1,336,893	1,336,893
Team Nutrition Grants	USDA		10.574	17400		37,277	
ARRA-Child Nutrition Discretionary Grants Limited Availability	USDA	ARRA	10.579	17195		47,260	47,260
Child Nutrition Discretionary Grants Limited Availability	USDA		10.579	17169		95,091	68,235
Fresh Fruit and Vegetable Program	USDA		10.582	17166		1,056,082	1,034,575
ARRA-Broadband Technology Opportunities Program (BTOP)	USDOC	ARRA	11.557	17353		137,039	
Jobs and Growth Tax Relief Reconciliation Act of 2003	USTreas		21.999	17100		546,384	
Promotion of the Arts-Grants to Organizations and Individuals	NEA		45.024	17212		12,000	
Promotion of the Arts-Partnership Agreements	NEA		45.025	17335		787,538	312,210
21st Century Museum Professionals Grants to States	IMLS		45.307	17276		3,500	
	IMLS		45.310	17336		955,657	741,635
Laura Bush 21st Century Librarian Program	IMLS		45.313	17258		69,731	
Title I Grants to Local Educational Agencies	USDOE		84.010	17126	TIAC	36,244,706	35,900,493
Migrant Education - State Grant Program	USDOE		84.011	17127		7,829,990	7,187,190
Title I State Agency Program for Neglected and Delinquent Children and Youth	USDOE		84.013	17129		247,696	245,751
Special Education - Grants to States	USDOE		84.027	17232	SEC	33,923,266	30,249,366
Impact Aid	USDOE		84.041	17238	IAC	39,625,809	
Career and Technical Education - Basic Grants to States	USDOE		84.048	17244		3,782,793	2,497,687
Migrant Education - Coordination Program	USDOE		84.144	17167		13,947	
Rehabilitation Services - Client Assistance Program	USDOE		84.161	17152		124,563	
Special Education - Preschool Grants	USDOE		84.173	17242	SEC	1,208,266	1,164,775
Safe and Drug-Free Schools and Communities - National Programs	USDOE		84.184	17220		91,838	
Byrd Honors Scholarships	USDOE		84.185	17254		98,625	
Safe and Drug-Free Schools and Communities - State Grants	USDOE		84.186	17255		451,677	439,073
Education for Homeless Children and Youth	USDOE		84.196	17257	EHCY	176,626	154,484
Even Start - State Educational Agencies	USDOE		84.213	17264		290,647	273,753
Fund for the Improvement of Education	USDOE		84.215	17231		95,666	
Tech-Prep Education	USDOE		84.243	17246		281,121	
Twenty-First Century Community Learning Centers	USDOE		84.287	17271		5,829,096	5,674,113
Education Technology State Grants	USDOE		84.318	17241	ETSGC	1,569,885	1,539,396
Special Education - State Personnel Development	USDOE		84.323	17159		290,377	18,824
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	USDOE		84.330	17122		31,794	
Transition to Teaching	USDOE		84.350	17164		599,968	
Reading First State Grants	USDOE		84.357	17273		90,869	86,706
Rural Education	USDOE		84.358	17373		73,434	51,503
School Leadership	USDOE		84.363	17189		134,000	
English Language Acquisition Grants	USDOE		84.365	17175		1,330,423	1,186,147
Mathematics and Science Partnerships	USDOE		84.366	17252		396,147	384,777
Improving Teacher Quality State Grants	USDOE		84.367	17172		16,103,990	15,725,360
Grants for State Assessments and Related Activities	USDOE		84.369	17171		4,226,728	
Striving Readers	USDOE		84.371	17211		74,758	
School Improvement Grants	USDOE		84.377	17165	SIGC	985,154	864,818

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Education Technology State Grants, Recovery Act	USDOE	ARRA	84.386	17197	ETSGC	1,248,649	1,248,649
ARRA-Education for Homeless Children and Youth, Recovery Act	USDOE	ARRA	84.387	17193	EHCY	140,225	140,225
ARRA-State Improvement Grants, Recovery Act	USDOE	ARRA	84.388	17198	SIGC	1,279,323	1,233,783
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	USDOE	ARRA	84.389	17194	TIAC	17,353,821	17,353,821
ARRA-Special Education Grants to States, Recovery Act	USDOE	ARRA	84.391	17191	SEC	17,805,179	17,805,179
ARRA-Special Education-Preschool Grants, Recovery Act	USDOE	ARRA	84.392	17192	SEC	910,989	910,989
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	USDOE	ARRA	84.394	17398	SFSFC	64,232,288	59,697,276
ARRA-Impact Aid -School Construction Formula Grants, Recovery Act	USDOE	ARRA	84.404	17238	IAC	32,832	
Education Jobs Fund	USDOE		84.410	17239		1,497,752	1,494,383
Consolidated Programs IASA Admin	USDOE		84.999	17300		648,157	
National Historical Publications and Records Grants	NARA		89.003	17141		24,606	
Head Start	USDHHS		93.600	17330	HDSC	157,745	20,000
Medical Assistance Program	USDHHS		93.778	17304	MC	737,470	737,470
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	USDHHS		93.938	17308		270,936	62,190
Total for DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						316,724,826	256,060,015

DEPARTMENT OF FISH AND GAME

Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025				95,019	
2009 Aquaculture Grant Program	USDA	10.103				40,717	40,717
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42003			2,739	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42006			2,768	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42007			1,943	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42013			24,900	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42015			14,918	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42077			16,644	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	USDA	10.999	42086			202	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	USDA	10.999	42088			64,192	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42099			1,676	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42117			4,970	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42118			4,648	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42120			15,803	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42121			8,743	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	USDA	10.999	42123			4,781	
Miscellaneous US Forest Service-Salmon Stock Assessments/Research	USDA	10.999	42124			35,415	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.999	42139			5,075	
Anadromous Fish Conservation Act Program	USDOC	11.405				7,838	
Interjurisdictional Fisheries Act of 1986	USDOC	11.407				165,230	
Sea Grant Support	USDOC	11.417				21,092	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420				654,051	
Pacific Fisheries Data Program (Pass-Through from Pacific States Marine Fisheries Commission)	USDOC	11.437				2,161,880	
Pacific Fisheries Data Program	USDOC	11.437				3,273,927	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC	11.438				23,181,286	3,064,798

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Marine Mammal Data Program	USDOC		11.439			1,672,516	
Regional Fishery Management Council	USDOC		11.441			49,738	
Unallied Science Program (Pass-through from North Slope Borough)	USDOC		11.472			21,785	
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472			141,447	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41617			4,966	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41627			13,470	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41637			83,011	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41639			50,000	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41640			3,173	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41707			6,664	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41721			2,287	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.999	41726			15,544	
Miscellaneous NOAA-Federal Travel	USDOC	11.999	41732			93,937	
Miscellaneous NOAA-Federal Travel	USDOC	11.999	41738			16,144	
Miscellaneous NOAA-Federal Travel	USDOC	11.999	41739			15,738	
Miscellaneous NOAA-Research Vessel Charters	USDOC	11.999	41950			46,331	
Military Medical Research and Development	USDOD	12.420				27,669	
Miscellaneous Army-Wildlife Research - Wolves	USDOD	12.999	42505			3,975	
Miscellaneous Army-Wildlife Research	USDOD	12.999	42507			6,562	
Miscellaneous Army-Fish Surveys	USDOD	12.999	42508			7,592	
Miscellaneous Army-Wildlife Research	USDOD	12.999	42509			4,000	
Miscellaneous Army-Wildlife Research - Bear	USDOD	12.999	42510			1,010	
Miscellaneous Army-Habitat Restoration	USDOD	12.999	42511			33,084	
Miscellaneous Army-Marine Mammal Research	USDOD	12.999	42512			40,365	
Miscellaneous Army-Wildlife Research - Moose	USDOD	12.999	42518			51,352	
Miscellaneous Army-Wildlife Research - Bear	USDOD	12.999	42530			104,209	
Miscellaneous Army-Wildlife Research	USDOD	12.999	42555			29,556	
Miscellaneous Army-Wildlife Research - Bear	USDOD	12.999	42557			6,549	
Miscellaneous Army-Marine Mammal Research	USDOD	12.999	42564			24,963	
Cooperative Inspection Agreements with States and Tribes	USDOI	15.222				7,168	
Recreation Resource Management	USDOI	15.225				41,290	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	USDOI	15.231				7,042	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	USDOI	15.231				71,060	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	USDOI	15.231				99,230	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231				154,181	
Challenge Cost Share	USDOI	15.238				32,472	
Sport Fish Restoration Program	USDOI	15.605			F&WC	18,458,363	134,978
Fish and Wildlife Management Assistance	USDOI	15.608				919,949	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611			F&WC	15,569,867	
Coastal Wetlands Planning, Protection and Restoration Act	USDOI	15.614				266,187	
Cooperative Endangered Species Conservation Fund	USDOI	15.615				88,000	
Sportfishing and Boating Safety Act	USDOI	15.622				1,500,000	1,500,000
Enhanced Hunter Education and Safety Program	USDOI	15.626				64,863	
Coastal Program	USDOI	15.630				68,857	
Partners for Fish and Wildlife	USDOI	15.631				27,103	
Landowner Incentive Program	USDOI	15.633				48,852	
State Wildlife Grants	USDOI	15.634				3,260,910	
Alaska Subsistence Management	USDOI	15.636				1,975,933	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Challenge Cost Share	USDOI		15.642			5,225	
Migratory Bird Monitoring, Assessment and Conservation	USDOI		15.655			29,912	
Miscellaneous US Fish & Wildlife Service - Salmon Harvest Assessment-Copper River	USDOI		15.999	41023		31,636	
Miscellaneous US Fish & Wildlife Service - Climate Change/Impact Studies	USDOI		15.999	41026		38,353	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	USDOI		15.999	41027		16,500	
Miscellaneous US Fish & Wildlife Service - Lake Herring Harvest Assessment	USDOI		15.999	41028		3,519	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	USDOI		15.999	41048		22,700	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Deer	USDOI		15.999	41080		5,763	
Miscellaneous US Fish & Wildlife Service - Migratory Bird Regulation Committee Meetings	USDOI		15.999	41081		4,166	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Big Game	USDOI		15.999	41082		19,611	
Miscellaneous US Fish & Wildlife Service - Avian Flu Testing	USDOI		15.999	41092		20,421	
Miscellaneous US Fish & Wildlife Service - Subsistence Fishing Data	USDOI		15.999	41202		2,688	
Miscellaneous US Fish & Wildlife Service - Non-salmon Harvesting Assessment	USDOI		15.999	41306		2,268	
Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales	USDOI		15.999	41309		146,657	
Miscellaneous Minerals Management Service - Marine Mammal Research-Walrus	USDOI		15.999	41310		209,908	
Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales	USDOI		15.999	41317		215,575	
Miscellaneous BLM - Wildlife Population Monitoring	USDOI		15.999	41417		3,476	
Miscellaneous BLM - ARLIS	USDOI		15.999	41419		34,000	
Miscellaneous BLM - Wildlife Research-Caribou	USDOI		15.999	41446		51,849	
Miscellaneous BLM - Burbot and Pike Research	USDOI		15.999	41447		75,319	
Miscellaneous BLM - Wildlife Research-Mountain Goats	USDOI		15.999	41448		22,193	
Miscellaneous National Park Service - Burbot counts-Tanada/Copper Lakes	USDOI		15.999	41507		1,434	
Miscellaneous National Park Service - Historical Subsistence Methods Research	USDOI		15.999	41516		15,507	
Miscellaneous National Park Service - Harvest Assessments	USDOI		15.999	41517		50,756	
Miscellaneous National Park Service - Wildlife Surveys	USDOI		15.999	41518		6,784	
Miscellaneous National Park Service - Walrus Studies	USDOI		15.999	41520		1,627	
Miscellaneous National Park Service - Wildlife Research-Bear	USDOI		15.999	41545		18,611	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	USDOI		15.999	41559		29,799	
Miscellaneous US Fish & Wildlife Service - Adak Oil Spill Response	USDOI		15.999	41581		8,990	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	USDOI		15.999	41584		595	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	USDHS		97.999	42708		891	
Total for DEPARTMENT OF FISH AND GAME						76,146,154	4,740,493

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
DEPARTMENT OF HEALTH AND SOCIAL SERVICES							
Supplemental Nutrition Assistance Program	USDA		10.551		SNAP	172,009,747	
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA		10.557			23,881,338	6,017,069
ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	ARRA	10.561		SNAP	157,700	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA		10.561		SNAP	14,800,653	37,700
Commodity Supplemental Food Program	USDA		10.565			285,935	143,220
WIC Farmers Market Nutrition Program (FMNP)	USDA		10.572			193,756	
Senior Farmers Market Nutrition Program	USDA		10.576			61,541	85,050
ARRA-WIC Grants to States	USDA	ARRA	10.578	WISA-09-AK-01		194,638	
Juvenile Accountability Block Grants	USDOJ		16.523			256,591	
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	USDOJ		16.529			191,758	
Juvenile Justice and Delinquency Prevention - Allocation to States	USDOJ		16.540			582,643	142,535
Part E - Developing, Testing and Demonstrating Promising New Programs	USDOJ		16.541			118,351	
Title V - Delinquency Prevention Program	USDOJ		16.548			289,759	80,060
Enforcing Underage Drinking Laws Program	USDOJ		16.727			300,739	119,136
WIA Youth Activities	USDOL		17.259		WIAC		163,000
Disability Employment Policy Development	USDOL		17.720			119,180	
Alcohol Open Container Requirements	USDOT		20.607			12,000	12,000
Special Education - Grants for Infants and Families	USDOE		84.181		EISC	1,872,005	1,315,200
ARRA-Special Education-Grants for Infants and Families, Recovery Act	USDOE	ARRA	84.393		EISC	1,609,806	997,932
Denali Commission Program	DC		90.100			544,166	
Compassion Capital Fund	USDHHS		93.009			202,732	
Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	USDHHS		93.041			25,224	
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	USDHHS		93.042			83,900	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	USDHHS		93.043			270,261	83,380
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	USDHHS		93.044		AC	1,849,574	1,529,525
Special Program for the Aging - Title III, Part C - Nutrition Services	USDHHS		93.045		AC	3,336,290	2,752,551
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048			195,153	154,572
National Family Caregiver Support, Title III, Part E Nutrition Services Incentive Program	USDHHS		93.052		AC	719,964	732,916
Public Health Emergency Preparedness	USDHHS		93.053			380,232	
ARRA-Medicare Enrollment Assistance Program	USDHHS	ARRA	93.069			5,463,067	1,354,370
Emergency System for Advance Registration of Volunteer Health Professionals	USDHHS		93.071			2,133	
Maternal and Child Health Federal Consolidated Programs	USDHHS		93.089			92,140	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	USDHHS		93.110			1,370,579	
Emergency Medical Services for Children	USDHHS		93.116			474,865	52,829
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS		93.127			170,471	
			93.130			684,768	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Injury Prevention and Control Research and State and Community Based Programs	USDHHS		93.136			167,224	
Projects for Assistance in Transition from Homelessness (PATH)	USDHHS		93.150			297,623	363,140
Grants to States for Loan Repayment Program	USDHHS		93.165			4,145	
Urban Indian Health Services	USDHHS		93.193			58,284	
Family Planning - Services	USDHHS		93.217			611,502	421,326
Traumatic Brain Injury State Demonstration Grant Program	USDHHS		93.234			35,288	
State Capacity Building	USDHHS		93.240			190,875	
State Rural Hospital Flexibility Program	USDHHS		93.241			568,018	126,900
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	USDHHS		93.243			893,823	388,981
Universal Newborn Hearing Screening	USDHHS		93.251			275,209	56,500
Occupational Safety and Health Program	USDHHS		93.262				25,000
Immunization Grants	USDHHS		93.268		IC	15,736,933	58,950
Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			7,655,712	15,500
Teenage Pregnancy Prevention Program	USDHHS		93.297			173,740	
Small Rural Hospital Improvement Grant Program	USDHHS		93.301			156,346	
ARRA-State Primary Care Office	USDHHS	ARRA	93.414			28,417	
Strengthening Public Health Infrastructure for Improved Health Outcomes	USDHHS		93.507			34,611	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC)and Emerging Infections Program (EIP) Cooperative Agreement	USDHHS		93.521			340,909	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	USDHHS		93.523			80,006	
Promoting Safe and Stable Families	USDHHS		93.556			687,899	435,972
Temporary Assistance for Needy Families	USDHHS		93.558		TANFC	31,855,780	
Low-Income Home Energy Assistance	USDHHS		93.568			12,356,459	
Child Care and Development Block Grant	USDHHS		93.575		CCC	23,344,688	6,530,999
Community-Based Child Abuse Prevention Grants	USDHHS		93.590			279,635	263,987
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	USDHHS		93.596		CCC	8,048,391	
Chafee Education and Training Vouchers Program (ETV)	USDHHS		93.599			166,576	
Adoption Incentive Payments	USDHHS		93.603			107,678	
Developmental Disabilities Basic Support and Advocacy Grants	USDHHS		93.630			319,311	
Children's Justice Grants to States	USDHHS		93.643			92,723	
Stephanie Tubbs Jones Child Welfare Services Program	USDHHS		93.645			212,193	
ARRA-Foster Care, Title IV-E	USDHHS	ARRA	93.658			321,522	
Foster Care, Title IV-E	USDHHS		93.658			15,040,617	1,397,500
ARRA-Adoption Assistance	USDHHS	ARRA	93.659			993,512	
Adoption Assistance	USDHHS		93.659			10,064,834	
Social Services Block Grant	USDHHS		93.667			9,195,495	865,018
Child Abuse and Neglect State Grants	USDHHS		93.669			42,317	
Chafee Foster Care Independence Program	USDHHS		93.674			332,120	87,543
ARRA-Immunization	USDHHS	ARRA	93.712		IC	94,560	
ARRA-Child Care and Development Block Grant	USDHHS	ARRA	93.713		CCC	2,012,681	72,000
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	USDHHS	ARRA	93.714		TANFC	2,061,873	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Preventing Healthcare-Associated Infections	USDHHS	ARRA	93.717			135,399	
ARRA-State Grants to Promote Health Information Technology	USDHHS	ARRA	93.719			2,385,368	
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	USDHHS	ARRA	93.723			175,247	
ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	USDHHS	ARRA	93.725			22,094	6,000
Children's Health Insurance Program	USDHHS		93.767			20,215,542	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	USDHHS		93.768			742,346	
Medicare - Hospital Insurance	USDHHS		93.773			610,685	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	USDHHS		93.777		MC	483,465	
ARRA-Medical Assistance Program	USDHHS	ARRA	93.778		MC	102,860,329	
Medical Assistance Program	USDHHS		93.778		MC	793,282,075	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	USDHHS		93.779			69,729	223,022
Alternatives to Psychiatric Residential Treatment Facilities for Children	USDHHS		93.789			7,132	
Specially Selected Health Projects	USDHHS		93.888			3,016	
National Bioterrorism Hospital Preparedness Program	USDHHS		93.889			1,370,014	92,258
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	USDHHS		93.912			32,176	
Grants to States for Operation of Offices of Rural Health	USDHHS		93.913			197,476	
HIV Care Formula Grants	USDHHS		93.917			1,336,735	391,865
HIV Prevention Activities - Health Department Based	USDHHS		93.940			1,780,951	664,111
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	USDHHS		93.944			145,006	
Block Grants for Community Mental Health Services	USDHHS		93.958			770,582	510,490
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS		93.959			4,724,367	4,287,548
Preventive Health Services - Sexually Transmitted Diseases Control Grants	USDHHS		93.977			394,474	
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	USDHHS		93.988				20,000
Preventive Health and Health Services Block Grant	USDHHS		93.991			301,005	
Maternal and Child Health Services Bock Grant to States	USDHHS		93.994			1,111,683	96,000
Adult Lead Surveillance Data	USDHHS		93.999	030178D4D-CDC		15,364	
NCHS Contract	USDHHS		93.999	200-2000-07201		112,812	
Mammography Inspection	USDHHS		93.999	223-03-4401		9,310	
NIOSH Trauma Registry	USDHHS		93.999	243-03-1045		86,250	
Total for DEPARTMENT OF HEALTH AND SOCIAL SERVICES						1,311,123,820	33,173,655

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Census Special Tabulations and Services	USDOC	11.005	804			14,163
Investments for Public Works and Economic Development Facilities	USDOC	11.300	805		EDC	681,063
Labor Force Statistics	USDOL	17.002	850			659,807
Compensation and Working Conditions	USDOL	17.005	853			110,333
ARRA-Employment Service/Wagner-Peyser Funded Activities	USDOL	ARRA	17.207	953/960	ESC	550,296
Employment Service/Wagner-Peyser Funded Activities	USDOL	17.207	911/961		ESC	9,182,643

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Unemployment Insurance (EUC)	USDOL	ARRA	17.225	987		617,215	
ARRA-Unemployment Insurance (FAC)	USDOL	ARRA	17.225	FU 33030 - AC 79544/69444		9,436,232	
Unemployment Insurance	USDOL		17.225	864		344,021,822	
Senior Community Service Employment Program	USDOL		17.235	955		2,586,442	2,065,773
Trade Adjustment Assistance	USDOL		17.245	871		341,607	
ARRA-WIA Adult Program	USDOL	ARRA	17.258	997	WIAC	400,543	290
WIA Adult Program	USDOL		17.258	922/923	WIAC	2,140,776	398
ARRA-WIA Youth Activities	USDOL	ARRA	17.259	999	WIAC	830,154	208,593
WIA Youth Activities	USDOL		17.259	952	WIAC	2,856,930	1,329,488
ARRA-WIA Dislocated Workers	USDOL	ARRA	17.260	998	WIAC	1,521,835	151
WIA Dislocated Workers	USDOL		17.260	932/933/937	WIAC	3,147,784	1,011,450
Work Incentive Grants	USDOL		17.266	885		15,480	
Work Opportunity Tax Credit Program (WOTC)	USDOL		17.271	915		60,012	
Temporary Labor Certification for Foreign Workers	USDOL		17.273	856		65,092	
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	USDOL	ARRA	17.275	899		1,155,506	149,681
WIA Dislocated Workers Formula Grants	USDOL		17.278	938/939	WIAC	1,508,326	223,569
Occupational Safety and Health - State Program	USDOL		17.503	887		1,390,821	
Consultation Agreements	USDOL		17.504	888		574,749	
Disabled Veterans' Outreach Program (DVOP)	USDOL		17.801	893	ESC	287,022	
Local Veterans' Employment Representative Program	USDOL		17.804	895	ESC	291,022	
Transition Assistance Program	USDOL		17.807	897		65,706	
Adult Education - Basic Grants to States	USDOE		84.002	813/87046		955,280	836,598
Federal Pell Grant Program	USDOE		84.063	815	SFAC	414,263	
Rehabilitation Services - Vocational Rehabilitation Grants to States	USDOE		84.126	819	VRCC	11,527,653	124,407
Independent Living - State Grants	USDOE		84.169	823	ILSC	355,011	296,601
Rehabilitation Services - Independent Living Services for Older Individuals who are Blind	USDOE		84.177	827	ILOBC	242,382	221,850
Supported Employment Services for Individuals with the Most Significant Disabilities	USDOE		84.187	830		320,802	
Assistive Technology	USDOE		84.224	834		430,289	425,000
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	USDOE		84.265	836		23,597	
Federal Direct Student Loans	USDOE		84.268	837	SFAC	419,513	
ARRA-Independent Living State Grants, Recovery Act	USDOE	ARRA	84.398	890	ILSC	76,965	76,965
ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act	USDOE	ARRA	84.399	894	ILOBC	1,170	
Denali Commission Program	DC		90.100	842		1,361,708	758,232
Affordable Care Act (ACA) State Health Care	USDHHS		93.509	835		47,493	
Workforce Development Grants							
Social Security - Disability Insurance	SSA		96.001	844	DISSIC	4,605,368	
Supplemental Security Income	SSA		96.006	845	DISSIC	285,204	
ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	USDOE	ARRA	84.390A	892	VRCC	723,781	84,236
Total for DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT						406,303,860	7,813,282

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Meteorologic and Hydrologic Modernization Development	USDOC	11.467	35457		605,286	144,721
Applied Meteorological Research	USDOC	11.468	35458		281,731	281,731
Public Safety Interoperable Communications Grant Program	USDOC	11.555	34035		1,681,758	1,030,593

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Military Construction, National Guard	USDOD	12.400	35400			11,385,559	
National Guard Military Operations and Maintenance (O&M) Projects	USDOD	12.401	35401			16,114,944	
National Guard ChalleNGe Program	USDOD	12.404	35404			6,163,178	
Counterdrug Support Program-Asset Forfeiture	USDOJ	16.999	35160/AKQNGCD0			28,258	
Interagency Hazardous Materials Public Sector Training and Planning Grants	USDOT	20.703	35703			130,613	
State Approving Agency	USDVA	64.999	35091/P-5101			76,042	
Pilot Demonstration or Earmarked Projects	USDHS	97.001	35916			174,038	64,371
Pre-Disaster Mitigation (PDM) Competitive Grants	USDHS	97.017	34013			136,754	
Emergency Management Institute - Training Assistance	USDHS	97.026	34052			19,124	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS	97.036	35036			11,146,790	10,223,064
Hazard Mitigation Grant	USDHS	97.039	35039			252,359	191,175
Emergency Management Performance Grants	USDHS	97.042	35915			2,769,742	694,444
Pre-Disaster Mitigation	USDHS	97.047	34064			189,083	24,814
Emergency Operations Centers	USDHS	97.052	35925			4,192	4,192
Citizen Corps	USDHS	97.053	34030		HLSC	149,011	111,811
Interoperable Emergency Communications	USDHS	97.055	35919			124,888	124,888
Metropolitan Medical Response System	USDHS	97.071	34040		HLSC	593,917	570,640
State Homeland Security Program (SHSP)	USDHS	97.073	34050			6,230,155	4,458,822
Buffer Zone Protection Program (BZPP)	USDHS	97.078	35554			89,073	64,657
Earthquake Consortium	USDHS	97.082	35920			108,883	
Total for DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS						58,455,378	17,989,923

DEPARTMENT OF NATURAL RESOURCES

Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025				239,989	
Inspection Grading and Standardization	USDA	10.162				12,905	
Market Protection and Promotion	USDA	10.163				143,580	
Specialty Crop Block Grant Program	USDA	10.169				33,603	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170				171,094	
Cooperative Forestry Assistance	USDA	10.664				2,717,667	
Forest Legacy Program	USDA	10.676				34,383	
Forest Land Enhancement Program	USDA	10.677				112,015	
Forest Health Protection	USDA	10.680				60,502	
ARRA-Recovery Act of 2009: Wildland Fire Management	USDA	ARRA 10.688	09DG11100489003; 09DG11100489011; 10DG11100489017			2,431,368	
Plant Materials for Conservation	USDA	10.905				245,495	
Conservation Security Program	USDA	10.921				2,000	
USFS Fire Suppression (AKDF070002)	USDA	10.999	07FI11100100006			427,577	
Student Intern Program	USDA	10.999	10PA11100400087			3,235	
Sikes Act Environmental Consultation	USDA	10.999	AG0116C110011			2,317	
Coastal Zone Management Administration Awards	USDOC	11.419				1,639,245	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC	11.438				550,000	
Cultural Resource Management	USDOI	15.224				500,090	
National Fire Plan - Wildland Urban Interface	USDOI	15.228				9,184	
Community Fire Assistance	USDOI	15.231				37,189	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.236				8,119	
Environmental Quality and Protection Resource Management	USDOI	15.239				263,489	
Management Initiatives	USDOI	15.250				235,421	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	USDOI						

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Abandoned Mine Land Reclamation (AMLR) Program	USDOI		15.252			823,674	
Coastal Impact Assistance Program (CIAP)	USDOI		15.426			2,591,332	
Federal Oil and Gas Royalty Management	USDOI		15.427			113,045	
Fish and Wildlife Management Assistance	USDOI		15.608			20,672	
Coastal Wetlands Planning, Protection and Restoration Act	USDOI		15.614			999,431	
Coastal Program	USDOI		15.630			10,000	
Partners for Fish and Wildlife	USDOI		15.631			5,647	
U.S. Geological Survey-Research and Data Collection	USDOI		15.808			437,296	
National Cooperative Geologic Mapping Program	USDOI		15.810			213,948	
National Geological and Geophysical Data Preservation Program	USDOI		15.814			33,685	
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	USDOI		15.819			11,205	
Historic Preservation Fund Grants-In-Aid	USDOI		15.904			909,541	
Outdoor Recreation-Acquisition, Development and Planning	USDOI		15.916			244,595	
Save America's Treasures	USDOI		15.929			39,145	
Tok Hazardous Fuels	USDOI	15.999	701817J675			100,279	
Portage River - Afognak Coastal Protection	USDOI	15.999	AK-C-12-L-1			40	
Bureau of Indian Affairs Fire Suppression	USDOI	15.999	E00440/2010/92310/AZA1			100,000	
USFWS Fire Suppression	USDOI	15.999	Fire			264	
Cook Inlet Tertiary Nonmarine Formations	USDOI	15.999	G09PX01841			16,000	
Legacy Archival Photos	USDOI	15.999	G10PX01780			9,763	
Consistency Review for Eastern Interior	USDOI	15.999	L09PX02269			891	
Consistency Reviews	USDOI	15.999	L10PX04502			13,065	
BLM Fire Suppression	USDOI	15.999	LAA040005			9,279,769	
National Park Service Fire Suppression	USDOI	15.999	P9865110028			25,513	
Planning Assistance	USDOI	15.999	P9911110022			30,000	
RTCAP Banners & Brochures	USDOI	15.999	R9911100041			61,847	
Recreational Trails Program	USDOT	20.219		HPCC		1,324,099	
Alaska Trails Initiative	USDOT	20.999	DTHF70-05-E-00028			1,391,170	
Boating Safety Financial Assistance	USDHS	97.012				794,826	
State Access to the Oil Spill Liability Trust Fund	USDHS	97.013				1,415	
National Dam Safety Program	USDHS	97.041				34,554	
Fire Management Assistance Grant	USDHS	97.046				2,850,344	
Office of Federal Coordinator; Lidar Imaging	OFC	99.999	E4036782			300,000	
Total for DEPARTMENT OF NATURAL RESOURCES						32,667,522	-

DEPARTMENT OF ADMINISTRATION

Victims of Child Abuse (Pass-through from National Court Appointed Special Advocate)	USDOJ	16.547	AK10900-09-0710-S		55,000
Crime Victim Compensation	USDOJ	16.576			486,905
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	AK11331-09-0610-T		36,370
Public Safety Partnership and Community Policing Grants	USDOJ	16.710			392,613
Commercial Driver's License Program Improvement Grant	USDOT	20.232	RS 0210851		541,833
Commercial Drivers License Information System (CDLIS) Modernization Program	USDOT	20.238			214,156
Donation of Federal Surplus Personal Property	GSA	39.003			81,282
State Underground Water Source Protection	EPA	66.433			130,000
Total for DEPARTMENT OF ADMINISTRATION					1,938,159

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
DEPARTMENT OF CORRECTIONS							
State Criminal Alien Assistance Program	USDOJ		16.606	2010-AP-BX-0845		116,873	
Equitable Sharing Program	USDOJ		16.999	Equitable Sharing Prog		5,053	
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	USDOE		84.331	Q331A100002		54,483	
Incentive Payment Agreement (IPMOU) between SSA and DOC	SSA		96.999	IPMOU		36,400	
Total for DEPARTMENT OF CORRECTIONS						212,809	-
DEPARTMENT OF REVENUE							
ARRA-Child Support Enforcement	USDHHS	ARRA	93.563			297,000	
Child Support Enforcement	USDHHS		93.563			18,454,392	
Total for DEPARTMENT OF REVENUE						18,751,392	-
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES							
Schools and Roads - Grants to States	USDA		10.665		SRC	170,000	
USDA Contract - Design 24' bridge on Forest Service Road	USDA		10.999	USDA 05RO-11100100-120		104	
USFS Contract - Fish passage-ways on Mitkof, Hydaburg, and Yakutat Highways	USDA		10.999	USFS 07-RO-11100100-076		201,754	
Investments for Public Works and Economic Development Facilities	USDOC		11.300	07-01-05925	EDC	800,000	
Galena Airport Contract to maintain USAF safety	USDOD		12.999	12.F65501-95C0017		26,350	
King Salmon Airport Contract to maintain USAF safety	USDOD		12.999	12.F65501-96C0006		465,561	
US Army - Space & Missile Defense Command	USDOD		12.999	MOA USASMDC		5,311	
Funding from US Navy for Adak Airport Operations	USDOD		12.999	N6871104MDC4010		899,379	
Sand Point School Loop Rd BIA	USDOI		15.999	FRH53637		215,961	
Emmonak A/P Clinic Rd F&WS	USDOI		15.999	FWS701818J718		60,792	
Drug Court Discretionary Grant Program	USDOJ		16.585			22,287	
Drug Court Discretionary Grant Program	USDOJ		16.585			44,122	
ARRA-Airport Improvement Program	USDOT	ARRA	20.106			18,007,645	
Airport Improvement Program	USDOT		20.106			160,120,393	
ARRA-Highway Planning and Construction	USDOT	ARRA	20.205		HPCC	67,043,405	
Highway Planning and Construction	USDOT		20.205	WFL-DTFH70-09-E-00002	HPCC	4,042,918	2,447,923
Highway Planning and Construction	USDOT		20.205		HPCC	302,082,932	
National Motor Carrier Safety	USDOT		20.218			862,945	
Performance and Registration Information Systems Management	USDOT		20.231			32,807	
Border Enforcement Grants	USDOT		20.233			322,214	
Commercial Motor Vehicle Operator Training Grants	USDOT		20.235			1,279	
Commercial Vehicle Information Systems and Networks	USDOT		20.237			53,403	
Railroad Development	USDOT		20.314	FRA-FR-RRR-0010-08-01-00		123,602	
Federal Transit - Capital Investment Grants	USDOT		20.500		FTC	8,891,124	2,638,900
Metropolitan Transportation Planning	USDOT		20.505			385,822	394,559
ARRA-Formula Grants for Other Than Urbanized Areas	USDOT	ARRA	20.509			2,565,189	
Formula Grants for Other Than Urbanized Areas	USDOT		20.509			5,207,699	4,753,550
Capital Assistance Program for Elderly Persons and Persons with Disabilities	USDOT		20.513		TSPC	749,432	685,338
Public Transportation Research	USDOT		20.514			2,280	213
Job Access - Reverse Commute	USDOT		20.516		TSPC	169,484	194,601
New Freedom Program	USDOT		20.521		TSPC	1,252	1,252
State and Community Highway Safety	USDOT		20.600		HSC	2,024,639	1,450,613
Alcohol Impaired Driving Countermeasures Incentive Grants I	USDOT		20.601		HSC	785,998	265,358

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Occupant Protection Incentive Grants	USDOT	20.602			HSC	126,579	98,010
Alcohol Open Container Requirements	USDOT	20.607				2,166,932	1,226,473
Safety Belt Performance Grants	USDOT	20.609			HSC	29,356	28,660
State Traffic Safety Information System Improvement Grants	USDOT	20.610			HSC	560,729	20,890
Incentive Grant Program to Increase Motorcyclist Safety	USDOT	20.612			HSC	66,759	58,666
Child Safety and Child Booster Seats Incentive Grants	USDOT	20.613			HSC	156,488	108,110
Mendenhall Spur Rd ITS Project FHWA	USDOT	20.999	09-RO-111001000-031			72,464	
SE Forest Highway Project FHWA	USDOT	20.999	AK-PFH-43(8) & AK-PFH-40-1(1)			13,854	
FAA Agreement - Deadhorse & Kotzebue Combined Facility	USDOT	20.999	DTFA04-92-89229			127,559	
FAA P.O. - Goodnews Bay Airport runway edge lighting	USDOT	20.999	DTFAA 05-A-00009			351	
Takotna A/P Electrical line extension FAA FRH52265	USDOT	20.999	DTFAA 05-A-00009			211,929	
Barrow A/P Access Rd & Parking Lot Rehab FAA	USDOT	20.999	DTFAA 06-A-00006			85,758	
FAA P.O. - Nighthmute Airport runway edge lighting	USDOT	20.999	DTFAA 06-A-00009			1,358	
FAA P.O. - Atka Airport Lighting	USDOT	20.999	DTFAA 06-X-00009			(51,343)	
FAA P.O. - Goodnews Bay Airport Install Papi & REILs	USDOT	20.999	DTFAAL 05-X-00011			(548)	
FAA P.O. - Kongiganak Airport Lighting	USDOT	20.999	DTFAWA-06-A00009			443	
	USDOT	20.999	FAA -DTFAAL-09-C-00020			529,373	
Cue Based Pilot Training FAA FRH52510	USDOT	20.999	FAA-DTFAAL-05-A-00002			290,916	
Northern Region PAPI's and REIL's FFy05	USDOT	20.999	FAA-DTFAWA-04A-00003			(39,015)	
Perryville A/P Lighting FAA FRH57892	USDOT	20.999	FAA-DTFAWA-04-A-00003			(31,600)	
FAA P.O. - Kohkanok Airport Lighting	USDOT	20.999	FAA-DTFAWA-05-A-00011			(23,974)	
FAA P.O. - Kohkanok Airport Lighting	USDOT	20.999	FAA-DTFAWA-05-A-00011			(23,974)	
FAA P.O. - Tuntutuliak Airport runway edge lighting	USDOT	20.999	FAA-FAWA-26--A00009			56,479	
Contract with FHWA Office of Acquisition Management for CLARUS	USDOT	20.999	FHWA-HAAM 40F			92	
Motor Carrier Safety Assistance	USDOT	20.999	FHWA-MN10021			34,989	
Metarvik Evacuation Rd FHWA	USDOT	20.999	FRH80611			393,460	
Klawock Causeway Fish Passage FHWA	USDOT	20.999	NA09NMF4630301			422,036	
Traffic Mitigation in to new VA clinic	USDVA	64.999	USDVA FRH 51790			10,723	
Denali Commission Program	DC	90.100				1,792,805	12,950
Acquire Satellite imagery for processing into a cue based aviation simulation product.	USDHHS	93.999	CDC-214-2010-M-32462			26,289	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHHS	97.036	35036			15,194,484	
Port Security Grant Program	USDHHS	97.056	HS-2006-GB-T6-0033			769	
Homeland Security Grant Program	USDHHS	97.067			HLSC	832,297	
National Explosives Detection Canine Team Program	USDHHS	97.072				142,250	
ARRA-Port Security Grant Program (ARRA)	USDHHS	ARRA 97.116	HS 2009-PU-R1-0210			5,374	
Kodiak A/P USCG Soil Remediation USCG	USDHHS	97.999	FRH53594			21,238	
Total for DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES						599,615,736	14,386,066

DEPARTMENT OF PUBLIC SAFETY

National Marine Fisheries Joint Enforcement Agreement	USDOC	11.999	11.04 and 06/07/08-NMFS-JEA			1,638,926	
Sexual Assault Services Formula Program	USDOJ	16.017				126,823	118,463
Supervised Visitation, Safe Havens for Children	USDOJ	16.527				72,893	71,956
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554				422,261	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Crime Victim Assistance	USDOJ		16.575			1,367,388	1,295,507
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			582,577	
ARRA -Violence Against Women Formula Grants	USDOJ	ARRA	16.588			638,782	269,939
Violence Against Women Formula Grants	USDOJ		16.588			1,433,397	325,579
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	USDOJ		16.589			224,634	203,542
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	USDOJ		16.590			353,015	341,479
Residential Substance Abuse Treatment for State Prisoners	USDOJ		16.593			148,636	
Project Safe Neighborhoods	USDOJ		16.609			12,340	
Public Safety Partnership and Community Policing Grants	USDOJ		16.710			1,145,962	
Drug Prevention Program	USDOJ		16.728			9,886	
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ		16.738		JAG	1,277,165	680,140
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ		16.742			219,740	
Forensic Casework DNA Backlog Reduction Program	USDOJ		16.743			313,843	
Congressionally Recommended Awards	USDOJ		16.753	CY09		823,849	
ARRA -Recovery Act-State Victim Assistance Formula Grant Program	USDOJ	ARRA	16.801			157,370	157,233
ARRA -Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	USDOJ	ARRA	16.803		JAG	1,114,984	
Marijuana Eradication	USDOJ		16.999	16.05-2 & CY08/CY09		108,430	
Commercial Driver's License Program Improvement Grant	USDOT		20.232			519,383	
Alcohol Impaired Driving Countermeasures Incentive Grants I	USDOT		20.601		HSC	824,823	
Alcohol Open Container Requirements	USDOT		20.607			894,520	
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	USDHHS		93.671			735,429	695,612
State Fire Training Systems Grants	USDHS		97.043			13,811	
Total for DEPARTMENT OF PUBLIC SAFETY						15,180,867	4,159,450
KNIK ARM BRIDGE TOLL AUTHORITY							
Highway Planning and Construction	USDOT		20.205	PJ E 56047	HPCC	3,724,978	
Total for KNIK ARM BRIDGE TOLL AUTHORITY						3,724,978	-
DEPARTMENT OF LAW							
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			292,356	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	USDOJ		16.590			111,291	
Northern Border Prosecution Initiative Program	USDOJ		16.814			90,978	
State Medicaid Fraud Control Units	USDHHS		93.775		MC	601,125	
Total for DEPARTMENT OF LAW						1,095,750	-
OFFICE OF THE GOVERNOR							
ARRA-Recovery Act of 2009: Wildland Fire Management	USDA	ARRA	10.688			414,241	
ARRA-Recovery Act Funds-Habitat Enhancement, Restoration and Improvement	USDOI	ARRA	15.656			29,043	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Volcano Hazards Program Research and Monitoring	USDOI	ARRA	15.818			463,240	
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	USEEOC		30.002			160,384	
Election Reform Payments	GSA		39.011			219,213	
Help America Vote Act Requirements Payments	EAC		90.401			434,119	
Voting Access for Individuals with Disabilities - Grants to States	USDHHS		93.617			30,866	
Total for OFFICE OF THE GOVERNOR						1,751,106	-

UNIVERSITY OF ALASKA

Agricultural Research-Basic and Applied Research	USDA	10.001		R&DC	1,186,115	452,132	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025		R&DC	31,974		
Grants for Agricultural Research, Special Research Grants (Pass-through Utah State University)	USDA	10.200	61553007	R&DC	1,676		
Grants for Agricultural Research, Special Research Grants (Pass-through University of California, Davis)	USDA	10.200	09-002101-UAF1		417		
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	USDA	10.200	ADAP-121-UAF	R&DC	2,054		
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	USDA	10.200	Z936926	R&DC	5,240		
Grants for Agricultural Research, Special Research Grants	USDA	10.200		R&DC	878,516	84,306	
Grants for Agricultural Research, Special Research Grants	USDA	10.200			376,300		
Cooperative Forestry Research	USDA	10.202		R&DC	498,297		
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203		R&DC	1,395,854		
Grants for Agricultural Research-Competitive Research Grants	USDA	10.206		R&DC	52,519		
Grants for Agricultural Research-Competitive Research Grants	USDA	10.206			218,084		
Sustainable Agriculture Research and Education (Pass-through Utah State University)	USDA	10.215	90758036		14,325		
Community Food Projects	USDA	10.225			64,395		
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	USDA	10.226			51,122		
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228			1,408,901		
Integrated Programs (Pass-through University of California, Davis)	USDA	10.303	07-001492-UAK		9,334		
Integrated Programs (Pass-through University of Idaho)	USDA	10.303	BJKH15 SB005		83,568		
Homeland Security-Agricultural (Pass-through University of California, Davis)	USDA	10.304	07-002558-12/Pending		32,596		
Agriculture and Food Research Initiative (AFRI) (Pass-through University of Hawaii)	USDA	10.310	Pending		25,782		
Agriculture and Food Research Initiative (AFRI)	USDA	10.310		R&DC	156,404		
Agriculture and Food Research Initiative (AFRI)	USDA	10.310			1,622		
Beginning Farmer and Rancher Development Program	USDA	10.311			59,218		
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF) (Pass-through University of Minnesota)	USDA	ARRA	10.315	H001344228 ARRA		62,193	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	USDA		10.443			80,199	10,000
Cooperative Extension Service (Pass-through University of Wyoming)	USDA	10.500	1000781			2,415	
Cooperative Extension Service (Pass-through University of Wyoming)	USDA	10.500	1000782			877	
Cooperative Extension Service (Pass-through Utah State University)	USDA	10.500	100906004			7,393	
Cooperative Extension Service (Pass-through Purdue University)	USDA	10.500	8000041653			77,733	
Cooperative Extension Service (Pass-through Washington State University)	USDA	10.500	104777-G00189_0			(1,717)	
Cooperative Extension Service (Pass-through Kansas State University)	USDA	10.500	2007-48661-03868 (S08023.03)/P			87,561	
Cooperative Extension Service (Pass-through University of Idaho)	USDA	10.500	BSK701-SB-001 / PO#0028400			7,188	
Cooperative Extension Service (Pass-through Kansas State University)	USDA	10.500	S08107.01/.02/.03			19,123	
Cooperative Extension Service (Pass-through Kansas State University)	USDA	10.500	S10144/P-THRU 2007-48661-03868			32,677	
Cooperative Extension Service (Pass-through Kansas State University)	USDA	10.500	S11143			14,056	
Cooperative Extension Service (Pass-through Utah State University)	USDA	10.500	Subcont 08-0861062, FW10-609			1,998	
Cooperative Extension Service (Pass-through University of Wyoming)	USDA	10.500	UTSTUNV46467AK2			694	
Cooperative Extension Service (Pass-through University of Arizona)	USDA	10.500	Y560309			6,855	
Cooperative Extension Service	USDA	10.500			R&DC	72,309	
Cooperative Extension Service	USDA	10.500				1,806,390	72,165
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	EN 0611422			32,080	
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	EN 611458			7,153	
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through State of Oklahoma)	USDA	10.557	PO3409015400 (Orig 3409014142)			14,297	
Foreign Market Development Cooperator Program	USDA	10.600			R&DC	47,357	
Forestry Research	USDA	10.652			R&DC	4,845	
Forestry Research	USDA	10.652				4,056	
Cooperative Forestry Assistance	USDA	10.664			R&DC	53,520	
Cooperative Forestry Assistance	USDA	10.664				234,042	
Forest Health Protection (Pass-through Anchorage Park Foundation)	USDA	10.680	Project 147		R&DC	1,955	
Forest Health Protection	USDA	10.680			R&DC	62,174	
Forest Health Protection	USDA	10.680				19,510	
Rural Business Enterprise Grants	USDA	10.769				259,286	
Rural Cooperative Development Grants	USDA	10.771				224,044	
Resource Conservation and Development	USDA	10.901			R&DC	29,447	
Soil and Water Conservation (Pass-through University of Idaho)	USDA	10.902	Req 0015680		R&DC	10,460	
Miscellaneous (Pass-through Alaska Association of Conservation Districts)	USDA	10.999	Agreement Dated 7/20/10	R&DC		66,666	
Miscellaneous (Pass-through Kansas State University)	USDA	10.999	KSU S11106			22,975	
Miscellaneous	USDA	10.999			R&DC	442,003	
Miscellaneous	USDA	10.999				51,464	
Ocean Exploration	USDOC	11.011			R&DC	10,009	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Economic Development-Technical Assistance	USDOC		11.303			134,848	
ARRA-Economic Adjustment Assistance	USDOC	ARRA	11.307		EDC	155,054	
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	USDOC		11.400		R&DC	309,728	234,387
Interjurisdictional Fisheries Act of 1986	USDOC		11.407			(2,602)	
Sea Grant Support (Pass-through University of Mississippi)	USDOC		11.417	10-03-058		16,629	
Sea Grant Support	USDOC		11.417	ADN510407/EN511099		9,557	
Sea Grant Support	USDOC		11.417		R&DC	126,595	
Sea Grant Support	USDOC		11.417			2,112,111	137,203
Coastal Zone Management Administration Awards	USDOC		11.419	ADN 901017		3,353	
Coastal Zone Management Administration Awards	USDOC		11.419	RSA ADN 45-09-0805	R&DC	(840)	
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420		R&DC	26,756	
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420			13,710	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC		11.427		R&DC	125,298	
Undersea Research	USDOC		11.430		R&DC	1,088,465	505,216
Climate and Atmospheric Research	USDOC		11.431		R&DC	752,186	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC		11.432		R&DC	1,867,979	46,457
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	ADN 1115958	R&DC	48,281	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	RS 1105970		150,000	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	RSA 1115951	R&DC	32,864	
Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	USDOC		11.438	RSA 1115959	R&DC	28,132	
Marine Mammal Data Program	USDOC		11.439		R&DC	674,967	
Unallied Industry Projects	USDOC		11.452			19,953	
Special Oceanic and Atmospheric Projects	USDOC		11.460		R&DC	212,553	
ARRA-Habitat Conservation (Pass-through National Fish and Wildlife Foundation DC)	USDOC	ARRA	11.463	2008-0066-008	R&DC	69,033	
Meteorologic and Hydrologic Modernization Development	USDOC		11.467		R&DC	2,796	
Applied Meteorological Research (Pass-through University of Mississippi)	USDOC		11.468	UM 09-09-024	R&DC	161,030	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	503		(174)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1004	R&DC	152,990	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1005	R&DC	106,029	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1008	R&DC	15,773	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1012	R&DC	5,250	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1022	R&DC	53,789	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 614	R&DC	(993)	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 702	R&DC	(3,086)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 708	R&DC	(223)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 714	R&DC	17,240	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 804	R&DC	(787)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 805	R&DC	142,587	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 814	R&DC	42,928	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 821	R&DC	18,995	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 828	R&DC	10,116	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 901	R&DC	3,867	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 904	R&DC	16,138	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 908-A	R&DC	41,790	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 908-B	R&DC	33,682	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 909	R&DC	9,012	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 912	R&DC	20,582	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 913	R&DC	12,072	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 915	R&DC	8,269	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 916	R&DC	22,697	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 918	R&DC	46,775	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 920	R&DC	74,900	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 923	R&DC	18,608	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 927	R&DC	75,721	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 928	R&DC	10,288	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 929	R&DC	28,646	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B51	R&DC	94,241	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B52	R&DC	25,394	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B53	R&DC	109,179	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B67	R&DC	50,268	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B68	R&DC	(18,584)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B75	R&DC	(39,562)	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B77	R&DC	64,906	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project G81	R&DC	120,880	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project G84	R&DC	16,633	
Unallied Science Program	USDOC		11.472		R&DC	8,680	
Unallied Science Program	USDOC		11.472			50,767	
Coastal Services Center (Pass-through University of Maryland, UMCES)	USDOC		11.473	CA- 07-11 Z7315-1	R&DC	24,830	
Coastal Services Center (Pass-through University of Maryland, UMCES)	USDOC		11.473	CA 10-27	R&DC	228,275	
Coastal Services Center (Pass-through Seward Association for Advancement of Science)	USDOC		11.473	H-2201	R&DC	557	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H2221-00	R&DC	79,243	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H2223-00	R&DC	140,349	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H222400/Pending	R&DC	136,760	
Educational Partnership Program (Pass-through North Carolina A&T State University)	USDOC		11.481	Subagreement 270040E	R&DC	64,250	
Educational Partnership Program	USDOC		11.481			(114)	
ARRA-Broadband Technology Opportunities Program (BTOP)	USDOC	ARRA	11.557			804,003	79,599
Sea Grant Support (Pass-through Consortium for Oceanographic Research & Education)	USDOC		11.999	SA 10-34		17,500	
Miscellaneous	USDOC		11.999		R&DC	65,370	
Miscellaneous	USDOC		11.999			93,033	
Procurement Technical Assistance For Business Firms	USDOD		12.002			345,239	
Collaborative Research and Development (Pass-through University of Mississippi)	USDOD		12.114	UM 07-11-041	R&DC	118,451	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	USDOD		12.300	A100585	R&DC	68,842	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	USDOD		12.300	A100694	R&DC	116,974	133,918
Basic and Applied Scientific Research	USDOD		12.300		R&DC	761,407	
Military Medical Research and Development	USDOD		12.420		R&DC	1,035,312	9,144
Basic Scientific Research (Pass-through Mississippi State University)	USDOD		12.431	060803-360295-01	R&DC	208,206	408,893
Basic Scientific Research (Pass-through Oklahoma State University)	USDOD		12.431	AE-5-48940	R&DC	21,643	
Basic Scientific Research (Pass-through Academy of Applied Science)	USDOD		12.431	Sbgrnt; 08-48,49,50 DATE 8.7.8		456	
Basic Scientific Research	USDOD		12.431		R&DC	1,126,289	
Invitational Grants for Military-Connected Schools (Pass-through Anchorage School District)	USDOD		12.557	11-1401	R&DC	16,714	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD		12.630		R&DC	92,719	
Air Force Defense Research Sciences Program	USDOD		12.800		R&DC	452,298	
Research and Technology Development (Pass-through University of Florida)	USDOD		12.910	1005018/1905-1100068429	R&DC	13,461	
Research and Technology Development	USDOD		12.910		R&DC	671,040	
Miscellaneous	USDOD		12.999		R&DC	2,873,591	
Miscellaneous	USDOD		12.999			25,502	12,616
Alaska Native / Native Hawaiian Institutions Assisting Communities	HUD		14.515			1,371,703	522,509
Indian Education-Higher Education Grant Program	USDOI		15.114			40,940	
Cultural Resource Management	USDOI		15.224		R&DC	84,047	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Cultural Resource Management	USDOI		15.224			1,178,498	
Recreation Resource Management	USDOI		15.225		R&DC	78,081	
Invasive and Noxious Plant Management	USDOI		15.230		R&DC	55,986	
ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe)	USDOI	ARRA	15.231	BLM0F021-BLM0F025 to 1	R&DC	289,009	
ARRA-Fish, Wildlife and Plant Conservation Resource Management	USDOI	ARRA	15.231		R&DC	24,362	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through National Fish and Wildlife Foundation DC)	USDOI		15.231	2009-0035-010	R&DC	4,829	
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231		R&DC	30,712	
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231			154	
Wildland Fire Research and Studies Program (Pass-through University of Nevada, Reno)	USDOI		15.232	UNR-11-75 / PO 111GC000031	R&DC	5,792	
Wildland Fire Research and Studies Program Environmental Quality and Protection Resource Management	USDOI		15.232			42,260	
USDOI			15.236		R&DC	132,243	
Rangeland Resource Management	USDOI		15.237		R&DC	81,619	
Alaska Coastal Marine Institute	USDOI		15.421		R&DC	535,683	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through Continental Shelf Association Inc)	USDOI		15.423	CSA JOB 2253	R&DC	(3,857)	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas, Austin)	USDOI		15.423	UTA-09-000282	R&DC	58,337	
Minerals Management Service (MMS) Environmental Studies Program (ESP)	USDOI		15.423		R&DC	669,867	
Fish and Wildlife Management Assistance (Pass-through National Fish and Wildlife Foundation)	USDOI		15.608	2007-0140-000		102	
Fish and Wildlife Management Assistance	USDOI		15.608		R&DC	19,146	
Coastal Program	USDOI		15.630			29,830	
Challenge Cost Share	USDOI		15.642		R&DC	15,818	
Challenge Cost Share	USDOI		15.642			61,683	
Service Training and Technical Assistance (Generic Training)	USDOI		15.649			3,639	
Research Grants (Generic)	USDOI		15.650		R&DC	899,202	35,000
Research Grants (Generic)	USDOI		15.650			20,338	
Assistance to State Water Resources Research Institutes	USDOI		15.805		R&DC	80,941	14,712
Earthquake Hazards Reduction Program	USDOI		15.807		R&DC	25,590	
Earthquake Hazards Reduction Program	USDOI		15.807			659,666	
ARRA-U.S. Geological Survey-Research and Data Collection	USDOI	ARRA	15.808		R&DC	8,869	
ARRA-U.S. Geological Survey-Research and Data Collection	USDOI	ARRA	15.808			308,854	
U.S. Geological Survey-Research and Data Collection (Pass-through America View, Incorporated)	USDOI		15.808	AVO8-AK01	R&DC	29,779	
U.S. Geological Survey-Research and Data Collection	USDOI		15.808		R&DC	1,441,068	
U.S. Geological Survey-Research and Data Collection	USDOI		15.808			82,323	
National Cooperative Geologic Mapping Program	USDOI		15.810		R&DC	15,639	
Gap Analysis Program	USDOI		15.811		R&DC	235,535	
Cooperative Research Units Program	USDOI		15.812		R&DC	1,555,075	6,593
Minerals Resources External Research Program	USDOI		15.816		R&DC	39,658	12,686

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Volcano Hazards Program Research and Monitoring	USDOI	ARRA	15.818		R&DC	1,042,014	
Disposal of Surplus Wildlife	USDOI		15.900		R&DC	118,859	
Disposal of Surplus Wildlife	USDOI		15.900			101,449	
Historic Preservation Fund Grants-In-Aid	USDOI		15.904			38,571	
Outdoor Recreation-Acquisition, Development and Planning	USDOI		15.916		R&DC	39,737	
Native American Graves Protection and Repatriation Act	USDOI		15.922			18,588	
National Center for Preservation Technology and Training	USDOI		15.923		R&DC	4,467	
Miscellaneous (Pass-through Michigan Technological University)	USDOI		15.999	100259Z1 PO083070		40,946	
Miscellaneous (Pass-through National Fish and Wildlife Foundation DC)	USDOI		15.999	2003-0265-018		10,848	
Pass-through University of Vermont	USDOI		15.999	20118 Initial 2002	R&DC	1,175	
Pass-through Rutgers, The State University of New Jersey	USDOI		15.999	419914-32767	R&DC	815	
Pass-through Hoonah Indian Association	USDOI		15.999	MOA Dated 02/01/10	R&DC	912	
Pass-through Rutgers, The State University of New Jersey	USDOI		15.999	PO S953776 0000326714-21833	R&DC	33,744	
Miscellaneous	USDOI		15.999		R&DC	1,165,201	88,351
Miscellaneous	USDOI		15.999			349,355	
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	USDOJ		16.529	EN 693070 RD 6312		(2,584)	
Title V - Delinquency Prevention Program	USDOJ		16.548	EN 0611405	R&DC	6,889	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ		16.550		R&DC	53,346	
Miscellaneous	USDOJ		16.999			54,504	
WIA Youth Activities	USDOL		17.259	EN 716102	WIAC	112,391	
WIA Dislocated Workers	USDOL		17.260	ADN710649	WIAC	222,453	
WIA Dislocated Workers	USDOL		17.260	EN 716119	WIAC	250,000	
WIA Dislocated Workers	USDOL		17.260	EN 796100	WIAC	(68)	
WIA Dislocated Workers	USDOL		17.260	EN706113/700012/700531	WIAC	76	
H-1B Job Training Grants	USDOL		17.268			72,388	
Community Based Job Training Grants	USDOL		17.269			587,093	78,711
Mine Health and Safety Grants	USDOL		17.600			1,686	
Air Transportation Centers of Excellence (Pass-through Embry-Riddle Aeronautical University)	USDOT		20.109	61077-UAA PO 142015 Amend 1		7,302	
Air Transportation Centers of Excellence	USDOT		20.109		R&DC	169,821	
Highway Research and Development Program (Pass-through University of Idaho, NIATT)	USDOT		20.200	KLK262 SB 002		45,667	
Highway Planning and Construction	USDOT		20.205	EN.2573008	HPCC	775	
Highway Planning and Construction	USDOT		20.205		HPCC	72,588	
Highway Training and Education	USDOT		20.215			295,416	
Recreational Trails Program	USDOT		20.219	10795961	HPCC	123,982	
Commercial Driver's License Program Improvement Grant	USDOT		20.232	EN 0211034		70,180	
University Transportation Centers Program (Pass-through Portland State University)	USDOT		20.701	GCA 6384	R&DC	13,336	
University Transportation Centers Program	USDOT		20.701		R&DC	2,390,119	260,907
Research Grants (Pass-through University of Hawaii)	USDOT		20.762	PO Z894269	R&DC	15,814	
Miscellaneous (Pass-through Oil Spill Recovery Institute)	USDOT		20.999	39365		17,500	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Miscellaneous	USTreas		21.999		R&DC	378,739	
Federal Citizen Information Center	GSA		39.009		R&DC	8,922,406	58,309
ARRA-Science	NASA	ARRA	43.001		R&DC	240,747	
Science (Pass-through JPL)	NASA		43.001	1241499	R&DC	92,989	
Science (Pass-through Prince William Sound Science Center)	NASA		43.001	10-65-10	R&DC	173,159	
Science (Pass-through The Aerospace Corporation)	NASA		43.001	PO 4600003770	R&DC	25,091	
Science (Pass-through JPL)	NASA		43.001	Sub 1322658	R&DC	34,022	
Science (Pass-through University of Maryland)	NASA		43.001	Sub Z631501	R&DC	100,480	
Science	NASA		43.001		R&DC	372,554	
Science	NASA		43.001			184,385	
Aeronautics (Pass-through University of Colorado)	NASA		43.002	1545830REF:SPO70172	R&DC	21,537	
Miscellaneous (Pass-through Bermuda Institute of Ocean Sciences)	NASA		43.999	36800	R&DC	66,908	
Miscellaneous (Pass-through The John Hopkins University)	NASA		43.999	957706	R&DC	173,561	
Miscellaneous (Pass-through University of California, Berkeley)	NASA		43.999	1-0001080910	R&DC	(446)	
Miscellaneous (Pass-through University of South Florida)	NASA		43.999	2500-1441-00-B	R&DC	1,656	
Miscellaneous (Pass-through University of Tennessee, Knoxville)	NASA		43.999	A11-0338-S001		4,812	
Miscellaneous (Pass-through Montclair State University)	NASA		43.999	NNX09AL03G/PO-S102366	R&DC	66,196	
Miscellaneous (Pass-through SETI Institute)	NASA		43.999	PO 08-SC-1019	R&DC	8,700	
Miscellaneous (Pass-through Alaska Challenger Center For Space Science Technology, Inc.)	NASA		43.999	S12985		94,451	
Miscellaneous (Pass-through University of Pittsburgh)	NASA		43.999	Sub 0008149	R&DC	64,336	
Miscellaneous (Pass-through University of New Hampshire)	NASA		43.999	Sub 09-046	R&DC	175,193	
Miscellaneous (Pass-through JPL)	NASA		43.999	Sub 1418562	R&DC	55,413	
Miscellaneous (Pass-through University of Washington)	NASA		43.999	Subcontract 486547	R&DC	101,360	
Miscellaneous (Pass-through University of Maryland)	NASA		43.999	Z627201	R&DC	16,557	
Miscellaneous	NASA		43.999		R&DC	13,816,717	
Miscellaneous	NASA		43.999			459,864	155,014
Promotion of the Arts-Partnership Agreements	NEA		45.025	FY10CAD0040		73	
Promotion of the Arts-Partnership Agreements	NEA		45.025	FY11CAD0033		3,500	
Museums for America	IMLS		45.301			49,726	
Grants to States	IMLS		45.310	ADN510238		12,571	
Grants to States	IMLS		45.310	EN 510263		52,066	
Grants to States	IMLS		45.310	EN510264		9,023	
Grants to States	IMLS		45.310	Grant Dated 7/14/10		85,028	
Grants to States	IMLS		45.310	InterLibrary Cooperation Grant		12,459	
Grants to States	IMLS		45.310	LS-00-10-0002-10/Pending		19,716	
Development Testbed Center Visitor Program (Pass-through National Center for Atmospheric Research)	NSF		47.003	Z11-87895	R&DC	5,371	
Engineering Grants (Pass-through Georgia Institute of Technology)	NSF		47.041	RA0693-G1 / PO #2720014478	R&DC	35,657	
Engineering Grants	NSF		47.041		R&DC	8,393	
Engineering Grants	NSF		47.041			146,456	49,529
Engineering Grants (Pass-through Stanford University)	NSF		47.049	Subaward Number 30891-A	R&DC	8,118	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Mathematical and Physical Sciences	NSF		47.049		R&DC	428,658	
Geosciences (Pass-through University of Southern California)	NSF		47.050	149701	R&DC	51,462	
Geosciences (Pass-through WGBH Educational Foundation)	NSF		47.050	2008000779A		7,392	
Geosciences (Pass-through Virginia Polytechnic Institute)	NSF		47.050	478052-19099	R&DC	45,163	
Geosciences (Pass-through SRI International)	NSF		47.050	59-001127	R&DC	462,279	
Geosciences (Pass-through Cornell University)	NSF		47.050	62144-9481	R&DC	14,988	
Geosciences (Pass-through Rutgers University)	NSF		47.050	PO 4150 / S1409651	R&DC	457	
Geosciences (Pass-through Woods Hole Oceanographic Institution)	NSF		47.050	Subaward Number A100638	R&DC	25,974	
Geosciences	NSF		47.050		R&DC	5,939,930	244,351
Geosciences	NSF		47.050			898,334	
Computer and Information Science and Engineering (Pass-through Carnegie Mellon University)	NSF		47.070	1120822-184882		29,400	
Computer and Information Science and Engineering	NSF		47.070		R&DC	257,638	31,426
Computer and Information Science and Engineering	NSF		47.070			161,964	
Biological Sciences (Pass-through University of Washington)	NSF		47.074	592485	R&DC	18,312	
Biological Sciences (Pass-through South Dakota State University)	NSF		47.074	3TC097	R&DC	15,900	
Biological Sciences (Pass-through Wright State University)	NSF		47.074	DEB-0926162	R&DC	12,590	
Biological Sciences (Pass-through University of Notre Dame)	NSF		47.074	Subaward Number 201717	R&DC	11,312	
Biological Sciences	NSF		47.074		R&DC	2,671,241	188,252
Biological Sciences	NSF		47.074			284,487	
Social, Behavioral, and Economic Sciences	NSF		47.075		R&DC	291,712	
Social, Behavioral, and Economic Sciences	NSF		47.075			88,968	
Education and Human Resources	NSF		47.076		R&DC	2,534,777	
Education and Human Resources	NSF		47.076			1,858,873	
ARRA-Polar Programs	NSF	ARRA	47.078		R&DC	214,859	
Polar Programs (Pass-through Columbia University)	NSF		47.078	3 (ACCT 5-24906)		6,843	
Polar Programs (Pass-through San Diego State University)	NSF		47.078	53702A 7807 E006811	R&DC	12,040	
Polar Programs (Pass-through Bermuda Institute of Ocean Sciences)	NSF		47.078	BIOS 072145	R&DC	19,801	
Polar Programs (Pass-through University of Maryland, UMCES)	NSF		47.078	CA 08-09	R&DC	145	
Polar Programs (Pass-through Woods Hole Oceanographic Institution)	NSF		47.078	PO S115043	R&DC	1,179	
Polar Programs (Pass-through University of Washington)	NSF		47.078	Subcontract 573685 MOD 1	R&DC	12,560	
Polar Programs	NSF		47.078		R&DC	12,871,251	165,806
Polar Programs	NSF		47.078			660,031	
International Science and Engineering (OISE) (Pass-through U.S. Civilian Research & Development Foundation)	NSF		47.079	RUB22991NO10	R&DC	13,490	
International Science and Engineering (OISE) (Pass-through University of Hawaii, Manoa)	NSF		47.079	Z946967 / PO 660191	R&DC	3,250	
International Science and Engineering (OISE)	NSF		47.079		R&DC	274,372	
International Science and Engineering (OISE)	NSF		47.079			1,219	
Office of Experimental Program to Stimulate Competitive Research	NSF		47.081			93,021	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through Lehigh University)	NSF	ARRA	47.082	542068-78001	R&DC	38,254	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Washington)	NSF	ARRA	47.082	ARRA ARC-0908262 / 657596Z	R&DC	7,216	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Colorado)	NSF	ARRA	47.082	ARRA SPO 0000069542	R&DC	150,103	
ARRA-Trans-NSF Recovery Act Research Support	NSF	ARRA	47.082		R&DC	31,579,697	
ARRA-Trans-NSF Recovery Act Research Support	NSF	ARRA	47.082			878,836	
ARRA-Miscellaneous	NSF	ARRA	47.999		R&DC	24,702	
Miscellaneous	NSF		47.999			151,111	
8(a) Business Development Program	USSBA		59.006			84,783	
Small Business Development Centers	USSBA		59.037			722,845	
Prime Technical Assistance	USSBA		59.050		R&DC	164,508	
Congressionally Mandated Projects	EPA		66.202			209,346	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419	RS/1800017/EN 1800502	R&DC	289	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419	RS1810168/EN 1810521	R&DC	20,722	
P3 Award: National Student Design Competition for Sustainability	EPA		66.516		R&DC	6,718	
Miscellaneous (Pass-through NatureServe)	EPA		66.999	EP-W-07-080 (WA 3-20)	R&DC	47,747	
Miscellaneous (Pass-through NatureServe)	EPA		66.999	EPW-07-080(WA2-11&WA2-14)	R&DC	24,770	
Miscellaneous (Pass-through Kenai Watershed Forum)	EPA		66.999	KWF-UAF-001	R&DC	(34)	
Miscellaneous (Pass-through Venetie Village Council)	EPA		66.999	S00013808		4,288	
Office of Science Financial Assistance Program	ENERGY		81.049		R&DC	895,182	
ARRA-Renewable Energy Research and Development	ENERGY	ARRA	81.087		R&DC	529,734	
Renewable Energy Research and Development (Pass-through Ocean Renewable Power Company-Alaska)	ENERGY		81.087	Agreement Signed 06/10/2010	R&DC	8,903	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	ENERGY		81.087	EP-P36535/C16572	R&DC	48,754	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	ENERGY		81.087	EP-P37092/C16755	R&DC	90,613	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	ENERGY		81.089	Contract 643168	R&DC	145,740	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	ENERGY		81.089	Standard PO: 746154	R&DC	19,698	
Fossil Energy Research and Development	ENERGY		81.089		R&DC	955,291	48,008
Fossil Energy Research and Development	ENERGY		81.089			257,460	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	ARRA	81.128	02/10-01 ARRA		2,884	
Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY		81.128	400114 /EEC-10-ISR-1	R&DC	37,766	
Energy Efficiency and Conservation Block Grant Program (EECBG) (Pass-through Fairbanks North Star Borough)	ENERGY		81.128	PO 114239	R&DC	18,839	
ARRA-Geologic Sequestration Training and Research Grant Program	ENERGY	ARRA	81.133		R&DC	241,009	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.999	9064	R&DC	12,875	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.999	17560	R&DC	51,903	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.999	128750	R&DC	58,004	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Miscellaneous	ENERGY		81.999	Pending		1,933	
Miscellaneous (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.999	Subcontract #4000098845		39,218	
Miscellaneous	ENERGY		81.999		R&DC	217,776	
Miscellaneous	ENERGY		81.999			3,000	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 710564			119,885	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 770016			(5)	
Adult Education - Basic Grants to States	USDOE	84.002	EN 705601			(286)	
Adult Education - Basic Grants to States	USDOE	84.002	EN 715601			58,826	
Adult Education - Basic Grants to States	USDOE	84.002	EN 715602			30,025	
Adult Education - Basic Grants to States	USDOE	84.002	EN 715603			24,653	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007			SFAC	980,262	
Special Education - Grants to States	USDOE	84.027	ADN 0500136/10.157.02	SEC		(26)	
Special Education - Grants to States	USDOE	84.027	EN 510035	SEC		32,111	
Special Education - Grants to States	USDOE	84.027	EN 510262	SEC		6,614	
Special Education - Grants to States	USDOE	84.027	EN0510658	FS11.156.03	SEC	28,475	
Higher Education - Institutional Aid	USDOE	84.031				12,033,767	22,500
Federal Work-Study Program	USDOE	84.033			SFAC	420,147	
TRIO - Student Support Services	USDOE	84.042			TRIOC	488,551	
TRIO - Talent Search	USDOE	84.044			TRIOC	700,623	
TRIO - Upward Bound	USDOE	84.047			TRIOC	1,338,373	161,905
Career and Technical Education - Basic Grants to States	USDOE	84.048	45-11-0805				1,850
Career and Technical Education - Basic Grants to States	USDOE	84.048	EN 510107 Amend 1				2,745
Career and Technical Education - Basic Grants to States	USDOE	84.048	EN 510145				12,969
Career and Technical Education - Basic Grants to States	USDOE	84.048	EN 510429				98,327
Career and Technical Education - Basic Grants to States	USDOE	84.048	EN 510590				47,994
ARRA-Federal Pell Grant Program	USDOE	ARRA	84.063		SFAC	(509,486)	
Federal Pell Grant Program	USDOE		84.063		SFAC	24,572,867	
TRIO - Educational Opportunity Centers	USDOE		84.066		TRIOC	634,188	
Fund for the Improvement of Postsecondary Education	USDOE		84.116			463,520	
Fund for the Improvement of Education	USDOE		84.215				(85)
Tech-Prep Education	USDOE		84.243	EN 510108		279,058	
Tech-Prep Education	USDOE		84.243	EN500150		882	
Federal Direct Student Loans	USDOE		84.268		SFAC	76,097,269	
Indian Education, Special Programs for Indian Children	USDOE		84.299			246,751	
Education Research, Development and Dissemination	USDOE		84.305			452,343	
Special Education - State Personnel Development	USDOE		84.323	ADN 0500138/FS10.168.01		2,230	
Special Education - State Personnel Development	USDOE		84.323	ADN 510312		216,527	
Teacher Quality Partnership Grants	USDOE		84.336		TQPG	864,706	250,390
Alaska Native Educational Programs (Pass-through Alaska Pacific University)	USDOE		84.356	Agreement Dated 04/21/08	R&DC	3,714	
Alaska Native Educational Programs (Pass-through Alaska Native Heritage Center)	USDOE		84.356	Agreement Dated 12/08/10		9,225	
Alaska Native Educational Programs (Pass-through Association of Alaska School Boards)	USDOE		84.356	Amended PO 100-ISER- 06	R&DC	(3,893)	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dtd 07/14/10		7,972	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dtd 08/17/10		8,306	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dtd 10/01/09 E-mail Dtd5/10		832	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dtd 11/06/09 E-mail Dtd5/10		1,175	
Alaska Native Educational Programs	USDOE		84.356			4,339,381	277,647
Native Hawaiian Education (Pass-through Pacific Tsunami Museum, Inc.)	USDOE		84.362	MOA PTM 09/01/10		28,658	
Improving Teacher Quality State Grants	USDOE		84.367	HE 11.159.01		16,448	
Grants for State Assessments and Related Activities	USDOE		84.369	510294		5,119	
Grants for State Assessments and Related Activities	USDOE		84.369	EN 510669		2,414	
Academic Competitiveness Grants	USDOE		84.375		SFAC	154,111	
National Science and Mathematics Access to Retain Talent (SMART) Grants	USDOE		84.376		SFAC	516,039	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE		84.379		SFAC	63,569	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	USDOE	ARRA	84.393	EN 0611465	EISC	20,000	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	USDOE	ARRA	84.393	EN 611455	EISC	119,029	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	USDOE	ARRA	84.393	EN 611464	EISC	34,501	
Transition Programs for Students with Intellectual Disabilities into Higher Education	USDOE		84.407			57,808	
Miscellaneous (Pass-through Alaska Humanities Forum)	USDOE		84.999	Agreement Dated 6/06 Amend 05/09	R&DC	53,154	10,979
Miscellaneous (Pass-through National Writing Project Corporation)	USDOE		84.999	Contract 09-AK02		89,997	
Miscellaneous	USDOE		84.999	PNWPC001		38,154	
Miscellaneous (Pass-through Anchorage School District)	USDOE		84.999	PR/PO 9P13709 Amend 1	R&DC	(188)	
Miscellaneous (Pass-through WestEd)	USDOE		84.999	S11-030		56,156	
Denali Commission Program (Pass-through Alaska Public Broadcasting, Incorporated)	DC		90.100	174-05 Denali Commission		44,108	
Denali Commission Program (Pass-through Chaninik Wind Group)	DC		90.100	CWG2011-001	R&DC	8,008	
Denali Commission Program (Pass-through Cordova Electric Cooperative)	DC		90.100	PO 000000971	R&DC	80,176	
Denali Commission Program (Pass-through Ocean Renewable Power Company - Alaska)	DC		90.100	UAF11-0017	R&DC	35,430	
Denali Commission Program	DC		90.100		R&DC	4,119,619	33,223
Denali Commission Program	DC		90.100			576,291	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	USDHHS		93.043	EN 0604882		(3,205)	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	USDHHS		93.043	EN 693076		(2,354)	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048		R&DC	190,794	
Maternal and Child Health Federal Consolidated Programs (Pass-through Children's Hospital Los Angeles)	USDHHS		93.110	Sub Agreement# 228 Amend 2		(1,390)	
Maternal and Child Health Federal Consolidated Programs	USDHHS		93.110			137,671	7,726
Environmental Health	USDHHS		93.113			534,523	116,343
Human Genome Research	USDHHS		93.172		R&DC	356,521	107,851
Research on Healthcare Costs, Quality and Outcomes	USDHHS		93.226		R&DC	234,950	67,473

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Mental Health Research Grants	USDHHS		93.242		R&DC	694,081	30,268
Mental Health Research Grants	USDHHS		93.242			434,509	
Occupational Safety and Health Program	USDHHS		93.262		R&DC	201,021	15,959
Alcohol Research Programs	USDHHS		93.273			67	
Drug Abuse and Addiction Research Programs (Pass-through Pacific Institute for Research and Evaluation Louisville Center)	USDHHS		93.279	0049.02.01 MOD 2 DTD 5/16/11	R&DC	17,293	
Drug Abuse and Addiction Research Programs	USDHHS		93.279		R&DC	519,825	
Drug Abuse and Addiction Research Programs	USDHHS		93.279			4,784	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			294,415	
National Center for Health Workforce Analysis	USDHHS		93.300		R&DC	34,300	
Minority Health and Health Disparities Research	USDHHS		93.307		R&DC	553,634	39,611
Advanced Nursing Education Traineeships	USDHHS		93.358			26,795	
Nurse Education, Practice and Retention Grants (Pass-through University of Washington)	USDHHS		93.359	699947		4,315	
National Center for Research Resources	USDHHS		93.389		R&DC	4,722,010	17,640
National Center for Research Resources	USDHHS		93.389			312,398	
ARRA-Equipment to Enhance Training for Health Professionals	USDHHS	ARRA	93.411			295,144	
ARRA-Nursing Workforce Diversity	USDHHS	ARRA	93.417			311,879	
Family Connection Grants (Pass-through OnTrack, Inc.)	USDHHS		93.605	Agreement Dated 01/19/10	R&DC	19,734	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For Research)	USDHHS		93.632	Subcontract FY2009-034		(2,567)	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS		93.632			561,526	
Foster Care, Title IV-E	USDHHS		93.658	EN 0604850		7,404	
Foster Care, Title IV-E	USDHHS		93.658	EN 0611406 Amend 1		119,241	
Foster Care, Title IV-E	USDHHS		93.658	EN 0683053 Amend 1		(22)	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through Harvard College)	USDHHS	ARRA	93.701	149728.386555.0207	R&DC	255,852	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through Alaska Native Tribal Health Consortium)	USDHHS	ARRA	93.701	ANTHC-10-P-28245(ARRA)	R&DC	21,678	
ARRA-Trans-NIH Recovery Act Research Support	USDHHS	ARRA	93.701		R&DC	2,197,712	320,319
ARRA-Trans-NIH Recovery Act Research Support	USDHHS	ARRA	93.701			659,320	
ARRA-National Center for Research Resources, Recovery Act Construction Support	USDHHS	ARRA	93.702			570,338	
ARRA-Community Services Block Grant (Pass-through Rural Alaska Community Action Program)	USDHHS	ARRA	93.710	Project 1781	CSBGC	15,288	
ARRA-Health Information Technology Professionals in Health Care (Pass-through Dakota State University)	USDHHS	ARRA	93.721	DS1000003-2-ALASKA		31,685	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	USDHHS		93.779	RSA 0610626		100,078	
Health Careers Opportunity Program (Pass-through University of Washington)	USDHHS		93.822	Subcontract 169916		(438)	
Area Health Education Centers Infrastructure Development Awards	USDHHS		93.824			1,477,244	1,207,135
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS		93.847		R&DC	492,870	108,158
Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium)	USDHHS		93.853	3U1NS048069-04S3	R&DC	6,382	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Recipient
Extramural Research Programs in the Neurosciences and Neurological Disorders	USDHHS		93.853		R&DC	283,619	101,205
Allergy, Immunology and Transplantation Research (Pass-through J. Craig Venture Institute)	USDHHS		93.855	IGSP Agreement 12/02/09	R&DC	21,528	
Biomedical Research and Research Training (Pass-through University of Washington)	USDHHS		93.859	697269/Pending	R&DC	114,790	
Specially Selected Health Projects	USDHHS		93.888			419,383	
Block Grants for Prevention and Treatment of Substance Abuse (Pass-through University of Washington)	USDHHS		93.959	660357		1,136	
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS		93.959	602-11-009		60,082	
Geriatric Education Centers	USDHHS		93.969			40,325	
Miscellaneous (Pass-through University of Texas, San Antonio)	USDHHS		93.999	3902-65UAF		13,920	
Miscellaneous (Pass-through Southeast Alaska Regional Health Consortium)	USDHHS		93.999	78399-YR3 PO16523	R&DC	116,239	5,896
Miscellaneous (Pass-through Alaska Native Tribal Health Consortium)	USDHHS		93.999	ANTHC-10-C29939 MOD 001	R&DC	120,706	
Miscellaneous (Pass-through Alaska Network on Domestic Violence & Sexual Assault)	USDHHS		93.999	Contract DTD 2/25/11		4,050	
Miscellaneous (Pass-through Mount Sinai School of Medicine)	USDHHS		93.999	HHSN266200700010C	R&DC	758,774	
Miscellaneous (Pass-through Iowa State University)	USDHHS		93.999	Partnership Agreement I.S.		23,743	
Miscellaneous	USDHHS		93.999			34,883	
Learn and Serve America - Higher Education (Pass-through Princeton University)	USCNCS		94.005	Sub 00001316 MOD 3		7,493	
Volunteers in Service to America	USCNCS		94.013			3,723	
Social Security - Work Incentives Planning and Assistance Program	SSA		96.008			76,471	
State and Local Homeland Security National Training Program (Pass-through University of Hawaii)	USDHS		97.005	Z976302		15,677	
Centers for Homeland Security (Pass-through University of Hawaii)	USDHS		97.061	Z884255/Pending	R&DC	545,773	24,767
Total for UNIVERSITY OF ALASKA						290,846,376	7,073,195
Total Federal Financial Assistance						3,478,450,297	466,170,286

(Intentionally left blank)

STATEWIDE ABBREVIATIONS

A

AAC	Alaska Administrative Code <i>or</i> Alaska Aerospace Corporation
AA I	Administrative Assistant I
AAL	Actuarial Accrued Liabilities
AAM	Alaska Administrative Manual
ABE/GED	Adult Basic Education/General Education Degree
AC	Aging Cluster
ACA	Affordable Care Act
ACES	Alaska's Clear and Equitable Share
ACF	Administration for Children and Families
ACPE	Alaska Commission on Postsecondary Education
ACS	Alaska Court System <i>or</i> Affiliated Computer Systems, Inc.
ADN	Associate Degree of Nursing
ADP	Automated Data Processing
AEA	Alaska Energy Authority
AF	Agency Fund
AFRI	Agriculture and Food Research Initiative
AGDC	Alaska Gasline Development Corporation
AGIA	Alaska Gasline Inducement Act
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
AIDS	Acquired Immunodeficiency Virus Syndrome
AIGA	Alaska Insurance Guarantee Association
AK	Alaska
AKSAS	Alaska State Accounting System
ALSC	Alaska Legal Services Corporation
AMBBA	Alaska Municipal Bond Bank Authority
AMHT	Alaska Mental Health Trust
AMHTA	Alaska Mental Health Trust Authority
AMLR	Abandoned Mine Land Reclamation
ANGDA	Alaska Natural Gas Development Authority
ANTHC	Alaska Native Tribal Health Consortium
AOC	OPEB Cost
AOM	Administrative Operations Manager
APC	Annual Pension Cost

APFC	Alaska Permanent Fund Corporation
APM	Alaska Procedures Manual
AR	Accounts Receivable
ARHCT	Alaska Retiree Health Care Trust
ARLF	Agriculture Revolving Loan Fund
ARMB	Alaska Retirement Management Board
ARMC	U.S. Army, Material Command
ARMY	Department of the Army, Office of the Chief of Engineers
ARMY MC	U.S. Army Medical Command
ARO/SERO	Anchorage Regional Office/Southeast Regional Office
ARPA	Advanced Research Projects Agency
ARRA	American Recovery and Reinvestment Act
ARRC	Alaska Railroad Corporation
AS	Alaska Statute
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute
ASPIB	Alaska State Pension Investment Board
AWP	Average Wholesale Cost

B

B2F	The proposed Beluga to Fairbanks route for transporting North Slope natural gas
BC	British Columbia, Canada
BIA	Bureau of Indian Affairs
BJS	Bureau of Justice Statistics
BLM	Bureau of Land Management
BLS	Bureau of Labor Statistics
BTOP	Broadband Technology Opportunities Program
BZPP	Buffer Zone Protection Program

C

CAEF	Commercial Assistance Enterprise Fund
CAFR	Comprehensive Annual Financial Report
CAP	Cost Allocation Plan
CBRF	Constitutional Budget Reserve Fund (Alaska)
CC	Collocation Code
CCC	Child Care Cluster
CCDBG	Child Care and Development Block Grant
CCDF	Child Care Development Fund

CCPO	Child Care Program Office
CDBG	Community Development Block Grants
CDC	Center for Disease Control
CDFI	Community Development Financial Institutions Cluster
CDLIS	Commercial Drivers License Information System
CEGC	CDBG – Entitlement Grants Cluster
CFP	Public Housing Capital Fund
CFDA	Catalog of Federal Domestic Assistance
CFPC	CFP Cluster
CFR	Code of Federal Regulations
Ch	Chapter
ChalleNGE	A DMVA administered life and educational skills program
CIAP	Coastal Impact Assistance Program
CILC	Centers for Independent Living Cluster
CIP	Capital Improvement Projects
CMP	Care Management Program
CMS	Centers for Medicare and Medicaid Services
CNC	Child Nutrition Cluster
COPs	Certificates of Participation
COURT	Alaska Court System/Alaska Judicial Council
CPA	Certified Public Accountant
CPF	Capital Project Fund
CPD	Office of Community Planning and Development
CPO	Corrections Program Office
CSACC	CDBG - State Administered CDBG Cluster
CSBGC	Community Services Block Grant Cluster
CSED	Child Support Enforcement Division

D

(D)	Democrat
DAS	Division of Administrative Services
DBH	Division of Behavioral Health
DBP	Division of Business Partnerships
DC	Denali Commission
DCA	Division of Cost Allocation
DCCED	Department of Commerce, Community, and Economic Development (Alaska)
DCP	Deferred Compensation Plan
DCRA	Division of Community and Regional Affairs

DEA	Drug Enforcement Administration
DEC	Department of Environmental Conservation (Alaska)
DEED	Department of Education and Early Development (Alaska)
DFG	Department of Fish and Game (Alaska)
DFISX	DFA International Small Company Portfolio managed by Dimensional Fund Advisors LP
DGS	Division of General Services
DHCS	Division of Health Care Services
DHSS	Department of Health and Social Services (Alaska)
DISSIC	Disability Insurance/Supplemental Security Income Cluster
DISVX	DFA International Small Cap Value Portfolio managed by Dimensional Fund Advisors LP
DLA	Defense Logistics Agency <i>or</i> Division of Legislative Audit
DLWD	Department of Labor and Workforce Development (Alaska)
DNA	Deoxyribonucleic Acid
DMA	Division of Medical Assistance
DME	Durable Medical Equipment
DMVA	Department of Military and Veterans' Affairs (Alaska)
DNR	Department of Natural Resources (Alaska)
DOA	Department of Administration (Alaska)
DOC	Department of Corrections (Alaska)
DOF	Division of Finance
DOR	Department of Revenue (Alaska)
DOTPF	Department of Transportation and Public Facilities (Alaska)
DOT&PF	Department of Transportation and Public Facilities (Alaska)
DPU	Data Processing Unit
DPA	Division of Public Assistance
DPCU	Discretely Presented Component Unit
DPH	Division of Public Health
DPS	Department of Public Safety (Alaska)
DRB	Division of Retirement and Benefits
DRF	Disaster Relief Fund
DSDS	Division of Senior and Disability Services
DSF	Debt Service Fund
DSMAF	Deposits, Suspense, and Miscellaneous Agency Funds
DSS	Division of Senior Services
DUA	Disaster Unemployment Assistance
DUR	Drug Utilization Review
DVOP	Disabled Veterans' Outreach Program

E

EAC	Election Assistance Commission
EAEF	Energy Assistance Enterprise Fund
EDA	Economic Development Administration
EDC	Economic Development Cluster
EEARP	Energy Efficient Appliance Rebate Program
EECBG	Energy Efficient Conservation Block Grant
EF	Enterprise Fund
EFAC	Emergency Food Assistance Cluster
EFSPC	Emergency Food and Shelter Program Cluster
EHYC	Education of Homeless Children and Youth Cluster
EIP	Emergency Infections Program
EIS	Environmental Impact Statement <i>or</i> Eligibility Information System
EISC	Early Intervention Services (IDEA) Cluster
ELC	Epidemiology and Laboratory Capacity for Infectious Disease
ELF	Economic Limit Factor
EMGF	Emerging Markets Growth Fund
EMS	Emergency Medical Services
ENERGY	U.S. Department of Energy
EPA	U.S. Environmental Protection Agency
EPORS	Elected Public Officers Retirement System
ERISA	Employee Retirement Income Security Act of 1974
ERP	Enterprise Resource Planning
ESC	Employment Service Center
ESEA	Elementary and Secondary Education Act
ESD	Employment Security Division
ESP	Environmental Studies Program
ESS	Education Support Services
ETA	Employment and Training Administration
ETS	Enterprise Technology Services Division
ETSGC	Educational Technology State Grants Cluster
ETV	Education and Training Vouchers
EVOS	Exxon Valdez Oil Spill

F

F&M	Facilities and Maintenance
F&WC	Fish and Wildlife Cluster
FAA	Federal Aviation Administration
FAS	Foreign Agricultural Service
FASB	Financial Accounting Standards Board
FAS – GOV	Fixed Assets Software-Government
FDIC	Federal Deposit Insurance Corporation
FDA	Food and Drug Administration
FE	Funding Excess
FEMA	Federal Emergency Management Agency
FFADC	Foreign Food Aid Donation Cluster
FFATA	Federal Funding Accountability and Transparency Act
FFEL	Federal Family Education Loan
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FG/SCC	Foster Grandparent/Senior Companion Cluster
FHSC	First Health Services Corporation
FHWA	Federal Highway Administration
FI	Food Instrument
FIA	Fairbanks International Airport
FICA	Federal Insurance Contributions Act
FIFO	First In, First Out
FMCSA	Federal Motor Carrier Safety Administration
FMNP	Food Market Nutrition Program
FMS	Finance and Management Services
FNMA	Federal National Mortgage Association
FNS	Food and Nutrition Service
FPC	Food for Peace Cluster
Forestry	Division of Forestry (Alaska)
FRA	Federal Railroad Administration
FSA	Farm Service Agency
FSRS	FFATA Subaward Reporting System
FTA	Federal Transit Administration
FTC	Federal Transit Cluster
FTE	Full-time Equivalent
FSSLA	First Special Session Law of Alaska
Fund	Alaska Permanent Fund
FVPSP	Family Violence Prevention and Services Program

FX	Foreign currency
FX Forward	Foreign currency forward exchange contracts
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-Segregated Investments
GF	General Fund
GFOA	Government Finance Officers Association
GOV	Office of the Governor (Alaska)
GNMA	Government National Mortgage Association
GSA	U.S. General Services Administration

H

HAP	Housing Assistant Plan
HCBA	Home- and Community-Based Agency
HCBS	Home and Community Based Services
HCC	Health Center Cluster
HCFA	Health Care Financing Administration
HCS	Health Care Services
HDSC	Head Start Cluster
HIV	Human Immunodeficiency Virus
HLSC	Homeland Security Cluster
HMS	Health Management Services
HPCC	Highway Planning and Construction Cluster
H.R.	House Resolution
HRA	Health Reimbursement Arrangement
HRSA	Health Resources and Services Administration
HSC	Highway Safety Cluster
HUD	U.S. Department of Housing and Urban Development
HVC	Housing Voucher Cluster

I

IAC	Impact Aid Cluster
IAF	International Airport Fund

IASA	Improving America's Schools Act of 1994
IC	Immunization Cluster
ICPC	Indian CDBG Program Cluster
IDEA	Individuals with Disabilities Education Act
IHBGC	Indian Housing Block Grants Cluster
IHS	Indian Health Service
ILOBC	Independent Living Services for Older Individuals Who Are Blind Cluster
ILP	Infant Learning Program
ILSC	Independent Living State Grants Cluster
IMLS	Institute of Museum and Library Services
Inc.	Incorporated
IPA	Intergovernmental Personnel Act Mobility Program
IRS	Internal Revenue Service
ISF	Information Services Fund
IT	Information Technology
ITA	International Trade Administration
ITQSG	Improving Teacher Quality State Grants

J

JAG	Justice Assistance Grant Program Cluster
JGTRRA	Job Growth Relief Reconciliation Act
JRS	Judicial Retirement System
JUCE	Juneau Claims Eligibility

K

K-12	Kindergarten through 12 th Grade
KABTA	Knik Arm Bridge and Toll Authority
KD&A	Knowledge, Development, and Application Program
KLC	Kodiak Launch Complex

L

LAs	Local Administrators
LAW	Department of Law (Alaska)
LBA	Legislative Budget and Audit Committee (Alaska)
LC	Library of Congress <i>or</i> Ledger Code
LETPP	Law Enforcement Terrorism Prevention Program
LHCC	Lead Hazard Control Cluster

LIBOR	London Interbank Offered Rate
LIHEA	Low-Income Home Energy Assistance
LLC	Limited Liability Company
LMCS	Liquidity Management Cash System
LP	Limited Partnership
LSC	Legal Services Corporation
Ltd	Limited Company
LUST	Leaking Underground Storage Tanks

M

MAXCARS	Maximus Cost Allocation and Rate System
MBIA	Municipal Bond Insurance Association
MC	Medicaid Cluster
MD&A	Management's Discussion and Analysis
MEBA	Marine Engineers' Beneficial Association (Pension Plan)
Medicaid	Medical Assistance Program
MEHS	Mt. Edgecumbe High School
MFCU	Medicaid Fraud Control Unit
MHTA	Alaska Mental Health Trust Authority
MIS	Management Information System
MMIS	Medicaid Management Information Systems
MMS	Minerals Management Service
MOA	Memorandum of Agreement
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MSA	Master Settlement Agreement and Final Judgment
MSCI EAFE	Morgan Stanley Capital International - Europe, Australasia, and Far East
MSHA	Mine Safety and Health Administration

N

NA	Not Applicable
NAC	Network Access Control
NARA	National Archives and Records Administration
NASA	National Aeronautics and Space Administration
NAVY	U.S. Department of the Navy, Office of the Chief of Naval Research
NBCC	National Breast and Cervical Cancer
NCCCP	National Comprehensive Cancer Control Program
NCHIP	National Criminal History Improvement Program
NCHS	National Center for Health Statistics

NCLB	No Child Left Behind
NCRDS	National Coal Resources Data System
NEA	National Endowment for the Arts
NEH	National Endowment for the Humanities
NFAH	National Foundation on the Arts and the Humanities
NGA	Notice of Grant Award
NGB	National Guard Bureau
NGNMRS	National Guard and Alaska Naval Militia Retirement System (Alaska)
NHHC	Native Hawaiian Housing Cluster
NHSD	National Highway System Designation
NHTSA	National Highway Traffic Safety Administration
NIH	National Institute of Health
NIJ	National Institute of Justice
NIOSH	National Institute for Occupational Safety and Health
NIST	National Institute of Standards and Technology
NMRT	Northwest Marine Retirement Trust
No.	Number
NOAA	National Oceanic and Atmospheric Administration
NOICC	National Occupational Information Coordinating Committee
Nos.	Numbers
NPCR	National Program of Cancer Registries
NPI	National Provider Identification
NPO	Net Pension Obligation
NPR	National Petroleum Reserve
NPRB	North Pacific Research Board
NPS	National Park Service
NR	Not Reported
NRCS	Natural Resources Conservation Service
NRO/SCRO	Northern Regional Office/Southcentral Regional Office
NRSRO	Nationally Recognized Statistical Rating Organization
NSF	National Science Foundation
NTIA	National Telecommunications and Information Administration
NTS	Nutrition, Transportation, and Support Services Program
NTSC	Northern Tobacco Securitization Corporation

O

O&M	Operations and Maintenance
OA	Office of Administration <i>or</i> Operational Adjustment
OAEB	Other Agencies Enterprise Fund
OAH	Office of Administrative Hearings
OAR	Office of Air and Radiation
OASH	Office of the Assistant Secretary for Health
OASVET	Office of the Assistant Secretary for Veterans Employment and Training
OCOPS	Office of Community Oriented Policing Services
OD&D	Occupation Death & Disability
OCS	Office of Children's Services
ODEP	Office of Disability Employment Policy
OEA	Office of Economic Adjustment (USDOD)
OECA	Office of Enforcement and Compliance Assurance
OEE	Office of Environmental Education
OESE	Office of Elementary and Secondary Education
OFC	Office of the Federal Coordinator
OG	Office of the Governor (Alaska)
OGRA	Oil and Gas Revenue Auditor
OIG	Office of Inspector General
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OJP	Office of Justice Programs
OLDC	Online Data Collection
OMB	U.S. Office of Management and Budget
OPA	Office of Population Affairs
OPDR	Office of Policy Development and Research
OPEB	Other Post-Employment Benefits
OPM	Office of Personnel Management
OPPTS	Office of Prevention, Pesticides, and Toxic Substances
ORCA	Online Resources for the Children of Alaska
ORD	Office of Research and Development
OSDFS	Office of State and Drug-Free Schools
OSERS	Office of Special Education and Rehabilitative Services
OSHA	Occupational Safety and Health Administration
OSMRE	Office of Surface Mining Reclamation and Enforcement
OSWER	Office of Solid Waste and Emergency Response
OTC	Over-the-Counter Securities Market
OTIS	On-Line Tax Information System
OVC	Office of Victims of Crime

OW	Office of Water
OWL	Online with Libraries

P

PA	Prior Authorization
PACAP	Public Assistance Cost Allocation Plan
PAPI	Precision Approach Path Indicator
PARIS	Public Assistance Reporting Information System
PATH	Projects for Assistance in Transition from Homelessness
PBF	Public Building Fund (Alaska)
PCA	Personal Care Assistant
PCs	Personal Computers
PDM	Pre-Disaster Mitigation
Pension Funds	Pension Trust Funds' Investments
PERM	Payment Error Rate Measurement
PERS	Public Employees' Retirement System
PERS-DB	Public Employees' Retirement System – Defined Benefits
PERS-DCR	Public Employees' Retirement System – Defined Contribution Retirement
PF	Permanent Funds
PHA	Public Housing Agency
PHD	Public Housing Division
PHMSA	Pipeline and Hazardous Materials Safety Administration
PIH	Office of Public and Indian Housing
PL	Public Law
PMO	Property Management Office
PO	Purchase Order
POS	Point of Sell
PPA	Prior Period Adjustments
PPT	Petroleum Profit Tax
PSF	Public School Fund
PTF	Pension and Other Employee Benefit Trust Fund
PVE	Petroleum Violation Escrow
PWEDC	Public Works and Economic Development Center

Q

QSP	Quality Sample Program – Forest Service
-----	---

R

(R)	Republican
R&DC	Research and Development Cluster
RBCS	Rural Business-Cooperative Services
RD	Responsibility/Distribution codes
RDI	Resource Data Incorporated
REIL	Runway End Identifier Lights
REIT	Real Estate Investment Trust
REOMB	Recipient Explanations of Medical Benefits
RFP	Request for Proposal
RHF	Retiree Health Fund
RHS	Rural Housing Service
RICR	Restricted Indirect Cost Rate
RMP	Retiree Major Medical Insurance
RMTS	Random Motion Time Study
RPL	Revised Program/Legislative
RPTC	Residential Psychiatric Treatment Centers
RRHC	Rural Rental Housing Cluster
RSA	Reimbursable Services Agreement
RTCAP	Rivers, Trails, and Conservation Assistance Program
RUS	Rural Utilities Service
Rx	Medical Prescription

S

S&P	Standard & Poors Corporation
S8PBG	Section 8 Project-Based Cluster
SAMHSA	Substance Abuse and Mental Health Services Administration
SAS	Statement on Auditing Standards
SB	Senate Bill
SBA	Small Business Administration
SBJPA	Small Business Job Protection Act of 1996
SBRF	Statutory Budget Reserve Fund
SBS	Supplemental Benefits System (Alaska)
SCHIP	State Children's Health Insurance Program
SDM	Service Desk Manager

SDSC	State Data Systems Cluster
SEA	State Education Agency
SEARCH	Student/Resident Experiences and Rotations in Community Health
Sec.	Section
SEC	Special Education Cluster
SEF	State Equipment Fleet
SEFA	Schedule of Expenditures of Federal Awards
SEP	Senior Employment Program
SF	Division of School Finance <i>or</i> Sport fishing
SFA	Student Financial Assistance
SFAC	Student Financial Assistance Program Cluster
SFAG	State Family Assistance Grant
SF Rev Bond	Sport Fishing Revenue Bonds
SFSF	State Fiscal Stabilization Fund
SFSFC	State Fiscal Stabilization Fund Cluster
SFY	State Fiscal Year
SGBG	Social Services Block Grant
SHSGP	Statewide Homeland Security Grant Program
SHSP	Statewide Homeland Security Program
SIFMA	Securities Industry and Financial Markets Association
SIGC	School Improvement Grants Cluster
SIR	Self-Insured Retention
SJI	State Justice Institute
SL	Money Market Fund
SLA	Session Laws of Alaska
SMART	National Science and Mathematics Access to Retain Talent Grant
SNAP	Supplemental Nutrition Assistance Program Cluster
Social Security	Social Security System
SRC	Schools and Roads Cluster
SRF	Special Revenue Fund
SRS	Software Requirements Specification
SSA	Social Security Administration
SSD	Support Services Division
SSgA	State Street Global Advisors
SSL	Special Session Law
SSSLA	Second Special Session Law of Alaska
STAR	Science to Achieve Results
STARBASE	A DMVA administered math and science program for 6 to 18 year olds
State	State of Alaska

STEP	State Training and Employment Program
SUR	Surveillance and Utilization Review
SW	Statewide
SWSA	Statewide Single Audit

T

TA	Travel Authorization
TAAF	Trade Adjustment Assistance for Farmers Training Program
TANF	Temporary Assistance for Needy Families
TANFC	TANF Cluster
TAPS	Trans-Alaska Pipeline System
TBA	To-Be-Announced
TEACH	Teacher Assistance for College and Higher Education Grants
The Act	American Recovery and Reinvestment Act
The Bank	Bank of New York Mellon
The Fund	Alaska Permanent Fund
The State	State of Alaska
The Trustees	APFC's Board Members
TIAC	Title I, Part A Cluster
TIFC	Teacher Incentive Fund Cluster
TIPS	Treasury Inflation-Protected Securities
TLS	Teaching and Learning Support
TQPG	Teacher Quality Partnership Grants Cluster
TRIOC	TRIO Cluster
TRS	Teachers' Retirement System
TRS-DB	Teachers' Retirement System – Defined Benefits
TRS-DCR	Teachers' Retirement System – Defined Contribution Retirement
TSA	Treasury State Agreement
TSPC	Transit Services Program Cluster
TSRs	Tobacco Settlement Revenues
Treasury	Treasury Division, Department of Revenue (Alaska)
Trusts	Common Trust Funds

U

UA	University of Alaska
UAAL	Unfunded Actuarial Accrued Liabilities
UC	Unemployment Compensation
UCF	Unitized Cash Fund <i>and/or</i> Unemployment Compensation Fund
UI	Unemployment Insurance

U of A	University of Alaska
UPL	Upper Payment Limit
URA	Urban Relocation Assistance and Real Property Acquisition Policies Act
U.S.	United States
USAF	United States Air Force
USAID	U.S. Agency for International Development
USC	United States Code
USCG	U.S. Coast Guard
USCNCS	U.S. Corporation for National and Community Service
USD	Unicenter Service Desk
USDA	U.S. Department of Agriculture
USDHHS	U.S. Department of Health and Human Services
USDHS	U.S. Department of Homeland Security
USDOC	U.S. Department of Commerce
USDOD	U.S. Department of Defense
USDOE	U.S. Department of Education
USDOI	U.S. Department of the Interior
USDOJ	U.S. Department of Justice
USDOL	U.S. Department of Labor
USDOS	U.S. Department of State
USDOT	U.S. Department of Transportation
USDVA	U.S. Department of Veterans Affairs
USEEOC	U.S. Equal Employment Opportunity Commission
USFS	U.S. Forest Service
USFWS	U.S. Fish and Wildlife Service (USDOI)
USGS	U.S. Geological Survey (USDOI)
USGSA	U.S. General Services Administrator
USIA	U.S. Information Agency
USSBA	U.S. Small Business Administration
USTREAS	U.S. Treasury
USSTURAA	U.S. Surface Transportation and Uniform Relocation Assistance Act

V

VAWA	Violence Against Women Act
VAWGO	Violence Against Women Grants Office
VBA	Veterans Benefits Administration
VRCC	Vocational Rehabilitation Cluster
VSW	Village Safe Water

W

WA	Washington State
WAN	Wide Area Network
WAFD	Western Alaska Fisheries Disaster
WAI	Wostman & Associates
Wells Fargo	Wells Fargo Insurance Services
WIA	Workforce Investment Act
WIAC	Workforce Investment Act Cluster
WIC	Women, Infants, and Children Special Supplemental Nutrition Program
WOTC	Work Opportunity Tax Credit Program

(Intentionally left blank)

STATE OF ALASKA

Department of Administration
Becky Hultberg, Commissioner

*Sean Parnell,
GOVERNOR*

P.O. Box 110200
Juneau, AK 99811-0200
Phone: (907) 465-2200
Fax: (907) 465-2135

March 22, 2012

RECEIVED

Ms. Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

MAR 22 2012

LEGISLATIVE AUDIT

Re: State of Alaska, Single Audit for Fiscal Year Ended June 30, 2011

Dear Ms. Curtis:

Thank you for the opportunity to respond to the State of Alaska, Single Audit for Fiscal Year Ended June 30, 2011, Department of Administration (DOA).

Recommendation No. 1:

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

Agency Response:

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

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

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

Recommendation No. 2:

DOA's ETS director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit anonymous access to the State's wide area network (WAN).

Agency Response:

The Department of Administration (DOA), Division of Enterprise Technology (ETS) and the Department of Labor and Workforce Development (DLWD) both concur with this recommendation.

DLWD understands that the security situation has changed and has been working with ETS to find a solution that is secure, continues to provide the same level of service and is fiscally sound.

DLWD and ETS will continue to work together until an acceptable solution is found.

Recommendation No. 3:

The DOA commissioner and the State's chief procurement officer should consider amending the procurement rules contained in the *Alaska Administrative Manual (AAM)*, Section 82, Appendix 1.

Agency Response:

The Department of Administration (DOA), the Commissioner, and the State's chief procurement officer concurs with Recommendation No. 3.

However, it should be noted that AAM Section 82, Appendix 1 is not a rule, but rather a supplement to the rules contained in AAM Section 82, which clarifies circumstances in which the procurement code does not apply. Therefore, amending Appendix 1 will not change any procurement rules. We agree that Appendix 1 should be clarified, and that language regarding documentation and the prudent expenditure of State funds should be added. DOA is currently working on draft language for this provision with the Attorney General's office.

If you have any questions or need any additional information, please contact Gary Zepp at 465-5653. Thank you.

Sincerely,



Becky Hultberg
Commissioner

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



SEAN PARNELL, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0400
Phone: (907) 465-2300
Fax: (907) 465-2389

Kris Curtis, Legislative Auditor
Legislative Budget & Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

March 15, 2012

MAR 15 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis:

Thank you for your agency's review of the Department of Revenue, Tax Division, as part of the FY2011 Statewide Single Audit. We appreciate the opportunity to respond to the recommendation contained in your letter dated February 27, 2012. The deficiencies identified in your letter are itemized and addressed below for the Tax Division.

Recommendation No. 4

The DOR commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

We agree with Legislative Audit's position that management needs to continue to improve audit oversight by standardizing audit procedures and controls. As stated in your agency's letter, written standard procedures were drafted and implemented in FY 11. However, as further stated, the audits which your agency reviewed were not conducted under those new written standards as those audits were started and closed prior to implementation of the new written standards. In FY 12, we expect to conduct current and new audits under the written standards and also expect to refine those audit standards as we move forward. We further plan to have those written audit policies and procedures fully implemented by the end of FY 12.

We also agree with Legislative Audit's concern regarding the annual tax return reporting template. We are in the final vetting stages of completing the tax return form, and it will be discussed with all interested companies prior to the Tax Division requiring its use. We did send out a notice to everyone on our interested parties list and posted on our website that 2011 tax returns should be filed using the summary page that is being incorporated into the return. Finally, we plan to have the tax return ready for our production tax audit group to use to compare and verify company filings and computations.

Legislative Budget & Audit Committee

March 15, 2012

Page 2

We believe that we have addressed the findings and recommendation presented in your February 27, 2012 letter and welcome any additional comments or questions from you or your staff.

Sincerely,



Bryan Butcher
Commissioner

Cc: Bruce Tangeman, Deputy Commissioner, DOR
Matthew Fonder, Director, Tax Division, DOR
Johanna Bales, Deputy Director, Tax Division, DOR
Jerry Burnett, Director, Administrative Services Division, DOR

STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

SEAN PARRELL, GOVERNOR

*Goldbelt Place
801 West Tenth Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
(907) 465-2800
(907) 465-4156 Fax*

March 16, 2012

RECEIVED

MAR 19 2012

LEGISLATIVE AUDIT

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the preliminary audit report on the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011.

Recommendation No. 5

The DEED Teaching and Learning Support (TLS) director should strengthen review procedures to ensure compliance with period of availability requirements.

The department agrees with recommendation No. 5 and is in the process of strengthening our review procedures to ensure compliance with the period of availability requirements of the Title II, Part A, Improving Teacher Quality program. In addition, the department has processed an adjustment moving the questioned costs to an available grant.

Recommendation No. 6

The DEED Division of Administrative Services (DAS) director should implement procedures to ensure federal suspension and debarment requirements are met.

The department agrees with recommendation No. 6 and is in the process of implementing procedures to ensure federal suspension and debarment requirements are met for both contracts and discretionary grants receiving federal funding. The department has modified our Standard Agreement Form for contracts to include an appendix with the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion. In addition, the department will provide an Assurances section for discretionary grants that includes the boilerplate language for federal debarment, suspension, ineligibility and voluntary exclusion.

Recommendation No. 7

The TLS director and the DAS director should develop and implement procedures to ensure federal procurement documentation meets minimum requirements.

The department understands the requirements for federal procurement documentation and agrees with the importance of meeting the minimum requirements. The department will review our procurement procedures and develop written procedures to include oversight and verification

Letter, Kris Curtis, Legislative Auditor

March 16, 2012

Page 2 of 2

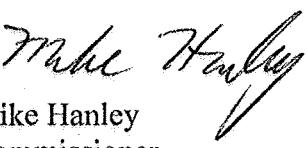
that the minimum requirements are met and to ensure compliance with federal procurement regulations.

Recommendation No. 8

The TLS director should develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 report.

The department is aware of the requirement to monitor the accuracy of subrecipient information and has developed and implemented procedures to monitor the accuracy of subrecipient data reported on the 1512 quarterly reports. The department, however, cannot correct the erroneous number of retained or created jobs in the SFSF program's 1512 report for the quarter ending March 31, 2011 since the time period for corrections on that quarter have passed.

Sincerely,



Mike Hanley
Commissioner

STATE OF ALASKA
DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 19, 2012

Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
Alaska State Legislature
P.O. Box 113300
Juneau, Alaska 99811-3300

RECEIVED
MAR 19 2012
LEGISLATIVE AUDIT

Dear Ms. Curtis:

RE: Confidential Preliminary Audit Report dated February 27, 2012 on the Statewide Single Audit for the Fiscal Year Ended June 30, 2011

Below is the response for each of the sixteen recommendations reported in the preliminary report:

Recommendation No.9:

The FMS assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.

DHSS Response:

DHSS concurs with the recommendation. The WIC Unit has implemented internal control policies to ensure that all program staff will perform positive timekeeping to the collocation code. Supervisors will verify charges are captured appropriately. The newly hired WIC Administrative Assistance I will perform AKPAY input for each pay-period of all timesheets that identify work completed under each program code. The AA I will track and prepare for signature the semi-annual certifications for any employee that works under a single federal program code.

Recommendation No.10:

The FMS assistance commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

DHSS Response:

DHSS concurs with the FY 11 recommendation. Effective October 1, 2011 management within the revenue unit changed. Since that time, the unit has been evaluating its federal reporting practices resulting in federal revenues recorded in AKSAS. Currently, the revenue staff is

working on developing appropriate reconciliation tools for the federal entitlement programs. We expect these additional tools will help assure that quarterly reconciliations are performed timely and accurately.

Currently, all FMS units are tasked with complete, written updates to policies and procedures. While the process is collaborative and deliberative, we anticipate completion of most unit procedures by the end of FY 12. Concentrated efforts are placed on those processes with no written procedures, many of which are being developed anew.

Recommendation No.11:

The FMS assistant should ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

DHSS Response:

DHSS concurs with this recommendation. DHSS long-time internal audit staff both retired in April of 2011 and after ten months of active recruitment efforts FMS successfully recruited one of the two positions in February of 2012. DHSS continues to actively recruit the remaining position while addressing both current and backlog subrecipient reports.

Recommendation No. 12:

DPA's director should ensure only valid expenditures are charged for the (WIC) program.

DHSS Response:

DHSS partially concurs with the recommendation. The transaction totaling \$119,819 did not result in a duplicate charge on the federal report. The transaction was posted through the Alaska State Accounting System (AKSAS) in an account which was not picked up on the federal report and although this type of error occurred only once in FY 2011, DPA has looked at this as a learning opportunity. DPA has implemented a new process to ensure monthly reconciliations are placed in a "tickler" file for followed-up. In addition, weekly discussions will occur with the direct line supervisor to ensure loops are closed when identified, so now two staff hold this responsibility for ensuring corrective actions are taken.

Recommendation No.13:

The FMS assistant commissioner should develop procedures to comply with subaward reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA).

DHSS Response:

DHSS partially concurs with this recommendation. FFATA is an unfunded federal mandate and the department must absorb the related workload and costs. DHSS estimates that as a prime awardee, it may have to evaluate at a minimum, 250 individual subawardees and no system exists that provides the required information to assist with this assessment.

DHSS is evaluating existing resources to determine how to implement.

Recommendation No.14:

The DPA director should ensure reports are monitored and there is follow-up as required for the WIC program.

DHSS Response:

DHSS concurs with the recommendation. The WIC Vendor Unit has implemented corrective action measures to ensure that Food Instrument (FI) disposition reports, FI price enforcement, and error reports are adequately reviewed with appropriate follow-up action within the required timeframes. Corrective action measures have also been developed to ensure that reviews and follow-up actions are sufficiently documented.

Procedures have been written for each type of report review, including the timing and disposition for the reports. The reviewer dates and initials the report and documentation of any follow-up is notated and attached. The reviewer's name and the review date are entered into an electronic tracking spreadsheet, which is itself reviewed by the Vendor Manager prior to quarterly compliance review meetings. Quarterly compliance review meetings have been established to ensure that all required compliance is timely and there is an opportunity for issues to be identified and addressed. The Vendor Manager reports to the WIC Program Manager after each quarterly meeting, confirming that all review activities have been completed as required.

Written procedures for reviewing and acting upon FI disposition reports and FI price enforcement and error reports are attached. These procedures are in draft form; a more formalized version will be prepared for inclusion in the Vendor Unit Desk Manual later this year.

The reports include:

FI disposition

- Dual participation AKWIC 504-A
- Duplicate Social Security Number – AKWIC 504-D
- Void Redeemed – AKWIC 504-E
- Unmatched Warrant – AKWIC 442

FI price enforcement and error

- Weekly Reimbursement Report

On December 12, 2011, a second Project Assistant was hired by the WIC Program. The addition of this staff member enabled the Vendor Unit to fulfill the requirements under 7 CFR 246.12 for report review, action, and documentation.

Recommendation No.15:

The DPA director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

DHSS Response:

DHSS concurs with the recommendation. The Vendor Unit has developed procedures for conducting a high-risk vendor assessment for the 186 currently authorized Alaska WIC vendors according to the criteria listed in the State Plan:

- Warrant redemptions show low variance within the same food instrument.
- Warrant redemptions show a high mean value.
- Warrant redemptions show a high volume or frequency of monetary errors.
- Vendor has a high number of complaints against the store.

Ten high-risk vendors have been identified and prioritized for compliance investigations. The Vendor Manager will conduct a review of each compliance investigation and write a memo to the file certifying that the investigation and disposition are complete and all documentation is included in the record of the investigation. Results will be reported to the Alaska WIC Program Manager.

Recommendation No. 16:

DHSS TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

DHSS Response:

DHSS concurs with the recommendation that procedures to ensure compliance with 42 USC 608(a)(8) be improved. There is no national record or database the Department can access to verify felony convictions specific to public assistance fraud. There are currently two methods used by Division of Public Assistance staff to determine whether applicants or recipients are receiving benefits from another state.

The general application asks applicants if they received public assistance in another state including TANF, Food Stamps, Medicaid or other cash programs. If the answer is positive, the applicant is asked to list any states they received benefits in including who in the household received the benefit as well as the dates benefits were received. DPA staff will then contact the other state to determine whether the benefits are still being received, the number of countable TANF months used and whether there were any penalties put in place in the other state.

The Division of Public Assistance also takes part in the Public Assistance Reporting Information System (PARIS) match. The PARIS match provides states with information about benefits clients may be receiving from other states including payments from the Veteran's Administration, the Department of Defense and Interstate Match files. When the PARIS match

shows a recipient is receiving benefits from another state, further investigation is conducted by staff and fraud penalties instituted as needed.

The Division of Public Assistance is implementing several strategies to ensure no caretaker relative who has been convicted of a felony for misrepresenting their state of residence in order to fraudulently receive welfare benefits at any time during the past 10 years receives benefits in Alaska. In the absence of third party verification, the division's general application for assistance is being updated to include a question requiring applicants and caretaker relatives to self-certify that they have not been convicted in the past 10 years of this crime. In addition, the division's core training will be updated to ensure all eligibility staff are trained on this requirement. Both policy and procedure manuals will be updated to support this process in FY 2012.

Recommendation No.17:

The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

DHSS Response:

DHSS does not concur. Quarterly direct expenditures are based on underlying accounting records in the Alaska Statewide Accounting System (AKSAS). DHSS only relies on the MAXCARS system for indirect costs which reports .01% of total expenditures in any given quarter.

Child Care Development Fund (CCDF) has four different funding sources (Mandatory, Matching, Discretionary and Maintenance of Effort) available for each quarter. The CCDF report requires the quarterly expenditures be reported at the quarterly allocation within the ceilings of each expenditure rate (E.g., 70% of mandatory must be spent on direct services, not more than 5% of total funds can be spent on Administrative, etc). All these factors must be considered when preparing each quarterly report. Additionally the Administration for Children and Families (ACF) Online Data Collection (OLDC) has built in edit checks that prevent the report from being submitted if these funding restrictions are not followed.

It is the DPA's management decision on how to finance the program within the Federal rules and regulations. During SFY 11, Finance Management Services (FMS) prepared the Federal reports, supplement review was performed by DPA's Administrative Operations Manager (AOM), the Revenue unit reviewed and entered into OLDC, and DPA's AOM certified the report in OLDC. During the FFY10 Statewide Single Audit, the Division of Legislative Audit discovered report errors and omissions (see SWSA FY10, Recommendation #12) that were corrected during SFY11 with the concurrence of ACF program manager. DHSS/DPA believes it's these corrections that lead auditors to believe the reports are not supported by accounting records.

Recommendation No.18:

The DPA director should identify and recover unallowable child care payments for the CCDF program.

DHSS Response:

DHSS partially concurs with the recommendation. The Division of Public Assistance, Child Care Program Office (CCPO) prioritized current referrals over older referrals to remain compliant with Child Care Development Fund (CCDF) requirements in FY 12. CCPO staff will be working into their workload all FY 11 potential overpayments of program benefits or intentional program violations.

The process to identify potential overpayments of program benefits or intentional program violations is as follows: Incorrect payments may be identified through the annual monitor review process of grantees, review of monthly files by the Division's Quality Assessment/Quality Assurance staff or by the Local Administrator's office. When an incorrect payment totaling \$100 or more is suspected, grantees submit the incorrect payment and any supporting documentation to the CCPO for review and determination. Child Care Assistance Program policy section 150 (attached) provides information about Incorrect Payments for grantees. The CCPO has developed internal processes and procedures for review and determination of incorrect payments.

In the event the CCPO experiences significant staff turnover within our Child Care Assistance Team, the Child Care Assistance Program Coordinator and CCPO Manager will collaborate to explore options for maintaining timeliness in processing and recovery of incorrect payments. Options include re-prioritizing projects and work, shifting workloads, utilizing staff members from other CCPO teams, or hiring a non-perm short term employee to focus only on potential overpayments of program benefits or intentional program violations.

Recommendation No.19:

The FMS assistant commissioner should improve procedures over the reporting of Medicaid program expenditures.

DHSS Response:

DHSS partially concurs. Current management has revamped the fiscal administration from two to three units. The third unit, Federal Allocation Management Unit, oversees the preparation of the CMS-64 report and recruited an additional Accountant as of March 1, 2012 to manage the federal reporting responsibilities associated with the Medicaid program.

A plan has also been implemented to review and update, as needed, existing DHSS policies. In the case of federal reporting, written policy is being drafted with procedures and internal controls documented. The existing excel spreadsheets are under review and will be updated with improved cross controls.

Recommendation No.20:

The DSDS director should establish written procedures and provide oversight to ensure that provider files include complete requirements for certification.

DHSS Response:

DHSS concurs with the recommendation. The division has since taken action to develop and implement procedures to ensure all certification files are complete and support the certification of home and community based service providers.

Improvements include use of a standardized provider file table of contents, conversion of an application into new content order, notice to providers to submit evidence of compliance, and no renewal of certification without all evidence of compliance in the provider file. The division has taken action to remediate missing certification records and to adopt the new procedures for all existing and future files.

Recommendation No.21:

The DHCS director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

DHSS Response:

DHSS concurs with the findings as documented in Recommendation. The goal of DHCS is to hold the Medical Assistance Program (Medicaid) fiscal agent accountable for contract requirements related to surveillance and utilization reviews. To this end, efforts are underway to restructure the surveillance and utilization review (SURS) program and to ensure fiscal agent contract compliance. During FY 10, the fiscal agent did conduct SURS activities. The following describes those activities that supported DHCS activities to control fraud and abuse in the Medicaid program.

During FY10 the fiscal agent performed focused reviews. These reviews targeted duplication of services and services billed for procedures after a recipient's date of death. Although these reviews do not encompass a comprehensive review of all provider types, these activities did result in collection of monies paid by the Medicaid program.

The fiscal agent received, reviewed, researched, and dispositioned more than 100 complaints from providers and recipients. The fiscal agent also conducted activities, including generation, collection, and reporting of findings, to process Recipient Explanation of Medicaid Benefits (REOMB's) each month.

The program experienced growth in the Care Management Program (CMP). Regulatory changes in 2007 imposed a provision for review of a recipient's medical records, which significantly slowed the number of recipients assigned to the CMP.

Efforts to redesign the control files for the SURS activities required collaboration between DHCS and ACS. Had we not worked in collaboration with ACS to redesign the SURS program, any providers selected for review during FY 10 would have been selected from a control file built with incomplete metrics. This could have resulted in inappropriate selection of providers for review.

Recommendation No.22:

The FMS assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

DHSS Response:

DHSS partially concurs with the recommendation. Overall, FMS is in the process of updating its policy and procedure manual(s). Within the revenue unit, this includes desk manuals for various tasks and assignments. The revenue section manager will ensure the SEFA preparation procedures are included in this ongoing project.

However, DHSS disagrees with the referenced five percent or greater errors found within six programs identified as being corrected. Five of the items identified relate the federally allowable TANF transfers to the CCDF and SSBG programs. These amounts were reported within the revenue and expenditure cells of the SEFA rather than the adjustments column. This action was considered necessary as the SEFA excel spreadsheet did not allow for any adjustments to locked and formatted columns. DHSS believes the substance of the information was included within the content of the schedule.

Recommendation No.23:

The DHSS commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

DHSS Response:

DHSS partially concurs with this FY 11 recommendation. DHSS current management is aware of MAXCARS deficiencies regarding federal reporting and revenue collections. Potential updates and/or new systems are being explored as resources allow.

Current management is developing procedures and implementing practices that provide for adequate internal controls. However, DHSS shares the distinction with few other states as an “umbrella” agency where every major federal public assistance program, whether it is an entitlement program or a block grant, is administered within the same governmental department. All of these programs must be under a Public Assistance Cost Allocation Plan (PACAP) and all of these programs are subject to mandated changes-many times multiple changes in any given

year. In order to maintain compliance with federal regulation changes or directives from federal granting agencies while maximizing federal revenue, changes to the assigned program codes are necessary and need to continue. Program code changes that are valid and appropriate will occur during the State's fiscal year and will appear to be have been in place effective July 1, of the fiscal year because the State's current accounting system (AKSAS) does not provide any alternative.

DHSS has made significant improvements in adding ample, qualified certifiers throughout the department to ascertain that time sensitive documents, as well as routine documents, will be adequately and properly certified. Training is on-going with fiscal staff to ensure compliance with State of Alaska Policy and Procedures and DHSS internal controls.

DHSS anticipates timeliness and accuracy to improve as significant staff turnovers and vacancy rates improve. In FY 11, FMS Revenue and Fiscal Units experienced vacancy rates of up to 50% for a good portion of the year. Currently, the Fiscal Unit has 1 vacancy out of 19 positions. The Revenue Unit has 1 out of 8 positions vacant.

Recommendation No.24:

The FMS assistant commissioner should take measures to resolve revenue shortfall issues.

DHSS Response:

DHSS concurs with the recommendation. FMS management is aware of revenue shortfalls being calculated due to ineffective yearend financial closeout processes in prior years. The FMS revenue section in coordination with the FMS budget section and the Division of Finance is in the process of correcting prior year accounting system transactions and expects to be completed by the end of SFY 2012. For those appropriations that cannot be corrected by AKSAS transactions and remain in revenue shortfall status, DHSS will need to seek ratification.

Thank you for providing this opportunity for a final review of the SFY 2011 issues.

Sincerely,



William J. Streur
Commissioner

Cc: Nancy Rolfzen, Assistance Commissioner
Rhea Sailor, Deputy Commissioner
Kimberli Poppe-Smart, Deputy Commissioner

(Intentionally left blank)

STATE OF ALASKA

Department of Labor and Workforce Development OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

P.O. BOX 111149
JUNEAU, ALASKA 99811-1149

PHONE: (907) 465-2700
FAX: (907) 465-2784

March 23, 2012

RECEIVED

Ms. Kris Curtis
Alaska State Legislature
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

MAR 23 2012
LEGISLATIVE AUDIT

Dear Ms. Curtis,

This letter provides a response from the Department of Labor and Workforce Development (DLWD) related to the Division of Legislative Audit recommendations detailed in the Preliminary Report of the Single Audit for the Fiscal Year 2011.

Recommendation No. 25

The DLWD Employment Security Division (ESD) director should ensure personal service expenditures charged to federal programs comply with federal cost principles.

DLWD Response to Recommendation No. 25

The Department concurs with the recommendation. The ESD director has worked with ESD management to ensure that written procedures are in place that addresses charging personal services expenditures to federal programs and that they comply with federal cost principles. The ESD director has met with senior management to ensure that program staff immediately received additional instruction on procedures for positive timekeeping.

Recommendation No. 26

DLWD's Division of Business Partnerships (DBP) director should ensure annual performance progress reports for the Workforce Investment Act (WIA) program are accurate.

DLWD Response to Recommendation No. 26

The Department concurs with the recommendation. The auditors' recommendation focuses on the 73 of 320 program outcomes with an "error" rate exceeding the United States Department of Labor's (USDOL) tolerable threshold. The auditors indicate that the error rates are caused by an unknown programming issue within the system used to produce the annual performance report. The recommendation ends with comments on regulations that require accurate reporting.

The discrepancies are the result of two different calculation models applied to the raw performance data. In 2009, the state used its own model, while USDOL used a generic model developed by a software vendor it contracted to gather its performance data. The reason USDOL allows any variance is due to the different interpretations of outcome measure definitions. The division was aware its calculation model was exceeding these thresholds at the time the WIA annual report was submitted. At that time, the Department contacted the proper representatives from USDOL. The Department indicated its intent to revise its calculation model with the development of the new performance management system. While USDOL agreed to these terms, the Department has subsequently made the decision to adopt the generic calculation model to eliminate all variances and ensure compliance.

The Department concurs with the auditor's recommendation, and considers the issue resolved.

Recommendation No. 27

DLWD's DBP director should review and update procedures as necessary to ensure grantee monitoring complies with federal requirements.

DLWD Response to Recommendation No. 27

The auditors reported that two of five grantees tested did not submit required monthly reports for at least five months during the fiscal year. Federal regulations at 20 CFR 667.400(c)(1) and 29 CFR 97.40(a) require the state to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To accomplish this end, the division established a grant monitoring policy that grantees submit monthly reports to the division.

The missing grantee reports were primarily a result of staff turnover. The division has hired a new staff person who ensures that the monthly reports are submitted timely as required. This person reviews the reports to ensure appropriate compliance and performance is achieved and provides any assistance to the grantees when required. The division believes appropriate corrective action to this portion of the recommendation has been taken and considers the issue resolved.

The auditors' recommendation states, in part, that DBP staff did not ensure within the required timeframe that a sub-recipient took appropriate corrective action in response to noncompliance identified in the sub-recipient's OMB Circular A-133 single audit. The recommendation further states, in part, that "established procedures were not followed to ensure the division verified appropriate corrective action was taken timely after receiving the sub-recipient's audit report."

The Department believes it has adequate systems and procedures for ensuring appropriate corrective action is taken when sub-recipient audit reports identify findings of noncompliance. When sub-recipient audit findings are identified, the division routinely completes its audit resolution procedures to ensure appropriate corrective action is taken, when necessary. The division believes the sub-recipient audit report identified by the Legislative Auditors was an isolated incident. However, the division has implemented audit resolution procedures, and subsequently issued an Initial

Determination in which additional corrective action or explanation is required of the sub-recipient. The Department considers this issue resolved.

The Preliminary Report continues to state "...a recommendation related to this department, which requires cooperation with the Department of Administration, is included as Recommendation No. 2".

Recommendation No. 2

DOA's ETS director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit anonymous access to the State's wide area network (WAN).

DLWD Response to Recommendation No. 2

DLWD agrees with the recommendation to limit anonymous access to the State's WAN. The Department understands that we need to work with the ETS to find a solution to eliminate anonymous access from the state network. The Department will continue to work with ETS until a solution is found to resolve this issue.

Thank you for the opportunity to respond to these recommendations.

Sincerely,



Clark Bishop
Commissioner

(Intentionally left blank)



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
C O M M U N I T Y A N D
E C O N O M I C D E V E L O P M E N T

Office of the Commissioner

*Sean Parnell, Governor
Susan K. Bell, Commissioner*

RECEIVED

March 1, 2012

MAR 05 2012

LEGISLATIVE AUDIT

Ms. Kris Curtis
Acting Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011 Preliminary Report
Audit Control Number 02-40012-12

Dear Ms. Curtis,

Thank you for the opportunity to respond to the recommendation issued in the preliminary report, State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011.

Recommendation No. 28

We concur that the department should develop and implement policies and procedures to ensure that management decisions on subrecipient A-133 audit findings are issued timely. The department has drafted a written procedure for subrecipient A-133 audits that is being reviewed by appropriate parties for approval and implementation. We anticipate issuance and distribution of these procedures this fiscal year.

Again, thank you for an opportunity to respond to the auditor's recommendation. If you have any additional questions please contact me at 465-2500.

Regards,

A handwritten signature in black ink, appearing to read "Susan K. Bell".

Susan K. Bell
Commissioner

cc: JoEllen Hanrahan, Director, ASD, DCED

(Intentionally left blank)

Sean Parnell, GOVERNOR

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
OFFICE OF THE COMMISSIONER

P. O. BOX 5800
JBER, ALASKA 99505-5800
PHONE: (907) 428-6003
FAX: (907) 428-6019

March 19, 2012

RECEIVED

MAR 19 2012

LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RE: Preliminary Audit Report State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011, Department of Military and Veterans' Affairs (DMVA)

Mrs. Curtis,

I have reviewed the findings and recommendations in the above referenced management letter and appreciate the opportunity to respond.

Recommendation No. 29

DMVA concurs with the recommendation. Division of Administrative Services staff will develop and implement procedures to ensure federal suspension and debarment requirements are met. DMVA will implement a process effective May 1, 2012 to ensure federal suspension and debarment compliance documentation is retained. DMVA will implement a policy to ensure all vendors, as required by OMB A-133, whom we intend to do business with are not suspended or debarred. We will check the Excluded Parties List and keep the appropriate support noting the vendor is not on the list.

Recommendation No. 30

DMVA concurs with the recommendation. Division of Administrative Services staff is in the process of implementing procedures to ensure appropriate procurement documentation is retained for all the divisions in the department. DMVA will implement a process effective May 1, 2012 to ensure that document retention for Alaska Procurement processes and procedures are in place and documented. DMVA Procurement Officer will send out the procurement procedures to all procurement staff notifying them of the current procedures, including document retention for the solicitation, bid responses, and award justification.

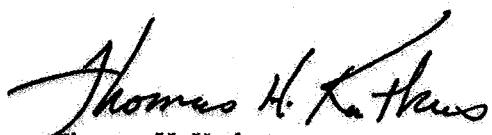
Recommendation No. 31

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure that Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted. DMVA will implement a policy effective May 1, 2012 to ensure timely processing of FFATA reports. Once a Disaster Grant, that qualifies under Federal 2 CFR 170 reaches or exceeds \$25,000 awarded on or after October 1, 2010, the Disaster Relief Fund (DRF) Accountant III will run a report to identify all grants that meet the criteria as noted above. The DRF Accountant III will log onto the FFATA Subaward Reporting System (FSRS) at www.FSRS.com and verify all grant recipients listed on the report are in the FSRS and input the subrecipient information for those not already in the FSRS for which the prime recipient awarded any sub-grant greater than or equal to \$25,000.

Recommendation No. 32

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement policies and procedures to ensure that management decisions on audit findings are issued in a timely manner. DMVA will implement a process effective May 1, 2012 to ensure subrecipient's management decisions on audit findings are issued within a timely manner. The process will include notification to the DMVA Finance Officer from the State Single Audit point of contact, once notified the DMVA Finance Officer will draft a memo to notify the sub-recipient that per OMB Circular A-133 they "must issue a management decision on audit findings within six months after the receipt of the subrecipient's audit report." Included in the memo the DMVA Finance Officer will request correspondence from the subrecipient regarding management decisions on audit findings to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. DMVA Finance Officer will note that in cases of continued inability or unwillingness of a subrecipient to address audit findings or have required audits, DMVA will take appropriate actions using sanctions. DMVA Finance Officer will include the DMVA Grant Administrator on all aforementioned correspondence to subrecipient.

Sincerely,



Thomas H. Katkus
Commissioner

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

March 6, 2012

RECEIVED

MAR 06 2012

LEGISLATIVE AUDIT

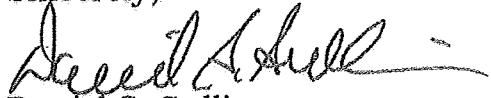
Kris Curtis
Acting Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

Thank you for the opportunity to respond to the preliminary audit report for the statewide single audit for the fiscal year ended June 30, 2011. I note that there were no findings or recommendations for the Department of Natural Resources identified in the audit and I concur with those results.

The department appreciates the time and effort you and your staff put into the completion of this annual audit.

Sincerely,



Daniel S. Sullivan
Commissioner

(Intentionally left blank)



State of Alaska Department of Public Safety

Sean Parnell, Governor
Joseph A. Masters, Commissioner

March 16, 2012

Kristin Curtis
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

MAR 16 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis,

Thank you for allowing me to respond to the finding and recommendation contained in the draft audit report for the FY11 Statewide Single Audit. The department's response to the recommendation follows:

Recommendation No. 1

DPS's finance officer should take measures to resolve revenue shortfall issues.

DPS agrees with this recommendation.

The management letter identified two areas with revenue shortfalls. It is worth noting that each of these are technical "shortfalls" in that no revenue actually due was under-collected, however the correct accounting transactions were either not entered, or were entered incorrectly and did not process timely. Neither of these issues resulted in any over-expenditure of funds.

The department agrees that potential revenue shortfalls should be identified and appropriate measures should be taken in a timely and accurate manner. The department experienced significant turnover and absences in the budget and finance offices. We are continuing to train staff to prevent future occurrences of this situation.

If you have any questions, please contact Dan Spencer, Director of Administrative Services, at 465-5488.

Sincerely,

Joseph Masters
Commissioner

(Intentionally left blank)

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

ADMINISTRATIVE SERVICES DIVISION

SEAN PARNELL, GOVERNOR

3132 CHANNEL DRIVE
P.O. BOX 112500
JUNEAU, ALASKA 99811-2500

PHONE: (907) 465-3911
FAX: (907) 465-3124

March 19, 2012

Kristin K. Curtis
Alaska State Legislature, Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

RECEIVED

MAR 19 2012

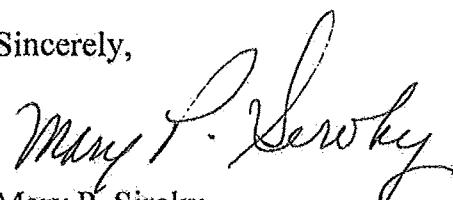
LEGISLATIVE AUDIT

Dear Ms. Curtis:

The Commissioner asked that I respond on his behalf. The Department of Transportation and Public Facilities has reviewed the FY 11 Statewide Single Audit. The Department agrees with your recommendation. I as the Administrative Services Director will work with Diana Rotkis to revise the year-end adjustments manual. Additionally, the department's Fiscal Officer will be responsible for reviewing the year-end adjustments for accuracy.

If you have any questions please do not hesitate to contact me at 465-8974.

Sincerely,

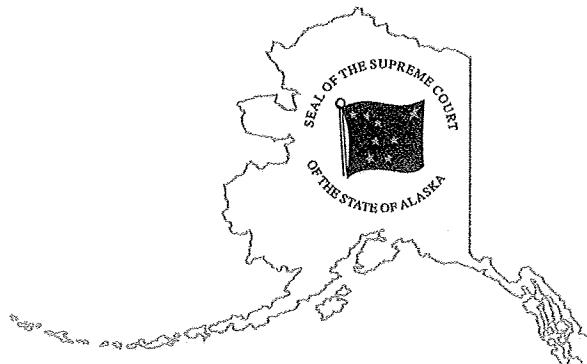


Mary P. Siroky
Director, Division of Administrative Services

cc: Marc Luiken, Commissioner
Marian Sweet, Finance Officer
Diana Rotkis, State Equipment Fleet Manager
Mike Coffey, Division Operations Manager.

"Get Alaska Moving through service and infrastructure."

(Intentionally left blank)



CHRISTINE E. JOHNSON
Administrative Director

Alaska Court System

303 K STREET
ANCHORAGE, ALASKA
99501

(907) 264-0548
FAX (907) 264-0881

March 13, 2012

Ms. Kris Curtis, CPA, CISA
Acting Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

MAR 16 2012

LEGISLATIVE AUDIT

Dear Ms. Curtis:

We have reviewed the preliminary FY11 Single Audit Report compiled by you and your staff. The court system is in agreement with the outcome of "no recommendations" for this audit period.

Thank you for the opportunity to review this information prior to finalization. If you require any additional financial information from the court system, please feel free to contact me at 264-0528 or the court system's chief financial officer, Rhonda McLeod at 264-8215.

Sincerely,

Christine E. Johnson
Administrative Director

cc: The Honorable Walter L. Carpeneti, Chief Justice
Rhonda McLeod, Chief Financial Officer

(Intentionally left blank)

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

March 21, 2012

Members of the Legislative Budget
and Audit Committee:

Agency responses to audit recommendations have been incorporated into this report twice. Agency responses are first paired with the audit recommendations in Section II. The responses then reappear in Section IV of this report.

We have reviewed the responses submitted by various agencies to the recommendations made in this report. Generally, the agencies concur with the recommendations. There are, however, responses to two of these recommendations which we believe warrant further comments.

Recommendation No. 17

The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

As a point of clarification, DPA's reliance on a worksheet for the financial report is insufficient accounting support because the worksheet numbers do not reconcile to the accounting records from AKSAS in FY 11. Each quarterly financial ACF-696 report for each grant should be supported by AKSAS at the time of filing. Reconciling items should be clearly documented.

Recommendation No. 23

The DHSS commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. DHSS has failed to maintain an audit trail of changes to program codes. Without an audit trail, costs charged to federal programs may be unallowable as they are not supported by the State's accounting system.

In summary, we reaffirm the findings and recommendations presented in this report.



Kris Curtis, CPA, CISA
Legislative Auditor